

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

Form 10-K

(Mark One)

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

For the fiscal year ended April 2, 2011

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)

650 Madison Avenue, New York, New York

(Address of principal executive offices)

13-2622036

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

10022

(Zip Code)

(212) 318-7000

(Registrant's telephone number, including area code)

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

Title of Each Class

Class A Common Stock, \$.01 par value

Name of Each Exchange on Which Registered

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes No

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

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

Indicate by check mark 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.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant was approximately \$5,775,447,322 as of October 2, 2010, the last business day of the registrant's most recently completed second fiscal quarter based on the closing price of the common stock on the New York Stock Exchange.

At May 20, 2011, 63,742,945 shares of the registrant's Class A common stock, \$.01 par value and 30,831,276 shares of the registrant's Class B common stock, \$.01 par value were outstanding.

Part III incorporates information from certain portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the fiscal year end of April 2, 2011.

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 Securities and Exchange Commission (the “SEC”), in our press releases and in oral statements made from time to time by us or on our behalf constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as “anticipate,” “estimate,” “expect,” “project,” “we believe,” “is or remains optimistic,” “currently envisions” and similar words or phrases and involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from the future results, performance or achievements expressed in or implied by such forward-looking statements. Forward-looking statements include statements regarding, among other items:

- the loss of key personnel, including Mr. Ralph Lauren;
- the impact of economic conditions on the ability of our customers, suppliers and vendors to access sources of liquidity;
- our anticipated growth strategies;
- our plans to continue to expand internationally;
- the impact of fluctuations in the U.S. or global economy on consumer purchases of premium lifestyle products that we offer for sale;
- the potential impact on our Japan operations and customers resulting from the recent earthquake and tsunami;
- our plans to open new retail stores and e-commerce websites, and expand our direct-to-consumer presence;
- our ability to make certain strategic acquisitions of certain selected licenses held by our licensees and successfully integrate recently acquired businesses, such as our recently acquired Asian operations (including South Korea);
- our intention to introduce new products or enter into new alliances and exclusive relationships;
- changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors and consolidations, liquidations, restructurings and other ownership changes in the retail industry;
- anticipated effective tax rates in future years;
- our exposure to domestic and foreign currency fluctuations and risks associated with raw materials, transportation and labor costs;
- future expenditures for capital projects;
- our ability to continue to pay dividends and repurchase Class A common stock;
- our ability to continue to maintain our brand image and reputation and protect our trademarks;
- our relationships with department store customers and licensing partners;
- our ability to continue to initiate cost cutting efforts and improve profitability;
- our efforts to improve the efficiency of our distribution system and enhance our global information technology systems;
- the impact of events that are currently taking place in the Middle East, as well as from any terrorist action, retaliation and the threat of further action or retaliation; and
- a variety of legal, regulatory, political and economic risks, including risks related to the importation and exportation of products, tariffs and other trade barriers, to which our international operations are subject.

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is described in Part I of this Form 10-K under the heading of "Risk Factors." We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

WEBSITE ACCESS TO COMPANY REPORTS

Our investor website is <http://investor.ralphlauren.com>. We were incorporated in June 1997 under the laws of the State of Delaware. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 are available at our investor website under the caption "SEC Filings" promptly after we electronically file such materials with or furnish such materials to the SEC. Information relating to corporate governance at Polo Ralph Lauren Corporation, including our Corporate Governance Policies, our Code of Business Conduct and Ethics for all directors, officers, and employees, our Code of Ethics for Principal Executive Officers and Senior Financial Officers, and information concerning our directors, Committees of the Board, including Committee charters, and transactions in Polo Ralph Lauren Corporation securities by directors and executive officers, is available at our website under the captions "Corporate Governance" and "SEC Filings." Paper copies of these filings and corporate governance documents are available to stockholders without charge by written request to Investor Relations, Polo Ralph Lauren Corporation, 625 Madison Avenue, New York, New York 10022.

In this Form 10-K, references to "Polo," "ourselves," "we," "our," "us" and the "Company" refer to Polo Ralph Lauren Corporation and its subsidiaries, unless the context indicates otherwise. Due to the collaborative and ongoing nature of our relationships with our licensees, such licensees are sometimes referred to in this Form 10-K as "licensing alliances." Our fiscal year ends on the Saturday closest to March 31. All references to "Fiscal 2011" represent the 52-week fiscal year ended April 2, 2011. All references to "Fiscal 2010" represent the 53-week fiscal year ended April 3, 2010. All references to "Fiscal 2009" represent the 52-week fiscal year ended March 28, 2009.

PART I

Item 1. Business.

General

Founded in 1967 by Ralph Lauren, we are a global leader in the design, marketing and distribution of premium lifestyle products, including men's, women's and children's apparel, accessories (including footwear), fragrances and home furnishings. We believe that our global reach, breadth of product and multi-channel distribution is unique among luxury and apparel companies. We operate in three distinct but integrated segments: Wholesale, Retail and Licensing.

The tables below show our net revenues and operating profit (excluding unallocated corporate expenses and legal and restructuring charges) by segment for the last three fiscal years.

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
	(millions)		
Net revenues:			
Wholesale	\$ 2,777.6	\$ 2,532.4	\$ 2,749.5
Retail	2,704.2	2,263.1	2,074.2
Licensing	178.5	183.4	195.2
Total net revenues	<u>\$ 5,660.3</u>	<u>\$ 4,978.9</u>	<u>\$ 5,018.9</u>

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Operating income:			
Wholesale ^(a)	\$ 612.3	\$ 585.3	\$ 619.9
Retail ^(a)	387.8	254.1	101.6
Licensing	108.3	107.4	103.6
	<u>1,108.4</u>	<u>946.8</u>	<u>825.1</u>
Less:			
Unallocated corporate expenses ^(a)	(262.1)	(229.9)	(206.5)
Unallocated legal and restructuring charges, net ^(b)	(1.2)	(10.0)	(23.1)
Total operating income	<u>\$ 845.1</u>	<u>\$ 706.9</u>	<u>\$ 595.5</u>

- (a) Fiscal 2011 and Fiscal 2010 included asset impairment charges of \$2.5 million and \$6.6 million, respectively, related to the write-down of certain long-lived assets, primarily within our Retail segment. Fiscal 2009 included asset impairment charges of \$55.4 million, of which \$52.0 million related to the write-down of certain Retail store assets, and \$2.8 million in the Wholesale segment and \$0.6 million in the Corporate office related to the write-down of certain capitalized software costs.
- (b) Fiscal years presented included certain unallocated net restructuring charges and unallocated legal-related activity, which were as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Restructuring reversals (charges), net:			
Wholesale-related	\$(3.2)	\$ (5.4)	\$ (7.3)
Retail-related	1.8	(2.0)	(12.7)
Corporate operations-related	(1.2)	0.5	(3.6)
Restructuring charges, net	<u>(2.6)</u>	<u>(6.9)</u>	<u>(23.6)</u>
Legal reversals (charges), net:			
California Labor Litigation settlement	1.9	(3.1)	—
Other litigation reversals (charges)	(0.5)	—	0.5
Legal reversals (charges), net	<u>1.4</u>	<u>(3.1)</u>	<u>0.5</u>
Unallocated legal and restructuring charges, net	<u>\$(1.2)</u>	<u>\$(10.0)</u>	<u>\$(23.1)</u>

For further discussion of restructuring charges and legal-related activity, see Note 12 and Note 17, respectively, to the accompanying audited consolidated financial statements.

Our net revenues by geographic region for the last three fiscal years are shown in the table below. See Note 22 to our accompanying audited consolidated financial statements for additional segment and geographic area information.

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Net revenues:			
United States and Canada ^(a)	\$ 3,807.8	\$ 3,445.4	\$ 3,575.0
Europe ^(a)	1,178.6	1,052.6	1,028.4
Asia ^(b)	658.0	464.1	401.2
Other regions	15.9	16.8	14.3
Total net revenues	<u>\$ 5,660.3</u>	<u>\$ 4,978.9</u>	<u>\$ 5,018.9</u>

(a) Net revenues for certain of the Company's licensed operations are included within the geographic location of the reporting subsidiary which holds the respective license.

(b) Includes South Korea, Japan, China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

Over the past five fiscal years, our sales have grown to \$5.660 billion in Fiscal 2011 from \$4.295 billion in Fiscal 2007. This growth has been largely a result of both our acquisitions and organic growth. We have diversified our business by channels of distribution, price point and target consumer, as well as by geography. Our global reach is extensive, with Ralph Lauren-branded merchandise available through our wholesale distribution channels at approximately 10,000 different retail locations worldwide. In addition to our wholesale distribution, we sell directly to customers throughout the world via 367 full-price and factory retail stores, 510 concessions-based shop-within-shops and our e-commerce websites, RalphLauren.com, Rugby.com, and our recently launched United Kingdom e-commerce site located at www.RalphLauren.co.uk.

We continue to invest in our business. In the past five fiscal years, we have invested approximately \$1.555 billion for acquisitions and capital improvements, primarily funded through strong operating cash flow. We intend to continue to execute our long-term strategy, which includes expanding our presence internationally, extending our direct-to-consumer reach, expanding our accessories and other product offerings, and investing in our operational infrastructure. See Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview — Our Objectives and Risks" for further discussion of our long-term strategy.

We have been controlled by the Lauren family since the founding of our Company. As of April 2, 2011, Mr. Ralph Lauren, or entities controlled by the Lauren family, owned approximately 76% of the voting power of the outstanding common stock of the Company.

Seasonality of Business

Our business is typically affected by seasonal trends, with higher levels of wholesale sales in our second and fourth quarters and higher retail sales in our second and third quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school and holiday shopping periods in the Retail segment. As a result of the growth and other changes in our business, along with changes in consumer spending patterns and the macroeconomic environment, historical quarterly operating trends and working capital requirements may not be indicative of future performances. In addition, fluctuations in sales, operating income and cash flows in any fiscal quarter may be affected by, among other things, the timing of seasonal wholesale shipments and other events affecting retail sales.

Working capital requirements vary throughout the year. Working capital typically increases during the first half of the fiscal year as inventory builds to support peak shipping/selling periods and, accordingly, typically decreases during the second half of the fiscal year as inventory is shipped/sold. Cash provided by operating activities is typically higher in the second half of the fiscal year due to higher net income and reduced working capital requirements during that period.

Recent Developments

Greater China Restructuring Plan

In May 2011, we initiated a restructuring plan to reposition our existing distribution network in the Greater China region, which is comprised of Mainland China, Taiwan, Hong Kong and Macau. This plan is expected to be carried out primarily in Fiscal 2012 and include a reduction in workforce and the closure of certain retail stores and concession shops that do not support the new merchandising strategy. Actions related to the restructuring plan are anticipated to result in pretax charges of approximately \$10 million to \$20 million in Fiscal 2012.

Japan Earthquake

On March 11, 2011, the northern region of Japan experienced a severe earthquake followed by a series of tsunamis that resulted in a significant disruption in economic conditions. In addition to the negative direct effects to the Japanese economy, the country's position as a major exporter in the world may result in a regional or global downturn in economic activity. While the degree to which recent events in Japan will affect the global economy remains uncertain at this time, the impact is expected to have a negative effect on the sales and operating margins of our Japanese operations in Fiscal 2012.

South Korea Licensed Operations Acquisition

On January 1, 2011, in connection with the transition of the Polo-branded apparel and accessories business in South Korea (the "Polo South Korea Business") from a licensed to a wholly owned operation, we acquired certain net assets (including inventory) and employees from Doosan Corporation ("Doosan") in exchange for an initial payment of approximately \$25 million plus an additional aggregate payment of approximately \$22 million (the "South Korea Licensed Operations Acquisition"). Doosan was our licensee for the Polo South Korea business. We funded the South Korea Licensed Operations Acquisition with available cash on-hand. In conjunction with the South Korea Licensed Operations Acquisition, we also entered into a transition services agreement with Doosan for the provision of certain financial and information systems services for a period of up to twelve months commencing on January 1, 2011.

The operating results for the Polo South Korea business have been consolidated in our operating results commencing January 1, 2011 and are reported on a one-month lag. The net effect of this reporting lag is not deemed to be material to our consolidated financial statements.

Asia-Pacific Licensed Operations Acquisition

On December 31, 2009, in connection with the transition of the Polo-branded apparel business in Asia-Pacific (excluding Japan and South Korea) from a licensed to a wholly owned operation, we acquired certain net assets from Dickson Concepts International Limited and affiliates ("Dickson") in exchange for an initial payment of approximately \$20 million and other consideration of approximately \$17 million (the "Asia-Pacific Licensed Operations Acquisition"). Dickson was our licensee for Polo-branded apparel in the Asia-Pacific region (excluding Japan and South Korea), which is comprised of China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand. We funded the Asia-Pacific Licensed Operations Acquisition with available cash on-hand.

The operating results for the Polo-branded apparel business in Asia-Pacific have been consolidated in our operating results commencing January 1, 2010.

Our Brands and Products

Since 1967, our distinctive brand image has been consistently developed across an expanding number of products, price tiers and markets. Our products, which include apparel, accessories (including footwear) and fragrance collections for men and women as well as childrenswear and home furnishings, comprise one of the world's most widely recognized families of consumer brands. Reflecting a distinctive American perspective, we have been an innovator in aspirational lifestyle branding and believe that, under the direction of internationally renowned designer Ralph Lauren, we have had a considerable influence on the way people dress and the way that

fashion is advertised throughout the world. We combine consumer insight with our design, marketing and imaging skills to offer, along with our licensing alliances, broad lifestyle product collections with a unified vision:

- *Apparel* — Products include extensive collections of men's, women's and children's clothing;
- *Accessories* — Products encompass a broad range, including footwear, eyewear, watches, jewelry, hats, belts and leathersgoods, including handbags and luggage;
- *Home* — Coordinated home products include bedding and bath products, furniture, fabric and wallpaper, paint, tabletop and giftware; and
- *Fragrance* — Fragrance products are sold under our Big Pony, Romance, Polo, Lauren, Safari, Ralph and Black Label brands, among others.

Our lifestyle brand image is reinforced by our RalphLauren.com and RalphLauren.co.uk (collectively, "RalphLauren.com") and Rugby.com Internet sites.

Ralph Lauren Purple Label

In the time-honored tradition of bespoke clothing and haberdashery, Ralph Lauren Purple Label presents a level of sartorial craftsmanship unparalleled today. Refined suitings are hand-tailored from an exclusive selection of the world's finest fabrics. Custom-tailored Made-to-Measure suits are hand-constructed by artisans trained in the art of handmade clothing. Sophisticated sportswear and dandy-inspired dress furnishings are designed with meticulous attention to every detail. Dedicated to the highest level of quality and elegance, Ralph Lauren Purple Label is the ultimate expression of luxury for the modern gentleman. Ralph Lauren Purple Label also offers benchmarked footwear and Made-to-Order dress furnishings, accessories and luggage, as well as hand monogramming and custom engraving services of the highest quality. Ralph Lauren Purple Label is available in Ralph Lauren stores around the world, in an exclusive selection of the finest specialty stores, and online at RalphLauren.com.

Ralph Lauren Men's Black Label

With a sharp, modern attitude, Ralph Lauren Black Label is the essence of sophisticated dressing for men. Classic suitings feature razor-sharp tailoring and dramatically lean silhouettes. Luxe, racy sportswear is crafted from the finest fabrics and designed with subtle references to technical performance wear. Ultra-stylish yet timeless, the Black Label collection is sleek, bold and masculine. Ralph Lauren Black Label is available in Ralph Lauren stores around the world, a limited selection of specialty stores and better department stores and online at RalphLauren.com.

Polo Ralph Lauren

Authentic and iconic, Polo is the original symbol of the modern preppy lifestyle. Combining Ivy League classics and time-honored English haberdashery with downtown styles and All-American sporting looks, Polo sportswear and tailored clothing present a one-of-a-kind vision of menswear that is stylish, timeless and appeals to all generations of men. Often imitated but never matched, Polo's signature aesthetic — along with our renowned polo player logo — is recognized worldwide as a mark of contemporary heritage excellence. Polo is available in Ralph Lauren stores around the world, better department stores, select specialty stores and online at RalphLauren.com.

Lauren for Men

Classic and polished, Lauren for Men conveys a spirit of tradition with a contemporary attitude. A complete collection of men's tailored clothing, including suits, sport coats, dress shirts, dress pants, tuxedos, topcoats and ties, the Lauren men's line offers the sophisticated spirit and preppy heritage of Ralph Lauren menswear at a more accessible price point. A soft, natural shoulder and modern construction details ensure elegant styling with superior comfort and the integrity of a well-made garment. Lauren for Men is available at select department stores.

Ralph by Ralph Lauren

Superior fabrics and a precise, impeccable construction define the distinguished aesthetic of the Ralph by Ralph Lauren collection for men. Suit separates, sport coats, vests and topcoats are all fashioned with the hallmarks of better men's suitings, from half-canvas jacket constructions and high-quality Bemberg linings to hand-finished seams, felled cuffs and hems and reinforcements at natural points of wear. Timeless and unmistakably Ralph Lauren, the Ralph by Ralph Lauren collection offers refined luxury at an excellent value. Ralph by Ralph Lauren is available exclusively at Dillard's stores.

Ralph Lauren Women's Collection

Each runway season, Ralph Lauren's most dramatic vision of women's fashion is presented to the world. Timeless and sophisticated, Women's Collection reflects Ralph Lauren's definitive design philosophy in its groundbreaking juxtapositions of feminine glamour with impeccable tailoring once found only in menswear. From exquisite hand-embroidered evening gowns worn on the red carpet to luxurious hand-finished cashmere tweed suitings to chic vintage denim inspired by rustic Americana, Women's Collection is the epitome of modern, rarefied fashion as only Ralph Lauren can express it. Ralph Lauren Women's Collection is available in Ralph Lauren stores around the world, in an exclusive selection of the finest specialty stores, and online at [RalphLauren.com](#).

Ralph Lauren Women's Black Label

Black Label is the essence of sleek, modern sophistication for women. Proportions are chic and dramatic, ranging from menswear-inspired silhouettes to shimmering and feminine eveningwear. Fabrics are ultra-luxe and textural, color statements are rich and striking, and racy technical references infuse this glamorous collection with a bold, sexy edge. Black Label is offered in Ralph Lauren stores, designer boutiques, fine specialty stores, better department stores and online at [RalphLauren.com](#).

Ralph Lauren Blue Label

Modern and eclectic with a sexy, youthful spirit, Blue Label embodies the iconic Ralph Lauren sensibility in its mix of vintage Ivy League prep, heritage equestrian, romantic bohemian and rugged Western inspirations. Unmistakably Ralph Lauren in its elegance and sophistication, Blue Label defines a fresh, free-spirited femininity. Blue Label is offered in Ralph Lauren stores around the world, better department stores and online at [RalphLauren.com](#).

Lauren by Ralph Lauren

Lauren translates the sophisticated luxury of Ralph Lauren womenswear into an affordable wardrobe for every occasion. From timeless essentials with special finishing touches to polished silhouettes with a chic, modern spirit, Lauren maintains an elegant, feminine heritage while making strong seasonal fashion statements. Lauren Active infuses a fashion sensibility into practical sports apparel for golf, tennis, yoga and weekend wear. Lauren Jeans Co. presents a fresh perspective on denim with a breadth of exceptional styles and a complementary collection of sportswear items. Lauren Handbags and Small Leathergoods were introduced in the Fall 2010 season, adding to a wide range of accessories offerings from Lauren, including belts, scarves, gloves, footwear and jewelry. Lauren offers a range of true, consistent fits from Petites to Women's sizes. Lauren is sold in select department stores in the U.S., Europe, Canada and Mexico. Lauren is also available online at [RalphLauren.com](#).

Pink Pony

Established in 2000, Pink Pony is Polo Ralph Lauren's worldwide initiative in the fight against cancer. Pink Pony supports programs for early diagnosis, education, treatment and research, and is dedicated to bringing patient navigation and quality cancer care to medically underserved communities. A percentage of sales from all Pink Pony products benefits the Pink Pony Fund of the Polo Ralph Lauren Foundation. Pink Pony consists of feminine, slim-fitting women's sportswear and accessories crafted in luxurious fabrics. From hooded sweatshirts and cotton mesh polos to canvas tote bags and cashmere yoga pants, all Pink Pony items feature our iconic pink Polo Player — a symbol of our commitment to the fight against cancer. Pink Pony is available at select Ralph Lauren stores and

online at RalphLauren.com. Pink Pony was introduced at Bloomingdale's in October 2009, and is available on select occasions. To learn more about Pink Pony and Polo Ralph Lauren's other philanthropic efforts, please visit [RalphLauren.com/Philanthropy](#).

RRL

RRL captures an authentic American spirit with a focus on integrity, character and timeworn charm. Founded in 1993 and named after Ralph and Ricky Lauren's "Double RL" ranch in Colorado, RRL offers a mix of selvaige denim, vintage apparel and accessories and cool, rugged sportswear with roots in workwear and military gear. With denim at the heart of the brand, RRL is dedicated to time-honored details and the highest quality workmanship — from ring-spun long-staple cotton yarns to traditional dyeing techniques to hand-applied artisanal finishes that result in one-of-a-kind, exceptionally durable pieces. Exclusive denim fabrics and rare limited editions have attracted a loyal following among collectors of special clothing. In Spring 2010, RRL launched womenswear with the same vintage heritage. RRL is available exclusively at RRL stores and select Ralph Lauren stores.

RLX

Created to answer the demand for superior high-performance outfitting, RLX for men and women unites the highest standards of luxury, technology and style. From cutting-edge functional gear for professional athletes to exceptionally luxe lifestyle apparel for modern living, RLX defines the next evolution of design with a philosophy focused on purity of form, unrivaled construction techniques and the world's most innovative fabrications. The RLX line is available around the world at select Ralph Lauren stores, top specialty and department stores and online at [RalphLauren.com](#).

Ralph Lauren Denim & Supply

Earthy and unpretentious with an emphasis on rugged individualism, Denim & Supply for men and women is Ralph Lauren's nod to a generation that prides itself on creating a totally personal style. Rooted in genuine denim, with an emphasis on "found" pieces — a distressed pair of jeans, a faded T-shirt, a worn denim jacket — Denim & Supply finds inspiration in iconic Ralph Lauren sensibilities, from Navajo to nautical to surplus. Its authentic spirit is rooted in how the elements are put together: eclectically, naturally and effortlessly. Denim & Supply will be available in the Fall 2011 at select department stores around the world.

Polo Jeans Co.

In 1996, Ralph Lauren launched Polo Jeans Co. for men and women, combining a heritage philosophy with a fresh, irreverent spirit. With a focus on exceptional-quality denim — most notably the use of time-honored manufacturing techniques and pure indigo dyes — Polo Jeans Co. denim and sportswear collections embody authentic American style with a design aesthetic that ranges from vintage and iconic to bold, modern and urban. Polo Jeans Co. is available in Asia and Europe.

Golf

Tested and worn by top-ranked professional golfers, Polo Golf for men and Ralph Lauren Golf for women define heritage excellence in the world of golf. With a sharpened focus on the needs of the modern player but always rooted in the rich design tradition of Ralph Lauren, the Golf collections combine state-of-the-art performance wear with luxurious finishing touches for collections that travel effortlessly between the course and the clubhouse. The RLX Golf collection is ultramodern, graphic and dedicated to performance-driven design. From progressive fits and sophisticated styles to the most technologically advanced fabrics available, RLX golf is the ultimate in functional luxury. Polo Ralph Lauren is proud to sponsor Tom Watson, Davis Love III, Jonathan Byrd, Morgan Pressel, Luke Donald, Webb Simpson, Matteo Manassero, Billy Horschel, Ben Martin and Charles Howell III. The Polo, Ralph Lauren and RLX Golf collections are available in select Ralph Lauren stores, the most exclusive private clubs and resorts and online at [RalphLauren.com](#).

Rugby

Launched in 2004, Rugby translates Ralph Lauren's legacy of authentic prep into an eclectic, irreverent collection for young men and women. Cool and rebellious, vintage varsity and heritage classics are reinvented with a chic downtown flair and playful, sexy vibe for an individualistic approach to personal style. Iconic logos, vintage patches and spirited crests give Rugby a bold, one-of-a-kind edge. The Rugby collections are available at Rugby stores throughout the United States and at [Rugby.com](#). In Fall 2010, the first international Rugby store was introduced in Tokyo, Japan.

Ralph Lauren Childrenswear

Ralph Lauren Childrenswear is designed to reflect the timeless heritage and modern spirit of Ralph Lauren's collections for men and women. Signature classics, including iconic polo knit shirts and luxurious cashmere cable sweaters, are interpreted in the most sophisticated and vibrant colors. Fashionable styles are inspired by Ralph Lauren's unique vision each season — from All-American sportswear with preppy and equestrian inspirations to tailored and elegant ensembles for special occasions. Ralph Lauren Childrenswear is available in a full range of sizes for children, from Layette, Infant and Toddler to Girls size 16 and Boys size 20. Ralph Lauren Childrenswear can be found in select Ralph Lauren stores, better department stores and online at [RalphLauren.com](#).

Accessories (including Footwear)

Ralph Lauren accessories for men and women reflect the distinctive design philosophies known throughout the world of Ralph Lauren and represent a continuous dedication to impeccable craftsmanship and iconic beauty. Ralph Lauren accessories for women capture a wide array of timeless styles, from a glamorous handmade alligator Ricky Bag that takes up to 12 hours to craft to weathered canvas saddle bags with authentic equestrian hardware to vintage luggage-inspired handbags that recall the golden age of travel. Ralph Lauren's signature motifs can be found throughout — from jockey-print scarves, riding boots with equestrian hardware and vintage aviator sunglasses to striking diamante evening shoes, romantic ruffled scarves and antique, one-of-a-kind belts and jewelry. Ralph Lauren accessories and dress furnishings are a man's most refined finishing touch. Iconic and innovative neckties, which launched the Polo brand in 1967, are woven from the finest silks. Footwear ranges from velvet monogrammed slippers and benchmade dress shoes to hand-sewn penny loafers and rugged suede and shearling duck boots. Handcrafted luggage and leathers goods combine handsome sophistication with functionality. Each accessory is meticulously designed to complement Ralph Lauren's menswear collections — from vintage-inspired eyewear and Savile Row-inspired haberdashery to sleek silver engraved cuff links and engine-turned belt buckles to luxe cashmere scarves and hand-sewn shearling gloves. Ralph Lauren accessories are available in Ralph Lauren stores, select specialty stores and online at [RalphLauren.com](#).

Ralph Lauren Watches and Fine Jewelry

In 2008, Ralph Lauren launched his premier collection of watches in partnership with internationally renowned luxury group Compagnie Financiere Richemont SA ("Richemont"). The three timepiece collections — the iconic Ralph Lauren Stirrup, the refined Ralph Lauren Slim Classique and the performance-inspired Ralph Lauren Sporting — embody Ralph Lauren's passion for impeccable quality and exquisite design. Ralph Lauren timepieces feature the finest in Swiss Made manufacture movements and the world's most luxurious materials — from pure platinum and polished 18-carat gold cases to enamel dials, traditional guilloché patterns and full-cut diamonds. Ralph Lauren Watches are available at select Ralph Lauren stores around the world and only the finest watch retailers.

In 2010, Ralph Lauren Watch and Jewelry Company introduced the premier collections of Ralph Lauren Fine Jewelry in celebration of Ralph Lauren's new women's flagship in New York City. Inspired by brilliance, movement and the alluring tradition of fine jewelry, this debut unveiled several collections including the Ralph Lauren Diamond Link Collection, the Ralph Lauren Equestrian Collection, the Ralph Lauren Monogram Collection, the Ralph Lauren Chunky Chains Collection and the Ralph Lauren New Romantic Collection — all capturing the timeless glamour and breathtaking craftsmanship of Ralph Lauren's most luxurious designs. The fine jewelry collections include elegantly set pave diamond links, classic equestrian motifs stylized in shimmering diamonds,

romantic chandelier earrings, chic chunky chains and lustrous pearl strands with a dazzling diamond monogram. Each piece is handcrafted using the most precious materials and intricate finishing techniques, highlighting a unique beauty and graceful silhouette that is signature Ralph Lauren. Ralph Lauren Fine Jewelry is available exclusively at the 888 Madison Avenue flagship store in New York City and is expected to be introduced internationally in 2011.

Fragrance

In 1978, Ralph Lauren expanded his lifestyle brand to encompass the world of fragrance, launching Lauren for women and Polo for men. Since then, Ralph Lauren Fragrance has captured the essence of Ralph Lauren's men's and women's brands, from the timeless heritage of Lauren and Polo to the sophisticated beauty of Polo Black for men and Romance for women to the modern, fresh Ralph fragrances for her, designed to appeal to a younger audience. Women's fragrances include Safari, Polo Sport, Ralph Lauren Blue, Lauren, Romance, the Ralph Collection, Notorious and Love. Men's fragrances include Safari, Polo Sport, Polo Blue, Romance, Romance Silver, Purple Label, Explorer, Polo Black, Double Black and the Big Pony Collection. Ralph Lauren fragrances are available in department stores, specialty and duty free stores, perfumeries, select Ralph Lauren stores and our domestic [RalphLauren.com](#) Internet site.

Ralph Lauren Home

As the first American fashion designer to create an all-encompassing collection for the home, Ralph Lauren presents home furnishings and accessories that reflect the enduring style and exquisite craftsmanship synonymous with the name Ralph Lauren. Whether inspired by time-honored tradition, the utmost in modern sophistication or the beauty of rare objects collected around the world, Ralph Lauren Home is dedicated to only the finest materials and the greatest attention to detail for the ultimate in artisanal luxury. The collections include furniture, bed and bath linens, china, crystal, silver, decorative accessories, gifts, garden and beach, as well as lighting, window hardware, fabric, trimmings, wallcovering and area rugs. Ralph Lauren Home offers exclusive luxury goods at select Ralph Lauren stores, trade showrooms and online at [RalphLauren.com](#). The complete world of Ralph Lauren Home can be explored online at [RalphLaurenHome.com](#).

Lauren Home

Lauren Home presents a signature design sensibility that combines heritage elegance with a fresh, modern flair. Finely crafted and highly accessible for any well-appointed home, Lauren Home offers a wide array of collections that range from classic to modern, including bedding, bath, furniture, tabletop, gifts, decorative accessories, area rugs and lighting. Launched in 2007, Lauren Spa offers a certified collection of 100% organic bedding in all eco-friendly packaging. Lauren Home is available at select department stores, home specialty stores and online at [RalphLauren.com](#). Information on Lauren Spa is available at [RalphLauren.com/Spa](#).

Ralph Lauren Paint

Introduced in 1995, Ralph Lauren Paint offers exceptional-quality interior paint ranked high in the industry for performance. Inspired by classic and modern lifestyles from the world of Ralph Lauren, Ralph Lauren Paint features a signature palette of over 500 colors and a collection of unique finishes and innovative techniques. An extension of the Ralph Lauren Home lifestyle, Ralph Lauren Paint is an attainable product designed to reach a selective audience. Ralph Lauren Paint is offered at select specialty stores. The complete color palette, paint how-tos and a guide to professional painters are online at [RalphLaurenPaint.com](#).

Club Monaco

Founded in 1985, Club Monaco is an international destination for affordable, stylish luxury. Each season, Club Monaco designs, manufactures and markets its own clothing and accessories for men and women, offering key fashion pieces with modern, urban sophistication and a selection of updated classics — from the perfect white shirt and black pencil skirt to refined suiting and Italian cashmere. The brand's signature aesthetic is defined by clean, contemporary design and a palette of versatile neutrals infused with pops of vibrant colors. Club Monaco apparel and accessories are available exclusively at Club Monaco stores around the world.

Global Brand Concepts

American Living

Launched exclusively at JCPenney in February 2008, American Living offers classic American style with a fresh, modern spirit and authentic sensibility. From everyday essentials to special occasion looks for the entire family to finely crafted bedding and home furnishings, American Living promises stylish clothing and home products that are exceptionally made and offered at an incredible value. American Living is available exclusively at JCPenney and JCP.com.

Chaps

Chaps translates the classic heritage and timeless aesthetic of Ralph Lauren into an accessible line for men, women, children and the home. From casual basics designed for versatility and ease of wear to smart, finely tailored silhouettes perfect for business and more formal occasions, Chaps creates interchangeable classics that are both enduring and affordable. The Chaps men's collection is available at select department and specialty stores. The Chaps collections for women, children and the home are available exclusively at Kohl's and Kohls.com.

Our Wholesale Segment

Our Wholesale segment sells our products to leading upscale and certain mid-tier department stores, specialty stores and golf and pro shops, both domestically and internationally. We have continued to focus on elevating our brand by improving in-store product assortment and presentation, and improving full-price sell-throughs to consumers. As of the end of Fiscal 2011, our Ralph Lauren-branded products were sold through approximately 10,000 doors worldwide and during Fiscal 2011, we invested approximately \$35 million in related shop-within-shops primarily in domestic and international department and specialty stores.

Department stores are our major wholesale customers in North America. In Europe, our wholesale sales are a varying mix of sales to both department stores and specialty shops, depending on the country. Our collection brands — Women's Ralph Lauren Collection and Black Label and Men's Purple Label and Black Label — are distributed through a limited number of premier fashion retailers. In addition, we sell excess and out-of-season products through secondary distribution channels, including our retail factory stores. In Japan, our wholesale products are distributed primarily through shop-within-shops at premiere and top-tier department stores, and the mix of business is weighted to Women's Blue Label. In Asia (excluding Japan and South Korea), our wholesale products are sold at mid and top-tier department stores, and the mix of business is primarily weighted to Men's and Women's Blue Label. In Asia and on a worldwide basis, products distributed through concessions-based sales arrangements are reported within our Retail segment (see "Our Retail Segment" for further discussion).

Worldwide Distribution Channels

The following table presents the number of doors by geographic location, in which Ralph Lauren-branded products distributed by our Wholesale segment were sold to consumers in our primary channels of distribution as of April 2, 2011:

Location	Number of Doors
United States and Canada	5,943
Europe	3,919
Asia	93
Total	<u>9,955</u>

In addition, American Living and Chaps-branded products distributed by our Wholesale segment were sold domestically through approximately 1,700 doors as of April 2, 2011.

We have four key wholesale customers that generate significant sales volume. For Fiscal 2011, these customers in the aggregate accounted for approximately 40% of total wholesale revenues, with Macy's, Inc. representing approximately 19% of total wholesale revenues.

Our product brands are sold primarily through our own sales forces. Our Wholesale segment maintains its primary showrooms in New York City. In addition, we maintain regional showrooms in Atlanta, Chicago, Dallas, Milan, Paris, London, Munich, Madrid, Stockholm and Tokyo.

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-shop fixed assets primarily include items such as customized freestanding fixtures, wall cases and components, decorative items and flooring.

As of April 2, 2011, we had approximately 16,000 shop-within-shops dedicated to our Ralph Lauren-branded wholesale products worldwide. The size of our shop-within-shops typically ranges from approximately 300 to 6,000 square feet. We normally share in the cost of these shop-within-shops with our wholesale customers.

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. We generally ship these products within two-to-five days of order receipt.

Our Retail Segment

As of April 2, 2011, our Retail segment consisted of 176 full-price retail stores and 191 factory stores worldwide, totaling approximately 2.8 million gross square feet, 510 concessions-based shop-within-shops and three e-commerce websites. The extension of our direct-to-consumer reach is a primary long-term strategic goal.

Full-Price Retail Stores

Our full-price retail stores reinforce the luxury image and distinct sensibility of our brands and feature exclusive lines that are not sold in domestic department stores. We opened 8 new full-price stores, acquired 2 previously licensed stores, and closed 15 full-price stores in Fiscal 2011. In addition, we assumed 2 full-price stores in connection with the South Korea Licensed Operations Acquisition (see "Recent Developments" for further discussion).

We operated the following full-price retail stores as of April 2, 2011:

Location	Ralph Lauren	Club Monaco	Rugby	Total
United States and Canada	60	58	11	129
Europe	21	—	—	21
Asia ^(a)	22	—	1	23
Latin America	3	—	—	3
Total	106	58	12	176

^(a) Includes Japan, South Korea, China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

- *Ralph Lauren* stores feature the full-breadth of the Ralph Lauren apparel, accessory and home product assortments in an atmosphere reflecting the distinctive attitude and luxury positioning of the Ralph Lauren brand. Our seven flagship Ralph Lauren store locations showcase our upper-end luxury styles and products and demonstrate our most refined merchandising techniques.
- *Club Monaco* stores feature updated fashion apparel and accessories for both men and women. The brand's clean and updated classic signature style forms the foundation of a modern wardrobe.

- *Rugby* is a vertical retail format featuring an aspirational lifestyle collection of apparel and accessories for men and women. The brand is characterized by a youthful, preppy attitude which resonates throughout the line and the store experience.

In addition to generating sales of our products, our worldwide full-price stores set, reinforce and capitalize on the image of our brands. Our stores range in size from approximately 800 to over 38,000 square feet. These full-price stores are situated in major upscale street locations and upscale regional malls, generally in large urban markets. We generally lease our stores for initial periods ranging from 5 to 10 years with renewal options.

Factory Retail Stores

We extend our reach to additional consumer groups through our 191 Polo Ralph Lauren factory stores worldwide. Our factory stores are generally located in outlet centers. We generally lease our stores for initial periods ranging from 5 to 10 years with renewal options. During Fiscal 2011, we added 19 new Polo Ralph Lauren factory stores, net, and assumed 2 factory stores in connection with the South Korea Licensed Operations Acquisition (see “Recent Developments” for further discussion).

We operated the following factory retail stores as of April 2, 2011:

Location	Polo Ralph Lauren
United States	140
Europe	31
Asia ^(a)	20
Total	191

^(a) Includes Japan, South Korea, China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

- *Polo Ralph Lauren domestic* factory stores offer selections of our menswear, womenswear, children’s apparel, accessories, home furnishings and fragrances. Ranging in size from approximately 2,500 to 20,000 square feet, with an average of approximately 9,500 square feet, these stores are principally located in major outlet centers in 37 states and Puerto Rico.
- *Europe* factory stores offer selections of our menswear, womenswear, children’s apparel, accessories, home furnishings and fragrances. Ranging in size from approximately 2,300 to 10,500 square feet, with an average of approximately 6,000 square feet, these stores are located in 11 countries, principally in major outlet centers.
- *Asia* factory stores offer selections of our menswear, womenswear, children’s apparel, accessories and fragrances. Ranging in size from approximately 1,000 to 12,000 square feet, with an average of approximately 5,000 square feet, these stores are primarily located throughout Japan and in or near other major cities within the Asia-Pacific region, principally in major outlet centers.

Factory stores obtain products from our suppliers, our product licensing partners and our retail and e-commerce stores.

Concessions-based Shop-within-Shops

In Asia, the terms of trade for shop-within-shops are largely conducted on a concessions basis, whereby inventory continues to be owned by us (not the department store) until ultimate sale to the end consumer and the salespeople involved in the sales transaction are generally our employees.

As of April 2, 2011, we had 510 concessions-based shop-within-shops at approximately 236 retail locations dedicated to our Ralph Lauren-branded products, primarily in Asia, including 178 concessions-based shop-in-shops related to the South Korea Licensed Operations Acquisition. The size of our concessions-based shop-within-shops typically ranges from approximately 180 to 3,600 square feet. We share in the cost of these shop-within-shops with our department store partners.

E-commerce Websites

In addition to our stores, our Retail segment sells products online through our domestic e-commerce sites, RalphLauren.com (<http://www.RalphLauren.com>) and Rugby.com (<http://www.Rugby.com>), as well as our recently launched United Kingdom e-commerce site, RalphLauren.co.uk (<http://www.RalphLauren.co.uk>).

RalphLauren.com offers our customers access to a broad array of Ralph Lauren apparel, accessories and home products, allows us to reach retail customers on a multi-channel basis and reinforces the luxury image of our brands. RalphLauren.com averaged 4.4 million unique visitors a month and acquired approximately 500,000 new customers, resulting in over 2.5 million total customers in Fiscal 2011.

Rugby.com offers clothing and accessories for purchase along with style tips, unique videos and blog-based content. Rugby.com offers an extensive array of Rugby products for young men and women within a full lifestyle destination.

In October 2010, the Company launched RalphLauren.co.uk, our first European retail e-commerce site. RalphLauren.co.uk offers United Kingdom customers access to a broad array of Ralph Lauren apparel, accessories and home products, allows us to reach retail customers on a multi-channel basis and reinforces the luxury image of our brands.

Our Licensing Segment

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

- are leaders in their respective markets;
- contribute the majority of the product development costs;
- provide the operational infrastructure required to support the business; and
- own the inventory.

We grant our product licensees the right to manufacture and sell at wholesale specified categories of products under one or more of our trademarks. We grant our international geographic area licensing partners exclusive rights to distribute certain brands or classes of our products and operate retail stores in specific international territories. These geographic area licensees source products from us, our product licensing partners and independent sources. Each licensing partner pays us royalties based upon its sales of our products, generally subject to a minimum royalty requirement for the right to use our trademarks and design services. In addition, licensing partners may be required to allocate a portion of their revenues to advertise our products and share in the creative costs associated with these products. Larger allocations are required in connection with launches of new products or in new territories. Our licenses generally have one to five-year terms and may grant the licensee conditional renewal options.

We work closely with our licensing partners to ensure that their products are developed, marketed and distributed so as to reach the intended market opportunity and to 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 Ralph Lauren products are subject to our prior approval and continuing oversight. The result is a consistent identity for Ralph Lauren products across product categories and international markets.

Approximately 40% of our licensing revenue for Fiscal 2011 was derived from four licensing partners: Luxottica Group, S.p.A. (12%), Peerless, Inc. (10%), The Warnaco Group, Inc. (9%) and L'Oreal S.A. (9%).

Product Licenses

The following table lists our principal product licensing agreements for men's sportswear, men's tailored clothing, men's underwear and sleepwear, eyewear and fragrances as of April 2, 2011. The products offered by these

licensing partners are listed below. Except as noted in the table, these product licenses cover the U.S. or North America only.

Licensing Partner	Licensed Product Category
Hanes Brands	Men's Polo Ralph Lauren Underwear and Sleepwear
L'Oreal S.A. (global)	Men's and Women's Fragrances, Cosmetics, Color and Skin Care Products
Luxottica Group, S.p.A. (global)	Eyewear
Peerless, Inc.	Men's, Chaps, Lauren, Ralph and American Living Tailored Clothing
The Warnaco Group, Inc.	Men's Chaps Sportswear

International Licenses

We believe that international markets offer additional opportunities for our quintessential American designs and lifestyle image. We work with our international licensing partners to facilitate international growth in their respective territories. International expansion/growth 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;
- the addition of Ralph Lauren or Polo Ralph Lauren stores in these markets; and
- the expansion and upgrade of shop-within-shop networks in these markets.

The following table identifies our principal international area licensing partners (excluding Ralph Lauren Home and Club Monaco licensees) as of April 2, 2011:

Licensing Partner	Territory
Oroton Group/PRL Australia	Australia and New Zealand
P.R.L. Enterprises, S.A.	Panama, Aruba, Curacao, the Cayman Islands, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Belize, Colombia, Ecuador, Bolivia, Peru, Antigua, Barbados, Bonaire, the Dominican Republic, St. Lucia, St. Martin, Trinidad and Tobago
Commercial Madison, S.A.	Chile

Our international licensing partners acquire the right to sell, promote, market and/or distribute various categories of our products in a given geographic area. These rights may include the right to own and operate retail stores. The economic arrangements are similar to those of our product licensing partners. We design licensed products either alone or in collaboration with our domestic licensing partners. Our product licensees, whose territories do not include the international geographic area licensees' territories, generally provide our 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 by these partners.

As of April 2, 2011, our international licensing partners operated 57 Ralph Lauren stores, 48 Ralph Lauren concession shops and 56 Club Monaco stores and dedicated shops.

Ralph Lauren Home

Together with our licensing partners, we offer an extensive collection of home products that draw upon and further the design themes of our other product lines, contributing to our complete lifestyle concept. Products are sold under the *Ralph Lauren Home*, *Lauren by Ralph Lauren*, *Chaps* and *American Living* brands in three primary

categories: bedding and bath, home décor and home improvement. As of April 2, 2011, we had agreements with thirteen domestic and two international home product licensing partners, and one international home product sublicensing partner.

We perform a broader range of services for our Ralph Lauren Home licensing partners than we do for our other licensing partners. These services include design, operating showrooms, marketing, advertising and, in some cases, sales. In general, the licensing partners manufacture and own the inventory, and ship the products. Our Ralph Lauren Home licensing alliances generally have 3 to 5-year terms and may grant the licensee conditional renewal options.

Ralph Lauren Home products are positioned at the upper tiers of their respective markets and are offered at a range of price levels. These products are generally distributed through several channels of distribution, including department stores, specialty home furnishings stores, interior design showrooms, customer direct mail catalogs, home centers and the Internet, as well as our own stores and e-commerce websites. As with our other products, the use of shop-within-shops is central to our department store distribution strategy.

The *Ralph Lauren Home*, *Lauren by Ralph Lauren*, *Chaps* and *American Living* home products offered by us and our product licensing partners as of April 2, 2011 primarily consisted of the following:

<u>Category</u>	<u>Licensed Product</u>	<u>Licensing Partner</u>
Bedding and Bath	Sheets, bedding accessories, towels, blankets, down comforters, other decorative bedding and accessories	WestPoint Home, Inc. ⁽¹⁾ , Fremaux-Delorme, Ichida, Kohl's Department Stores, Inc., J.C. Penney Corp., Inc. P. Kaufmann, Inc.
Home Décor	Fabric and wallpaper Furniture Tabletop and giftware	EJ Victor, Inc., Schnadig International Corp. Fitz and Floyd, Inc.
Home Improvement	Window and decorative accessories Interior paints and stains	J.C. Penney Corp., Inc. Akzo Nobel Paints LLC

(1) On May 1, 2011, our *Lauren by Ralph Lauren* bedding and bath product licenses with WestPoint Home, Inc. expired and we assumed control of the related wholesale product distribution.

Product Design

Our products reflect a timeless and innovative interpretation of American style with a strong international appeal. Our consistent emphasis on new and distinctive design has been an important contributor to the prominence, strength and reputation of the Ralph Lauren brands.

All Ralph Lauren products are designed by, or under the direction of, Mr. Ralph Lauren and our design staff, which is divided into nine departments: Menswear, Women's Collection, Women's Ready to Wear, Dresses, Children's, Accessories (including footwear), Home, Club Monaco and Rugby. We form design teams around our brands and product categories to develop concepts, themes and products for each brand and category. Through close collaboration with merchandising, sales and production staff, these teams support all three segments of our business — Wholesale, Retail and Licensing — in order to gain market and other valuable input.

Marketing and Advertising

Our marketing program communicates the themes and images of our 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 distinctive image advertising for all of our brands, conveying the particular message of each one within the context of the overall Ralph Lauren aesthetic. Advertisements generally portray a lifestyle rather than a specific item and include a variety of products offered by ourselves and, in some cases, 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 brands have utilized television and outdoor media in their marketing programs. Our e-commerce websites present the Ralph Lauren lifestyle on the Internet while offering the full breadth of our apparel, accessories and home products.

We advertise in consumer and trade publications, and participate in cooperative advertising on a shared cost basis with some of our retailer partners. In addition, we provide point-of-sale fixtures and signage to our wholesale customers to enhance the presentation of our products at retail locations. We expensed approximately \$192 million related to the advertising of our products in Fiscal 2011.

When our domestic licensing partners are required to spend an amount equal to a percent of their licensed product sales on advertising, we coordinate the advertising placement on their behalf.

We also conduct a variety of public relations activities. Each of our spring and fall womenswear collections are presented at major fashion shows in New York City, which typically generate extensive domestic and international media coverage. We introduce each of the spring and fall menswear collections at press presentations in major cities such as New York and Milan, Italy. In addition, we organize in-store appearances by our models, certain professional athletes and sponsors. We are the first exclusive outfitter for all on-court officials at the Wimbledon tennis tournament and are currently the official outfitter of all on-court officials at the U.S. Open tennis tournament. We are also the exclusive Official Parade Outfitter for the 2012 U.S. Olympic and Paralympic Teams and have the right to manufacture, distribute, advertise, promote and sell products in the U.S. which replicate the Parade Outfits and associated leisure wear.

In January 2011, we entered into a five-year agreement with the United States Golf Association (“USGA”) to be the official apparel outfitter for the USGA and the U.S. Open Championships and will serve as the championship’s largest on-site apparel supplier.

Sourcing, Production and Quality

We contract for the manufacture of our products and do not own or operate any production facilities. Over 400 different manufacturers worldwide produce our apparel, footwear and accessories products, with no one manufacturer providing more than 8% of our total production during Fiscal 2011. We source both finished products and raw materials. Raw materials include fabric, buttons and other trim. Finished products consist of manufactured and fully assembled products ready for shipment to our customers. In Fiscal 2011, less than 2%, by dollar volume, of our products were produced in the U.S., and over 98%, by dollar volume, were produced outside the U.S., primarily in Asia, Europe and South America. See “*Import Restrictions and other Government Regulations*” and Item 1A — “*Risk Factors — Risks Related to Our Business — Our business is subject to risks associated with importing products.*”

Most of the businesses in our Wholesale segment must commit to manufacture 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 our primary customers’ demand for a particular product or the need for a particular fabric or yarn, we may sell the excess products or garments made from such fabric or yarn in our factory stores or through secondary distribution channels.

Suppliers operate under the close supervision of our global manufacturing division and buying agents headquartered in Asia, the Americas and Europe. All garments are produced according to our specifications. Production and quality control staff in Asia, the Americas and Europe 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 and compliance programs, 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.

Competition

Competition is very 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. 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:

- 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 Item 1A — “Risk Factors — Risks Relating to the Industry in Which We Compete — We face intense competition in the worldwide apparel industry.”

Distribution

To facilitate distribution in the U.S., Ralph Lauren products are shipped from manufacturers to a network of distribution centers for inspection, sorting, packing, and delivery to retail and wholesale customers. This network includes our owned distribution center in Greensboro, North Carolina, two leased facilities in High Point, North Carolina, and third party logistics centers in Chino Hills, California and Miami, Florida. All facilities are designed to allow for high density cube storage and value added services, and utilize unit and carton tracking technology to facilitate process control and inventory management. Canadian distribution to Club Monaco stores is supported by a third party logistics provider in Toronto, Ontario. European distribution is serviced by a third party facility located in Parma, Italy. Japanese distribution has historically been serviced by third party facilities located in Kawasaki and Ebina, and is in the process of being transitioned to a new third party facility located in Yokohama. South Korean distribution is serviced by a leased facility in Gasan. Excluding Japan and South Korea, distribution in Asia is serviced by a third party facility in Hong Kong, supported by third party locations in China, Singapore, Malaysia and Taiwan. South American distribution is serviced by third party facilities in Buenos Aires, Argentina and Montevideo, Uruguay. The distribution network is managed through globally integrated information technology systems.

RalphLauren.com and Rugby.com customer order fulfillment is performed at a leased facility in High Point, North Carolina. Customer order fulfillment for RalphLauren.co.uk, our newly launched United Kingdom retail e-commerce site, is performed at a third party fulfillment center in Parma, Italy.

Management Information Systems

Our management information systems make the design, marketing, manufacturing, importing and distribution of our products more efficient by providing, among other things:

- comprehensive order processing;
- production and design information;
- accounting information; and
- an enterprise view of information for our design, marketing, manufacturing, importing and distribution functions.

The point-of-sale registers in conjunction with other systems in our stores enable us to track inventory from store receipt to final sale on a real-time basis. We believe our merchandising and financial systems, coupled with our point-of-sale registers and software programs, allow for stock replenishment, effective merchandise planning and real-time inventory accounting. See Item 1A — “*Risk Factors — Risks Related to Our Business — Certain legal proceedings, regulatory matters and accounting changes could adversely impact our results of operations.*”

In the U.S., we utilize an automated replenishment system, Logility, to facilitate the processing of basic replenishment orders from our Retail segment and wholesale customers, the movement of goods through distribution channels, and the collection of information for planning and forecasting. We have a collaborative relationship with many of our suppliers that enables us to reduce cash-to-cash cycles in the management of our inventory.

We are in the process of implementing a new global financial and reporting system as part of a multi-year plan to integrate and upgrade our operational and financial systems and processes. The implementation of this global system is scheduled to occur in phases over the next several years, and began with the migration of certain of our domestic human resource systems to the new system during the fourth quarter of Fiscal 2011.

See Item 1A — “*Risk Factors — Risks Related to Our Business — Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.*”

Wholesale Credit Control

We manage our own credit function. We sell our merchandise principally to major department stores and extend credit based on an evaluation of the customer’s financial capacity and 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 or underwrite our accounts receivables, or maintain credit insurance to manage the risks of bad debts. Collection and deduction transactional activities are principally provided through a third party service provider. See Item 1A — “*Risk Factors — Risks Related to Our Business — Our business could be negatively impacted by any financial instability of our customers.*”

Wholesale Backlog

We generally receive wholesale orders for apparel products approximately three to five months prior to the time the products are delivered to stores. Such orders are generally subject to broad cancellation rights. As of April 2, 2011, our total backlog was \$1.391 billion, compared to \$1.160 billion as of April 3, 2010. We expect that substantially all of our backlog orders as of April 2, 2011 will be filled within the next fiscal year. The size of our order 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 the size of our order backlog from period to period may not be necessarily meaningful, nor may it be indicative of eventual shipments.

Trademarks

We own the “Polo,” “Ralph Lauren,” “Polo by Ralph Lauren Design” and the famous polo player astride a horse trademarks in the U.S. and approximately 100 countries worldwide. Other trademarks that we similarly own include:

- “Lauren Ralph Lauren”;
- “Lauren”;
- “Purple Label”;
- “Blue Label”;
- “Black Label”;

- “Pink Pony”;
- “Ralph”;
- “RRL”;
- “Club Monaco”;
- “Rugby”;
- “RLX”;
- “Chaps”;
- “American Living”; and
- Various trademarks pertaining to fragrances and cosmetics.

Mr. Ralph Lauren has 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. Any activity by these companies has no impact on us.

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, restaurant and café services, online services and online publications 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 related 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 extremely valuable assets in marketing our products and, on a worldwide basis, vigorously seek to protect them against infringement (see Item 3 — “*Legal Proceedings*” for further discussion). 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 U.S. and in most major markets abroad.

In markets outside of the U.S., 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 who have acquired ownership rights in certain trademarks, including “Polo” and/or a representation of a polo player astride a horse, which impede 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, in general, successfully resolved such conflicts in the past through both legal action and negotiated settlements with third-party owners of the conflicting marks (see Item 1A — “*Risk Factors — Risks Related to Our Business — Our trademarks and other intellectual property rights may not be adequately protected outside the U.S.*” and Item 3 — “*Legal Proceedings*” for further discussion). Although we have not in the past suffered any material restraints or restrictions on doing business in desirable markets, we cannot assure that significant impediments will not arise in the future as we expand product offerings and introduce trademarks to new markets.

Import Restrictions and Other Government Regulations

Virtually all of our merchandise imported into the U.S., Canada, Europe, and Asia is subject to duties. In addition, most of the countries to which we ship could impose safeguard quotas and duties to protect their local industries from import surges that threaten to create market disruption. In this regard, effective July 21, 2011, safeguard duties will be imposed by Turkey on imports of textiles and apparel from certain countries. The U.S. and other countries may also unilaterally impose additional duties in response to a particular product being imported (from China or other countries) at unfairly traded prices that in such increased quantities as to cause (or threaten) injury to the relevant domestic industry (generally known as “anti-dumping” actions). Canada currently has an anti-

dumping order on waterproof footwear under consideration. If dumping is suspected in the U.S., the U.S. Government may self-initiate a dumping case on behalf of the U.S. textile industry which could significantly affect our costs. Furthermore, additional duties, generally known as countervailing duties, can also be imposed by the U.S. Government to offset subsidies provided by a foreign government to foreign manufacturers if the importation of such subsidized merchandise injures or threatens to injure a U.S. industry. Recent developments have now made it possible to impose countervailing duties on products from non-market economies, such as China, which could significantly increase our costs.

We are also subject to other international trade agreements and regulations, such as the North American Free Trade Agreement, the Central American Free Trade Agreement and the Caribbean Basin Initiative. In addition, each of the countries in which our products are sold has laws and regulations covering imports. Because the U.S. and the other countries in which our products are manufactured and sold may, from time to time, impose new duties, tariffs, surcharges or other import controls or restrictions, including the imposition of "safeguard quota," or adjust presently prevailing duty or tariff rates or levels, we maintain a program of intensive monitoring of import restrictions and opportunities. We seek to minimize our potential exposure to import related risks through, among other measures, adjustments in product design and fabrication, shifts of production among countries and manufacturers, as well as through geographical diversification of our sources of supply.

As almost all our products are manufactured by foreign suppliers, the enactment of new legislation or the administration of current international trade regulations, executive action affecting textile agreements, or changes in sourcing patterns resulting from the elimination of quota could adversely affect our operations. Although we generally expect that the 2005 elimination of quotas will result, over the long term, in an overall reduction in the cost of apparel produced abroad, the implementation of any "safeguard quota provisions" or any "anti-dumping" or "countervailing duty" actions may result, over the near term, in cost increases and in disruption of the supply chain for certain products categories. See Item 1A — "Risk Factors — Risks Related to Our Business — Our business is subject to risks associated with importing products" and "Risk Factors — Risks Related to Our Business — Our ability to conduct business in international markets may be affected by legal, regulatory, political and economic risks."

Apparel and other products sold by us are also subject to regulation in the U.S. and other countries by other governmental agencies, including, in the U.S., the Federal Trade Commission, U.S. Fish and Wildlife Service and the Consumer Products Safety Commission, including the Consumer Product Safety Improvement Act, which imposes new limitations on the permissible amounts of lead and phthalates allowed in children's products. These regulations relate principally to product labeling, licensing requirements, flammability testing, and product safety particularly with respect to products used by children. We believe that we are in substantial compliance with those 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 fiscal year or 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 or operating results.

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

Employees

As of April 2, 2011, we had approximately 24,000 employees, both full and part-time, consisting of approximately 16,000 in the U.S. and approximately 8,000 in foreign countries. Approximately 30 of our U.S. production and distribution employees in the womenswear business are members of UNITE HERE (which was previously known as the Union of Needletrades, Industrial and Textile Employees, prior to its merger with the Hotel Employees and Restaurant Employees International Union) 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.

Executive Officers

The following are our current executive officers and their principal recent business experience:

Ralph Lauren	Age 71	Mr. Lauren has been Chairman, Chief Executive Officer and a director of the Company since prior to the Company's initial public offering in 1997, and was a member of the Advisory Board of the Board of Directors of the Company's predecessors since their organization. He founded Polo in 1967 and has provided leadership in the design, marketing, advertising and operational areas since such time.
Roger N. Farah	Age 58	Mr. Farah has been President, Chief Operating Officer and a director of the Company since April 2000. He was Chairman of the Board of Venator Group, Inc. from December 1994 to April 2000, and was Chief Executive Officer of Venator Group, Inc. from December 1994 to August 1999. Mr. Farah is a member of the Board of Directors of Aetna, Inc. and Progressive Corp.
Jackwyn L. Nemerov	Age 59	Ms. Nemerov has been Executive Vice President of the Company since September 2004 and a director of the Company since February 2007. From 1998 to 2002, she was President and Chief Operating Officer of Jones Apparel Group, Inc.
Tracey T. Travis	Age 48	Ms. Travis has been Senior Vice President of Finance and Chief Financial Officer of the Company since January 2005. Ms. Travis served as Senior Vice President, Finance of Limited Brands, Inc. from April 2002 until August 2004, and Chief Financial Officer of Intimate Brands, Inc. from April 2001 to April 2002. Prior to that time, Ms. Travis was Chief Financial Officer of the Beverage Can Americas group at American National Can from 1999 to 2001, and held various finance and operations positions at Pepsi Bottling Group from 1989 to 1999. Ms. Travis is a member of the Board of Directors of the Lincoln Center Theater.
Mitchell A. Kosh	Age 61	Mr. Kosh has served as Senior Vice President of Human Resources of the Company since July 2000. He was Senior Vice President of Human Resources of Conesco, Inc., from February 2000 to July 2000. Prior to that time, Mr. Kosh held executive human resource positions with the Venator Group, Inc. starting in 1996.

Item 1A. Risk Factors.

There are risks associated with an investment in our securities. The following risk factors should be read carefully in connection with evaluating our business and the forward-looking statements contained in this Annual Report on Form 10-K. Any of the following risks could materially adversely affect our business, our prospects, our results of operations, our financial condition, our liquidity, the trading prices of our securities, and the actual outcome of matters as to which forward-looking statements are made in this report. Additional risks that we do not yet know of or that we currently think are immaterial may also affect our business operations.

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 of our business has been a critical element of our success since the inception of our Company. The death or disability of Mr. Lauren or other extended or permanent loss of his services, or any negative market or industry perception with respect to him or arising from his loss, could have a material adverse effect on our business. Our other executive officers and other members of senior management 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 have a material adverse effect on us. We are not protected by a material amount of key-man or similar life insurance covering Mr. Lauren, our other executive officers and certain other members of senior management. We have entered into employment agreements with Mr. Lauren and our other executive officers, but the noncompete period with respect to Mr. Lauren and certain other executive officers could, in some circumstances in the event of their termination of employment with our Company, end prior to the employment term set forth in their employment agreements.

Our business could be negatively impacted by any financial instability of our customers.

We sell our wholesale merchandise primarily to major department stores across the U.S., Europe and Asia 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 or eliminate business with that customer. We may also assume more credit risk relating to that customer's receivables. In the aggregate, our four largest wholesale customers constituted approximately 30% of our gross trade accounts receivable outstanding as of April 2, 2011 and contributed approximately 40% of all wholesale revenues for Fiscal 2011. Our inability to collect on our trade accounts receivable from any one of these customers could have a material adverse effect on our business, financial condition or liquidity. See Item 1 — "*Business — Wholesale Credit Control.*"

Uncertain economic conditions could have a negative impact on our major customers and suppliers which in turn could materially adversely affect our operating results and liquidity.

The uncertain state of the global economy is having a significant negative impact on businesses around the world. Although we believe that our cash provided by operations and available borrowing capacity under our revolving credit facility will provide us with sufficient liquidity through the current economic uncertainty, the impact of economic conditions on our major customers and suppliers cannot be predicted and may be quite severe. The inability of major manufacturers to ship our products could impair our ability to meet the delivery date requirements of our customers. A disruption in the ability of our significant customers to access liquidity could cause serious disruptions or an overall deterioration of their businesses which could lead to a significant reduction in their future orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our operating results and liquidity.

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 and increase direct management of our brands by opening more of our own stores, strategically acquiring or integrating select businesses previously held by our licensees and enhancing our operations. Implementation of our strategy involves

the continued expansion of our business in Europe, Asia and other international areas. As discussed in Item 1 — “*Business — Recent Developments*,” on January 1, 2011, we acquired our previously licensed Polo-branded apparel and accessories business in South Korea. In Fiscal 2010, we acquired our previously licensed Polo-branded apparel business in the Asia-Pacific region (excluding Japan and South Korea). In Fiscal 2009, we acquired our previously licensed childrenswear and golf apparel businesses in Japan.

We may have difficulty integrating acquired businesses into our operations, hiring and retaining qualified key employees, or otherwise successfully managing such expansion. Furthermore, we may not 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.

Implementation of our growth strategy involves the continuation and expansion of our retail distribution network, both in the U.S. and abroad, which are subject to many factors beyond our control. We may not be able to procure, purchase or lease desirable free-standing or department store locations, or renew and maintain existing free-standing store leases and department store locations on acceptable terms, or secure suitable replacement locations. The lease negotiation as well as the number and timing of new stores actually opened during any given period, and their associated contribution to net income for the period, depends on a number of factors including, but not limited to: (i) the availability of suitable financing to us and our landlords; (ii) the timing of the delivery of the leased premises to us from our landlords in order to commence build-out construction activities; (iii) our ability and our landlords’ ability to obtain all necessary governmental licenses and permits to construct and operate our stores on a timely basis; (iv) our ability to manage the construction and development costs of new stores; (v) the rectification of any unforeseen engineering or environmental problems with the leased premises; (vi) adverse weather during the construction period; and (vii) the hiring and training of qualified operating personnel in the local market. While we continue to explore new markets and are always evaluating new potential locations, any of the above factors could have an adverse impact on our financial operations.

In Europe, we lack the large wholesale distribution channels we have in the U.S., and we may have difficulty developing successful distribution strategies and alliances in each of the major European countries. In Asia (including Japan), our primary mode of distribution is via a network of shops located within leading department stores. We may have difficulty in successfully retaining this network, and expanding into alternate distribution channels. Additionally, macroeconomic trends may not be favorable, and could limit our ability to implement our growth strategies in select geographies where we have foreign operations, such as Europe and Asia.

Our business is subject to risks associated with importing products.

As of April 2, 2011, we source a significant portion of our products outside the U.S. through arrangements with over 400 foreign vendors in various countries. In Fiscal 2011, over 98%, by dollar value, of our products were produced outside the U.S., primarily in Asia, Europe and South America. Risks inherent in importing our products include:

- changes in social, political and economic conditions or terrorist acts that 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 or exports;
- the imposition of additional duties, taxes and other charges on imports or exports;
- significant fluctuations of the cost of raw materials;
- increases in the cost of fuel, travel and transportation;
- disruptions of shipping and international trade caused by natural and man-made disasters;
- significant delays in the delivery of cargo due to security considerations;
- the imposition of antidumping or countervailing duty proceedings resulting in the potential assessment of special antidumping or countervailing duties; and
- the imposition of sanctions in the form of additional duties either by the U.S. or its trading partners to remedy perceived illegal actions by national governments.

Any one of these factors could have a material adverse effect on our financial condition and results of operations.

Our profitability may decline as a result of increasing pressure on margins.

The apparel industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products and changes in consumer spending patterns. These factors may cause us to reduce our sales prices to retailers and consumers, which could cause our gross margin to decline if we are unable to appropriately manage inventory levels and/or otherwise offset price reductions with comparable reductions in our operating costs. If our sales prices decline and we fail to sufficiently reduce our product costs or operating expenses, our profitability will decline. This could have a material adverse effect on our results of operations, liquidity and financial condition.

Our business could suffer as a result of increases in the price of raw materials, freight or labor or a manufacturer's inability to produce our goods on time and to our specifications.

We do not own or operate any manufacturing facilities and depend exclusively on independent third parties for the manufacture of all of our products. Our products are manufactured to our specifications primarily by international manufacturers. During Fiscal 2011, less than 2%, by dollar value, of our men's and women's products were manufactured in the U.S. and over 98%, by dollar value, of these products were manufactured in other 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 substantial reduction in purchase prices, any of which could have a material adverse effect on our financial condition and results of operations. Additionally, prices of raw materials used to manufacture our products may fluctuate and increases in prices of such raw materials could have a material adverse effect on our cost of sales. Furthermore, the cost of labor at many of our third-party manufacturers has been increasing significantly and, as the middle class in developing countries continues to grow, it is unlikely that such cost pressure will abate. The cost of transportation has been increasing as well and it is unlikely that such cost pressure will abate if oil prices continue to increase and there is continued significant unrest in the Middle East. We may not be able to offset such increases in raw materials, freight or labor costs through pricing actions or other means.

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. As a result, the cost of these products may be affected by changes in the value of the relevant currencies. Changes in currency exchange rates may also affect the U.S. dollar value of the foreign currency denominated prices at which our international businesses sell products. Furthermore, our international sales and licensing revenue generally is derived from sales in foreign currencies. These foreign currencies primarily include the Japanese Yen, the South Korean Won, the Euro and the British Pound Sterling, and this revenue could be materially affected by currency fluctuations. Although we hedge certain exposures to changes in foreign currency exchange rates arising in the ordinary course of business, we cannot assure that foreign currency fluctuations will not have a material adverse impact on our financial condition and results of operations. See Item 7 — *“Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk Management.”*

Fluctuations in our tax obligations and effective tax rate may result in volatility of our operating results and stock price.

We are subject to income taxes in many U.S. and certain foreign jurisdictions. We record tax expense based on our estimates of future payments, which include reserves for uncertain tax positions in multiple tax jurisdictions. At any one time, multiple tax years are subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. As a result, we expect that throughout the year there could be ongoing variability in our quarterly tax rates as events occur and exposures are evaluated. In addition, our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of earnings by jurisdiction or by changes to existing accounting rules or regulations.

Our Company has an exclusive relationship with certain customers for some of our products. The loss or significant decline in business of any of these customers could negatively impact our business.

We have exclusive relationships with certain customers for distribution of some of our products, including our *American Living* and *Chaps* products. Our arrangements with JCPenney and Kohl's for the *American Living* and *Chaps* products, respectively, make us dependent on the financial and operational health of those companies. Additionally, the loss of either of these relationships could have an adverse effect on our Wholesale business.

Our business could suffer as a result of consolidations, liquidations, restructurings and other ownership changes in the retail industry.

Several of our department store customers, including some under common ownership, account for significant portions of our wholesale net sales. 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. In the aggregate, our four largest wholesale customers accounted for approximately 40% of our wholesale net sales during Fiscal 2011. There can be no assurance that consolidations, restructurings, reorganizations or other ownership changes in the department store sector will not have a material adverse effect on our wholesale business.

We typically do not enter into long-term agreements with 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 or eliminate 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 or their new strategic and operational initiatives, including their continued focus on further development of their "private label" initiatives, could have a material adverse effect on our business or financial condition.

Certain legal proceedings, regulatory matters and accounting changes could adversely impact our results of operations.

We are involved in certain legal proceedings and are subject from time to time to various claims involving alleged breach of contract claims, intellectual property and other related claims, credit card fraud, security breaches in certain of our retail store information systems, employment issues, consumer matters and other litigations. Certain of these lawsuits and claims, if decided adversely to us or settled by us, could result in material liability to our Company or have a negative impact on our reputation or relations with our employees, customers, licensees or other third parties. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings could result in substantial costs and may require that our Company devote substantial time and resources to defend itself. Further, changes in governmental regulations both in the U.S., including potential changes in state laws regarding the escheatment of unredeemed gift cards, and in other countries where we conduct business operations could have an adverse impact on our results of operations. See Item 3 — "Legal Proceedings" for further discussion of our Company's legal matters.

In addition, we are subject to changes in accounting rules and interpretations. The Financial Accounting Standards Board is currently in the process of amending a number of existing accounting standards governing a variety of areas. Certain of these proposed standards, particularly the proposed standard governing accounting for leases, if and when effective, would likely have a material impact on our consolidated financial statements. See Note 4 to the accompanying audited consolidated financial statements for further discussion of proposed amendments to current accounting standards.

Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.

Our Company relies heavily on our computer systems to record and process transactions and manage and operate our business. We also utilize an automated replenishment system to facilitate the processing of basic replenishment orders from our Retail segment and our wholesale customers, the movement of goods through distribution channels, and the collection of information for planning and forecasting. In addition, we have

e-commerce and other Internet websites in the U.S. and U.K. Given the complexity of our business and the significant number of transactions that we engage in on an annual basis, it is imperative that we maintain constant operation of our computer hardware and software systems. Despite our preventative efforts, our systems are vulnerable from time to time to damage or interruption from, among other things, security breaches, computer viruses or power outages.

We are continually improving and upgrading our computer systems and software. We are in the process of implementing a new global financial and reporting system as part of a multi-year plan to integrate and upgrade our operational and financial systems and processes. The implementation of this global system is scheduled to occur in phases over the next several years, and began with the migration of certain of our domestic human resource systems to the new global financial and reporting system during the fourth quarter of Fiscal 2011. This implementation effort will continue in the first quarter of Fiscal 2012, when certain of our domestic operational and financial systems will be transitioned to the new system. Implementation of a new global financial and reporting system involves risks and uncertainties. Any disruptions, delays or deficiencies in the design or implementation of the new system could result in increased costs and adversely affect our ability to timely report our financial results, which could negatively impact our business and results of operations.

A privacy breach could damage our reputation and our relationships with our customers, expose us to litigation risk and adversely affect our business.

As part of our normal course of business, we collect, process and retain sensitive and confidential customer information. Despite the security measures we have in place, our facilities and systems, and those of our third party service providers, may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. Any security breach involving the misappropriation, loss or other unauthorized disclosure of confidential information, whether by our Company or our vendors, could severely damage our reputation and our relationships with our customers, expose us to risks of litigation and liability and adversely affect our business.

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 in some international markets.

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

- political instability and terrorist attacks;
- 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 U.S., the European Union, Asia, 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, social or economic policies and other factors may have a material adverse effect on our business in the future or may require us to significantly modify our current business practices.

Our results of operations could be affected by natural events in the locations in which we or our customers or suppliers operate.

We have operations, including retail, distribution and warehousing operations, in locations subject to natural disasters such as severe weather and geological events that could disrupt our operations. In addition, our suppliers and customers also have operations in these locations. Such an event occurred in Japan on March 11, 2011, where the northern region of Japan experienced a severe earthquake followed by a series of tsunamis, resulting in damage to the region's industrial infrastructure and environmental pollution. In addition to the negative direct effects to the Japanese economy, the country's position as a major exporter in the world may result in a regional or global downturn in economic activity. The degree to which the earthquake in Japan will have an economic disruption on the regional and global economies remains uncertain at this time; however, the impact may result in a decrease in the demand for our products that could have an adverse impact on our financial condition and results of operations.

Our trademarks and other intellectual property rights may not be adequately protected outside the U.S.

We believe that our trademarks, intellectual property and other proprietary rights are extremely important to our success and our competitive position. We devote substantial resources to the establishment and protection of our trademarks and anti-counterfeiting activities worldwide. Significant counterfeiting of our products continues, however, and in the course of our international expansion we have experienced conflicts with various third parties that have acquired or claimed ownership rights in some 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 resolved certain of 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. We cannot guarantee that the actions we have taken to establish and protect our trademarks and other proprietary rights will be adequate to prevent counterfeiting or a material adverse effect on our business or brands arising from 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, there can be no assurance 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 or at all. In addition, the laws of certain foreign countries do not protect trademarks or other proprietary rights to the same extent as do the laws of the U.S. See Item 1 — “*Business — Trademarks,*” and Item 3 — “*Legal Proceedings.*”

Our business could suffer if one of our manufacturers fails to use acceptable labor practices.

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 used by us or 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 or appropriate in the U.S., 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.

Our business could suffer if we need to replace manufacturers.

We compete with other companies for the production capacity of our manufacturers. Some of these competitors have greater financial and other resources than we have, and thus may have an advantage in the competition for production. 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 guarantee that this additional capacity will be available when required on terms that are acceptable to us. See Item 1 — “*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 produce our products exclusively.

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 and bankruptcy risks effectively; and
- maintain relationships with its customers.

Although a number of our license agreements prohibit licensing partners from entering into licensing arrangements with our competitors, our licensing partners generally 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. Changes in management, reduced sales of licensed products, poor execution or financial difficulties with respect to any of our licensing partners could adversely affect our revenues, both directly from reduced licensing revenue received and indirectly from reduced sales of our other products. See Item 1 — *"Business — Our Licensing Segment."*

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 Item 1 — *"Business — Our Licensing Segment."*

The voting shares of our Company's stock are concentrated in one majority stockholder.

As of April 2, 2011, Mr. Ralph Lauren, or entities controlled by the Lauren family, owned approximately 76% of the voting power of the outstanding common stock of our Company. As a result, Mr. Lauren has the ability to exercise significant control over our business, including, without limitation, (i) the election of our Class B common stock directors, voting separately as a class, and (ii) any action requiring the approval of our stockholders, including the adoption of amendments to our certificate of incorporation and the approval of mergers or sales of all or substantially all of our assets.

The trading prices of our securities periodically may rise or fall based on the accuracy of predictions of our earnings or other financial performance.

Our business planning process is designed to maximize our long-term strength, growth and profitability, not to achieve an earnings target in any particular fiscal quarter. We believe that this longer-term focus is in the best interests of our Company and our stockholders. At the same time, however, we recognize that from time to time it may be helpful to provide investors with guidance as to our quarterly and annual forecast of net sales and earnings. While we generally expect to provide updates to our guidance when we report our results each fiscal quarter, we assume no responsibility to update any of our forward-looking statements at such times or otherwise. If and when we announce actual results that differ from those that have been predicted by us, outside analysts or others, the market price of our securities could be affected. Investors who rely on the predictions when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in the prices of our securities.

Risks Relating to the Industry in Which We Compete

The downturn in the global economy may continue to 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 economic factors outside of our control affect the level of consumer spending in the apparel, cosmetic, fragrance, accessories and home products industries, including, among others:

- general business conditions;
- economic downturns;
- employment levels;
- downturns in the stock market;
- interest rates;
- the housing market;
- consumer debt levels;
- the availability of consumer credit;
- increases in fuel prices;
- taxation; and
- consumer confidence in future economic conditions.

Consumer purchases of discretionary items and luxury retail products, including our products, may continue to decline during recessionary periods and at other times when disposable income is lower. A downturn or an uncertain outlook in the economies in which we, or our licensing partners, sell our products may materially adversely affect our businesses and our revenues and profits. See Item 7 — “*Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview — Our Objectives and Risks*” for further discussion.

The domestic and international political situation also affects consumer confidence. The threat, outbreak or escalation of terrorism, military conflicts or other hostilities could lead to a decrease in consumer spending and may materially adversely affect our business, revenues and profits.

We face intense competition in the worldwide apparel industry.

We face a variety of intense 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, loyalty and reputation for quality;
- developing innovative, high-quality products in sizes, colors and styles that appeal to consumers;
- appropriately sourcing raw materials at cost-effective prices;
- appropriately pricing products;
- failure to anticipate and maintain proper inventory levels;
- 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 stores.

We also face increasing competition from companies selling apparel and home products through the Internet. Although we sell our products through the Internet, increased competition in the worldwide apparel, accessories and home product industries from 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 worldwide whose preferences cannot be predicted with certainty and are subject to rapid change. We cannot assure 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 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 and impair the image of our brands. Conversely, if we underestimate consumer demand for our products or if manufacturers fail to supply quality products in a timely manner, we may experience inventory shortages, which may result in unfilled orders, negatively impact customer relationships, diminish brand loyalty and result in lost revenues. See Item 1 — “*Business — Sourcing, Production and Quality.*”

Item 1B. *Unresolved Staff Comments.*

Not applicable.

Item 2. *Properties.*

We lease space for our retail and factory stores and showrooms, and warehouse and office space in various domestic and international locations. 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 retail stores in Southampton, New York and Nantucket, Massachusetts.

We believe that our existing facilities are well maintained, in good operating condition and are adequate for our present level of operations.

The following table sets forth information with respect to our key properties:

Location	Use	Approximate Sq. Ft.	Current Lease Term Expiration
Greensboro, NC	Wholesale distribution facility	1,500,000	Owned
High Point, NC	Retail e-commerce call center and distribution facility	363,000	January 31, 2023
High Point, NC	Retail distribution facility	343,000	December 31, 2022
625 Madison Avenue, NYC	Corporate offices and home showroom	270,000	December 31, 2019
650 Madison Avenue, NYC	Executive, corporate offices and design studio, Men's showrooms	270,000	December 31, 2024
Lyndhurst, NJ	Corporate and retail administrative offices	170,000	December 31, 2019
550 7th Avenue, NYC	Corporate offices, design studio and Women's showrooms	84,000	December 31, 2018
Geneva, Switzerland	European corporate offices	60,000	March 31, 2013
Hong Kong, China	Asia-Pacific corporate and sourcing administrative offices	42,000	October 31, 2013
London, UK	Retail flagship store	40,000	July 4, 2021
888 Madison Avenue, NYC	Retail flagship store	37,900	August 31, 2027
867 Madison Avenue, NYC	Retail flagship store	27,700	December 31, 2013
Paris, France	Retail flagship store	25,700	May 31, 2018
Tokyo, Japan	Retail flagship store	21,000	December 31, 2020

As of April 2, 2011, we operated 367 retail stores, totaling approximately 2.8 million square feet. We anticipate that we will be able to extend our retail store leases, as well as those leases for our non-retail facilities, which expire in the near future on satisfactory terms or relocate to desirable locations.

Item 3. Legal Proceedings.

Wathne Imports Litigation

On August 19, 2005, Wathne Imports, Ltd. ("Wathne"), Polo's then domestic licensee for luggage and handbags, filed a complaint in the U.S. District Court in the Southern District of New York against our Company and Ralph Lauren, our Chairman and Chief Executive Officer, asserting, among other things, federal trademark law violations, breach of contract, breach of obligations of good faith and fair dealing, fraud and negligent misrepresentation. The complaint sought, among other relief, injunctive relief, compensatory damages in excess of \$250 million and punitive damages of not less than \$750 million. On September 13, 2005, Wathne withdrew this complaint from the U.S. District Court and filed a complaint in the Supreme Court of the State of New York, New York County, making substantially the same allegations and claims (excluding the federal trademark claims), and seeking similar relief. On February 1, 2006, the court granted our motion to dismiss all of the causes of action, including the cause of action against Mr. Lauren, except for breach of contract related claims, and denied Wathne's motion for a preliminary injunction. Following some discovery, we moved for summary judgment on the remaining claims. Wathne cross-moved for partial summary judgment. In an April 11, 2008 Decision and Order, the court granted Polo's summary judgment motion to dismiss most of the claims against our Company, and denied Wathne's cross-motion for summary judgment. Wathne appealed the dismissal of its claims to the Appellate Division of the Supreme Court. Following a hearing on May 19, 2009, the Appellate Division issued a Decision and Order on June 9, 2009 which, in large part, affirmed the lower court's ruling. Discovery on those claims that were not dismissed is ongoing and a trial date has not yet been set. We intend to continue to contest the remaining claims in this lawsuit vigorously. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on our financial statements.

Other Matters

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

PART II**Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

Our Class A common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "RL." The following table sets forth the high and low sales prices per share of the Class A common stock, as reported on the NYSE Composite Tape, and the cash dividends per common share declared for each quarterly period in our two most recent fiscal years:

	Market Price of Class A Common Stock		Dividends Declared per Common Share
	High	Low	
Fiscal 2011:			
First Quarter	\$ 95.59	\$ 71.14	\$0.10
Second Quarter	91.76	71.12	0.10
Third Quarter	115.45	89.66	0.10
Fourth Quarter	128.56	102.33	0.20
Fiscal 2010:			
First Quarter	\$ 59.51	\$ 40.79	\$0.05
Second Quarter	78.44	49.20	0.05
Third Quarter	83.50	71.71	0.10
Fourth Quarter	86.97	75.06	0.10

Since 2003, we have maintained a regular quarterly cash dividend program on our common stock. On November 4, 2009, our Board of Directors approved an increase to our quarterly cash dividend on our common stock from \$0.05 per share to \$0.10 per share. On February 8, 2011, our Board of Directors approved an additional increase to our quarterly cash dividend on our common stock from \$0.10 per share to \$0.20 per share. Approximately \$48 million was recorded as a reduction to retained earnings during Fiscal 2011 in connection with our dividends.

As of May 20, 2011, there were 1,048 holders of record of our Class A common stock and 15 holders of record of our Class B common stock. All of our outstanding shares of Class B common stock are owned by Mr. Ralph Lauren, Chairman of the Board and Chief Executive Officer, and entities controlled by the Lauren family and are convertible at any time into shares of Class A common stock on a one-for-one basis. During Fiscal 2011 and Fiscal 2010, Mr. Lauren converted 11.3 million and 1.2 million shares of Class B common stock, respectively, into an equal number of shares of Class A common stock pursuant to the terms of the security.

The following table sets forth the repurchases of shares of our Class A common stock during the fiscal quarter ended April 2, 2011:

	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs (millions)
January 2, 2011 to January 29, 2011	—	\$ —	—	\$ 469
January 30, 2011 to February 26, 2011	345,000	124.26	345,000	676
February 27, 2011 to April 2, 2011	1,655,134 ⁽²⁾	123.30	1,655,000	472
	2,000,134		2,000,000	

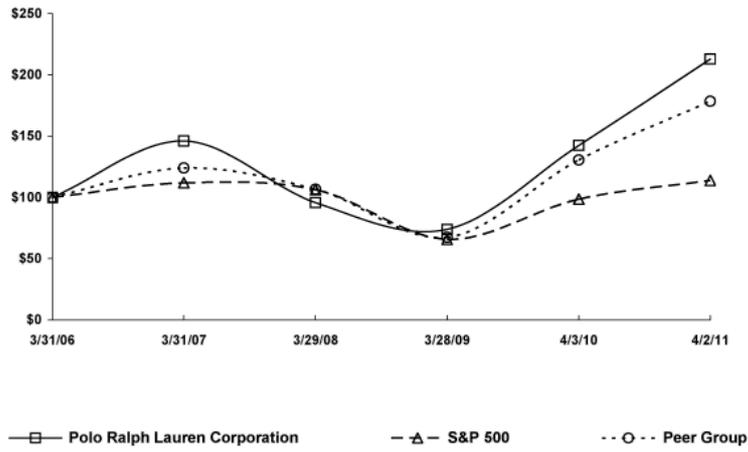
(1) Except as noted below, these purchases were made on the open market under our Class A common stock repurchase program. During Fiscal 2011, our Board of Directors approved an expansion of our existing stock repurchase program by allowing us to repurchase up to an additional \$775 million in Class A common stock, \$275 million of which was approved on May 18, 2010, \$250 million of which was approved on August 5, 2010, and \$250 million of which was approved on February 8, 2011. Repurchases of shares of Class A common stock are subject to overall business and market conditions. This program does not have a fixed termination date.

On May 24, 2011, the Company's Board of Directors approved a further expansion of the Company's existing common stock repurchase program that will allow it to repurchase up to an additional \$500 million of Class A common stock.

(2) Includes 134 shares surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of an award issued under the 1997 Long-Term Stock Incentive Plan.

The following graph compares the cumulative total stockholder return (stock price appreciation plus dividends) on our Class A common stock with the cumulative total return of the Standard & Poor's 500 Index, and a peer group index of companies that we believe are closest to ours (the "Peer Group") for the period from March 31, 2006, the last trading day of our 2006 fiscal year, through April 1, 2011, the last trading day of our 2011 fiscal year. Our Peer Group consists of Coach, Estee Lauder, Jones Apparel, Kenneth Cole, Liz Claiborne, Phillips Van Heusen, Tiffany & Co., VF Corp., Warnaco, LVMH, Burberry, PPR SA, Hermes International, Richemont, Luxottica and Tod's Group. All calculations for foreign companies in our Peer Group are performed using the local foreign issue of such companies. The returns are calculated by assuming an investment in the Class A common stock and each index of \$100 on March 31, 2006, with all dividends reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
Among Polo Ralph Lauren Corporation, The S&P 500 Index
and a Peer Group



* \$100 invested on 3/31/06 in stock or index, including reinvestment of dividends. Index calculated on month-end basis.
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Item 6. Selected Financial Data.

See the “*Index to Consolidated Financial Statements and Supplementary Information*,” and specifically “*Selected Financial Information*” appearing at the end of this Annual Report on Form 10-K. This selected financial data should be read in conjunction with Item 7 — “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and Item 8 — “*Financial Statements and Supplementary Data*” included in this Annual Report on Form 10-K. Historical results may not be indicative of future results.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following management’s discussion and analysis of financial condition and results of operations (“MD&A”) should be read together with our audited consolidated financial statements and footnotes, which are included elsewhere in this Annual Report on Form 10-K. We utilize a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, Fiscal 2011 ended on April 2, 2011 and reflected a 52-week period; Fiscal 2010 ended on April 3, 2010 and reflected a 53-week period; and Fiscal 2009 ended on March 28, 2009 and reflected a 52-week period.

INTRODUCTION

MD&A is provided as a supplement to the accompanying audited consolidated financial statements and footnotes to help provide an understanding of our financial condition and liquidity, changes in our financial condition, and results of our operations. MD&A is organized as follows:

- *Overview.* This section provides a general description of our business, including our objectives and risks, and a summary of our financial performance for Fiscal 2011. In addition, this section includes a discussion of recent developments and transactions affecting comparability that we believe are important in understanding our results of operations and financial condition, and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for Fiscal 2011, Fiscal 2010 and Fiscal 2009.
- *Financial condition and liquidity.* This section provides an analysis of our cash flows for Fiscal 2011, Fiscal 2010 and Fiscal 2009, as well as a discussion of our financial condition and liquidity as of April 2, 2011. The discussion of our financial condition and liquidity includes (i) a discussion of our financial position compared to the prior fiscal year end, (ii) the available financial capacity under our credit facilities, (iii) a summary of our key debt compliance measures and (iv) a summary of our outstanding debt and commitments as of April 2, 2011.
- *Market risk management.* This section discusses how we manage our risk exposures related to foreign currency exchange rates, interest rates and our investments, as well as the underlying market conditions as of April 2, 2011.
- *Critical accounting policies.* This section discusses accounting policies considered to be important to our financial condition and results of operations, which require significant judgment and estimation on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 3 to our accompanying audited consolidated financial statements.
- *Recently issued accounting standards.* This section discusses the potential impact to our reported financial condition and results of operations of certain accounting standards that have been recently issued or proposed.

OVERVIEW

Our Business

Our Company is a global leader in the design, marketing and distribution of premium lifestyle products including men’s, women’s and children’s apparel, accessories, fragrances and home furnishings. Our long-standing

reputation and distinctive image have been consistently developed across an expanding number of products, brands and international markets. Our brand names include *Polo Ralph Lauren*, *Ralph Lauren Purple Label*, *Ralph Lauren Women's Collection*, *Black Label*, *Blue Label*, *Lauren by Ralph Lauren*, *RRL*, *RLX*, *Rugby*, *Ralph Lauren Childrenswear*, *American Living*, *Chaps* and *Club Monaco*, among others.

We classify our businesses into three segments: Wholesale, Retail and Licensing. Our wholesale business (representing approximately 49% of Fiscal 2011 net revenues) consists of wholesale-channel sales made principally to major department stores and specialty stores located throughout the U.S., Canada, Europe and Asia. Our retail business (representing approximately 48% of Fiscal 2011 net revenues) consists of retail-channel sales directly to consumers through full-price and factory retail stores located throughout the U.S., Canada, South America, Europe and Asia; through concessions-based shop-within-shops located primarily in Asia; and through our domestic retail e-commerce sites located at www.RalphLauren.com and www.Rugby.com, as well as our recently launched United Kingdom retail e-commerce site located at www.RalphLauren.co.uk. In addition, our licensing business (representing approximately 3% of Fiscal 2011 net revenues) consists of royalty-based arrangements under which we license the right to third parties to use our various trademarks in connection with the manufacture and sale of designated products, such as apparel, eyewear and fragrances, in specified geographical areas for specified periods. Approximately 33% of our Fiscal 2011 net revenues was earned in international regions outside of the U.S. and Canada. See Note 22 to the accompanying audited consolidated financial statements for a summary of net revenues by geographic location.

Our business is typically affected by seasonal trends, with higher levels of wholesale sales in our second and fourth quarters and higher retail sales in our second and third quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school and holiday shopping periods in the Retail segment.

Our Objectives and Risks

Our core strengths include a portfolio of global luxury lifestyle brands, a strong and experienced management team, a proven ability to develop and extend our brands distributed through multiple retail channels in global markets, a disciplined investment philosophy and a solid balance sheet. Despite the various risks and uncertainties associated with the current global economic environment as further discussed below, we believe our core strengths will allow us to continue to execute our strategy for long-term sustainable growth in revenue, net income and operating cash flow.

Our financial performance has been driven by our focus on six key objectives:

- Creating unique businesses primarily centered around one core and heritage-driven brand;
- Diversifying and expanding our products and price points, distribution channels and geographic regions;
- Improving brand control and positioning;
- Focusing on selective strategic partnerships;
- Implementing infrastructure improvements that support a worldwide business; and
- Funding our expansion through strong operating cash flow.

As our business has grown, our portfolio mix and brand control has evolved from primarily that of a mono-brand U.S.-centric menswear wholesaler with a broad array of product and geographic licenses to that of a portfolio of lifestyle brands with a "direct control" model over most of our brands, products and international territories. We believe that this broader and better-diversified portfolio mix positions us for ongoing growth, offering our customers a range of products, price points and channels of distribution, and our size and global operations favorably position us to take advantage of synergies in design, sourcing and distribution.

While balancing our long-term key strategic objectives with our near-term priorities to manage through the various risks associated with the current global economic environment, we intend to continue to pursue select

opportunities for growth during the course of Fiscal 2012 and beyond. These opportunities and continued investment initiatives include:

- International Growth Opportunities
 - Ø Ongoing development and growth of our recently acquired businesses in Asia, including the continued execution of our plans to expand our retail businesses and maximize our distribution opportunities in conjunction with the implementation of advertising and marketing strategies to elevate brand perception in certain of the markets in this region; and
 - Ø Continued growth of our European businesses, including the introduction of our *Club Monaco* product line and continued expansion of our *Lauren* product line across our wholesale distribution channels.
- Direct-to-Consumer Growth Opportunities
 - Ø Global expansion of our e-commerce operations, including the continued expansion of our related operations in Europe and the introduction of e-commerce in Asia.
- Product Innovation and Brand Extension Growth Opportunities
 - Ø Further development and broadening of our luxury accessories product offerings, including handbags, footwear, small leathersgoods and watches/jewelry, and continued worldwide expansion of our eyewear distribution;
 - Ø Continued expansion of our *Lauren*, *Club Monaco*, *Rugby*, *RRL* and *RLX* product assortments across various categories on a global basis;
 - Ø Continued extension of our *Home* product lines, including within our wholesale distribution channels; and
 - Ø Worldwide expansion of our denim product offerings and associated distribution channels.
- Investment in Operational Infrastructure
 - Ø Further system enhancements and implementations to meet the expanding needs of our global organization, including the implementation of a new global financial and reporting system as part of a multi-year initiative.
- Global Talent Development and Management
 - Ø Continue to enhance our organizational development and talent management to support our global growth initiatives, including the formalization of succession plans for key leadership positions.
- Disciplined Cost Management
 - Ø Continue to evaluate strategies to leverage higher sales volumes more efficiently and explore cost savings opportunities, including shared service initiatives.

Global Economic Developments

The state of the global economy continues to impact the level of consumer spending for discretionary items. This has affected our business as it is highly dependent on consumer demand for our products. While the U.S. and certain other international economies have shown signs of stabilization, there are still significant macroeconomic risks such as high rates of unemployment, rising fuel prices and continued global economic uncertainty, including in Japan where the recent earthquake and resulting tsunami and nuclear crisis have caused a significant disruption in economic conditions. While the degree to which recent events in Japan will affect the global economy remains uncertain at this time, the impact is expected to have a negative effect on the sales and operating margins of our Japanese operations in Fiscal 2012. Further, notwithstanding the reported sales and margin growth that we experienced during Fiscal 2011, we believe the global macroeconomic environment and the ongoing constrained level of worldwide consumer spending and modified consumption behavior will continue to have an impact on our business for the foreseeable future.

In addition, during the second half of Fiscal 2011 and particularly in the fourth quarter, we experienced cost of goods inflation as a result of rising costs for raw materials, transportation and labor, as well as labor shortages in certain regions where our products are manufactured. While we continue to evaluate strategic initiatives to mitigate

increases in global labor rates and commodity pricing, we expect the increasing sourcing cost pressures to negatively affect the cost of most of our products and related gross profit percentages to a more significant degree in Fiscal 2012.

We continue to monitor these risks and evaluate our operating strategies in order to adjust to changes in economic conditions.

For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, see Part I, Item 1A — “*Risk Factors*” included elsewhere in this Annual Report on Form 10-K.

Summary of Financial Performance

Results of Operations

In Fiscal 2011, we reported net revenues of \$5.660 billion, net income attributable to Polo Ralph Lauren Corporation (“PRLC”) of \$567.6 million and net income per diluted share attributable to PRLC of \$5.75. This compares to net revenues of \$4.979 billion, net income attributable to PRLC of \$479.5 million and net income per diluted share attributable to PRLC of \$4.73 in Fiscal 2010.

Our operating performance for Fiscal 2011 was driven by 13.7% revenue growth, primarily due to increased comparable global retail store sales and the inclusion of revenues from both our Asia-Pacific business acquired on December 31, 2009 and our South Korea business acquired on January 1, 2011 (see “Recent Developments” for further discussion), as well as higher revenues from our global wholesale businesses. These increases were partially offset by the absence of a 53rd week of sales as included in Fiscal 2010, as well as net unfavorable foreign currency effects. We also experienced an increase in gross profit percentage of 40 basis points to 58.6%, primarily due to higher levels of full-price sell-throughs and decreased promotional activity across most of our global retail businesses as well as growth from the largely concessions-based business assumed in the Asia-Pacific and South Korea acquisitions, partially offset by lower global wholesale margins. These increases were also partially offset by higher selling, general and administrative (“SG&A”) expenses in Fiscal 2011, attributable largely to additional costs to support our growth in sales, as well as new business initiatives and acquisitions.

Net income attributable to PRLC increased in Fiscal 2011 as compared to Fiscal 2010, primarily due to a \$138.2 million increase in operating income, partially offset by a \$48.0 million increase in the provision for income taxes. The increase in the provision in income taxes was primarily driven by the overall increase in pretax income, along with an 80 basis point increase in our effective tax rate. Net income per diluted share attributable to PRLC also increased due to the effect of higher net income coupled with lower weighted-average diluted shares outstanding in Fiscal 2011. Our year-over-year results were also impacted by additional pretax income of approximately \$19 million in Fiscal 2010 due to the inclusion of the 53rd week, which decreased our net income trends by approximately \$13 million (approximately \$0.13 per diluted share).

Financial Condition and Liquidity

Our financial position reflects the overall relative strength of our business results. We ended Fiscal 2011 in a net cash and investments position (total cash and cash equivalents plus short-term and non-current investments, less total debt) of \$838.6 million, compared to \$940.6 million as of the end of Fiscal 2010.

The decrease in our net cash and investments position was primarily due to our treasury stock repurchases, capital expenditures and the funding of our recent South Korea Licensed Operations Acquisition (as defined and discussed under “*Recent Developments*” below), partially offset by our operating cash flows and proceeds from stock option exercises. Our equity increased to \$3.305 billion as of April 2, 2011 compared to \$3.117 billion as of April 3, 2010, primarily due to our net income and other comprehensive income, offset in part by our share repurchase activity during Fiscal 2011.

We generated \$688.7 million of cash from operations during Fiscal 2011, compared to \$906.5 million during Fiscal 2010. The decrease in operating cash flows primarily related to the timing of working capital changes, partially offset by an increase in net income before non-cash expenses in Fiscal 2011. We used some of our cash availability to support our common stock repurchase program, to reinvest in our business through capital spending and to fund an acquisition. In particular, we used \$594.6 million to repurchase 6.2 million shares of Class A common stock, including shares surrendered for tax withholdings; we used \$255.0 million for capital expenditures

primarily associated with our global retail store expansion, construction and renovation of department store shop-in-shops, and investments in our facilities and technological infrastructure; and we used \$47.0 million to fund our recent South Korea Licensed Operations Acquisition (as defined and discussed under “Recent Developments” below).

Transactions Affecting Comparability of Results of Operations and Financial Condition

The comparability of our operating results for the three fiscal years presented herein has been affected by certain transactions, including:

- Acquisitions that occurred in Fiscal 2011, Fiscal 2010 and Fiscal 2009. In particular, we completed the South Korea Licensed Operations Acquisition on January 1, 2011, the Asia-Pacific Licensed Operations Acquisition on December 31, 2009, and the Japanese Childrenswear and Golf Acquisition on August 1, 2008 (each as defined in Note 5 to the accompanying audited consolidated financial statements);
- Certain pretax charges related to asset impairments and restructurings during the fiscal years presented; and
- A net gain related to a partial extinguishment of our Euro-denominated 4.5% notes in July 2009.

A summary of the effect of certain of these items on pretax income for each applicable fiscal year presented is noted below (references to “Notes” are to the notes to the accompanying audited consolidated financial statements):

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Impairments of assets (see Note 11)	\$ (2.5)	\$ (6.6)	\$ (55.4)
Restructuring charges (see Note 12)	(2.6)	(6.9)	(23.6)
Gain on extinguishment of debt (see Note 14)(a)	—	4.1	—
	<u>\$ (5.1)</u>	<u>\$ (9.4)</u>	<u>\$ (79.0)</u>

(a) Reported within interest and other income, net in our consolidated statement of operations.

The comparability of our operating results has also been affected by the inclusion of a 53rd week in Fiscal 2010, which resulted in incremental revenues of approximately \$70 million and additional net income of approximately \$13 million in Fiscal 2010.

The following discussion of operating results highlights, as necessary, the significant changes in operating results arising from these items and transactions. However, unusual items or transactions may occur in any period. Accordingly, investors and other financial statement users individually should consider the types of events and transactions that have affected operating trends.

Recent Developments

Greater China Restructuring Plan

In May 2011, we initiated a restructuring plan to reposition our existing distribution network in the Greater China region, which is comprised of Mainland China, Taiwan, Hong Kong and Macau. This plan is expected to be carried out primarily in Fiscal 2012 and include a reduction in workforce and the closure of certain retail stores and concession shops that do not support the new merchandising strategy. Actions related to the restructuring plan are anticipated to result in pretax charges of approximately \$10 million to \$20 million in Fiscal 2012.

South Korea Licensed Operations Acquisition

On January 1, 2011, in connection with the transition of the Polo-branded apparel and accessories business in South Korea (the “Polo South Korea Business”) from a licensed to a wholly owned operation, we acquired certain net assets (including inventory) and employees from Doosan Corporation (“Doosan”) in exchange for an initial payment of approximately \$25 million plus an additional aggregate payment of approximately \$22 million (the “South Korea Licensed Operations Acquisition”). Doosan was our licensee for the Polo South Korea business. We funded the South Korea Licensed Operations Acquisition with available cash on-hand. In conjunction with the South Korea Licensed Operations Acquisition, we also entered into a transition services agreement with Doosan for the provision of certain financial and information systems services for a period of up to twelve months commencing on January 1, 2011.

The operating results for the Polo South Korea business have been consolidated in our operating results commencing January 1, 2011 and are reported on a one-month lag. The net effect of this reporting lag is not deemed to be material to our consolidated financial statements.

Asia-Pacific Licensed Operations Acquisition

On December 31, 2009, in connection with the transition of the Polo-branded apparel business in Asia-Pacific (excluding Japan and South Korea) from a licensed to a wholly owned operation, we acquired certain net assets from Dickson Concepts International Limited and affiliates (“Dickson”) in exchange for an initial payment of approximately \$20 million and other consideration of approximately \$17 million (the “Asia-Pacific Licensed Operations Acquisition”). Dickson was our licensee for Polo-branded apparel in the Asia-Pacific region (excluding Japan and South Korea), which is comprised of China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand. We funded the Asia-Pacific Licensed Operations Acquisition with available cash on-hand.

The operating results for the Polo-branded apparel business in Asia-Pacific have been consolidated in our operating results commencing January 1, 2010.

RESULTS OF OPERATIONS

Fiscal 2011 Compared to Fiscal 2010

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions:

	Fiscal Years Ended		\$ Change	% Change
	April 2, 2011	April 3, 2010		
	(millions, except per share data)			
Net revenues	\$ 5,660.3	\$ 4,978.9	\$ 681.4	13.7 %
Cost of goods sold ^(a)	(2,342.0)	(2,079.8)	(262.2)	12.6 %
Gross profit	3,318.3	2,899.1	419.2	14.5 %
<i>Gross profit as % of net revenues</i>	58.6%	58.2%		
Selling, general and administrative expenses ^(a)	(2,442.7)	(2,157.0)	(285.7)	13.2 %
<i>SG&A as % of net revenues</i>	43.2%	43.3%		
Amortization of intangible assets	(25.4)	(21.7)	(3.7)	17.1 %
Impairments of assets	(2.5)	(6.6)	4.1	(62.1) %
Restructuring charges	(2.6)	(6.9)	4.3	(62.3) %
Operating income	845.1	706.9	138.2	19.6 %
<i>Operating income as % of net revenues</i>	14.9%	14.2%		
Foreign currency gains (losses)	(1.4)	(2.2)	0.8	(36.4) %
Interest expense	(18.3)	(22.2)	3.9	(17.6) %
Interest and other income, net	7.7	12.4	(4.7)	(37.9) %
Equity in income (loss) of equity-method investees	(7.7)	(5.6)	(2.1)	37.5 %
Income before provision for income taxes	825.4	689.3	136.1	19.7 %
Provision for income taxes	(257.8)	(209.8)	(48.0)	22.9 %
<i>Effective tax rate^(b)</i>	31.2%	30.4%		
Net income attributable to PRLC	\$ 567.6	\$ 479.5	\$ 88.1	18.4 %
Net income per common share attributable to PRLC:				
Basic	\$ 5.91	\$ 4.85	\$ 1.06	21.9 %
Diluted	\$ 5.75	\$ 4.73	\$ 1.02	21.6 %

(a) Includes total depreciation expense of \$168.7 million and \$159.5 million for Fiscal 2011 and Fiscal 2010, respectively.

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

Net Revenues. Net revenues increased by \$681.4 million, or 13.7%, to \$5.660 billion in Fiscal 2011 from \$4.979 billion in Fiscal 2010. The increase was primarily due to higher revenues from our global retail and

wholesale businesses, partially offset by net unfavorable foreign currency effects. Excluding the effect of foreign currency, net revenues increased by 14.0%.

Net revenues for our three business segments are provided below:

	Fiscal Years Ended		\$ Change	% Change
	April 2, 2011	April 3, 2010 (millions)		
Net Revenues:				
Wholesale	\$ 2,777.6	\$ 2,532.4	\$ 245.2	9.7 %
Retail	2,704.2	2,263.1	441.1	19.5 %
Licensing	178.5	183.4	(4.9)	(2.7)%
Total net revenues	<u>\$ 5,660.3</u>	<u>\$ 4,978.9</u>	<u>\$ 681.4</u>	<u>13.7 %</u>

Wholesale net revenues — The net increase in revenues primarily reflects:

- a \$208 million aggregate net increase in our domestic businesses primarily due to increased revenues from our menswear and womenswear product lines (offset in part by sales declines in related American Living product categories). In addition, our accessories product lines (including footwear) contributed to the increase in revenues, reflecting an increased presence at department store locations as well as additional product category offerings. These increases were partially offset by a planned reduction in sales for our off-price channel business;
- a \$62 million net increase in our European businesses on a constant currency basis primarily driven by increased revenues from our menswear and womenswear product lines; and
- The inclusion of \$25 million of incremental revenues in connection with the Asia-Pacific Licensed Operations Acquisition, which was included in our results for the full year in Fiscal 2011 in comparison to three months in the prior fiscal year.

The above net increase was partially offset by:

- a \$25 million net decrease in our Japanese businesses on a constant currency basis driven by a decrease in womenswear sales; and
- a \$25 million net decrease in revenues due to an unfavorable foreign currency effect related to the weakening of the Euro, partially offset by a favorable foreign currency effect related to the strengthening of the Yen, both in comparison to the U.S. dollar during Fiscal 2011.

Retail net revenues — Within our discussion of Retail operating performance below, we refer to the measure “comparable store sales.” Comparable store sales refer to the growth of sales in stores that are open for at least one full fiscal year. Sales for stores that are closing during a fiscal year are excluded from the calculation of comparable store sales. Sales for stores that are either relocated, enlarged (as defined by gross square footage expansion of 25% or greater) or generally closed for 30 or more consecutive days for renovation are also excluded from the calculation of comparable store sales until such stores have been in their new location or in a newly renovated state for at least one full fiscal year. Comparable store sales information includes both Ralph Lauren (including Rugby) and Club Monaco stores, as well as concessions-based shop-within-shops and RalphLauren.com (including Rugby.com).

The net increase in Retail net revenues primarily reflects:

- a \$259 million aggregate net increase in non-comparable store sales primarily driven by:
 - Ø an increase of approximately \$137 million related to the inclusion of a full year of revenues from stores and concession-based shop-within-shops assumed in connection with the Asia-Pacific Licensed Operations acquisition, in comparison to three months in the prior fiscal year;
 - Ø the inclusion of approximately \$22 million of revenues from stores and concession-based shop-within-shops assumed in connection with the South Korea Licensed Operations Acquisition;

- Ø a net aggregate favorable foreign currency effect of approximately \$8 million, primarily related to the strengthening of the Yen, partially offset by the overall weakening of the Euro, both in comparison to the U.S. dollar during Fiscal 2011; and
- Ø an increase related to a number of new international full-price and factory store openings within the past twelve months, including our flagship stores on Madison Avenue in New York and in Saint-Germain, Paris, as well as our recently launched United Kingdom retail e-commerce site. Excluding those stores and shops assumed in connection with the Asia-Pacific Licensed Operations Acquisition and the South Korea Licensed Operations Acquisition (both as discussed above), our average global physical store count increased by 35 stores and concession shops as compared to Fiscal 2010. Our total physical store count as of April 2, 2011 included 367 freestanding stores and 510 concession shops, including 4 stores and 178 concession shops relating to the South Korea Licensed Operations Acquisition.
- a \$134 million aggregate net increase in comparable physical store sales primarily driven by our global factory stores, including a net aggregate favorable foreign currency effect of approximately \$1 million primarily related to the strengthening of the Yen, largely offset by the overall weakening of the Euro, both in comparison to the U.S. dollar during Fiscal 2011. The increase in Retail net revenues was also due to a \$48 million increase in RalphLauren.com sales. Comparable store sales are presented below on a 52-week basis:

	Fiscal Year Ended
	April 2,
	2011
Increases in comparable store sales as reported:	
Full-price Ralph Lauren store sales ^(a)	1%
Full-price Club Monaco store sales	14%
Factory store sales	10%
RalphLauren.com sales	23%
Total increase in comparable store sales as reported	10%
Increases in comparable store sales excluding the effect of foreign currency:	
Full-price Ralph Lauren store sales ^(b)	0%
Full-price Club Monaco store sales	14%
Factory store sales	11%
RalphLauren.com sales	23%
Total increase in comparable store sales excluding the effect of foreign currency	10%

(a) Includes a decrease of 3% in comparable sales for concessions-based shop-within-shops.

(b) Includes a decrease of 11% in comparable sales for concessions-based shop-within-shops.

Licensing revenue — The net decrease in revenues primarily reflects:

- an \$8 million decrease in international licensing royalties primarily due to the recent Asia-Pacific and South Korea Licensed Operations Acquisitions; and
- a \$4 million decrease in home licensing royalties primarily driven by lower paint-related royalties.

The above net decrease was partially offset by:

- a \$7 million increase in domestic product licensing royalties primarily driven by higher footwear-related and fragrance-related royalties.

Gross Profit. Cost of goods sold includes the expenses incurred to acquire and produce inventory for sale, including product costs, freight-in and import costs, as well as changes in reserves for shrinkage and inventory realizability. The costs of selling merchandise, including those associated with preparing the merchandise for sale, such as picking, packing, warehousing and order charges, are included in SG&A expenses.

Gross profit increased by \$419.2 million, or 14.5%, to \$3.318 billion in Fiscal 2011 from \$2.899 billion in Fiscal 2010. Gross profit as a percentage of net revenues increased by 40 basis points to 58.6% in Fiscal 2011 from

58.2% in Fiscal 2010. This increase was primarily due to higher levels of full-price sell-throughs and decreased promotional activity across most of our global retail businesses, as well as growth from the retail businesses assumed in the Asia-Pacific and South Korea Licensed Operations Acquisitions. The increase in gross profit as a percentage of net revenues was partially offset by lower global wholesale margins, driven by sourcing cost pressures experienced during the second half of Fiscal 2011.

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

We expect that current macroeconomic challenges, including inflationary pressures on raw material and labor costs as well as labor shortages in certain regions where our products are manufactured, will negatively affect the cost of our products and related gross profit percentages to a more significant degree in Fiscal 2012. See “*Global Economic Developments*” and Item 1A — “*Risk Factors*” for further discussion.

Selling, General and Administrative Expenses. SG&A expenses primarily include compensation and benefits, marketing, distribution, bad debts, information technology, facilities, legal and other costs associated with finance and administration. SG&A expenses increased by \$285.7 million, or 13.2%, to \$2.443 billion in Fiscal 2011 from \$2.157 billion in Fiscal 2010. This increase included a net unfavorable foreign currency effect of approximately \$6 million primarily related to strengthening of the Yen, partially offset by the weakening of the Euro, both in comparison to the U.S. dollar during Fiscal 2011. SG&A expenses as a percent of net revenues decreased slightly to 43.2% in Fiscal 2011 as compared to 43.3% in Fiscal 2010, reflecting the operating leverage of the increase in our net revenues and our disciplined expense management, which more than offset the increase in operating expenses attributable to our new business initiatives and acquisitions. The \$285.7 million increase in SG&A expenses was primarily driven by:

- the inclusion of additional SG&A costs of approximately \$108 million related to our newly acquired Polo-branded businesses in Asia, including \$88 million of incremental costs related to the inclusion of a full year of SG&A costs associated with the Asia-Pacific Licensed Operations Acquisition in comparison to three months in the prior fiscal year, and \$20 million of SG&A and acquisition-related costs related to our recent South Korea Licensed Operations Acquisition;
- higher selling salaries and compensation-related costs of approximately \$104 million primarily related to the global increase in Retail sales and worldwide store expansion, as well as higher incentive-based and stock-based compensation expenses;
- increased brand-related marketing and advertising costs of approximately \$30 million;
- increased consulting costs of approximately \$23 million, including costs relating to new global information technology systems;
- an approximate \$14 million increase in rent and utility costs primarily to support the ongoing global growth of our businesses; and
- increased selling expenses of approximately \$10 million to support increased sales.

Amortization of Intangible Assets. Amortization of intangible assets increased by \$3.7 million, or 17.1%, to \$25.4 million in Fiscal 2011 from \$21.7 million in Fiscal 2010. This increase was primarily due to the inclusion of a full year of amortization expense related to intangible assets acquired in connection with the Asia-Pacific Licensed Operations Acquisition in comparison to three months in the prior fiscal year, as well as the amortization of the intangible assets acquired in connection with the South Korea Licensed Operations Acquisition.

Impairments of Assets. A non-cash impairment charge of \$2.5 million was recognized in Fiscal 2011 to reduce the net carrying values of certain retail store and concession shop long-lived assets in the Asia-Pacific region that were determined to no longer be used over the intended service period to their estimated fair value. During Fiscal 2010, we recognized a non-cash impairment charge of \$6.6 million to reduce the net carrying values of certain long-lived assets primarily in our Retail segment to their estimated fair values due to the underperformance

of certain domestic retail stores. See Note 11 to the accompanying audited consolidated financial statements for further discussion.

Restructuring Charges. Restructuring charges of \$2.6 million for Fiscal 2011 primarily related to employee termination costs associated with our wholesale operations and the closing of a warehouse facility, partially offset by reversals of reserves deemed no longer necessary largely associated with previously closed retail stores. Restructuring charges of \$6.9 million for Fiscal 2010 primarily related to employee termination costs, as well as the write-down of an asset associated with exiting a retail store in Japan. See Note 12 to the accompanying audited consolidated financial statements for further discussion.

Operating Income. Operating income increased by \$138.2 million, or 19.6%, to \$845.1 million in Fiscal 2011 from \$706.9 million in Fiscal 2010. Operating income as a percentage of net revenues increased 70 basis points, to 14.9% in Fiscal 2011 from 14.2% in Fiscal 2010. The increase in operating income as a percentage of net revenues primarily reflected the increase in our overall gross profit margin, as previously discussed.

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

	Fiscal Years Ended					
	April 2, 2011		April 3, 2010		\$ Change (millions)	Margin Change
	Operating Income (millions)	Operating Margin	Operating Income (millions)	Operating Margin		
Segment:						
Wholesale	\$ 612.3	22.0%	\$ 585.3	23.1%	\$ 27.0	(1.1)%
Retail	387.8	14.3%	254.1	11.2%	133.7	3.1 %
Licensing	108.3	60.7%	107.4	58.6%	0.9	2.1 %
	1,108.4		946.8		161.6	
Less:						
Unallocated corporate expenses	(262.1)		(229.9)		(32.2)	
Unallocated legal and restructuring charges, net	(1.2)		(10.0)		8.8	
Total operating income	\$ 845.1	14.9%	\$ 706.9	14.2%	\$ 138.2	0.7 %

Wholesale operating margin decreased by 110 basis points, primarily as a result of lower global gross profit margins reflecting cost pressures experienced during the second half of Fiscal 2011, partially offset by a decrease in SG&A expenses as a percentage of net revenues due to improved operating leverage.

Retail operating margin increased by 310 basis points, primarily as a result of higher gross profit margins across most of our global retail businesses primarily driven by higher levels of full-price sell-throughs and decreased promotional activity across most of our global retail businesses. This increase was partially offset by increased SG&A expenses as a percentage of revenues, primarily driven by increased salaries and compensation-related costs, rent expenses and marketing and advertising expenses to support the ongoing growth of our global Retail businesses.

Licensing operating margin increased by 210 basis points, primarily as a result of lower net costs associated with the transition of our licensed businesses to wholly owned operations, as well as lower revenues.

Unallocated corporate expenses increased by \$32.2 million, primarily as a result of higher incentive-based and stock-based compensation expenses, increased information technology costs and higher charitable contributions.

Unallocated legal and restructuring charges, net for Fiscal 2011 included net unallocated restructuring charges of \$2.6 million that were partially offset by \$1.4 million of net reversals of legal reserves deemed no longer necessary. Fiscal 2010 included restructuring charges of \$6.9 million and legal charges of \$4.8 million primarily related to our California Labor Litigation matter, offset in part by the reversal of an excess legal reserve of \$1.7 million (see Note 17 to the accompanying audited consolidated financial statements for further discussion).

Foreign Currency Gains (Losses). The effect of foreign currency exchange rate fluctuations resulted in a loss of \$1.4 million in Fiscal 2011, compared to a loss of \$2.2 million in Fiscal 2010. Excluding the net increase in losses of \$5.5 million relating to foreign currency hedge contracts, the overall reduction in foreign currency losses was primarily due to the timing of the settlement of foreign currency-denominated third party and intercompany receivables and payables (that were not of a long-term investment nature). Foreign currency gains and losses are unrelated to the impact of changes in the value of the U.S. dollar when operating results of our foreign subsidiaries are translated to U.S. dollars.

Interest Expense. Interest expense includes the borrowing costs of our outstanding debt, including amortization of debt issuance costs, and interest related to our capital lease obligations. Interest expense decreased by \$3.9 million, or 17.6%, to \$18.3 million in Fiscal 2011 from \$22.2 million in Fiscal 2010. This decrease was primarily due to a lower principal amount of our outstanding Euro-denominated 4.5% notes as a result of a partial debt extinguishment in July 2009 and reduced interest rates as a result of a fixed-to-floating interest rate swap entered into during the first quarter of Fiscal 2011, as well as the favorable foreign currency effect resulting from the weakening of the Euro during Fiscal 2011.

Interest and Other Income, net. Interest and other income, net, decreased by \$4.7 million, or 37.9%, to \$7.7 million in Fiscal 2011 from \$12.4 million in Fiscal 2010, primarily due to the prior year gain of \$4.1 million related to the partial extinguishment of our Euro-denominated 4.5% notes. The decline in interest and other income, net was also driven by a net unfavorable foreign currency effect resulting from the weakening of the Euro and lower average yields on our cash and cash equivalents during Fiscal 2011.

Equity in Income (Loss) of Equity-Method Investees. The equity in loss of equity-method investees of \$7.7 million and \$5.6 million recognized in Fiscal 2011 and Fiscal 2010, respectively, related to our share of losses from our joint venture, the Ralph Lauren Watch and Jewelry Company, S.A.R.L. (the "RL Watch Company"), which is accounted for under the equity method of accounting.

Provision for Income Taxes. The provision for income taxes represents federal, foreign, state and local income taxes. The provision for income taxes increased by \$48.0 million, or 22.9%, to \$257.8 million in Fiscal 2011 from \$209.8 million in Fiscal 2010. The increase in the provision for income taxes was principally due to an overall increase in pretax income in Fiscal 2011 and an increase in our reported effective tax rate of 80 basis points, to 31.2% in Fiscal 2011 from 30.4% in Fiscal 2010. The higher effective tax rate was primarily due to a greater proportion of earnings generated in higher-taxed jurisdictions for Fiscal 2011. Our effective tax rate in both years was favorably impacted by reductions in tax reserves associated with conclusions of tax examinations and other discrete tax reserve reductions. The effective tax rate differs from statutory rates due to the effect of state and local taxes, tax rates in foreign jurisdictions and certain nondeductible expenses. Our effective tax rate will change from year to year based on non-recurring factors including, but not limited to, the geographic mix of earnings, the timing and amount of foreign dividends, enacted tax legislation, state and local taxes, tax audit findings and settlements, and the interaction of various global tax strategies.

Net Income Attributable to PRLC. Net income increased by \$88.1 million, or 18.4%, to \$567.6 million in Fiscal 2011 from \$479.5 million in Fiscal 2010, primarily related to the \$138.2 million increase in operating income, partially offset by the \$48.0 million increase in the provision for income taxes, as previously discussed. These results were impacted by increased pretax income of approximately \$19 million in Fiscal 2010 due to the inclusion of the 53rd week, which decreased net income trends by approximately \$13 million.

Net Income Per Diluted Share Attributable to PRLC. Net income per diluted share increased by \$1.02, or 21.6%, to \$5.75 per share in Fiscal 2011 from \$4.73 per share in Fiscal 2010, due to the higher level of net income, as previously discussed, and lower weighted-average diluted shares outstanding primarily driven by share repurchases during Fiscal 2011. These results were impacted by increased pretax income of approximately \$19 million in Fiscal 2010 due to the inclusion of the 53rd week, which decreased net income per diluted share trends by approximately \$0.13.

Fiscal 2010 Compared to Fiscal 2009

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions:

	Fiscal Years Ended		\$ Change	% Change
	April 3, 2010	March 28, 2009		
	(millions, except per share data)			
Net revenues	\$ 4,978.9	\$ 5,018.9	\$ (40.0)	(0.8)%
Cost of goods sold ^(a)	(2,079.8)	(2,288.2)	208.4	(9.1)%
Gross profit	2,899.1	2,730.7	168.4	6.2 %
<i>Gross profit as % of net revenues</i>	58.2%	54.4%		
Selling, general and administrative expenses ^(a)	(2,157.0)	(2,036.0)	(121.0)	5.9 %
<i>SG&A as % of net revenues</i>	43.3%	40.6%		
Amortization of intangible assets	(21.7)	(20.2)	(1.5)	7.4 %
Impairments of assets	(6.6)	(55.4)	48.8	(88.1)%
Restructuring charges	(6.9)	(23.6)	16.7	(70.8)%
Operating income	706.9	595.5	111.4	18.7 %
<i>Operating income as % of net revenues</i>	14.2%	11.9%		
Foreign currency gains (losses)	(2.2)	1.6	(3.8)	(237.5)%
Interest expense	(22.2)	(26.6)	4.4	(16.5)%
Interest and other income, net	12.4	22.0	(9.6)	(43.6)%
Equity in income (loss) of equity-method investees	(5.6)	(5.0)	(0.6)	12.0 %
Income before provision for income taxes	689.3	587.5	101.8	17.3 %
Provision for income taxes	(209.8)	(181.5)	(28.3)	15.6 %
<i>Effective tax rate^(b)</i>	30.4%	30.9%		
Net income attributable to PRLC	\$ 479.5	\$ 406.0	\$ 73.5	18.1 %
Net income per common share attributable to PRLC:				
Basic	\$ 4.85	\$ 4.09	\$ 0.76	18.6 %
Diluted	\$ 4.73	\$ 4.01	\$ 0.72	18.0 %

(a) Includes total depreciation expense of \$159.5 million and \$164.2 million for Fiscal 2010 and Fiscal 2009, respectively.

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

Net Revenues. Net revenues decreased by \$40.0 million, or 0.8%, to \$4.979 billion in Fiscal 2010 from \$5.019 billion in Fiscal 2009. The decrease was primarily due to lower revenues from our global Wholesale businesses, partially offset by a net increase in our global Retail sales and net favorable foreign currency effects. Also offsetting the decrease in revenues was the inclusion of a 53rd week in Fiscal 2010 compared to 52 weeks in Fiscal 2009, which resulted in incremental revenues of approximately \$70 million. Excluding the effect of foreign currency, net revenues decreased by 1.1%.

Net revenues for our three business segments are provided below:

	Fiscal Years Ended		\$ Change	% Change
	April 3, 2010	March 28, 2009		
	(millions)			
Net Revenues:				
Wholesale	\$ 2,532.4	\$ 2,749.5	\$ (217.1)	(7.9)%
Retail	2,263.1	2,074.2	188.9	9.1 %
Licensing	183.4	195.2	(11.8)	(6.0)%
Total net revenues	\$ 4,978.9	\$ 5,018.9	\$ (40.0)	(0.8)%

Wholesale net revenues — The net decrease primarily reflects:

- a \$154 million aggregate net decrease in our domestic businesses primarily due to a decrease in womenswear, menswear and childrenswear sales (including a decline in revenues from related *American Living* product categories) as a result of the ongoing challenging U.S. retail environment, offset in part by higher footwear sales driven by increased door penetration;
- a \$36 million net decrease in our Japanese businesses on a constant currency basis primarily due to a decrease in womenswear sales largely as a result of the ongoing challenging global retail environment;
- a \$25 million net decrease in our European businesses on a constant currency basis primarily driven by decreased sales in our menswear and childrenswear product lines, partially offset by an increase in womenswear sales largely due to the inclusion of revenues from the newly launched *Lauren* product line; and
- a \$2 million net decrease in revenues due to an unfavorable foreign currency effect related to the overall weakening of the Euro, partially offset by a favorable foreign currency effect related to the strengthening of the Yen, both in comparison to the U.S. dollar during Fiscal 2010.

The total net decrease in Wholesale revenues discussed above included an approximate \$30 million increase due to the inclusion of an extra week of sales in Fiscal 2010 as compared to Fiscal 2009.

Retail net revenues — The net increase in Retail net revenues primarily reflects:

- a \$163 million aggregate net increase in non-comparable store sales primarily driven by:
 - Ø a \$40 million increase in revenues due to the inclusion of an extra week of sales in Fiscal 2010 as compared to Fiscal 2009;
 - Ø an increase of approximately \$32 million on a constant currency basis related to the inclusion of a full year of revenues from our concessions-based shop-within-shops assumed in connection with the Japanese Childrenswear and Golf Acquisition in comparison to seven months in the prior fiscal year;
 - Ø the inclusion of \$29 million of sales from stores and concessions-based shop-within-shops assumed in connection with the Asia-Pacific Licensed Operations Acquisition;
 - Ø an increase related to new store openings within the past twelve months. There was a net increase in average global store count of 9 stores, to a total of 350 stores, as compared to Fiscal 2009. The net increase in store count was primarily due to a number of new domestic and international full-price and factory store openings as well as the inclusion of stores acquired in the Asia-Pacific region, offset in part by the closure of certain Club Monaco stores; and
 - Ø a net aggregate favorable foreign currency effect of \$16 million primarily related to the strengthening of the Yen, partially offset by the overall weakening of the Euro, both in comparison to the U.S. dollar during Fiscal 2010.
- a \$6 million aggregate net decrease in comparable physical store sales driven by our global full-price stores, including a net aggregate unfavorable foreign currency effect of \$2 million primarily related to the overall weakening of the Euro, partially offset by the strengthening of the Yen, both in comparison to the U.S. dollar

during Fiscal 2010. This decrease was more than offset by a \$32 million increase in RalphLauren.com sales. Comparable store sales are presented below on a 52-week basis:

	<u>Fiscal Year Ended</u> <u>April 3,</u> <u>2010</u>
Increases/(decreases) in comparable store sales as reported:	
Full-price Ralph Lauren store sales ^(a)	(4)%
Full-price Club Monaco store sales	2 %
Factory store sales	1 %
RalphLauren.com sales	18 %
Total increase in comparable store sales as reported	1 %
Increases/(decreases) in comparable store sales excluding the effect of foreign currency:	
Full-price Ralph Lauren store sales ^(b)	(4)%
Full-price Club Monaco store sales	2 %
Factory store sales	1 %
RalphLauren.com sales	18 %
Total increase in comparable store sales excluding the effect of foreign currency	2 %

(a) Includes an increase of 24% in comparable sales for concessions-based shop-within-shops.

(b) Includes an increase of 15% in comparable sales for concessions-based shop-within-shops.

Licensing revenue — The net decrease primarily reflects:

- a \$8 million decrease in international licensing royalties, primarily due to the Asia-Pacific Licensed Operations Acquisition as well as the Japanese Childrenswear and Golf Acquisition; and
- a \$5 million decrease in home licensing royalties primarily driven by lower paint and bedding and bath-related royalties.

The above net decrease was partially offset by:

- a \$1 million net increase in product licensing royalties primarily driven by higher footwear royalties, partially offset by lower fragrance-related royalties.

Gross Profit. Gross profit increased by \$168.4 million, or 6.2%, to \$2.899 billion in Fiscal 2010 from \$2.731 billion in Fiscal 2009. Gross profit as a percentage of net revenues increased by 380 basis points to 58.2% in Fiscal 2010 from 54.4% in Fiscal 2009. This increase was primarily due to supply chain cost savings initiatives, improved inventory management and decreased promotional activity particularly across our global retail businesses and our European wholesale operations, as well as growth in our Japanese concessions-based business driven by the Japanese Childrenswear and Golf Acquisition.

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

Selling, General and Administrative Expenses. SG&A expenses increased by \$121.0 million, or 5.9%, to \$2.157 billion in Fiscal 2010 from \$2.036 billion in Fiscal 2009. This increase included an unfavorable foreign currency effect of approximately \$15 million, primarily related to the strengthening of the Yen in comparison to the U.S. dollar during Fiscal 2010. SG&A expenses as a percent of net revenues increased to 43.3% in Fiscal 2010 from 40.6% in Fiscal 2009. The 270 basis point increase was primarily driven by the decrease in net revenues, as well as higher compensation-related expenses and an increase in operating expenses attributable to our new business

initiatives. Including the \$15 million unfavorable foreign currency effect, the \$121.0 million increase in SG&A expenses was primarily driven by:

- higher compensation-related expenses of approximately \$78 million primarily relating to an increase in incentive-based compensation;
- the inclusion of SG&A costs of approximately \$35 million associated with the recent Asia-Pacific Licensed Operations Acquisition;
- an approximate \$22 million increase related to the inclusion of a full year of SG&A costs for our recently acquired Japanese childrenswear and golf businesses in comparison to seven months in the prior fiscal year, including costs incurred pursuant to transition service arrangements; and
- an approximate \$17 million increase in rent and utility costs primarily to support the ongoing global growth of our businesses.

The above increases were partially offset by lower SG&A expenses associated with our cost-savings initiatives implemented in late Fiscal 2009, as well as:

- lower selling expenses of approximately \$28 million principally relating to lower wholesale sales; and
- an approximate \$14 million decrease in brand-related marketing and advertising costs.

Amortization of Intangible Assets. Amortization of intangible assets increased by \$1.5 million, or 7.4%, to \$21.7 million in Fiscal 2010 from \$20.2 million in Fiscal 2009. This increase was primarily due to the inclusion of a full year of amortization expense related to intangible assets acquired in connection with the Japanese Childrenswear and Golf Acquisition in comparison to seven months in the prior fiscal year, as well as amortization of the intangible assets acquired in connection with the Asia-Pacific Licensed Operations Acquisition.

Impairments of Assets. A non-cash impairment charge of \$6.6 million was recognized in Fiscal 2010, compared to \$55.4 million in Fiscal 2009. These charges reduced the net carrying values of certain long-lived assets, primarily in our Retail segment, to their estimated fair values. These impairment charges were primarily attributable to the lower-than-expected operating performances of certain retail stores, which in Fiscal 2009 arose in large part due to the significant contraction in consumer spending experienced during the latter half of that fiscal year. See Note 11 to the accompanying audited consolidated financial statements for further discussion.

Restructuring Charges. Restructuring charges of \$6.9 million recognized in Fiscal 2010 primarily related to employee termination costs, as well as the write-down of an asset associated with exiting a retail store in Japan. Restructuring charges of \$23.6 million recognized in Fiscal 2009 were primarily associated with a restructuring plan initiated during the fourth quarter of Fiscal 2009 to better align our cost base with lower sales and operating margin trends associated with the slowdown in consumer spending, and to improve overall operating effectiveness (the "Fiscal 2009 Restructuring Plan"). This Fiscal 2009 Restructuring Plan included a reduction in workforce and the closure of certain underperforming retail stores. See Note 12 to the accompanying audited consolidated financial statements for further discussion.

Operating Income. Operating income increased by \$111.4 million, or 18.7%, to \$706.9 million in Fiscal 2010 from \$595.5 million in Fiscal 2009. Operating income as a percentage of net revenues increased 230 basis points, to 14.2% in Fiscal 2010 from 11.9% in Fiscal 2009. The increase in operating income as a percentage of net revenues primarily reflected the increase in gross profit margin and lower pretax charges related to asset impairments and restructurings, partially offset by the increase in SG&A expenses as a percent of net revenues, as previously discussed.

Operating income for our three business segments is provided below:

	Fiscal Years Ended		\$ Change	% Change
	April 3, 2010	March 28, 2009 (millions)		
Operating Income:				
Wholesale	\$ 585.3	\$ 619.9	\$ (34.6)	(5.6)%
Retail	254.1	101.6	152.5	150.1 %
Licensing	107.4	103.6	3.8	3.7 %
	<u>946.8</u>	<u>825.1</u>	<u>121.7</u>	<u>14.7 %</u>
Less:				
Unallocated corporate expenses	(229.9)	(206.5)	(23.4)	11.3 %
Unallocated legal and restructuring charges	(10.0)	(23.1)	13.1	(56.7)%
Total operating income	<u>\$ 706.9</u>	<u>\$ 595.5</u>	<u>\$ 111.4</u>	<u>18.7 %</u>

Wholesale operating income decreased by \$34.6 million primarily as a result of lower revenues, partially offset by higher gross margins driven by improved inventory management principally in our European businesses.

Retail operating income increased by \$152.5 million primarily as a result of increased revenues and higher gross margins across our global Retail businesses driven by decreased promotional activity and lower reductions in the carrying cost of our retail inventory. The increase was also due to lower impairment-related charges. These increases were partially offset by increased SG&A expenses primarily driven by higher rent and incentive-based compensation expenses.

Licensing operating income increased by \$3.8 million primarily as a result of lower net costs associated with the transition of our licensed businesses to wholly owned operations, offset in part by lower revenues largely driven by a decline in international royalties and home licensing royalties.

Unallocated corporate expenses increased by \$23.4 million, primarily as a result of higher incentive-based compensation expenses, partially offset by lower brand-related marketing and advertising costs.

Unallocated legal and restructuring charges of \$10.0 million in Fiscal 2010 were comprised of restructuring charges of \$6.9 million primarily related to employee termination costs and the write-down of an asset associated with exiting a retail store in Japan, as well as legal charges of \$4.8 million primarily related to our California Labor Litigation matter offset in part by the reversal of an excess legal reserve of \$1.7 million (see Note 17 to the accompanying audited consolidated financial statements for further discussion). In Fiscal 2009, unallocated legal and restructuring charges of \$23.1 million were comprised of restructuring charges of \$23.6 million primarily associated with the Fiscal 2009 Restructuring Plan, as previously discussed, offset by a reversal of an excess legal reserve in the amount of \$0.5 million.

Foreign Currency Gains (Losses). The effect of foreign currency exchange rate fluctuations resulted in a loss of \$2.2 million in Fiscal 2010, compared to a gain of \$1.6 million in Fiscal 2009. Excluding a net increase in foreign currency gains of \$1.0 million relating to undesignated foreign currency hedge contracts, the increase in foreign currency losses in Fiscal 2010 as compared to Fiscal 2009 was primarily due to the timing of the settlement of intercompany receivables and payables (that were not of a long-term investment nature) between certain of our international and domestic subsidiaries. Foreign currency gains and losses are unrelated to the impact of changes in the value of the U.S. dollar when operating results of our foreign subsidiaries are translated to U.S. dollars.

Interest Expense. Interest expense decreased by \$4.4 million, or 16.5%, to \$22.2 million in Fiscal 2010 from \$26.6 million in Fiscal 2009. This decrease was primarily due to a lower principal amount of our outstanding Euro-denominated 4.5% notes as a result of a partial debt extinguishment in July 2009.

Interest and Other Income, net. Interest and other income, net, decreased by \$9.6 million, or 43.6%, to \$12.4 million in Fiscal 2010 from \$22.0 million in Fiscal 2009, primarily due to lower yields relating to lower market rates of interest. This decrease was offset in part by an increase in our average balance of cash and cash

equivalents and investments during Fiscal 2010, as well as a net gain of \$4.1 million related to a partial extinguishment of our Euro-denominated 4.5% notes in July 2009.

Equity in Income (Loss) of Equity-Method Investees. The equity in loss of equity-method investees of \$5.6 million in Fiscal 2010 related to our share of loss from our joint venture, the RL Watch Company, which is accounted for under the equity method of accounting. The equity in loss of equity-method investees of \$5.0 million in Fiscal 2009 related to our share of loss driven by certain start-up costs associated with the RL Watch Company.

Provision for Income Taxes. The provision for income taxes represents federal, foreign, state and local income taxes. The provision for income taxes increased by \$28.3 million, or 15.6%, to \$209.8 million in Fiscal 2010 from \$181.5 million in Fiscal 2009. The increase in provision for income taxes was primarily a result of higher pretax income in Fiscal 2010 compared to Fiscal 2009. This increase was partially offset by a net decline in our reported effective tax rate of 50 basis points, to 30.4% in Fiscal 2010 from 30.9% in Fiscal 2009. The lower effective tax rate was primarily due to a greater proportion of earnings generated in lower-taxed jurisdictions as well as tax reserve reductions principally associated with audit settlements, offset in part by certain higher non-deductible expenses.

Net Income Attributable to PRLC. Net income increased by \$73.5 million, or 18.1%, to \$479.5 million in Fiscal 2010 from \$406.0 million in Fiscal 2009. The increase in net income was primarily due to a \$111.4 million increase in operating income, offset in part by a \$28.3 million increase in the provision for income taxes, as previously discussed. These results were impacted by a \$65.5 million reduction in pretax charges related to asset impairments and restructurings as well as increased pretax income of approximately \$19 million due to the inclusion of the 53rd week in Fiscal 2010, which combined had an aggregate effect of increasing our net income trends by approximately \$54 million.

Net Income Per Diluted Share Attributable to PRLC. Net income per diluted share increased by \$0.72, or 18.0%, to \$4.73 per share in Fiscal 2010 from \$4.01 per share in Fiscal 2009. The increase in diluted per share results was due to the higher level of net income, as previously discussed. These results were impacted by a \$65.5 million reduction in pretax charges related to asset impairments and restructurings as well as increased pretax income of approximately \$19 million due to the inclusion of the 53rd week in Fiscal 2010, which combined had an aggregate effect of increasing our net income per diluted share trends by approximately \$0.53.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

	April 2, 2011	April 3, 2010 (millions)	\$ Change
Cash and cash equivalents	\$ 453.0	\$ 563.1	\$ (110.1)
Short-term investments	593.9	584.1	9.8
Non-current investments	83.6	75.5	8.1
Long-term debt	(291.9)	(282.1)	(9.8)
Net cash and investments ^(a)	<u>\$ 838.6</u>	<u>\$ 940.6</u>	<u>\$ (102.0)</u>
Equity	<u>\$ 3,304.7</u>	<u>\$ 3,116.6</u>	<u>\$ 188.1</u>

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

The decrease in our net cash and investments position as of April 2, 2011 as compared to April 3, 2010 was primarily due to our use of cash to support treasury stock repurchases, capital expenditures and the funding of an acquisition, partially offset by our operating cash flows and proceeds from stock option exercises. Particularly, in Fiscal 2011, we used \$594.6 million to repurchase 6.2 million shares of Class A common stock, including shares surrendered for tax withholdings, and spent \$255.0 million for capital expenditures. In addition, we used \$47.0 million to fund our recent South-Korea Licensed Operations Acquisition.

The increase in equity was primarily attributable to our net income in Fiscal 2011, offset in part by an increase in treasury stock as a result of our common stock repurchase program.

Cash Flows

Fiscal 2011 Compared to Fiscal 2010

	Fiscal Years Ended		\$ Change
	April 2, 2011	April 3, 2010 (millions)	
Net cash provided by operating activities	\$ 688.7	\$ 906.5	\$ (217.8)
Net cash used in investing activities	(299.4)	(504.4)	205.0
Net cash used in financing activities	(512.6)	(306.4)	(206.2)
Effect of exchange rate changes on cash and cash equivalents	13.2	(13.8)	27.0
Net increase (decrease) in cash and cash equivalents	<u>\$ (110.1)</u>	<u>\$ 81.9</u>	<u>\$ (192.0)</u>

Net Cash Provided by Operating Activities. Net cash provided by operating activities decreased to \$688.7 million in Fiscal 2011, as compared to \$906.5 million in Fiscal 2010. This net decrease in operating cash flow was primarily driven by:

- a decrease related to inventories primarily attributable to the timing of inventory receipts, as well as an increase in inventory levels to support our new business initiatives, store openings and recent acquisitions. The higher year-over-year inventory levels also reflect the increased sourcing costs during the second half of Fiscal 2011;
- a decrease related to accounts receivable primarily due to increased sales; and
- a decrease related to income taxes due to the timing of income tax payments.

The above decreases in operating cash flow were partially offset by:

- an increase in net income before depreciation, amortization, stock-based compensation and other non-cash expenses; and
- an increase related to accounts payable and accrued liabilities, primarily due to the timing of payments and increased volume of shipments.

Other than the items described above, the changes in operating assets and liabilities were attributable to normal operating fluctuations.

Net Cash Used in Investing Activities. Net cash used in investing activities was \$299.4 million in Fiscal 2011, as compared to \$504.4 million in Fiscal 2010. The net decrease in cash used in investing activities was primarily driven by:

- a decrease in cash used to purchase investments, less proceeds from sales and maturities of investments. In Fiscal 2011, we used \$1.244 billion to purchase investments and received \$1.242 billion of proceeds from sales and maturities of investments. On a comparative basis, in Fiscal 2010, we used \$1.351 billion to purchase investments and received \$1.072 billion of proceeds from sales and maturities of investments.

The above decrease in cash used in investing activities was partially offset by:

- an increase in cash used in connection with capital expenditures. In Fiscal 2011, we spent \$255.0 million for capital expenditures, as compared \$201.3 million in Fiscal 2010. Our capital expenditures were primarily associated with global retail store expansion, construction and renovation of department store shop-within-shops, investments in our facilities, and enhancements to our global information technology systems; and
- an increase in net cash used to fund our acquisitions and ventures. In Fiscal 2011, we used \$70.9 million to fund our acquisitions and ventures, including \$47.0 million to fund the South Korea Licensed Operations

Acquisition and \$17.0 million to fund the acquisition of certain finite-lived intellectual property rights. In Fiscal 2010, we used \$30.8 million primarily to fund the Asia-Pacific Licensed Operations Acquisition.

Net Cash Used in Financing Activities. Net cash used in financing activities was \$512.6 million in Fiscal 2011, as compared to \$306.4 million in Fiscal 2010. The increase in net cash used in financing activities was primarily driven by:

- an increase in cash used in connection with repurchases of our Class A common stock. In Fiscal 2011, 6.0 million shares of Class A common stock at a cost of \$577.8 million were repurchased pursuant to our common stock repurchase program and 0.2 million shares of Class A common stock at a cost of \$16.8 million were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards issued under the 1997 Long-Term Stock Incentive Plan, as amended (the "1997 Incentive Plan"). On a comparative basis, in Fiscal 2010, 2.9 million shares of Class A common stock at a cost of \$215.9 million were repurchased pursuant to our common stock repurchase program and 0.3 million shares of Class A common stock at a cost of \$15.1 million were surrendered for tax withholdings; and
- an increase in cash used to pay dividends. In Fiscal 2011, we used \$38.5 million to pay dividends as compared to \$24.7 million in Fiscal 2010, largely due to the increases in the quarterly cash dividend on our common stock from \$0.05 per share to \$0.10 per share in November 2009.

The above increases in cash used were partially offset by:

- a decrease in cash used in connection with our repayment of debt in July 2009. In Fiscal 2010, we completed a cash tender offer and used \$121.0 million to repurchase €90.8 million of principal amount of our 4.5% notes due October 4, 2013. There were no debt repurchases during Fiscal 2011;
- an increase in cash received from the exercise of employee stock options. In Fiscal 2011, we received \$88.3 million from the exercise of employee stock options, as compared to \$50.5 million in Fiscal 2010; and
- an increase in excess tax benefits from stock-based compensation arrangements of \$17.4 million in Fiscal 2011, as compared to the prior fiscal year.

Fiscal 2010 Compared to Fiscal 2009

	Fiscal Years Ended		\$ Change
	April 3, 2010	March 28, 2009 (millions)	
Net cash provided by operating activities	\$ 906.5	\$ 774.2	\$ 132.3
Net cash used in investing activities	(504.4)	(458.0)	(46.4)
Net cash used in financing activities	(306.4)	(352.1)	45.7
Effect of exchange rate changes on cash and cash equivalents	(13.8)	(34.4)	20.6
Net increase (decrease) in cash and cash equivalents	<u>\$ 81.9</u>	<u>\$ (70.3)</u>	<u>\$ 152.2</u>

Net Cash Provided by Operating Activities. Net cash provided by operating activities increased to \$906.5 million in Fiscal 2010, compared to \$774.2 million in Fiscal 2009. This net increase in operating cash flow was primarily driven by:

- lower accounts receivable levels due to improved cash collections and lower sales in our Wholesale segment;
- an increase related to inventory primarily due to the effects of ongoing inventory management across most businesses; and
- an increase in net income before depreciation, amortization, stock-based compensation and other non-cash expenses, including impairments of assets.

The above increases in cash provided by operating activities were partially offset by:

- a decrease related to income taxes primarily due to the timing of payments.

Other than the items described above, the changes in operating assets and liabilities were attributable to normal operating fluctuations.

Net Cash Used in Investing Activities. Net cash used in investing activities was \$504.4 million in Fiscal 2010, as compared to \$458.0 million in Fiscal 2009. The net increase in cash used in investing activities was primarily driven by:

- an increase in cash used to purchase investments, less proceeds from sales and maturities of investments. In Fiscal 2010, we used \$1.351 billion to purchase investments and received \$1.072 billion of proceeds from sales and maturities of investments. On a comparative basis, in Fiscal 2009, we used \$623.1 million to purchase investments, less \$369.5 million of proceeds from sales and maturities of investments;
- an increase in cash used in connection with capital expenditures. In Fiscal 2010, we spent \$201.3 million for capital expenditures, as compared to \$185.0 million in Fiscal 2009. Our capital expenditures were primarily associated with global retail store expansion, construction and renovation of department store shop-within-shops and investments in our facilities and technological infrastructure; and
- a change in cash deposits restricted in connection with taxes. In Fiscal 2010, net restricted cash of \$6.2 million was released, as compared to \$26.9 million of restricted cash released in Fiscal 2009 primarily in connection with the partial settlement of certain international tax matters.

The above increases in cash used in investing activities were partially offset by:

- a decrease in net cash used to fund our acquisitions and ventures. In Fiscal 2010, we used \$30.8 million primarily to fund the Asia-Pacific Licensed Operations Acquisition. On a comparative basis, in Fiscal 2009, we used \$46.3 million primarily to fund the Japanese Childrenswear and Golf Acquisition and to complete the minority interest buyout related to the acquisition of certain of our formerly-licensed Japanese businesses.

Net Cash Used in Financing Activities. Net cash used in financing activities was \$306.4 million in Fiscal 2010, as compared to \$352.1 million in Fiscal 2009. The decrease in net cash used in financing activities was primarily driven by:

- a decrease in cash used in connection with our repayment of debt. In Fiscal 2010, we completed a cash tender offer and used \$121.0 million to repurchase €90.8 million of principal amount of our 4.5% notes due October 4, 2013. On a comparative basis, in Fiscal 2009, we repaid ¥20.5 billion (\$196.8 million as of the repayment date) of borrowings under a one-year term loan agreement pursuant to an amendment and restatement to our then existing credit facility; and
- an increase in cash received from the exercise of employee stock options. In Fiscal 2010, we received \$50.5 million from the exercise of employee stock options, as compared to \$29.0 million in Fiscal 2009.

The above decrease in cash used in financing activities was partially offset by:

- an increase in cash used in connection with repurchases of our Class A common stock. In Fiscal 2010, 2.9 million shares of Class A common stock at a cost of \$215.9 million were repurchased pursuant to our common stock repurchase program and 0.3 million shares of Class A common stock at a cost of \$15.1 million were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards under the 1997 Incentive Plan. On a comparative basis, in Fiscal 2009, \$169.8 million of cash was used in connection with common stock repurchases and shares surrendered for tax withholdings.

Liquidity

Our primary sources of liquidity are the cash flow generated from our operations, \$500 million of availability under our Global Credit Facility (as defined below), available cash and cash equivalents (certain of which is considered permanently reinvested outside the U.S.), investments and other available financing options. These sources of liquidity are used to fund our ongoing cash requirements, including working capital requirements, global retail store expansion and renovation, construction and renovation of shop-in-shops, investment in technological infrastructure, acquisitions, joint ventures, dividends, debt repayment/repurchase, stock repurchases, contingent liabilities (including uncertain tax positions) and other corporate activities. Management believes that our existing

sources of cash will be sufficient to support our operating, capital and debt service requirements for the foreseeable future, including the ongoing development of our recently acquired businesses and our plans for further business expansion.

As discussed in the “*Debt and Covenant Compliance*” section below, we had no revolving credit borrowings outstanding under our Global Credit Facility as of April 2, 2011. As discussed further below, we may elect to draw on our Global Credit Facility or other potential sources of financing for, among other things, a material acquisition, settlement of a material contingency (including uncertain tax positions) or a material adverse business development, as well as for other general corporate business purposes. We believe that our Global Credit Facility is adequately diversified with no undue concentrations in any one financial institution. In particular, as of April 2, 2011, there were nine financial institutions participating in the Global Credit Facility, with no one participant maintaining a maximum commitment percentage in excess of approximately 16%. Management has no reason at this time to believe that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the Global Credit Facility in the event of our election to draw funds in the foreseeable future.

Common Stock Repurchase Program

During Fiscal 2011, our Board of Directors approved an expansion of our existing stock repurchase program allowing us to repurchase up to an additional \$775 million in Class A common stock, \$275 million of which was approved on May 18, 2010, \$250 million of which was approved on August 5, 2010, and \$250 million of which was approved on February 8, 2011. Repurchases of shares of Class A common stock are subject to overall business and market conditions.

In Fiscal 2011, we repurchased 6.0 million shares of Class A common stock at a cost of \$577.8 million under our share repurchase program, including a repurchase of 1.0 million shares of Class A common stock at a cost of \$81.0 million in connection with a secondary stock offering (as discussed in Note 18 to the accompanying consolidated financial statements). In addition, in Fiscal 2011, 0.2 million shares of Class A common stock at a cost of \$16.8 million were surrendered or withheld in satisfaction of taxes in connection with the vesting of awards issued under the 1997 Incentive Plan. The remaining availability under our common stock repurchase program was approximately \$472 million and \$275 million as of April 2, 2011 and April 3, 2010, respectively.

In Fiscal 2010, we repurchased 2.9 million shares of Class A common stock at a cost of \$215.9 million under our repurchase program. In addition, 0.3 million shares of Class A common stock at a cost of \$15.1 million were surrendered or withheld in satisfaction of taxes in connection with the vesting of awards issued under the 1997 Incentive Plan.

In Fiscal 2009, we repurchased 1.8 million shares of Class A common stock at a cost of \$126.2 million. Also, during the first quarter of Fiscal 2009, 0.4 million shares traded prior to the end of Fiscal 2008 were settled at a cost of \$24.0 million. In addition, in Fiscal 2009, 0.3 million shares of Class A common stock at a cost of \$19.6 million were surrendered or withheld in satisfaction of taxes in connection with the vesting of awards issued under the 1997 Incentive Plan.

On May 24, 2011, our Board of Directors approved a further expansion of our existing common stock repurchase program that will allow us to repurchase up to an additional \$500 million of Class A common stock.

Dividends

Since 2003, we have maintained a regular quarterly cash dividend program on our common stock. On November 4, 2009, our Board of Directors approved an increase to the quarterly cash dividend on our common stock from \$0.05 per share to \$0.10 per share. On February 8, 2011, our Board of Directors approved an additional increase to the quarterly cash dividend on our common stock from \$0.10 per share to \$0.20 per share. Dividends paid amounted to \$38.5 million in Fiscal 2011, \$24.7 million in Fiscal 2010, and \$19.9 million in Fiscal 2009.

We intend to continue to pay regular quarterly dividends on our outstanding common stock. However, any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, cash requirements, financial condition and other factors that the Board of Directors may deem relevant.

Debt and Covenant Compliance

Euro Debt

As of April 2, 2011, we had outstanding €209.2 million principal amount of 4.5% notes due October 4, 2013 (the "Euro Debt"). We have the option to redeem all of the outstanding Euro Debt at any time at a redemption price equal to the principal amount plus a premium. We also have the option to redeem all of the outstanding Euro Debt at any time at par plus accrued interest in the event of certain developments involving U.S. tax law. Partial redemption of the Euro Debt is not permitted in either instance. In the event of a change of control, each holder of the Euro Debt has the option to require us to redeem the Euro Debt at its principal amount plus accrued interest. The indenture governing the Euro Debt (the "Indenture") contains certain limited covenants that restrict our ability, subject to specified exceptions, to incur liens or enter into a sale and leaseback transaction for any principal property. The Indenture does not contain any financial covenants.

As of April 2, 2011, the carrying value of our Euro Debt was \$291.9 million, compared to \$282.1 million as of April 3, 2010.

In July 2009, we completed a cash tender offer and used \$121.0 million to repurchase €90.8 million of principal amount of our then outstanding €300 million principal amount of 4.5% notes due October 4, 2013 at a discounted purchase price of approximately 95%. A net pretax gain of \$4.1 million related to this extinguishment of debt was recorded during the second quarter of Fiscal 2010 and classified as a component of interest and other income, net in our consolidated statement of operations. We used our cash on-hand to fund the debt extinguishment.

Revolving Credit Facilities

Global Credit Facility

On March 10, 2011, we entered into a new credit facility that provides for a \$500 million senior unsecured revolving line of credit through March 2016 (the "Global Credit Facility"). The Global Credit Facility replaced our previous \$450 million unsecured revolving line of credit scheduled to mature in November 2011. Key changes under the Global Credit Facility include:

- an increase in our ability to expand its additional borrowing availability from \$600 million under the previous facility to \$750 million, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments;
- an increase in the margin over LIBOR paid on amounts drawn under the Global Credit Facility to 112.5 basis points (subject to adjustment based on our credit ratings) from 25 basis points;
- an increase in the commitment fee for the unutilized portion of the Global Credit Facility to 15 basis points (subject to adjustment based on our credit ratings) from 7 basis points; and
- an ability to denominate borrowings in currencies other than U.S. dollars, including Euros, Hong Kong Dollars, and Japanese Yen.

Consistent with the previous facility, the Global Credit Facility is also used to support the issuance of letters of credit. As of April 2, 2011, there were no borrowings outstanding under the Global Credit Facility and we were contingently liable for \$16.8 million of outstanding letters of credit.

U.S. Dollar-denominated borrowings under the Global Credit Facility bear interest, at our option, either at (a) a base rate, by reference to the greatest of: (i) the annual prime commercial lending rate of JPMorgan Chase Bank, N.A. in effect from time to time, (ii) the weighted-average overnight Federal funds rate plus 50 basis points, or (iii) the one-month London Interbank Offered Rate ("LIBOR") plus 100 basis points; or (b) LIBOR, adjusted for the Federal Reserve Board's Eurocurrency liabilities maximum reserve percentage, plus a spread of 112.5 basis points, subject to adjustment based on our credit ratings ("Adjusted LIBOR"). Foreign currency-denominated borrowings bear interest at Adjusted LIBOR, as described above. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility.

In addition to paying interest on any outstanding borrowings under the Global Credit Facility, we are required to pay a commitment fee to the lenders under the Global Credit Facility in respect of the unutilized commitments. The commitment fee rate of 15 basis points under the terms of the Global Credit Facility is subject to adjustment based on our credit ratings.

The Global Credit Facility contains a number of covenants that, among other things, restrict our ability, subject to specified exceptions, to incur additional debt; incur liens, sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve itself; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make investments. The Global Credit Facility also requires us to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus 8 times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense and (iv) consolidated rent expense. As of April 2, 2011, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under our Global Credit Facility.

Upon the occurrence of an Event of Default under the Global Credit Facility, the lenders may cease making loans, terminate the Global Credit Facility and declare all amounts outstanding to be immediately due and payable. The Global Credit Facility specifies a number of events of default (many of which are subject to applicable grace periods), including, among others, the failure to make timely principal, interest and fee payments or to satisfy the covenants, including the financial covenant described above. Additionally, the Global Credit Facility provides that an Event of Default will occur if Mr. Ralph Lauren, our Chairman and Chief Executive Officer, and entities controlled by the Lauren family fail to maintain a specified minimum percentage of the voting power or common stock.

Chinese Credit Facility

On February 10, 2011, two of our subsidiaries, Polo Ralph Lauren Trading (Shanghai) Co., LTD and Polo Ralph Lauren Commerce and Trading (Shanghai) Co., LTD, entered into an uncommitted credit facility that provides for a revolving line of credit of up to 70 million Chinese Renminbi (approximately \$10 million) through February 9, 2012 (the "Chinese Credit Facility"). The Chinese Credit Facility will be used to fund general working capital funding needs of our operations in China. The borrowing availability under the Chinese Credit Facility is at the sole discretion of JPMorgan Chase Bank (China) Company Limited, Shanghai Branch (the "Bank") and is subject to availability of the Bank's funds and satisfaction of certain regulatory requirements. Borrowings under the Chinese Credit Facility are guaranteed by the Polo Ralph Lauren Corporation and bear interest at either (i) at least 90% of the short-term interest rate published by the People's Bank of China or (ii) a rate determined by the Bank at its discretion based on prevailing market conditions. As of April 2, 2011, there were no borrowings outstanding under the Chinese Credit Facility.

Contractual and Other Obligations

Firm Commitments

The following table summarizes certain of our aggregate contractual obligations as of April 2, 2011, and the estimated timing and effect that such obligations are expected to have on our liquidity and cash flow in future

periods. We expect to fund the firm commitments with operating cash flow generated in the normal course of business and, if necessary, availability under our credit facilities or other potential sources of financing.

	Fiscal 2012	Fiscal 2013-2014	Fiscal 2015-2016 (millions)	Fiscal 2017 and Thereafter	Total
Euro Debt	\$ —	\$ 295.5	\$ —	\$ —	\$ 295.5
Interest payments on Euro Debt	13.3	26.6	—	—	39.9
Capital leases	6.9	13.6	13.6	43.5	77.6
Operating leases	227.6	443.6	376.2	843.7	1,891.1
Inventory purchase commitments	991.6	—	—	—	991.6
Other commitments	24.1	11.2	8.9	—	44.2
Total	\$ 1,263.5	\$ 790.5	\$ 398.7	\$ 887.2	\$ 3,339.9

The following is a description of our material, firmly committed contractual obligations as of April 2, 2011:

- *Euro Debt* represents the principal amount due at maturity of our outstanding Euro Debt on a U.S. dollar-equivalent basis. Amounts do not include any fair value adjustments, call premiums or interest payments (see below);
- *Interest payments on Euro Debt* represent the annual contractual interest payments due on our Euro Debt;
- *Lease obligations* represent the minimum lease rental payments under noncancelable leases for our real estate and operating equipment in various locations around the world. Approximately 59% of these lease obligations relates to our retail operations. Information has been presented separately for operating and capital leases. In addition to such amounts, we are normally required to pay taxes, insurance and occupancy costs relating to our leased real estate properties;
- *Inventory purchase commitments* represent our legally binding agreements to purchase fixed or minimum quantities of goods at determinable prices; and
- *Other commitments* primarily represent our legally binding obligations under sponsorship, licensing and other marketing and advertising agreements; information technology related service agreements; capital projects; and pension-related obligations.

Excluded from the above contractual obligations table is the non-current liability for unrecognized tax benefits of \$156.4 million as of April 2, 2011, as we cannot make a reliable estimate of the period in which the liability will be settled, if ever.

The above table also excludes the following: (i) amounts included in current liabilities in our consolidated balance sheet as of April 2, 2011 as these items will be paid within one year; and (ii) non-current liabilities that have no cash outflows associated with them (e.g., deferred revenue) or the cash outflows associated with them are uncertain or do not represent a “purchase obligation” as the term is used herein (e.g., deferred taxes and other miscellaneous items).

We also have certain contractual arrangements that would require us to make payments if certain circumstances occur. See Note 17 to the accompanying audited consolidated financial statements for a description of our contingent commitments not included in the above table.

Off-Balance Sheet Arrangements

In addition to the commitments included in the above table, our other off-balance sheet firm commitments, which include outstanding letters of credit and minimum funding commitments to investees, amounted to approximately \$17 million as of April 2, 2011. We do not maintain any other off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect on our financial condition or results of operations.

MARKET RISK MANAGEMENT

We are exposed to a variety of risks, including changes in foreign currency exchange rates relating to certain anticipated cash flows from our international operations and possible declines in the value of reported net assets of certain of our foreign operations, as well as changes in the fair value of our fixed-rate debt relating to changes in interest rates. Consequently, in the normal course of business we employ established policies and procedures, including the use of derivative financial instruments, to manage such risks. We do not enter into derivative transactions for speculative or trading purposes.

As a result of the use of derivative instruments, we are exposed to the risk that counterparties to our derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we have a policy of only entering into contracts with carefully selected financial institutions based upon their credit ratings and other financial factors. Our established policies and procedures for mitigating credit risk on derivative transactions include reviewing and assessing the creditworthiness of counterparties. As a result of the above considerations, we do not believe that we are exposed to any undue concentration of counterparty risk with respect to our derivative contracts as of April 2, 2011.

Foreign Currency Risk Management

We manage our exposure to changes in foreign currency exchange rates through the use of foreign currency exchange contracts. Refer to Note 16 to the audited consolidated financial statements for a summarization of the notional amounts and fair values of our foreign currency exchange contracts outstanding as of April 2, 2011.

Forward Foreign Currency Exchange Contracts

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

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

We record our foreign currency exchange contracts at fair value in our consolidated balance sheets. To the extent foreign currency exchange contracts designated as cash flow hedges at hedge inception are highly effective in offsetting the change in the value of the hedged item, the related gains (losses) are initially deferred in equity as a component of accumulated other comprehensive income ("AOCI") and subsequently recognized in our consolidated statements of operations as follows:

- *Forecasted Inventory Purchases* — Recognized as part of the cost of the inventory being hedged within cost of goods sold when the related inventory is sold.
- *Intercompany Royalty Payments and Marketing Contributions* — Recognized within foreign currency gains (losses) in the period in which the related royalties or marketing contributions being hedged are received or paid.
- *Interest Payments on Euro Debt* — Recognized within foreign currency gains (losses) in the period in which the recorded liability impacts earnings due to foreign currency exchange remeasurement.

We recognized net gains on foreign currency exchange contracts in earnings of approximately \$10 million for Fiscal 2011 and \$13 million for Fiscal 2010, and net losses of approximately \$6 million for Fiscal 2009.

Sensitivity

We perform a sensitivity analysis to determine the effects that market risk exposures may have on the fair values of our derivative financial instruments. To perform the sensitivity analysis, we assess the risk of loss in fair values from the effect of hypothetical changes in foreign currency exchange rates. This analysis assumes a like movement by all foreign currencies in our hedge portfolio against the U.S. dollar. Based on all foreign currency exchange contracts outstanding as of April 2, 2011, a 10% devaluation of the U.S. dollar as compared to the level of foreign currency exchange rates for currencies under contract as of April 2, 2011 would result in approximately \$1 million of net unrealized losses. Conversely, a 10% appreciation of the U.S. dollar would result in approximately \$1 million of net unrealized gains. As our outstanding foreign currency exchange contracts are primarily designated as cash flow hedges of forecasted transactions, the unrealized loss or gain as a result of a 10% devaluation or appreciation would be largely offset by changes in the underlying hedged items.

Hedge of a Net Investment in Certain European Subsidiaries

We designated the entire principal amount of our outstanding Euro Debt as a hedge of our net investment in certain of our European subsidiaries. The changes in fair value of a derivative instrument or changes in a non-derivative financial instrument (such as debt) that is designated as a hedge of a net investment in a foreign operation are reported in the same manner as a translation adjustment, to the extent it is effective as a hedge. As such, changes in the Euro Debt resulting from changes in the Euro exchange rate have been, and continue to be, reported in equity as a component of AOCI. We recorded within other comprehensive income the translation effects of the Euro Debt to U.S. dollars, resulting in a loss of \$13.1 million for Fiscal 2011, a loss of \$1.8 million for Fiscal 2010, and a gain of \$66.6 million for Fiscal 2009.

Interest Rate Risk Management

During the first quarter of Fiscal 2011, we entered into a fixed-to-floating interest rate swap designated as a fair value hedge to mitigate our exposure to changes in the fair value of our Euro Debt due to changes in the benchmark interest rate. The interest rate swap, which has a maturity date of October 4, 2013, has an aggregate notional value of €209.2 million and swaps the 4.5% fixed interest rate on our Euro Debt for a variable interest rate equal to the 3-month Euro Interbank Offered Rate plus 299 basis points. Our interest rate swap meets the requirements for shortcut method accounting. Accordingly, changes in the fair value of the interest rate swap are exactly offset by changes in the fair value of the Euro Debt. No ineffectiveness has been recorded during Fiscal 2011. On April 11, 2011, we terminated the interest rate swap, the effect of which did not have a material impact on our consolidated financial statements.

Sensitivity

As of April 2, 2011, notwithstanding the aforementioned fixed-to-floating interest rate swap contract related to our Euro Debt, we had no variable-rate debt outstanding. As of April 2, 2011, the carrying value of our Euro Debt was \$291.9 million and the fair value was \$305.0 million. Excluding the interest rate swap, a 25 basis point increase or decrease in the level of interest rates would, respectively, decrease or increase the fair value of the Euro Debt by approximately \$2 million. Such potential increases or decreases are based on certain simplifying assumptions, including no changes in Euro currency exchange rates and an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period.

Investment Risk Management

As of April 2, 2011, we had cash and cash equivalents on-hand of \$453.0 million, primarily invested in money market funds, time deposits and treasury bills with original maturities of 90 days or less. Our other significant investments included \$593.9 million of short-term investments, primarily in municipal bonds, time deposits and variable rate municipal securities with original maturities greater than 90 days; \$51.3 million of restricted cash

placed in escrow with certain banks as collateral primarily to secure guarantees in connection with certain international tax matters; \$80.8 million of investments with maturities greater than one year; \$2.3 million of auction rate securities issued through a municipality and \$0.5 million of other securities.

We evaluate investments held in unrealized loss positions for other-than-temporary impairment on a quarterly basis. Such evaluation involves a variety of considerations, including assessments of risks and uncertainties associated with general economic conditions and distinct conditions affecting specific issuers. We consider the following factors: (i) the length of time and the extent to which the fair value has been below cost, (ii) the financial condition, credit worthiness and near-term prospects of the issuer, (iii) the length of time to maturity, (iv) future economic conditions and market forecasts, (v) our intent and ability to retain our investment for a period of time sufficient to allow for recovery of market value, and (vi) an assessment of whether it is more-likely-than-not that we will be required to sell our investment before recovery of market value.

CRITICAL ACCOUNTING POLICIES

An accounting policy is considered to be critical if it is important to our financial condition and results of operations and requires significant judgment and estimates on the part of management in its application. Our estimates are often based on complex judgments, probabilities and assumptions that management believes to be reasonable, but that are inherently uncertain and unpredictable. It is also possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts. We believe that the following list represents our critical accounting policies. For a discussion of all of our significant accounting policies, see Note 3 to the accompanying audited consolidated financial statements.

Sales Reserves and Uncollectible Accounts

A significant area of judgment affecting reported revenue and net income is estimating sales reserves, which represent that portion of gross revenues not expected to be realized. In particular, wholesale revenue is reduced by estimates of returns, discounts, end-of-season markdowns and operational chargebacks. Retail revenue, including e-commerce sales, also is reduced by estimates of returns.

In determining estimates of returns, discounts, end-of-season markdowns and operational chargebacks, management analyzes historical trends, seasonal results, current economic and market conditions and retailer performance. We review and refine these estimates on a quarterly basis. Our historical estimates of these costs have not differed materially from actual results.

Similarly, management evaluates accounts receivables to determine if they will ultimately be collected. Significant judgments and estimates are involved in this evaluation, including an analysis of specific risks on a customer-by-customer basis for larger accounts and customers, and a receivables aging analysis that determines the percentage of receivables that has historically been uncollected by aged category. Based on this information, management provides a reserve for the estimated amounts believed to be uncollectible. Although management believes that it has adequately provided for those risks as part of our bad debt reserve, a severe and prolonged adverse impact on our major customers' business operations could have a corresponding material adverse effect on our net sales, cash flows and/or financial condition.

See "Accounts Receivable" in Note 3 to the accompanying audited consolidated financial statements for an analysis of the activity in our sales reserves and allowance for doubtful accounts for each of the three fiscal years presented.

Inventories

We hold inventory that is sold through wholesale distribution channels to major department stores and specialty retail stores, including our own retail stores. We also hold retail inventory that is sold in our own stores and e-commerce sites directly to consumers. Wholesale and retail inventories are stated at the lower of cost or estimated realizable value with cost primarily determined on a weighted-average cost basis.

We continually evaluate the composition of our inventories, assessing slow-turning product and fashion product. Estimated realizable value of inventory is determined based on an analysis of historical and forecasted

sales trends of our individual product lines, the impact of market trends and economic conditions, and the value of current orders in-house relating to the future sales of inventory. Estimates may differ from actual results due to quantity, quality and mix of products in inventory, consumer and retailer preferences and market conditions. Our historical estimates of these costs and the provisions have not differed materially from actual results.

Reserves for inventory shrinkage, representing the risk over physical loss of inventory, are estimated based on historical experience and are adjusted based upon physical inventory counts.

Business Combinations

In connection with our business combinations (whether partial, full or step acquisitions), we are required to record all of the assets and liabilities of the acquired business at fair value; recognize contingent consideration at fair value on the acquisition date; and, for certain arrangements, recognize changes in fair value in earnings until settlement. These fair value determinations require management's judgment and may involve the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items.

In addition, in connection with our business acquisitions, we evaluate the terms of any pre-existing relationships to determine if a settlement of the pre-existing relationship exists. These pre-existing relationships primarily relate to licensing agreements. If the terms of the pre-existing relationships were determined to not be reflective of market, a settlement gain or loss would be recognized in earnings, measured by the amount in which the contract is favorable or unfavorable to us when compared with pricing for current market transactions for the same or similar items. We allocate the aggregate consideration exchanged in these transactions between the value of the business acquired and the value of the settlement of any pre-existing relationships in proportion to estimates of their respective fair values. Accordingly, significant judgment is required to determine the respective fair values of the business acquired and the value of the settlement of the pre-existing relationship. We may utilize independent valuation firms to assist in the determination of fair value.

Fair Value Measurements

We use judgment in our determination of the fair value of a particular asset or liability when evaluating the inputs used in valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). See Note 15 to the accompanying audited consolidated financial statements for further discussion of our fair value measurements.

The fair value of derivative assets and liabilities is determined using a pricing model, which is primarily based on market observable external inputs, including forward and spot rates for foreign currencies and considers the impact of our credit risk, if any. Changes in counterparty credit risk are also considered in the valuation of derivative financial instruments.

Impairment of Goodwill and Other Intangible Assets

Goodwill, including any goodwill included in the carrying value of investments accounted for using the equity method of accounting, and certain other intangible assets deemed to have indefinite useful lives, are not amortized. Rather, goodwill and such indefinite-lived intangible assets are assessed for impairment at least annually. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be recoverable.

Goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is to identify potential impairment by comparing the fair value of a reporting unit with its net book value (or carrying amount), including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and performance of the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that

goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value was the purchase price paid to acquire the reporting unit.

Determining the fair value of a reporting unit under the first step of the goodwill impairment test and determining the fair value of individual assets and liabilities of a reporting unit (including unrecognized intangible assets) under the second step of the goodwill impairment test is judgmental in nature and often involves the use of significant estimates and assumptions. Similarly, estimates and assumptions are used in determining the fair value of other intangible assets. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and the magnitude of any such charge. To assist management in the process of determining goodwill impairment, we review and consider appraisals from independent valuation firms. Estimates of fair value are primarily determined using discounted cash flows, market comparisons and recent transactions. These approaches use significant estimates and assumptions, including projected future cash flows (including timing), discount rates reflecting the risks inherent in future cash flows, perpetual growth rates and determination of appropriate market comparables.

The impairment test for other indefinite-lived intangible assets consists of a comparison of the fair value of the intangible asset with its carrying value. If the carrying value of the indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized equal to the excess. In addition, in evaluating finite-lived intangible assets for recoverability, we use our best estimate of future cash flows expected to result from the use of the asset and eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than the carrying amount, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value.

We performed our annual impairment assessment of goodwill during the second quarter of Fiscal 2011. Based on the results of the impairment assessment as of July 4, 2010, we confirmed that the fair value of our reporting units exceeded their respective carrying values and there were no reporting units at risk of impairment. Additionally, there have been no impairment losses recorded in connection with the assessment of the recoverability of goodwill or other intangible assets during any of the three fiscal years presented.

Impairment of Other Long-Lived Assets

Property and equipment, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be recoverable. In evaluating long-lived assets for recoverability, we use our best estimate of future cash flows expected to result from the use of the asset and its eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than the carrying amount, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions. Assets to be disposed of and for which there is a committed plan of disposal are reported at the lower of carrying value or fair value less costs to sell.

In determining future cash flows, we take various factors into account, including changes in merchandising strategy, the emphasis on retail store cost controls, the effects of macroeconomic trends such as consumer spending, and the impacts of more experienced retail store managers and increased local advertising. Since the determination of future cash flows is an estimate of future performance, there may be future impairments in the event that future cash flows do not meet expectations.

During Fiscal 2011, Fiscal 2010 and Fiscal 2009, we recorded non-cash impairment charges of \$2.5 million, \$6.6 million, and \$55.4 million, respectively, to reduce the net carrying value of certain long-lived assets primarily in our Retail segment to their estimated fair value. See Note 11 to the accompanying audited consolidated financial statements for further discussion.

Income Taxes

In determining the income tax provision for financial reporting purposes, we establish a reserve for uncertain tax positions. If we consider that a tax position is “more-likely-than-not” of being sustained upon audit, based solely on the technical merits of the position, we recognize the tax benefit. We measure the tax benefit by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. These assessments can be complex and require significant judgment, and we often obtain assistance from external advisors. To the extent that our estimates may change or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. If the initial assessment fails to result in the recognition of a tax benefit, we regularly monitor our position and subsequently recognize the tax benefit if (i) there are changes in tax law or analogous case law that sufficiently raise the likelihood of prevailing on the technical merits of the position to more-likely-than-not, (ii) the statute of limitations expires, or (iii) there is a completion of an audit resulting in a settlement of that tax year with the appropriate agency.

Deferred income taxes reflect the tax effect of certain net operating loss, capital loss and general business credit carryforwards and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. Valuation allowances are established when management determines that it is “more-likely-than-not” that some portion or all of a deferred tax asset will not be realized. Tax valuation allowances are analyzed periodically by assessing the adequacy of future expected taxable income, which typically involves the significant use of estimates. Such allowances are adjusted as events occur, or circumstances change, that warrant adjustments to those balances.

See Note 13 to the accompanying audited consolidated financial statements for further discussion of income taxes.

Contingencies

We are periodically exposed to various contingencies in the ordinary course of conducting our business, including certain litigations, alleged information system security breach matters, contractual disputes, employee relation matters, various tax audits, and trademark and intellectual property matters and disputes. We record a liability for such contingencies to the extent that we conclude their occurrence is probable and the related losses are estimable. In addition, if it is reasonably possible that an unfavorable settlement of a contingency could exceed the established liability, we disclose the estimated impact on our liquidity, financial condition and results of operations. Management considers many factors in making these assessments. As the ultimate resolution of contingencies is inherently unpredictable, these assessments can involve a series of complex judgments about future events including, but not limited to, court rulings, negotiations between affected parties and governmental actions. As a result, the accounting for loss contingencies relies heavily on estimates and assumptions.

Stock-Based Compensation

We expense all share-based payments to employees and non-employee directors based on the grant date fair value of the awards over the requisite service period, adjusted for estimated forfeitures.

Stock Options

Stock options are granted to employees and non-employee directors with exercise prices equal to fair market value at the date of grant. We use the Black-Scholes option-pricing model to estimate the fair value of stock options granted, which requires the input of subjective assumptions. Certain key assumptions involve estimating future uncertain events. The key factors influencing the estimation process include the expected term of the option, the expected stock price volatility factor, the expected dividend yield and risk-free interest rate, among others. Generally, once stock option values are determined, current accounting practices do not permit them to be changed, even if the estimates used are different from the actuals.

Determining the fair value of stock-based compensation at the date of grant requires significant judgment by management, including estimates of the above Black-Scholes assumptions. In addition, judgment is required in

estimating the number of stock-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, if management changes the assumptions for future stock-based award grants, or if there are changes in market conditions, stock-based compensation expense and our results of operations could be materially impacted.

Restricted Stock and Restricted Stock Units (“RSUs”)

We grant restricted shares of Class A common stock and service-based RSUs to certain of our senior executives and non-employee directors. In addition, we grant performance-based RSUs to such senior executives and other key executives, and certain of our other employees. The fair values of restricted stock shares and RSUs are based on the fair value of unrestricted Class A common stock, as adjusted to reflect the absence of dividends for those restricted securities that are not entitled to dividend equivalents. Compensation expense for performance-based RSUs is recognized over the related service period when attainment of the performance goals is deemed probable, which involves judgment on the part of management.

RECENTLY ISSUED ACCOUNTING STANDARDS

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

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

For a discussion of our exposure to market risk, see “Market Risk Management” in Item 7 included elsewhere in this Annual Report on Form 10-K.

Item 8. Financial Statements and Supplementary Data.

See the “Index to Consolidated Financial Statements” appearing at the end of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that material information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We have evaluated, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of the end of the fiscal year covered by this annual report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective at the reasonable assurance level, as of the fiscal year end covered by this Annual Report on Form 10-K.

(b) Management's Report of Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f). Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with U.S. Generally Accepted Accounting Principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of the Company's assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Further, the evaluation of the effectiveness of internal control over financial reporting was made as of a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may decline.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by this report based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework. Based on this evaluation, management concluded that the Company's internal controls over financial reporting were effective at the reasonable assurance level as of the fiscal year end covered by this Annual Report on Form 10-K.

On January 1, 2011, we acquired control of the Polo-branded apparel business in South Korea from Doosan that was formerly conducted under a licensed arrangement (the "South Korea Licensed Operations Acquisition," as discussed in Note 5 to the accompanying audited consolidated financial statements). We are in the process of evaluating the internal controls of the acquired business. However, as permitted by related SEC Staff interpretive guidance for newly acquired businesses, we excluded the acquired business in South Korea from management's annual assessment of the effectiveness of our internal control over financial reporting as of April 2, 2011. In the aggregate, our business in South Korea represented approximately 2% of our total consolidated assets and less than 1% of our total consolidated revenues as of and for the fiscal year ended April 2, 2011.

Ernst & Young LLP, the Company's independent registered public accounting firm, has issued an attestation report on the Company's internal control over financial reporting as included elsewhere herein.

(c) Changes in Internal Controls over Financial Reporting

Except as discussed below, there has been no change in our internal control over financial reporting during the fourth quarter of Fiscal 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

South Korea Licensed Operations Acquisition

In connection with the South Korea Licensed Operations Acquisition, we have developed a supporting infrastructure covering all critical operations, including but not limited to, merchandising, sales, inventory management, customer service, distribution, store operations, real estate management, finance and other administrative areas. As part of the development of this infrastructure, we have implemented and will continue to enhance various processes, systems, and internal controls to support this business.

Global Financial and Reporting System Implementation

We are in the process of implementing a new global financial and reporting system as part of a multi-year plan to integrate and upgrade our operational and financial systems and processes. The implementation of this global system is scheduled to occur in phases over the next several years, and began with the migration of certain of our domestic human resource systems to the new system during the fourth quarter of Fiscal 2011. This implementation

effort will continue in the first quarter of Fiscal 2012, when certain of our domestic operational and financial systems will be transitioned to the new global financial and reporting system. As the phased implementation of this system occurs, we will experience changes to our processes and procedures which will in turn result in changes in internal control over financial reporting. While we expect this new system to strengthen our internal financial controls by automating manual processes and standardizing business processes across our organization, management will continue to evaluate and monitor our internal controls as processes and procedures in each of the affected areas evolve. For a discussion of risks related to the implementation of new systems, see Item 1A — “Risk Factors — Risks Related to Our Business — Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.”

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information relating to our directors and corporate governance will be set forth in the Company’s proxy statement for its 2011 annual meeting of stockholders to be filed within 120 days after April 2, 2011 (the “Proxy Statement”) and is incorporated by reference herein. Information relating to our executive officers is set forth in Item 1 of this Annual Report on Form 10-K under the caption “Executive Officers.”

The Company has a Code of Ethics for Principal Executive Officers and Senior Financial Officers that applies to our principal executive officer, our principal operating officer, our principal financial officer, our principal accounting officer and our controller. You can find our Code of Ethics for Principal Executive Officers and Senior Financial Officers on our Internet site, <http://investor.ralphlauren.com>. We will post any amendments to the Code of Ethics for Principal Executive Officers and Senior Financial Officers and any waivers that are required to be disclosed by the rules of either the Securities and Exchange Commission or the NYSE on our Internet site.

Item 11. Executive Compensation.

Information relating to executive and director compensation will be set forth in the Proxy Statement and such information is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information as of April 2, 2011

The following table sets forth information as of April 2, 2011 regarding compensation plans under which the Company's equity securities are authorized for issuance:

Plan Category	(a) Numbers of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options (\$)	(c) 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	5,929,040 ⁽¹⁾	\$ 60.91 ⁽²⁾	4,359,379 ⁽³⁾
Equity compensation plans not approved by security holders	—	—	—
Total	5,929,040	\$ 60.91	4,359,379

(1) Consists of 3,803,479 options to purchase shares of our Class A common stock and 2,125,561 restricted stock units that are payable solely in shares of Class A common stock (including 366,667 of service-based restricted stock units that have fully vested but for which the underlying shares have not yet been delivered as of April 2, 2011). Does not include 8,506 outstanding restricted shares that are subject to forfeiture.

(2) Represents the weighted average exercise price of the outstanding stock options. No exercise price is payable with respect to the outstanding restricted stock units.

(3) All of the securities remaining available for future issuance set forth in column (c) may be in the form of options, stock appreciation rights, restricted stock, restricted stock units, performance awards or other stock-based awards under the Company's Amended and Restated 1997 Long-Term Stock Incentive Plan and the Company's 2010 Long-Term Stock Incentive Plan (the "Plans"). An additional 8,506 outstanding shares of restricted stock granted under the Company's Plans that remain subject to forfeiture are not reflected in column (c).

Other information relating to security ownership of certain beneficial owners and management will be set forth in the Proxy Statement and such information is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required to be included by Item 13 of Form 10-K will be included in the Proxy Statement and such information is incorporated by reference herein.

Item 14. Principal Accounting Fees and Services.

The information required to be included by Item 14 of Form 10-K will be included in the Proxy Statement and such information is incorporated by reference herein.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

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

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-24733) (the "S-1"))*
3.2	Second Amended and Restated By-laws of the Company (filed as Exhibit 10.2 to the Form 10-Q for the quarterly period ended September 29, 2007)*
10.1	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)*
10.2	Agency Agreement dated October 5, 2006, between Polo Ralph Lauren Corporation and Deutsche Bank AG, London Branch and Deutsche Bank Luxemburg S.A., as fiscal and principal paying agent (filed as Exhibit 10.2 to the Form 10-Q for the quarterly period ended December 30, 2006)*
10.3	Form of Indemnification Agreement between Polo Ralph Lauren Corporation and its Directors and Executive Officers (filed as Exhibit 10.26 to the S-1)*
10.4	Amended and Restated Employment Agreement, effective as of October 14, 2009, between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.1 to the Form 8-K dated October 14, 2009)*†
10.5	Amended and Restated Employment Agreement, made effective as of March 30, 2008, between Polo Ralph Lauren Corporation and Ralph Lauren (filed as Exhibit 10.1 to the Form 8-K dated June 12, 2007)*†
10.6	Amendment No. 1 dated June 29, 2009 to the Amended and Restated Employment Agreement between Polo Ralph Lauren Corporation and Ralph Lauren (filed as Exhibit 10.1 to the Form 8-K dated July 1, 2009)*†
10.7	Amendment No. 2 dated November 9, 2010 to the Amended and Restated Employment Agreement between Polo Ralph Lauren Corporation and Ralph Lauren (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended October 2, 2010)*†
10.8	Non-Qualified Stock Option Agreement, dated as of June 8, 2004, between Polo Ralph Lauren Corporation and Ralph Lauren (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended April 2, 2005 (the "Fiscal 2006 10-K"))*†
10.9	Restricted Stock Unit Award Agreement, dated as of June 8, 2004, between Polo Ralph Lauren Corporation and Ralph Lauren (filed as Exhibit 10.15 to the Fiscal 2006 10-K)*†
10.10	Polo Ralph Lauren Corporation Executive Officer Annual Incentive Plan, as amended as of August 9, 2007 (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended December 29, 2007)*†
10.11	Amendment No. 1, dated March 29, 2010, to the Amended and Restated Employment Agreement between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.14 to the Fiscal 2010 10-K)*†
10.12	Restricted Stock Unit Award Agreement, dated as of July 1, 2004, between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.18 to the Fiscal 2006 10-K)*†
10.13	Amendment No. 1, dated as of December 23, 2008, to the Restricted Stock Unit Award Agreement between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.2 to the Form 10-Q for the quarterly period ended December 27, 2008)*†
10.14	Restricted Stock Award Agreement, dated as of July 23, 2002, between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.19 to the Fiscal 2006 10-K)*†
10.15	Non-Qualified Stock Option Agreement, dated as of July 23, 2002, between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.20 to the Fiscal 2006 10-K)*†
10.16	Deferred Compensation Agreement, dated as of September 19, 2002, between Polo Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.21 to the Fiscal 2006 10-K)*†
10.17	Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan, as Amended and Restated as of August 12, 2004 (filed as Exhibit 99.1 to the Form 8-K dated August 12, 2004)*†
10.18	Amendment, dated as of June 30, 2006, to the Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan, as Amended and Restated as of August 12, 2004 (filed as Exhibit 10.4 to the Form 10-Q for the quarterly period ended July 1, 2006)*†

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Exhibit Number	Description
10.19	Amendment No. 2, dated as of May 21, 2009, to the Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan, as Amended and Restated as of August 12, 2004 (filed as Exhibit 10.26 to the Fiscal 2009 10-K)**†
10.20	Polo Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan adopted on August 5, 2010 (filed as Exhibit 10.4 to the Form 10-Q for the quarterly period ended July 3, 2010)**†
10.21	Cliff Restricted Performance Share Unit Award Overview containing the standard terms of restricted performance share awards under the 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended July 1, 2006)**†
10.22	Pro-Rata Restricted Performance Share Unit Award Overview containing the standard terms of restricted performance share awards under the 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.3 to the Form 10-Q for the quarterly period ended July 1, 2006)**†
10.23	Stock Option Award Overview — U.S. containing the standard terms of stock option awards under the 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.2 to the Form 10-Q for the quarterly period ended July 1, 2006)**†
10.24	Cliff Restricted Performance Share Unit Award Overview containing the standard terms of restricted performance share awards under the 2010 Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended July 3, 2010)**†
10.25	Pro-Rata Restricted Performance Share Unit Award Overview containing the standard terms of restricted performance share awards under the 2010 Long-Term Stock Incentive Plan (filed as Exhibit 10.2 to the Form 10-Q for the quarterly period ended July 3, 2010)**†
10.26	Stock Option Award Overview — U.S. containing the standard terms of stock option awards under the 2010 Long-Term Stock Incentive Plan (filed as Exhibit 10.3 to the Form 10-Q for the quarterly period ended July 3, 2010)**†
10.27	Credit Agreement, dated March 10, 2011, among Polo Ralph Lauren Corporation, Polo JP Acqui C.V., Polo Ralph Lauren Kabushiki Kaisha and Polo Ralph Lauren Asia Pacific Limited, as the borrowers, the lenders party thereto, and JP Morgan Chase Bank, N.A., as administrative agent
10.28	Employment Agreement, effective as of October 14, 2009, between Polo Ralph Lauren Corporation and Jackwyn Nemerov (filed as Exhibit 10.2 to the Form 8-K dated October 14, 2009)**†
10.29	Employment Agreement, effective as of September 28, 2009, between Polo Ralph Lauren Corporation and Tracey T. Travis (filed as Exhibit 10.1 to the Form 8-K dated September 28, 2009)**†
10.30	Employment Agreement, effective as of October 14, 2009, between Polo Ralph Lauren Corporation and Mitchell A. Kosh (filed as Exhibit 10.3 to the Form 8-K dated October 14, 2009)**†
10.31	Amended and Restated Polo Ralph Lauren Supplemental Executive Retirement Plan (filed as Exhibit 10.1 to the Company's Form 10-Q for the quarterly period ended December 31, 2005)**†
14.1	Code of Ethics for Principal Executive Officers and Senior Financial Officers (filed as Exhibit 14.1 to the Fiscal 2003 Form 10-K)*
21.1	List of Significant Subsidiaries of the Company
23.1	Consent of Ernst & Young LLP
31.1	Certification of Ralph Lauren required by 17 CFR 240.13a-14(a)
31.2	Certification of Tracey T. Travis required by 17 CFR 240.13a-14(a)
32.1	Certification of Ralph Lauren Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Tracey T. Travis Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets at April 2, 2011 and April 3, 2010, (ii) the Consolidated Statements of Operations for the fiscal years ended April 2, 2011, April 3, 2010 and March 28, 2009, (iii) the Consolidated Statements of Cash Flows for the fiscal years ended April 2, 2011, April 3, 2010 and March 28, 2009 and (iv) the Notes to the Consolidated Financial Statements, tagged as blocks of text

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

* Incorporated herein by reference.

† Management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 26, 2011.

POLO RALPH LAUREN CORPORATION

By: /s/ TRACEY T. TRAVIS

Tracey T. Travis
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ RALPH LAUREN</u> Ralph Lauren	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	May 26, 2011
<u>/s/ ROGER N. FARAH</u> Roger N. Farah	President, Chief Operating Officer and Director	May 26, 2011
<u>/s/ JACKWYN L. NEMEROV</u> Jackwyn L. Nemerov	Executive Vice President and Director	May 26, 2011
<u>/s/ TRACEY T. TRAVIS</u> Tracey T. Travis	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	May 26, 2011
<u>/s/ JOHN R. ALCHIN</u> John R. Alchin	Director	May 26, 2011
<u>/s/ ARNOLD H. ARONSON</u> Arnold H. Aronson	Director	May 26, 2011
<u>/s/ FRANK A. BENNACK, JR.</u> Frank A. Bennack, Jr.	Director	May 26, 2011
<u>/s/ DR. JOYCE F. BROWN</u> Dr. Joyce F. Brown	Director	May 26, 2011
<u>/s/ JOEL L. FLEISHMAN</u> Joel L. Fleishman	Director	May 26, 2011

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ HUBERT JOLY</u> Hubert Joly	Director	May 26, 2011
<u>/s/ STEVEN P. MURPHY</u> Steven P. Murphy	Director	May 26, 2011
<u>/s/ ROBERT C. WRIGHT</u> Robert C. Wright	Director	May 26, 2011

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

POLO RALPH LAUREN CORPORATION

CONSOLIDATED BALANCE SHEETS

	April 2, 2011	April 3, 2010
	(millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 453.0	\$ 563.1
Short-term investments	593.9	584.1
Accounts receivable, net of allowances of \$230.9 million and \$206.1 million	442.8	381.9
Inventories	702.1	504.0
Income tax receivable	57.8	1.3
Deferred tax assets	92.1	103.0
Prepaid expenses and other	136.3	138.4
Total current assets	2,478.0	2,275.8
Non-current investments	83.6	75.5
Property and equipment, net	788.8	697.2
Deferred tax assets	76.7	101.9
Goodwill	1,016.3	986.6
Intangible assets, net	387.7	363.2
Other assets	150.0	148.7
Total assets	\$ 4,981.1	\$ 4,648.9
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 214.7	\$ 149.8
Income tax payable	8.9	37.8
Accrued expenses and other	608.4	559.7
Total current liabilities	832.0	747.3
Long-term debt	291.9	282.1
Non-current liability for unrecognized tax benefits	156.4	126.0
Other non-current liabilities	396.1	376.9
Commitments and contingencies (Note 17)		
Total liabilities	1,676.4	1,532.3
Equity:		
Class A common stock, par value \$.01 per share; 89.5 million and 75.7 million shares issued; 63.7 million and 56.1 million shares outstanding	0.9	0.8
Class B common stock, par value \$.01 per share; 30.8 million and 42.1 million shares issued and outstanding	0.3	0.4
Additional paid-in-capital	1,444.7	1,243.8
Retained earnings	3,435.3	2,915.3
Treasury stock, Class A, at cost (25.8 million and 19.6 million shares)	(1,792.3)	(1,197.7)
Accumulated other comprehensive income	215.8	154.0
Total equity	3,304.7	3,116.6
Total liabilities and equity	\$ 4,981.1	\$ 4,648.9

See accompanying notes.

POLO RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
	(millions, except per share data)		
Net sales	\$ 5,481.8	\$ 4,795.5	\$ 4,823.7
Licensing revenue	178.5	183.4	195.2
Net revenues	5,660.3	4,978.9	5,018.9
Cost of goods sold ^(a)	(2,342.0)	(2,079.8)	(2,288.2)
Gross profit	3,318.3	2,899.1	2,730.7
Other costs and expenses:			
Selling, general and administrative expenses ^(a)	(2,442.7)	(2,157.0)	(2,036.0)
Amortization of intangible assets	(25.4)	(21.7)	(20.2)
Impairments of assets	(2.5)	(6.6)	(55.4)
Restructuring charges	(2.6)	(6.9)	(23.6)
Total other costs and expenses	(2,473.2)	(2,192.2)	(2,135.2)
Operating income	845.1	706.9	595.5
Foreign currency gains (losses)	(1.4)	(2.2)	1.6
Interest expense	(18.3)	(22.2)	(26.6)
Interest and other income, net	7.7	12.4	22.0
Equity in income (loss) of equity-method investees	(7.7)	(5.6)	(5.0)
Income before provision for income taxes	825.4	689.3	587.5
Provision for income taxes	(257.8)	(209.8)	(181.5)
Net income attributable to PRLC	\$ 567.6	\$ 479.5	\$ 406.0
Net income per common share attributable to PRLC:			
Basic	\$ 5.91	\$ 4.85	\$ 4.09
Diluted	\$ 5.75	\$ 4.73	\$ 4.01
Weighted average common shares outstanding:			
Basic	96.0	98.9	99.2
Diluted	98.7	101.3	101.3
Dividends declared per share	\$ 0.50	\$ 0.30	\$ 0.20
(a) Includes total depreciation expense of:	\$ (168.7)	\$ (159.5)	\$ (164.2)

See accompanying notes.

POLO RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Cash flows from operating activities:			
Net income	\$567.6	\$479.5	\$406.0
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	194.1	181.2	184.4
Deferred income tax expense (benefit)	47.3	(0.2)	(35.1)
Equity in loss (income) of equity-method investees, net of dividends received	7.7	5.6	5.0
Non-cash stock-based compensation expense	70.4	59.7	49.7
Non-cash impairments of assets	2.5	6.6	55.4
Non-cash provision for (reversals of) bad debt expense	(0.2)	4.7	13.9
Non-cash foreign currency (gains) losses	(1.4)	2.5	2.3
Non-cash restructuring (reversals) charges, net	(2.2)	1.9	1.6
Non-cash litigation-related charges (reversals of excess reserves), net	(2.0)	(1.7)	5.6
Gain on extinguishment of debt	—	(4.1)	—
Excess tax benefits from stock-based compensation arrangements	(42.6)	(25.2)	(12.1)
Changes in operating assets and liabilities:			
Accounts receivable	(50.7)	92.2	1.1
Inventories	(173.5)	29.1	(10.5)
Accounts payable and accrued liabilities	109.2	27.5	10.6
Income tax receivables and payables	(68.7)	39.0	56.7
Deferred income	(27.2)	(19.3)	(25.7)
Other balance sheet changes	58.4	27.5	65.3
Net cash provided by operating activities	688.7	906.5	774.2
Cash flows from investing activities:			
Acquisitions and ventures, net of cash acquired and purchase price settlements	(70.9)	(30.8)	(46.3)
Purchases of investments	(1,244.3)	(1,350.9)	(623.1)
Proceeds from sales and maturities of investments	1,242.3	1,072.4	369.5
Capital expenditures	(255.0)	(201.3)	(185.0)
Change in restricted cash deposits	28.5	6.2	26.9
Net cash used in investing activities	(299.4)	(504.4)	(458.0)
Cash flows from financing activities:			
Repayment of debt	—	(121.0)	(196.8)
Debt issuance costs	(2.1)	—	—
Payments of capital lease obligations	(7.9)	(6.7)	(6.7)
Payments of dividends	(38.5)	(24.7)	(19.9)
Repurchases of common stock, including shares surrendered for tax withholdings	(594.6)	(231.0)	(169.8)
Proceeds from exercise of stock options	88.3	50.5	29.0
Excess tax benefits from stock-based compensation arrangements	42.6	25.2	12.1
Other financing activities	(0.4)	1.3	—
Net cash used in financing activities	(512.6)	(306.4)	(352.1)
Effect of exchange rate changes on cash and cash equivalents	13.2	(13.8)	(34.4)
Net increase (decrease) in cash and cash equivalents	(110.1)	81.9	(70.3)
Cash and cash equivalents at beginning of period	563.1	481.2	551.5
Cash and cash equivalents at end of period	<u>\$453.0</u>	<u>\$563.1</u>	<u>\$481.2</u>

See accompanying notes.

POLO RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock ^(a)		Additional Paid-In Capital	Retained Earnings	Treasury Stock at Cost		AOCI ^(b)	Total Equity of PRLC	Non- Controlling Interest	Total Equity
	Shares	Amount			Shares (millions)	Amount				
Balance at March 29, 2008	113.8	\$ 1.1	\$ 1,017.6	\$ 2,079.3	14.3	\$ (820.9)	\$ 112.6	\$ 2,389.7	\$ 5.5	\$ 2,395.2
Comprehensive income:										
Net income				406.0						
Foreign currency translation adjustments							(69.7)			
Net realized and unrealized gains on derivative financial instruments							84.1			
Net unrealized gains on available-for-sale investments							0.3			
Net unrealized losses on defined benefit plans							(0.5)			
Total comprehensive income								420.2		420.2
Noncontrolling interest transactions									(5.5)	(5.5)
Cash dividends declared				(19.8)				(19.8)		(19.8)
Repurchases of common stock					2.1	(145.8)		(145.8)		(145.8)
Shares issued and equity grants made pursuant to stock-based compensation plans ^(c)	1.8	—	90.8					90.8		90.8
Balance at March 28, 2009	115.6	\$ 1.1	\$ 1,108.4	\$ 2,465.5	16.4	\$ (966.7)	\$ 126.8	\$ 2,735.1	\$ —	\$ 2,735.1
Comprehensive income:										
Net income				479.5						
Foreign currency translation adjustments							37.5			
Net realized and unrealized losses on derivative financial instruments							(11.0)			
Net unrealized gains (losses) on available-for-sale investments							—			
Net unrealized gains on defined benefit plans							0.7			
Total comprehensive income								506.7		506.7
Cash dividends declared				(29.7)				(29.7)		(29.7)
Repurchases of common stock					3.2	(231.0)		(231.0)		(231.0)
Shares issued and equity grants made pursuant to stock-based compensation plans ^(c)	2.2	0.1	135.4					135.5		135.5
Balance at April 3, 2010	117.8	\$ 1.2	\$ 1,243.8	\$ 2,915.3	19.6	\$ (1,197.7)	\$ 154.0	\$ 3,116.6	\$ —	\$ 3,116.6
Comprehensive income:										
Net income				567.6						
Foreign currency translation adjustments							91.4			
Net realized and unrealized losses on derivative financial instruments							(25.0)			
Net unrealized gains (losses) on available-for-sale investments							—			
Net unrealized losses on defined benefit plans							(4.6)			
Total comprehensive income								629.4		629.4
Cash dividends declared				(47.6)				(47.6)		(47.6)
Repurchases of common stock					6.2	(594.6)		(594.6)		(594.6)
Shares issued and equity grants made pursuant to stock-based compensation plans ^(c)	2.5	—	200.9					200.9		200.9
Balance at April 2, 2011	120.3	\$ 1.2	\$ 1,444.7	\$ 3,435.3	25.8	\$ (1,792.3)	\$ 215.8	\$ 3,304.7	\$ —	\$ 3,304.7

- (a) Includes Class A and Class B common stock. In Fiscal 2011 and Fiscal 2010, 11.3 million and 1.2 million shares, respectively, of Class B common stock were converted into an equal number of shares of Class A common stock pursuant to the terms of the security (see Note 18).
- (b) Accumulated other comprehensive income (loss).
- (c) Includes income tax benefits relating to stock-based compensation arrangements of approximately \$43 million in Fiscal 2011, \$25 million in Fiscal 2010 and \$12 million in Fiscal 2009.

See accompanying notes.

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Polo Ralph Lauren Corporation (“PRLC”) is a global leader in the design, marketing and distribution of premium lifestyle products, including men’s, women’s and children’s apparel, accessories, fragrances and home furnishings. PRLC’s long-standing reputation and distinctive image have been consistently developed across an expanding number of products, brands and international markets. PRLC’s brand names include *Polo Ralph Lauren*, *Ralph Lauren Purple Label*, *Ralph Lauren Women’s Collection*, *Black Label*, *Blue Label*, *Lauren by Ralph Lauren*, *RRL*, *RLX*, *Rugby*, *Ralph Lauren Childrenswear*, *American Living*, *Chaps* and *Club Monaco*, among others. PRLC and its subsidiaries are collectively referred to herein as the “Company,” “we,” “us,” “our” and “ourselves,” unless the context indicates otherwise.

The Company classifies its businesses into three segments: Wholesale, Retail and Licensing. The Company’s wholesale sales are made principally to major department and specialty stores located throughout the U.S., Canada, Europe and Asia. The Company also sells directly to consumers through full-price and factory retail stores located throughout the U.S., Canada, Europe, South America and Asia, through concessions-based shop-within-shops located primarily in Asia, through its domestic retail e-commerce sites located at www.RalphLauren.com and www.Rugby.com and its recently launched United Kingdom retail e-commerce site located at www.RalphLauren.co.uk. In addition, the Company often licenses the right to unrelated third parties to use its various trademarks in connection with the manufacture and sale of designated products, such as apparel, eyewear and fragrances, in specified geographical areas for specified periods.

2. Basis of Presentation

Basis of Consolidation

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the U.S. (“US GAAP”) and present the financial position, results of operations and cash flows of the Company, including all entities in which the Company has a controlling financial interest and is determined to be the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, Fiscal 2011 ended on April 2, 2011 and reflected a 52-week period; Fiscal 2010 ended on April 3, 2010 and reflected a 53-week period; and Fiscal 2009 ended on March 28, 2009 and reflected a 52-week period.

In April 2009, the Company performed an internal legal entity reorganization of certain of its wholly owned Japan subsidiaries. As a result of the reorganization, the Company’s former Polo Ralph Lauren Japan Corporation and Impact 21 Co., Ltd. subsidiaries were merged into a new wholly owned subsidiary named Polo Ralph Lauren Kabushiki Kaisha (“PRL KK”). The financial position and operating results of the Company’s consolidated PRL KK entity are reported on a one-month lag. Accordingly, the Company’s operating results for Fiscal 2011, Fiscal 2010 and Fiscal 2009 include the operating results of PRL KK for the twelve-month periods ended February 26, 2011, February 28, 2010 and February 28, 2009, respectively.

The financial position and operating results of the Company’s Polo-branded apparel and accessories business in South Korea acquired from Doosan Corporation (“Doosan”) on January 1, 2011 (the “Polo South Korea business”) are also reported on a one-month lag. Accordingly, the Company’s operating results for Fiscal 2011 include the operating results of the Polo South Korea business for the two-month period ended February 26, 2011.

The net effect of these reporting lags is not material, either individually or in the aggregate, to the Company’s consolidated financial statements.

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Use of Estimates

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

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

Reclassifications

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

3. Summary of Significant Accounting Policies

Revenue Recognition

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

Revenue within the Company's Wholesale segment is recognized at the time title passes and risk of loss is transferred to customers. Wholesale revenue is recorded net of estimates of returns, discounts, end-of-season markdown allowances, operational chargebacks and certain cooperative advertising allowances. Returns and allowances require pre-approval from management and discounts are based on trade terms. Estimates for end-of-season markdown reserves are based on historical trends, actual and forecasted seasonal results, an evaluation of current economic and market conditions, retailer performance and, in certain cases, contractual terms. Estimates for operational chargebacks are based on actual notifications of order fulfillment discrepancies and historical trends. The Company reviews and refines these estimates on a quarterly basis. The Company's historical estimates of these costs have not differed materially from actual results.

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

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

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

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

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 and import costs, as well as changes in reserves for shrinkage and inventory realizability. Gains and

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

losses associated with foreign currency exchange contracts related to the hedging of inventory purchases also are recognized within cost of goods sold when the inventory being hedged is sold. The costs of selling merchandise, including those associated with preparing the merchandise for sale, such as picking, packing, warehousing and order charges (“handling costs”), are included in selling, general and administrative (“SG&A”) expenses.

Shipping and Handling Costs

The costs associated with shipping goods to customers are reflected as a component of SG&A expenses in the consolidated statements of operations. Shipping costs were approximately \$30 million in Fiscal 2011, \$28 million in Fiscal 2010 and \$27 million in Fiscal 2009. Handling costs, which are described above, were approximately \$108 million in Fiscal 2011, \$95 million in Fiscal 2010 and \$97 million in Fiscal 2009, and are also included within SG&A expenses. Shipping and handling costs billed to customers are included in revenue.

Advertising Costs

Advertising costs, including the costs to produce advertising, are expensed when the advertisement is first exhibited. Costs of out-of-store advertising paid to wholesale customers under cooperative advertising programs are expensed as an advertising cost if both the identified advertising benefit is sufficiently separable from the purchase of the Company’s products by customers and the fair value of such benefit is measurable. Otherwise, such costs are reflected as a reduction of revenue. Costs of in-store advertising paid to wholesale customers under cooperative advertising programs are not included in advertising costs, but are reflected as a reduction of revenues since the benefits are not sufficiently separable from the purchases of the Company’s products by customers.

Advertising expense amounted to approximately \$192 million for Fiscal 2011, \$157 million for Fiscal 2010 and \$171 million for Fiscal 2009. Deferred advertising costs, which principally relate to advertisements that have not yet been exhibited or services that have not yet been received, were approximately \$6 million and \$4 million at the end of Fiscal 2011 and Fiscal 2010, respectively.

Foreign Currency Translation and Transactions

The financial position and operating results of foreign operations are primarily consolidated using the local currency as the functional currency. Local currency assets and liabilities are translated at the rates of exchange on the balance sheet date, and local currency revenues and expenses are translated at average rates of exchange during the period. The resulting translation gains or losses are included in the consolidated statements of equity as a component of accumulated other comprehensive income (“AOCI”). Gains and losses on translation of intercompany loans with foreign subsidiaries of a long-term investment nature also are included within this component of equity.

The Company also recognizes gains and losses on transactions that are denominated in a currency other than the respective entity’s functional currency. Foreign currency transaction gains and losses also include amounts realized on the settlement of intercompany loans with foreign subsidiaries that are either of a short-term investment nature or were previously of a long-term investment nature and deferred as a component of equity. Foreign currency transaction gains and losses are recognized in earnings and separately disclosed in the consolidated statements of operations.

Comprehensive Income (Loss)

Comprehensive income (loss), which is reported in the consolidated statements of equity, consists of net income (loss) and other gains and losses affecting equity that, under US GAAP, are excluded from net income (loss). The components of other comprehensive income (loss) (“OCI”) for the Company primarily consist of foreign currency translation gains and losses; unrealized gains and losses on available-for-sale investments; unrealized gains and losses related to the accounting for defined benefit plans; and unrealized gains and losses on designated

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hedging instruments, such as forward foreign currency exchange contracts designated as cash flow hedges and foreign currency gains (losses) on the Company's Euro-denominated debt designated as a hedge of its net investment in certain of its European subsidiaries.

Net Income per Common Share

Basic net income per common share is computed by dividing the net income applicable to common shares after preferred dividend requirements, if any, by the weighted-average number of common shares outstanding during the period. Weighted-average common shares include shares of the Company's Class A and Class B common stock. Diluted net income per common share adjusts basic net income per common share for the effects of outstanding stock options, restricted stock, restricted stock units and any other potentially dilutive financial instruments, only in the periods in which such effect is dilutive under the treasury stock method.

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

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
	(millions)		
Basic	96.0	98.9	99.2
Dilutive effect of stock options, restricted stock and restricted stock units	2.7	2.4	2.1
Diluted shares	<u>98.7</u>	<u>101.3</u>	<u>101.3</u>

Options to purchase shares of common stock at an exercise price greater than the average market price of the common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income per common share. In addition, the Company has outstanding restricted stock units that are issuable only upon the achievement of certain service and/or performance goals. Performance-based restricted stock units are included in the computation of diluted shares only to the extent that the underlying performance conditions (a) are satisfied prior to the end of the reporting period or (b) would be satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive under the treasury stock method. As of the end of Fiscal 2011, Fiscal 2010 and Fiscal 2009, there was an aggregate of approximately 0.4 million, 1.2 million, and 3.5 million, respectively, of additional shares issuable upon the exercise of anti-dilutive options and the contingent vesting of restricted stock and performance-based restricted stock units that were excluded from the diluted share calculations.

Stock-Based Compensation

The Company expenses all share-based payments to employees and non-employee directors based on the grant date fair value of the awards over the requisite service period, adjusted for estimated forfeitures. The Company uses the Black-Scholes valuation method to determine the grant date fair value of its stock option awards.

See Note 20 for further discussion of the Company's stock-based compensation plans.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less, including investments in debt securities. Investments in debt securities are diversified among high-credit quality securities in accordance with the Company's risk-management policies, and primarily include commercial paper and money market funds.

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Restricted Cash

From time to time, the Company is required to place cash in escrow with various banks as collateral, primarily to secure guarantees of corresponding amounts made by the banks to international tax authorities on behalf of the Company, such as to secure refunds of value-added tax payments in certain international tax jurisdictions or in the case of certain international tax audits. Such cash has been classified as restricted cash and reported as a component of either other current assets or non-current assets in the Company's consolidated balance sheets.

Investments

Short-term investments consist of investments which the Company expects to convert into cash within one year, including time deposits, which have original maturities greater than 90 days. Non-current investments consist of those investments which the Company does not expect to convert into cash within one year.

The Company classifies its investments in securities at the time of purchase as held-to-maturity or available-for-sale, and re-evaluates such classifications on a quarterly basis. Held-to-maturity investments consist of securities that the Company has the intent and ability to retain until maturity. These securities are recorded at cost, adjusted for the amortization of premiums and discounts, which approximates fair value. Available-for-sale investments are recorded at fair value with unrealized gains or losses classified as a component of AOCI in the consolidated balance sheets, and related realized gains or losses classified as a component of interest and other income, net, in the consolidated statements of operations.

Cash inflows and outflows related to the sale and purchase of investments are classified as investing activities in the Company's consolidated statements of cash flows.

Equity-method Investments

Investments in companies in which the Company has significant influence, but less than a controlling financial interest, are accounted for using the equity method. This is generally presumed to exist when the Company owns between 20% and 50% of the investee. However, if the Company had a greater than 50% ownership interest in an investee and the noncontrolling shareholders held certain rights that allowed them to participate in the day-to-day operations of the business, the Company would also generally use the equity method of accounting.

Under the equity method, only the Company's investment in and amounts due to and from the equity investee are included in the consolidated balance sheets; only the Company's share of the investee's earnings (losses) is included in the consolidated results of operations; and only the dividends, cash distributions, loans or other cash received from the investee and additional cash investments, loan repayments or other cash paid to the investee are included in the consolidated statements of cash flows.

The Company's investments include a joint venture named the Ralph Lauren Watch and Jewelry Company, S.A.R.L. (the "RL Watch Company"), formed with Compagnie Financiere Richemont SA ("Richemont"), the Swiss Luxury Goods Group, in March 2007. The joint venture is a Swiss corporation whose purpose is to design, develop, manufacture, sell and distribute luxury watches and fine jewelry through Ralph Lauren boutiques, as well as through fine independent jewelry and luxury watch retailers throughout the world. The Company accounts for its 50% interest in the RL Watch Company under the equity method of accounting, and such investment is included in other non-current assets in the consolidated balance sheets. Royalty payments due to the Company under the related license agreement for use of certain of the Company's trademarks are reflected as licensing revenue within the consolidated statements of operations.

Impairment Assessment

The Company evaluates investments held in unrealized loss positions for other-than-temporary impairment on a quarterly basis. Such evaluation involves a variety of considerations, including assessments of risks and

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uncertainties associated with general economic conditions and distinct conditions affecting specific issuers. Factors considered by the Company include (i) the length of time and the extent to which the fair value has been below cost, (ii) the financial condition, credit worthiness and near-term prospects of the issuer, (iii) the length of time to maturity, (iv) future economic conditions and market forecasts, (v) the Company's intent and ability to retain its investment for a period of time sufficient to allow for recovery of market value, and (vi) an assessment of whether it is more-likely-than-not that the Company will be required to sell its investment before recovery of market value.

See Note 16 for further information relating to the Company's investments.

Accounts Receivable

In the normal course of business, the Company extends credit to customers that satisfy defined credit criteria. Accounts receivable, net, as shown in the Company's consolidated balance sheets, is net of certain reserves and allowances. These reserves and allowances consist of (a) reserves for returns, discounts, end-of-season markdowns and operational chargebacks and (b) allowances for doubtful accounts. These reserves and allowances are discussed in further detail below.

A reserve for sales returns is determined based on an evaluation of current market conditions and historical returns experience. Charges to increase the reserve are treated as reductions of revenue.

A reserve for trade discounts is determined based on open invoices where trade discounts have been extended to customers, and charges to increase the reserve are treated as reductions of revenue.

Estimated end-of-season markdown charges are included as reductions of revenue. The related markdown provisions are based on retail sales performance, seasonal negotiations with customers, historical and forecasted deduction trends, an evaluation of current economic and market conditions and, in certain cases, contractual terms.

A reserve for operational chargebacks represents various deductions by customers relating to individual shipments. Charges to increase this reserve, net of expected recoveries, are included as reductions of revenue. The reserve is based on actual notifications of order fulfillment discrepancies and past experience.

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

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Beginning reserve balance	\$ 186.0	\$ 170.4	\$ 161.1
Amount charged against revenue to increase reserve	502.5	460.1	480.2
Amount credited against customer accounts to decrease reserve	(479.5)	(443.7)	(461.0)
Foreign currency translation	4.2	(0.8)	(9.9)
Ending reserve balance	<u>\$ 213.2</u>	<u>\$ 186.0</u>	<u>\$ 170.4</u>

An allowance for doubtful accounts is determined through analysis of periodic aging of accounts receivable, assessments of collectibility based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions.

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

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Beginning reserve balance	\$ 20.1	\$ 20.5	\$ 10.9
Amount recorded to expense to (decrease) increase reserve(a)	(0.2)	4.7	13.9
Amount written-off against customer accounts to decrease reserve	(2.8)	(5.1)	(3.0)
Foreign currency translation	0.6	—	(1.3)
Ending reserve balance	<u>\$ 17.7</u>	<u>\$ 20.1</u>	<u>\$ 20.5</u>

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

Concentration of Credit Risk

The Company sells its wholesale merchandise primarily to major department and specialty stores across the U.S., Canada, Europe and Asia, and extends credit based on an evaluation of each customer's financial capacity and condition, usually without requiring collateral. In its wholesale business, concentration of credit risk is relatively limited due to the large number of customers and their dispersion across many geographic areas. However, the Company has four key wholesale customers that generate significant sales volume. For Fiscal 2011, these customers in the aggregate contributed approximately 40% of all wholesale revenues. Further, as of April 2, 2011, the Company's four key wholesale customers represented approximately 30% of gross accounts receivable.

Inventories

The Company holds inventory that is sold through wholesale distribution channels to major department stores and specialty retail stores, including its own retail stores. The Company also holds retail inventory that is sold directly to consumers. Wholesale and retail inventories are stated at the lower of cost or estimated realizable value with cost primarily determined on a weighted-average cost basis.

The Company continuously evaluates the composition of its inventories, assessing slow-turning product and all fashion product. Estimated realizable value of inventory is determined based on an analysis of historical sales trends of the Company's individual product lines, the impact of market trends and economic conditions, and the value of current orders in-house relating to future sales of inventory. Estimates may differ from actual results due to quantity, quality and mix of products in inventory, consumer and retailer preferences and market conditions. The Company's historical estimates of these costs and its provisions have not differed materially from actual results.

Reserves for inventory shrinkage, representing the risk over physical loss of inventory, are estimated based on historical experience and are adjusted based upon physical inventory counts.

Property and Equipment, Net

Property and equipment, net, is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method based upon the estimated useful lives of depreciable assets, which range from three to seven years for furniture, fixtures, machinery and equipment, and computer software and equipment; and from ten to forty years for buildings and improvements. Leasehold improvements are depreciated over the shorter of the estimated useful lives of the respective assets or the term of the lease.

Property and equipment, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be recoverable. In evaluating long-lived assets for recoverability, including finite-lived intangibles as described below, the

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Company uses its best estimate of future cash flows expected to result from the use of the asset and its eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than the carrying amount, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions. Assets to be disposed of and for which there is a committed plan of disposal are reported at the lower of carrying value or fair value less costs to sell.

Goodwill and Other Intangible Assets

At acquisition, the Company estimates and records the fair value of purchased intangible assets, which primarily consist of license agreements, customer relationships, non-compete agreements and order backlog. The fair value of these intangible assets is estimated based on management's assessment, considering independent third party appraisals, when necessary. The excess of the purchase consideration over the fair value of net assets acquired is recorded as goodwill. Goodwill, including any goodwill included in the carrying value of investments accounted for using the equity method of accounting, and certain other intangible assets deemed to have indefinite useful lives are not amortized. Rather, goodwill and such indefinite-lived intangible assets are assessed for impairment at least annually based on comparisons of their respective fair values to their carrying values. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets as noted above, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be recoverable. See discussion of the Company's accounting policy for long-lived asset impairment as described earlier under the caption "Property and Equipment, Net."

Officers' Life Insurance Policies

The Company maintains certain split-dollar life insurance policies for select senior executives. These policies are recorded at the lesser of their cash-surrender value or aggregate premiums paid-to-date in the consolidated balance sheets. As of the end of both Fiscal 2011 and Fiscal 2010, amounts of approximately \$33 million relating to officers' split-dollar life insurance policies held by the Company were classified within other non-current assets in the consolidated balance sheets.

Income Taxes

Income taxes are provided using the asset and liability method. Under this method, income taxes (i.e., deferred tax assets and liabilities, current taxes payable/refunds receivable and tax expense) are recorded based on amounts refundable or payable in the current year and include the results of any difference between US GAAP and tax reporting. Deferred income taxes reflect the tax effect of certain net operating loss, capital loss and general business credit carryforwards and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. The Company accounts for the financial effect of changes in tax laws or rates in the period of enactment.

In addition, valuation allowances are established when management determines that it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized. Tax valuation allowances are analyzed periodically and adjusted as events occur, or circumstances change, that warrant adjustments to those balances.

In determining the income tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions. If the Company considers that a tax position is "more-likely-than-not" of being sustained upon audit, based solely on the technical merits of the position, it recognizes the tax benefit. The Company measures the tax benefit by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. These assessments can be complex and the Company often obtains assistance from external advisors. To the extent that the Company's estimates change or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. If the initial assessment fails to result in the recognition of a tax benefit, the Company

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regularly monitors its position and subsequently recognizes the tax benefit if (i) there are changes in tax law or analogous case law that sufficiently raise the likelihood of prevailing on the technical merits of the position to “more-likely-than-not,” (ii) the statute of limitations expires, or (iii) there is a completion of an audit resulting in a settlement of that tax year with the appropriate agency. Uncertain tax positions are classified as current only when the Company expects to pay cash within the next twelve months. Interest and penalties, if any, are recorded within the provision for income taxes in the Company’s consolidated statements of operations and are classified on the consolidated balance sheets with the related liability for unrecognized tax benefits.

See Note 13 for further discussion of the Company’s income taxes.

Leases

The Company leases certain facilities and equipment, including its retail stores. Certain of the Company’s leases contain renewal options, rent escalation clauses and/or landlord incentives. Rent expense for noncancelable operating leases with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term, beginning with the effective lease commencement date. The excess of straight-line rent expense over scheduled payment amounts and landlord incentives is recorded as a deferred rent liability. As of the end of Fiscal 2011 and Fiscal 2010, deferred rent obligations of approximately \$173 million and \$148 million, respectively, were classified primarily within other non-current liabilities in the Company’s consolidated balance sheets.

In certain lease arrangements the Company is involved with the construction of the building (generally on land owned by the landlord). If the Company concludes that it has substantively all of the risks of ownership during construction of a leased property and therefore is deemed the owner of the project for accounting purposes, it records an asset and related financing obligation for the amount of total project costs related to construction-in-progress and the pre-existing building. Once construction is complete, the Company considers the requirements for sale-leaseback treatment, including the transfer back of all risks of ownership and whether the Company has any continuing involvement in the leased property. If the arrangement does not qualify for sale-leaseback treatment, the Company continues to amortize the financing obligation and depreciate the building over the lease term.

Derivative Financial Instruments

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

Each derivative instrument entered into by the Company which qualifies for hedge accounting is expected to be highly effective at reducing the risk associated with the exposure being hedged. For each derivative designated as a hedge, the Company formally documents the risk management objective and strategy, including the identification of the hedging instrument, the hedged item and the risk exposure, as well as how effectiveness is to be assessed prospectively and retrospectively. To assess the effectiveness of derivative instruments designated as hedges, the Company uses non-statistical methods, including the dollar-offset method, which compare the change in the fair value of the derivative to the change in the fair value or cash flows of the hedged item. The extent to which a hedging instrument has been and is expected to continue to be effective at achieving offsetting changes in fair value or cash flows is assessed and documented by the Company on at least a quarterly basis.

To the extent that a derivative contract designated as a cash flow hedge is not considered to be effective, any changes in fair value relating to the ineffective portion are immediately recognized in earnings within foreign currency gains (losses). If it is determined that a derivative has not been highly effective, and will continue not to be highly effective at hedging the designated exposure, hedge accounting is discontinued. If a hedge relationship is terminated, the change in fair value of the derivative previously recorded in AOCI is recognized when the hedged

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item affects earnings consistent with the original hedging strategy, unless the forecasted transaction is no longer probable of occurring in which case the accumulated amount is immediately recognized in earnings.

As a result of the use of derivative instruments, the Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, the Company has a policy of only entering into contracts with carefully selected financial institutions based upon their credit ratings and certain other financial factors, adhering to established limits for credit exposure. The Company's established policies and procedures for mitigating credit risk on derivative transactions include continually reviewing and assessing the creditworthiness of counterparties.

For cash flow reporting purposes, the Company classifies proceeds received or amounts paid upon the settlement of a derivative instrument in the same manner as the related item being hedged.

Forward Foreign Currency Exchange Contracts

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

- *Forecasted Inventory Purchases* — Recognized as part of the cost of the inventory being hedged within cost of goods sold when the related inventory is sold.
- *Intercompany Royalty Payments and Marketing Contributions* — Recognized within foreign currency gains (losses) in the period in which the related royalties or marketing contributions being hedged are received or paid.
- *Interest Payments on Euro Debt* — Recognized within foreign currency gains (losses) in the period in which the recorded liability impacts earnings due to foreign currency exchange remeasurement.

Hedge of a Net Investment in a Foreign Operation

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

Fair Value Hedges

Changes in the fair value of a derivative instrument that has been designated as a fair value hedge, along with offsetting changes in the fair value of the hedged item attributable to the hedged risk, are recorded in earnings. Hedge ineffectiveness is recorded in earnings to the extent that the change in the fair value of the hedged item does not offset the change in the fair value of the hedging instrument.

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Undesignated Hedges

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

See Note 16 for further discussion of the Company's derivative financial instruments.

4. Recently Issued Accounting Standards

Consolidation of Variable Interest Entities

In June 2009, the Financial Accounting Standards Board ("FASB") issued revised guidance for accounting for a variable interest entity ("VIE"), which has been codified within Accounting Standards Codification ("ASC") topic 810, "Consolidation" ("ASC 810"). The revised guidance within ASC 810 changes the approach to determining the primary beneficiary of a VIE, replacing the quantitative-based risks and rewards approach with a qualitative approach that focuses on identifying which enterprise has (i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses or the right to receive benefits of the entity that could potentially be significant to the VIE. ASC 810 also now requires ongoing reassessment of whether an enterprise is the primary beneficiary of a VIE, as well as additional disclosures about an enterprise's involvement in VIEs. The Company adopted the revised guidance for VIEs within ASC 810 as of the beginning of Fiscal 2011 (April 4, 2010). The adoption did not have an impact on the Company's consolidated financial statements.

Proposed Amendments to Current Accounting Standards

The FASB is currently working on amendments to existing accounting standards governing a number of areas including, but not limited to, accounting for leases. In August 2010, the FASB issued an exposure draft, "Leases" (the "Exposure Draft"), which would replace the existing guidance in ASC topic 840, "Leases." Under the Exposure Draft, among other changes in practice, a lessee's rights and obligations under all leases, including existing and new arrangements, would be recognized as assets and liabilities, respectively, on the balance sheet. Subsequent to the end of the related comment period, the FASB made several amendments to the exposure draft, including revising the definition of the "lease term" to include the non-cancelable lease term plus only those option periods for which there is significant economic incentive for the lessee to extend or not terminate the lease. The FASB also redefined the initial lease liability to be recorded on the Company's balance sheet to contemplate only those variable lease payments that are in substance "fixed". The final standard is expected to be issued in the second half of 2011. When and if effective, this proposed standard will likely have a significant impact on the Company's consolidated financial statements. However, as the standard-setting process is still ongoing, the Company is unable to determine the impact this proposed change in accounting will have on its consolidated financial statements at this time.

5. Acquisitions

Fiscal 2011 Transactions

South Korea Licensed Operations Acquisition

On January 1, 2011, in connection with the transition of the Polo-branded apparel and accessories business in South Korea (the "Polo South Korea business") from a licensed to a wholly owned operation, the Company acquired certain net assets (including inventory) and employees from Doosan in exchange for an initial payment of approximately \$25 million plus an additional aggregate payment of approximately \$22 million (the "South Korea Licensed Operations Acquisition"). Doosan was the Company's licensee for the Polo South Korea business. The Company funded the South Korea Licensed Operations Acquisition with available cash on-hand. In conjunction with the South Korea Licensed Operations Acquisition, the Company also entered into a transition services

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agreement with Doosan for the provision of certain financial and information systems services for a period of up to twelve months commencing on January 1, 2011.

The Company accounted for the South Korea Licensed Operations Acquisition as a business combination during the third quarter of Fiscal 2011. The acquisition cost of \$47 million (excluding transaction costs) has been allocated to the net assets acquired based on their respective fair values as follows: inventory of \$8 million; property and equipment of \$7 million; customer relationship intangible asset of \$26 million; non tax-deductible goodwill of \$4 million; and other net assets of \$2 million. Goodwill represents the excess of the purchase price over the fair value of net tangible and identifiable intangible assets acquired. Transaction costs of \$3 million were expensed as incurred and classified within SG&A expenses in the consolidated statement of operations.

The customer relationship intangible asset was valued using the excess earnings method. This approach discounts the estimated after tax cash flows associated with the existing base of customers as of the acquisition date, factoring in expected attrition of the existing customer base (the "Excess Earnings Method"). The customer relationship intangible asset is being amortized over its estimated useful life of ten years.

The operating results for the Polo South Korea business have been consolidated in the Company's operating results commencing on January 1, 2011 and are reported on a one-month lag. The net effect of this reporting lag is not deemed to be material to the Company's consolidated financial statements.

Fiscal 2010 Transactions

Asia-Pacific Licensed Operations Acquisition

On December 31, 2009, in connection with the transition of the Polo-branded apparel business in Asia-Pacific (excluding Japan and South Korea) from a licensed to a wholly owned operation, the Company acquired certain net assets from Dickson Concepts International Limited and affiliates ("Dickson") in exchange for an initial payment of approximately \$20 million and other consideration of approximately \$17 million (the "Asia-Pacific Licensed Operations Acquisition"). Dickson was the Company's licensee for Polo-branded apparel in the Asia-Pacific region (excluding Japan and South Korea), which is comprised of China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand. The Company funded the Asia-Pacific Licensed Operations Acquisition with available cash on-hand.

The Company accounted for the Asia-Pacific Licensed Operations Acquisition as a business combination during the fourth quarter of Fiscal 2010. The acquisition cost of \$37 million (excluding transaction costs) has been allocated to the net assets acquired based on their respective fair values as follows: inventory of \$2 million; customer relationship intangible asset of \$29 million; tax-deductible goodwill of \$1 million and other net assets of \$5 million. Goodwill represents the excess of the purchase price over the fair value of the net tangible and identifiable intangible assets acquired. Transaction costs of \$4 million were expensed as incurred and classified within SG&A expenses in the consolidated statement of operations.

The customer relationship intangible asset was valued using the Excess Earnings Method and is being amortized over its estimated useful life of ten years.

The operating results for the Polo-branded apparel business in Asia-Pacific have been consolidated in the Company's operating results commencing on January 1, 2010.

Fiscal 2009 Transactions

Japanese Childrenswear and Golf Acquisition

On August 1, 2008, in connection with the transition of the Polo-branded childrenswear and golf apparel businesses in Japan from a licensed to a wholly owned operation, the Company acquired certain net assets (including inventory) from Naigai Co. Ltd. ("Naigai") in exchange for a payment of approximately ¥2.8 billion

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(approximately \$26 million as of the acquisition date) and certain other consideration (the “Japanese Childrenswear and Golf Acquisition”). The Company funded the Japanese Childrenswear and Golf Acquisition with available cash on-hand. Naigai was the Company’s licensee for childrenswear, golf apparel and hosiery under the Polo by Ralph Lauren and Ralph Lauren brands in Japan. In conjunction with the Japanese Childrenswear and Golf Acquisition, the Company also entered into an additional 5-year licensing and design-related agreement with Naigai for Polo and Chaps-branded hosiery in Japan and a transition services agreement for the provision of a variety of operational, human resources and information systems-related services over a period of up to eighteen months from the date of the closing of the transaction.

The Company accounted for the Japanese Childrenswear and Golf Acquisition as an asset purchase during the second quarter of Fiscal 2009. Based on the results of valuation analyses performed, the Company allocated all of the consideration exchanged in the Japanese Childrenswear and Golf Acquisition to the net assets acquired in connection with the transaction. No settlement loss associated with any pre-existing relationships was recognized. The acquisition cost of \$28 million (including transaction costs of approximately \$2 million) has been allocated to the net assets acquired based on their respective fair values as follows: inventory of \$16 million; customer relationship intangible asset of \$13 million; and other net liabilities of \$1 million.

The operating results for the Polo-branded childrenswear and golf apparel businesses in Japan have been consolidated in the Company’s operating results commencing August 2, 2008.

6. Inventories

Inventories consist of the following:

	April 2, 2011	(millions)	April 3, 2010
Raw materials	\$ 7.5		\$ 5.9
Work-in-process		1.8	1.3
Finished goods		692.8	496.8
Total inventories	\$ 702.1		\$ 504.0

7. Property and Equipment

Property and equipment, net, consist of the following:

	April 2, 2011	(millions)	April 3, 2010
Land and improvements	\$ 9.9		\$ 9.9
Buildings and improvements		115.3	113.8
Furniture and fixtures		490.9	515.0
Machinery and equipment		144.4	149.5
Capitalized software		165.4	189.8
Leasehold improvements		826.3	700.0
Construction in progress		58.1	102.5
		1,810.3	1,780.5
Less: accumulated depreciation		(1,021.5)	(1,083.3)
Property and equipment, net	\$ 788.8		\$ 697.2

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Goodwill and Other Intangible Assets

As discussed in Note 3, goodwill and certain other intangible assets deemed to have indefinite useful lives are not amortized. Rather, goodwill and such indefinite-lived intangible assets are subject to annual impairment testing. Finite-lived intangible assets continue to be amortized over their respective estimated useful lives. Based on the results of the Company's annual impairment testing of goodwill and indefinite-lived intangible assets in Fiscal 2011, Fiscal 2010 and Fiscal 2009, no impairment charges were deemed necessary.

Goodwill

The following table details the changes in goodwill for each reportable segment during Fiscal 2011 and Fiscal 2010:

	Wholesale	Retail	Licensing	Total
	(millions)			
Balance at March 28, 2009	\$ 674.1	\$ 150.8	\$ 141.5	\$ 966.4
Acquisition-related activity(a)	—	—	1.0	1.0
Other adjustments(b)	(45.8)	65.0	—	19.2
Balance at April 3, 2010	628.3	215.8	142.5	986.6
Acquisition-related activity(a)	—	3.8	—	3.8
Other adjustments(b)	16.8	5.8	3.3	25.9
Balance at April 2, 2011	<u>\$ 645.1</u>	<u>\$ 225.4</u>	<u>\$ 145.8</u>	<u>\$ 1,016.3</u>

- (a) Fiscal 2011 acquisition-related activity includes the South Korea Licensed Operations Acquisition. Fiscal 2010 acquisition-related activity primarily includes the Asia-Pacific Licensed Operations Acquisition. See Note 5 for further discussion of the Company's acquisitions.
- (b) Fiscal 2011 other adjustments are primarily attributable to changes in foreign currency exchange rates. Fiscal 2010 other adjustments include the reallocation of approximately \$65 million of goodwill in connection with the Company's reclassification of its concessions-based sales arrangements to the Retail segment from the Wholesale segment at the beginning of the fourth quarter, as well as changes in foreign currency exchange rates.

Other Intangible Assets

Other intangible assets consist of the following:

	April 2, 2011			April 3, 2010		
	Gross Carrying Amount	Accum. Amort.	Net	Gross Carrying Amount	Accum. Amort.	Net
	(millions)					
<i>Intangible assets subject to amortization:</i>						
Re-acquired licensed trademarks	\$ 233.2	\$ (82.5)	\$ 150.7	\$ 229.4	\$ (70.6)	\$ 158.8
Customer relationships/lists	278.6	(67.1)	211.5	244.7	(49.3)	195.4
Other	24.4	(7.7)	16.7	7.4	(7.2)	0.2
Total intangible assets subject to amortization	<u>536.2</u>	<u>(157.3)</u>	<u>378.9</u>	<u>481.5</u>	<u>(127.1)</u>	<u>354.4</u>
<i>Intangible assets not subject to amortization:</i>						
Trademarks and brands	8.8	—	8.8	8.8	—	8.8
Total intangible assets	<u>\$ 545.0</u>	<u>\$ (157.3)</u>	<u>\$ 387.7</u>	<u>\$ 490.3</u>	<u>\$ (127.1)</u>	<u>\$ 363.2</u>

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Amortization

Based on the amount of intangible assets subject to amortization as of April 2, 2011, the expected amortization for each of the next five fiscal years and thereafter is as follows:

	<u>Amortization Expense (millions)</u>
Fiscal 2012	\$ 27.2
Fiscal 2013	26.8
Fiscal 2014	26.8
Fiscal 2015	26.8
Fiscal 2016	26.8
Fiscal 2017 and thereafter	244.5
Total	\$ 378.9

The expected future amortization expense above reflects weighted-average estimated useful lives of 18.3 years for re-acquired licensed trademarks, 12.8 years for customer relationships/lists and 15.4 years for the Company's finite-lived intangible assets in total.

9. Other Current and Non-Current Assets

Prepaid expenses and other current assets consist of the following:

	<u>April 2, 2011</u>	<u>April 3, 2010</u>
	(millions)	
Prepaid rent expense	\$ 23.9	\$ 23.5
Restricted cash	8.5	21.8
Derivative financial instruments	2.0	15.5
Other taxes receivable	30.5	11.2
Other prepaid expenses and current assets	71.4	66.4
Total prepaid expenses and other current assets	<u>\$ 136.3</u>	<u>\$ 138.4</u>

Other non-current assets consist of the following:

	<u>April 2, 2011</u>	<u>April 3, 2010</u>
	(millions)	
Equity-method investments	\$ 5.3	\$ 4.8
Officers' life insurance policies	33.4	33.1
Restricted cash	42.8	53.6
Other non-current assets	68.5	57.2
Total other non-current assets	<u>\$ 150.0</u>	<u>\$ 148.7</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

10. Other Current and Non-Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	April 2, 2011	April 3, 2010
	(millions)	
Accrued operating expenses	\$ 196.5	\$ 187.6
Accrued payroll and benefits	209.3	187.1
Accrued inventory	42.5	43.8
Deferred income	46.8	50.5
Other taxes payable	66.2	46.1
Other accrued expenses and current liabilities	47.1	44.6
Total accrued expenses and other current liabilities	\$ 608.4	\$ 559.7

Other non-current liabilities consist of the following:

	April 2, 2011	April 3, 2010
	(millions)	
Capital lease obligations	\$ 40.4	\$ 38.2
Deferred rent obligations	166.1	147.9
Deferred income	100.1	123.3
Deferred tax liabilities	41.4	30.5
Other non-current liabilities	48.1	37.0
Total other non-current liabilities	\$ 396.1	\$ 376.9

11. Impairments of Assets

Property and equipment, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying amounts may not be fully recoverable. In evaluating long-lived assets for recoverability, the Company uses its best estimate of future cash flows expected to result from the use of the asset and its eventual disposition. To the extent that the estimated future undiscounted net cash flows attributable to the asset are less than its carrying amount, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value.

Fiscal 2011 Impairment

During Fiscal 2011, the Company recorded a non-cash impairment charge of \$2.5 million to reduce the net carrying value of certain retail store and concession shop long-lived assets in the Asia-Pacific region that were determined to no longer be used over the intended service period to their estimated fair value, which was calculated based on discounted expected cash flows.

Fiscal 2010 Impairment

During Fiscal 2010, the Company recorded non-cash impairment charges of \$6.6 million to reduce the net carrying value of certain long-lived assets primarily in its Retail segment to their estimated fair value, which was determined based on discounted expected cash flows. This impairment charge was primarily related to the underperformance of certain domestic retail stores, largely related to the Company's Club Monaco retail business.

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Fiscal 2009 Impairment

During Fiscal 2009, the Company recorded total non-cash impairment charges of \$55.4 million to reduce the net carrying value of certain long-lived assets to their estimated fair value, which was determined based on discounted expected cash flows. These impairment charges included a \$52.0 million write-down of Retail store assets and a \$3.4 million write-down of certain capitalized software costs (primarily in the Wholesale segment) that were determined to no longer be used over the intended service period. The Retail store asset impairment was associated with underperformance of certain *Ralph Lauren*, *Club Monaco* and *Rugby* full-price stores primarily located in the U.S. due in part to the significant contraction in consumer spending experienced during the latter half of Fiscal 2009.

12. Restructuring

The Company has recorded restructuring liabilities in recent years relating to various cost-savings initiatives, as well as certain of its acquisitions. Liabilities for restructuring costs are measured at fair value when incurred. A description of the nature of significant restructuring activities and related costs is presented below.

Fiscal 2011 Restructuring

During Fiscal 2011, the Company recognized net restructuring charges of \$2.6 million primarily related to employee termination costs associated with its wholesale operations and the closing of a warehouse facility, partially offset by reversals of reserves deemed no longer necessary largely associated with previously closed retail stores.

Fiscal 2010 Restructuring

During Fiscal 2010, the Company recognized net restructuring charges of \$6.9 million primarily related to employee termination costs, as well as the write-down of an asset associated with exiting a retail store in Japan.

Fiscal 2009 Restructuring

During the fourth quarter of Fiscal 2009, the Company initiated a restructuring plan designed to better align its cost base with the slowdown in consumer spending that negatively affected sales and operating margins and to improve overall operating effectiveness (the "Fiscal 2009 Restructuring Plan"). The Fiscal 2009 Restructuring Plan included the termination of approximately 500 employees and the closure of certain underperforming retail stores.

In connection with the Fiscal 2009 Restructuring Plan, the Company recorded \$20.8 million in restructuring charges during the fourth quarter of Fiscal 2009. The remaining restructuring liability as of April 2, 2011 and April 3, 2010 was \$0.1 million and \$1.1 million, respectively.

In addition to the restructuring charges incurred in connection with the Fiscal 2009 Restructuring Plan as discussed above, the Company recognized \$2.8 million of other restructuring charges earlier in Fiscal 2009, primarily related to severance costs associated with the transition of certain sourcing and production facilities in Asia-Pacific.

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13. Income Taxes

Taxes on Income

Domestic and foreign pretax income are as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Domestic	\$ 578.4	\$ 448.3	\$ 351.1
Foreign	247.0	241.0	236.4
Total income before provision for income taxes	\$ 825.4	\$ 689.3	\$ 587.5

Provisions (benefits) for current and deferred income taxes are as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Current:			
Federal ^(a)	\$ 126.1	\$ 138.0	\$ 126.6
State and local ^(a)	44.4	16.3	25.6
Foreign	40.0	55.7	64.4
	<u>210.5</u>	<u>210.0</u>	<u>216.6</u>
Deferred:			
Federal	55.3	12.0	(15.3)
State and local	0.2	(1.4)	(7.4)
Foreign	(8.2)	(10.8)	(12.4)
	<u>47.3</u>	<u>(0.2)</u>	<u>(35.1)</u>
Total provision for income taxes	\$ 257.8	\$ 209.8	\$ 181.5

^(a) Excludes federal, state and local tax benefits of approximately \$43 million in Fiscal 2011, \$25 million in Fiscal 2010 and \$12 million in Fiscal 2009 resulting from stock-based compensation arrangements. Such amounts were recorded within equity.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Tax Rate Reconciliation

The differences between income taxes expected at the U.S. federal statutory income tax rate of 35% and income taxes provided are as set forth below:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
	(millions)		
Provision for income taxes at the U.S. federal statutory rate	\$ 288.9	\$ 241.3	\$ 205.6
Increase (decrease) due to:			
State and local income taxes, net of federal benefit	29.9	5.7	11.9
Foreign income taxed at different rates, net of U.S. foreign tax credits	(63.5)	(45.6)	(40.1)
Other	2.5	8.4	4.1
Total provision for income taxes	<u>\$ 257.8</u>	<u>\$ 209.8</u>	<u>\$ 181.5</u>

The Company's effective tax rate is lower than the statutory rate principally as a result of the proportion of earnings generated in lower taxed foreign jurisdictions versus the U.S., as well as reductions in tax reserves associated with conclusions of tax examinations and other discrete tax reserve reductions.

Deferred Taxes

Significant components of the Company's net deferred tax assets (liabilities) are as follows:

	April 2, 2011	April 3, 2010
	(millions)	
Current deferred tax assets:		
Receivable allowances and reserves	\$ 39.4	\$ 49.6
Inventory basis difference	26.7	23.8
Other	23.4	27.2
Net operating losses and other tax attributed carryforwards	0.3	—
Valuation allowance	(0.5)	—
Net current deferred tax assets(a)	<u>89.3</u>	<u>100.6</u>
Non-current deferred tax assets (liabilities):		
Property, plant and equipment	33.8	71.1
Goodwill and other intangible assets	(203.6)	(169.2)
Net operating losses carryforwards	30.0	30.2
Cumulative translation adjustment and hedges	3.8	1.1
Deferred compensation	60.2	55.0
Deferred income	40.4	48.3
Unrecognized tax benefits	45.6	26.4
Transfer pricing	25.3	—
Other	23.2	29.3
Valuation allowance	(23.4)	(20.8)
Net non-current deferred tax assets(b)	<u>35.3</u>	<u>71.4</u>
Net deferred tax assets	<u>\$ 124.6</u>	<u>\$ 172.0</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- (a) Net current deferred tax balances as of April 2, 2011 and April 3, 2010 included current deferred tax liabilities of \$2.8 million and \$2.4 million, respectively, recorded within accrued expenses and other in the consolidated balance sheets.
- (b) Net non-current deferred tax balances as of April 2, 2011 and April 3, 2010 were comprised of non-current deferred tax assets of \$76.7 million and \$101.9 million, respectively, included within deferred tax assets, and non-current deferred tax liabilities of \$41.4 million and \$30.5 million, respectively, recorded within other non-current liabilities in the consolidated balance sheets.

The Company has available state and foreign net operating loss carryforwards of \$5.0 million and \$43.7 million, respectively, for tax purposes to offset future taxable income. The net operating loss carryforwards expire beginning in Fiscal 2012.

Also, the Company has available state and foreign net operating loss carryforwards of \$7.8 million and \$67.9 million, respectively, for which no net deferred tax asset has been recognized. A full valuation allowance has been recorded since management does not believe that the Company will more likely than not be able to utilize these carryforwards to offset future taxable income. Subsequent recognition of these deferred tax assets would result in an income tax benefit in the year of such recognition. The valuation allowance relating to state and foreign net operating tax carryforwards increased \$3.6 million and \$1.9 million, respectively, as a result of the Company's inability to utilize certain state and foreign net operating tax carryforwards.

Provision has not been made for U.S. or additional foreign taxes on \$1.182 billion of undistributed earnings of foreign subsidiaries. Those earnings have been and are expected to continue to be reinvested. These earnings could become subject to tax if they were remitted as dividends, if foreign earnings were lent to PRLC, a subsidiary or a 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. Management believes that the amount of the additional taxes that might be payable on the earnings of foreign subsidiaries, if remitted, would be partially offset by U.S. foreign tax credits.

Uncertain Income Tax Benefits

Fiscal 2011, Fiscal 2010 and Fiscal 2009 Activity

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, for Fiscal 2011, Fiscal 2010 and Fiscal 2009 is presented below:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Unrecognized tax benefits beginning balance	\$ 96.2	\$ 113.7	\$ 117.5
Additions related to current period tax positions	2.2	6.1	5.4
Additions related to prior period tax positions	45.6	5.1	19.4
Reductions related to prior period tax positions	(18.0)	(13.4)	(17.8)
Reductions related to expiration of statutes of limitations	(1.4)	—	—
Reductions related to settlements with taxing authorities	(2.4)	(15.5)	(5.8)
Additions (reductions) charged to foreign currency translation	2.8	0.2	(5.0)
Unrecognized tax benefits ending balance	<u>\$ 125.0</u>	<u>\$ 96.2</u>	<u>\$ 113.7</u>

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The Company classifies interest and penalties related to unrecognized tax benefits as part of its provision for income taxes. A reconciliation of the beginning and ending amounts of accrued interest and penalties related to unrecognized tax benefits for Fiscal 2011, Fiscal 2010 and Fiscal 2009 is presented below:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
	(millions)		
Accrued interest and penalties beginning balance	\$ 29.8	\$ 41.1	\$ 48.0
Additions (reductions) charged to expense	1.2	(3.3)	(0.8)
Reductions related to settlements with taxing authorities	—	(8.0)	(5.1)
Additions (reductions) charged to foreign currency translation	0.4	—	(1.0)
Accrued interest and penalties ending balance	<u>\$ 31.4</u>	<u>\$ 29.8</u>	<u>\$ 41.1</u>

The total amount of unrecognized tax benefits, including interest and penalties, was \$156.4 million as of April 2, 2011 and \$126.0 million as of April 3, 2010 and was included within non-current liability for unrecognized tax benefits in the consolidated balance sheets. The total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate was \$110.8 million as of April 2, 2011 and \$99.6 million as of April 3, 2010.

Future Changes in Unrecognized Tax Benefits

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing audits and/or the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, the Company does not anticipate that the balance of gross unrecognized tax benefits, excluding interest and penalties, will change significantly during the next 12 months. However, changes in the occurrence, expected outcomes and timing of those events could cause the Company's current estimate to change materially in the future.

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

14. Debt

Debt consists of the following:

	April 2, 2011	April 3, 2010
	(millions)	
Revolving credit facilities	\$ —	\$ —
4.5% Euro-denominated notes due October 2013	291.9	282.1
Total long-term debt	<u>\$ 291.9</u>	<u>\$ 282.1</u>

Euro Debt

As of April 2, 2011, the Company had outstanding €209.2 million principal amount of 4.5% notes due October 4, 2013 (the "Euro Debt"). The Company has the option to redeem all of the outstanding Euro Debt at any time at a redemption price equal to the principal amount plus a premium. The Company also has the option to redeem all of the outstanding Euro Debt at any time at par plus accrued interest in the event of certain developments involving U.S. tax law. Partial redemption of the Euro Debt is not permitted in either instance. In the event of a change of control of the Company, each holder of the Euro Debt has the option to require the Company to redeem

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the Euro Debt at its principal amount plus accrued interest. The indenture governing the Euro Debt (the “Indenture”) contains certain limited covenants that restrict the Company’s ability, subject to specified exceptions, to incur liens or enter into a sale and leaseback transaction for any principal property. The Indenture does not contain any financial covenants.

In July 2009, the Company completed a cash tender offer and used \$121.0 million to repurchase €90.8 million of principal amount of its then outstanding €300 million principal amount of 4.5% notes due October 4, 2013 at a discounted purchase price of approximately 95%. A net pretax gain of \$4.1 million related to this extinguishment of debt was recorded during the second quarter of Fiscal 2010 and classified as a component of interest and other income, net in the Company’s consolidated statements of operations. The Company used its cash on-hand to fund the debt extinguishment.

Refer to Note 16 for discussion of the designation of the Company’s Euro Debt as a hedge of its net investment in certain of its European subsidiaries.

Revolving Credit Facilities

Global Credit Facility

On March 10, 2011, the Company entered into a new credit facility that provides for a \$500 million senior unsecured revolving line of credit through March 2016 (the “Global Credit Facility”). The Global Credit Facility replaced the Company’s previous \$450 million unsecured revolving line of credit scheduled to mature in November 2011. Key changes under the Global Credit Facility include:

- an increase in the ability of the Company to expand its additional borrowing availability from \$600 million under the previous facility to \$750 million, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments;
- an increase in the margin over LIBOR paid by the Company on amounts drawn under the Global Credit Facility to 112.5 basis points (subject to adjustment based on the Company’s credit ratings) from 25 basis points;
- an increase in the commitment fee for the unutilized portion of the Global Credit Facility to 15 basis points (subject to adjustment based on the Company’s credit ratings) from 7 basis points; and
- an ability to denominate borrowings in currencies other than U.S. dollars, including Euros, Hong Kong Dollars, and Japanese Yen.

Consistent with the previous facility, the Global Credit Facility is also used to support the issuance of letters of credit. As of April 2, 2011, there were no borrowings outstanding under the Global Credit Facility and the Company was contingently liable for \$16.8 million of outstanding letters of credit.

U.S. Dollar-denominated borrowings under the Global Credit Facility bear interest, at the Company’s option, either at (a) a base rate, by reference to the greatest of: (i) the annual prime commercial lending rate of JPMorgan Chase Bank, N.A. in effect from time to time, (ii) the weighted-average overnight Federal funds rate plus 50 basis points, or (iii) the one-month London Interbank Offered Rate (“LIBOR”) plus 100 basis points; or (b) LIBOR, adjusted for the Federal Reserve Board’s Eurocurrency liabilities maximum reserve percentage, plus a spread of 112.5 basis points, subject to adjustment based on the Company’s credit ratings (“Adjusted LIBOR”). Foreign currency-denominated borrowings bear interest at Adjusted LIBOR, as described above. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility.

In addition to paying interest on any outstanding borrowings under the Global Credit Facility, the Company is required to pay a commitment fee to the lenders under the Global Credit Facility in respect of the unutilized commitments. The commitment fee rate of 15 basis points under the terms of the Global Credit Facility is subject to adjustment based on the Company’s credit ratings.

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The Global Credit Facility contains a number of covenants that, among other things, restrict the Company's ability, subject to specified exceptions, to incur additional debt; incur liens, sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve itself; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make investments. The Global Credit Facility also requires the Company to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus 8 times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense and (iv) consolidated rent expense. As of April 2, 2011, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under the Company's Global Credit Facility.

Upon the occurrence of an Event of Default under the Global Credit Facility, the lenders may cease making loans, terminate the Global Credit Facility and declare all amounts outstanding to be immediately due and payable. The Global Credit Facility specifies a number of events of default (many of which are subject to applicable grace periods), including, among others, the failure to make timely principal, interest and fee payments or to satisfy the covenants, including the financial covenant described above. Additionally, the Global Credit Facility provides that an Event of Default will occur if Mr. Ralph Lauren, the Company's Chairman and Chief Executive Officer, and entities controlled by the Lauren family fail to maintain a specified minimum percentage of the voting power of the Company's common stock.

Chinese Credit Facility

On February 10, 2011, two of the Company's subsidiaries, Polo Ralph Lauren Trading (Shanghai) Co., LTD and Polo Ralph Lauren Commerce and Trading (Shanghai) Co., LTD, entered into an uncommitted credit facility that provides for a revolving line of credit of up to 70 million Chinese Renminbi (approximately \$10 million) through February 9, 2012 (the "Chinese Credit Facility"). The Chinese Credit Facility will be used to fund general working capital funding needs of the Company's operations in China. The borrowing availability under the Chinese Credit Facility is at the sole discretion of JPMorgan Chase Bank (China) Company Limited, Shanghai Branch (the "Bank") and is subject to availability of the Bank's funds and satisfaction of certain regulatory requirements. Borrowings under the Chinese Credit Facility are guaranteed by the Polo Ralph Lauren Corporation and bear interest at either (i) at least 90% of the short-term interest rate published by the People's Bank of China or (ii) a rate determined by the Bank at its discretion based on prevailing market conditions. As of April 2, 2011, there were no borrowings outstanding under the Chinese Credit Facility.

Fair Value of Debt

Based on the prevailing level of market interest rates as of April 2, 2011, the fair value of the Company's Euro Debt exceeded its carrying value by approximately \$13 million. As of April 3, 2010, the fair value of the Euro Debt exceeded its carrying value by approximately \$10 million. Unrealized gains or losses on debt do not result in the realization or expenditure of cash, unless the debt is retired prior to its maturity.

15. Fair Value Measurements

US GAAP establishes a three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy of a particular asset or liability depends on the inputs used in valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally derived (unobservable). The three levels are defined as follows:

- Level 1 — inputs to the valuation methodology based on quoted prices (unadjusted) for identical assets or liabilities in active markets.

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis:

	<u>April 2, 2011</u>	<u>April 3, 2010</u>
	(millions)	
<i>Financial assets carried at fair value:</i>		
Municipal bonds(a)	\$ 100.4	\$ —
Variable rate municipal securities(a)	14.5	66.5
Auction rate securities(b)	2.3	2.3
Other securities(a)	0.5	0.4
Derivative financial instruments(b)	2.0	16.6
Total	\$ 119.7	\$ 85.8
<i>Financial liabilities carried at fair value:</i>		
Derivative financial instruments(b)	\$ 17.8	\$ 4.2
Total	\$ 17.8	\$ 4.2

(a) Based on Level 1 measurements.

(b) Based on Level 2 measurements.

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

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

Derivative financial instruments are recorded at fair value in the Company's consolidated balance sheets and are valued using a pricing model, primarily based on market observable external inputs including forward and spot rates for foreign currencies, which considers the impact of the Company's own credit risk, if any. Changes in counterparty credit risk are considered in the valuation of derivative financial instruments.

Cash and cash equivalents, restricted cash, investments classified as held-to-maturity and accounts receivable are recorded at carrying value, which approximates fair value. The Company's Euro Debt, which is adjusted for foreign currency fluctuations and changes in the fair value of the Company's fixed-to-floating interest rate swap,

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and investments in equity method investees are also reported at carrying value. However, other than differences in the fair value of the Company's fixed rate debt as disclosed in Note 14, the differences between fair value and carrying value were not significant as of April 2, 2011 or April 3, 2010.

The Company's non-financial instruments, which primarily consist of goodwill, intangible assets, and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill), non-financial instruments are assessed for impairment and, if applicable, written-down to and recorded at fair value, considering external market participant assumptions.

16. Financial Instruments

Derivative Financial Instruments

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

The following table summarizes the Company's outstanding derivative instruments on a gross basis as recorded in the consolidated balance sheets as of April 2, 2011 and April 3, 2010:

Derivative Instrument ^(a)	Notional Amounts		Derivative Assets				Derivative Liabilities			
	April 2, 2011	April 3, 2010	Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b)	Fair Value
			April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010	April 2, 2011	April 3, 2010
(millions)										
Designated Hedges:										
FC — Inventory purchases	\$ 342.4	\$ 294.0	PP	\$ 1.1	PP	\$ 14.5	AE	\$ (9.4)	AE	\$ (2.4)
FC — I/C royalty payments	46.8	84.4	—	—	(c)	2.1	AE	(3.6)	ONCL	(0.1)
FC — Interest payments	9.3	13.9	PP	0.4	—	—	—	—	AE	(1.2)
FC — Other	29.6	2.8	PP	0.5	—	—	AE	(0.1)	AE	(0.1)
IRS — Euro Debt	295.5	—	—	—	—	—	ONCL	(3.3)	—	—
NI — Euro Debt	291.9	282.1	—	—	—	—	LTD	(305.0) ^(d)	LTD	(291.7) ^(d)
Total Designated Hedges	\$ 1,015.5	\$ 677.2	—	\$ 2.0	—	\$ 16.6	—	\$ (321.4)	—	\$ (295.5)
Undesignated Hedges:										
FC — Other	40.0	13.6	—	—	—	—	(e)	(1.4)	AE	(0.4)
Total Hedges	\$ 1,055.5	\$ 690.8	—	\$ 2.0	—	\$ 16.6	—	\$ (322.8)	—	\$ (295.9)

(a) FC = Forward exchange contracts for the sale or purchase of foreign currencies; IRS = Interest Rate Swap; NI = Net Investment; Euro Debt = Euro-denominated 4.5% notes due October 2013.

(b) PP = Prepaid expenses and other; OA = Other assets; AE = Accrued expenses and other; ONCL = Other non-current liabilities; LTD = Long-term debt.

(c) \$1.1 million included within PP and \$1.0 million included within OA.

(d) The Company's Euro Debt is reported at carrying value in the Company's consolidated balance sheets. The carrying value of the Euro Debt was \$291.9 million as of April 2, 2011 and \$282.1 million as of April 3, 2010.

(e) \$0.4 million included within AE and \$1.0 million included within ONCL.

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The following tables summarize the impact of the Company's derivative instruments on its consolidated financial statements for the fiscal years presented:

Derivative Instrument(a)	Gains (Losses) Recognized in OCI(b)			Gains (Losses) Reclassified from AOCI(b) to Earnings			Location of Gains (Losses) Reclassified from AOCI(b) to Earnings
	Fiscal Years Ended			Fiscal Years Ended			
	April 2, 2011	April 3, 2010	March 28, 2009	April 2, 2011	April 3, 2010	March 28, 2009	
	(millions)						
Designated Cash Flow Hedges:							
FC — Inventory purchases	\$ (15.7)	\$ (8.4)	\$ 38.5	\$ 15.2	\$ 12.6	\$ (3.8)	Cost of goods sold
FC — I/C royalty payments	(4.4)	(1.3)	3.8	(4.4)	(2.0)	(1.0)	Foreign currency gains (losses)
FC — Interest payments	1.2	(0.6)	(1.2)	(0.7)	1.2	(0.7)	Foreign currency gains (losses)
FC — Other	0.4	0.2	(0.9)	—	0.2	0.2	(c)
	\$ (18.5)	\$ (10.3)	\$ 40.2	\$ 10.1	\$ 12.0	\$ (5.3)	
Designated Hedge of Net Investment:							
Euro Debt	\$ (13.1)	\$ (1.8)	\$ 66.6	\$ —	\$ —	\$ —	(d)
Total Designated Hedges	\$ (31.6)	\$ (12.1)	\$ 106.8	\$ 10.1	\$ 12.0	\$ (5.3)	

Derivative Instrument(a)	Gains (Losses) Recognized in Earnings			Location of Gains (Losses) Recognized in Earnings
	Fiscal Years Ended			
	April 2, 2011	April 3, 2010	March 28, 2009	
	(millions)			
Designated Fair Value Hedges:				
IRS — Euro Debt	\$ (3.3)	\$ —	\$ —	Interest and other income, net
Undesignated Hedges:				
FC — Other	\$ (0.3)	\$ 0.7	\$ (0.3)	Foreign currency gains (losses)

(a) FC = Forward exchange contracts for the sale or purchase of foreign currencies; Euro Debt = Euro-denominated 4.5% notes due October 2013; IRS = Interest Rate Swap.

(b) AOCI, including the respective fiscal year's OCI, is classified as a component of total equity.

(c) Principally recorded within foreign currency gains (losses).

(d) To the extent applicable, to be recognized as a gain (loss) on the sale or liquidation of the hedged net investment.

Over the next twelve months, it is expected that approximately \$11 million of net losses deferred in AOCI related to derivative financial instruments outstanding as of April 2, 2011 will be recognized in earnings. No material gains or losses relating to ineffective or discontinued hedges were recognized during any of the fiscal years presented.

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

Foreign Currency Risk Management

Forward Foreign Currency Exchange Contracts

The Company primarily enters into forward foreign currency exchange contracts as hedges to reduce its risk from exchange rate fluctuations on inventory purchases, intercompany royalty payments made by certain of its international operations, intercompany contributions to fund certain marketing efforts of its international operations, interest payments made in connection with outstanding debt and other foreign currency-denominated operational cash flows. As part of its overall strategy to manage the level of exposure to the risk of foreign currency

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exchange rate fluctuations, primarily to changes in the value of the Euro, the Japanese Yen, the Hong Kong Dollar, the Swiss Franc, and the British Pound Sterling, the Company hedges a portion of its foreign currency exposures anticipated over the ensuing twelve-month to two-year periods. In doing so, the Company uses foreign currency exchange forward contracts that generally have maturities of three months to two years to provide continuing coverage throughout the hedging period.

Hedge of a Net Investment in Certain European Subsidiaries

The Company designated the entire principal amount of its outstanding Euro Debt as a hedge of its net investment in certain of its European subsidiaries. To the extent this hedge remains effective, changes in the value of the Euro Debt resulting from fluctuations in the Euro exchange rate will continue to be reported in equity as a component of AOCI.

Interest Rate Risk Management

Interest Rate Swap Contracts

During the first quarter of Fiscal 2011, the Company entered into a fixed-to-floating interest rate swap designated as a fair value hedge to mitigate its exposure to changes in the fair value of the Company's Euro Debt due to changes in the benchmark interest rate. The interest rate swap, which has a maturity date of October 4, 2013, has an aggregate notional value of €209.2 million and swaps the 4.5% fixed interest rate on the Company's Euro Debt for a variable interest rate equal to the 3-month Euro Interbank Offered Rate plus 299 basis points. The Company's interest rate swap meets the requirements for shortcut method accounting. Accordingly, changes in the fair value of the interest rate swap are exactly offset by changes in the fair value of the Euro Debt. No ineffectiveness has been recorded during Fiscal 2011.

On April 11, 2011, the Company terminated its interest rate swap, the impact of which is not expected to have a material impact on its consolidated financial statements.

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

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Investments

The following table summarizes the Company's short-term and non-current investments recorded in the consolidated balance sheets as of April 2, 2011 and April 3, 2010:

Type of Investment	April 2, 2011			April 3, 2010		
	Short-term < 1 year	Non-current 1 - 3 years	Total	Short-term < 1 year	Non-current 1 - 3 years	Total
(millions)						
Held-to-Maturity:						
Treasury bills	\$ —	\$ —	\$ —	\$ 126.6	\$ —	\$ 126.6
Municipal bonds	90.8	12.7	103.5	102.2	67.8	170.0
Commercial paper	—	—	—	2.0	—	2.0
Other securities	—	—	—	—	5.0	5.0
Total held-to-maturity investments	\$ 90.8	\$ 12.7	\$ 103.5	\$ 230.8	\$ 72.8	\$ 303.6
Available-for-Sale:						
Municipal bonds	\$ 32.3	\$ 68.1	\$ 100.4	\$ —	\$ —	\$ —
Variable rate municipal securities	14.5	—	14.5	66.5	—	66.5
Auction rate securities	—	2.3	2.3	—	2.3	2.3
Other securities	—	0.5	0.5	—	0.4	0.4
Total available-for-sale investments	\$ 46.8	\$ 70.9	\$ 117.7	\$ 66.5	\$ 2.7	\$ 69.2
Other:						
Time deposits and other	\$ 456.3	\$ —	\$ 456.3	\$ 286.8	\$ —	\$ 286.8
Total Investments	\$ 593.9	\$ 83.6	\$ 677.5	\$ 584.1	\$ 75.5	\$ 659.6

Held-to-maturity investments consist of debt securities that the Company has the intent and ability to retain until maturity. These securities are recorded at cost, adjusted for the amortization of premiums and discounts, which approximates fair value.

Available-for-sale investments primarily consist of municipal bonds, VRMS and auction rate securities. VRMS represent long-term municipal bonds with interest rates that reset at pre-determined short-term intervals, and can typically be put to the issuer and redeemed for cash upon demand, or shortly thereafter. Auction rate securities also have characteristics similar to short-term investments. However, the Company has classified these securities as non-current investments in its consolidated balance sheets as current market conditions call into question its ability to redeem these investments for cash within the next twelve months. No material unrealized or realized gains or losses on available-for-sale investments were recorded during any of the fiscal periods presented.

The Company did not recognize any other-than-temporary impairment charges in any of the fiscal years presented.

See Note 3 for further discussion of the Company's accounting policies relating to investments.

17. Commitments and Contingencies

Leases

The Company operates its retail stores under various leasing arrangements. The Company also occupies various office and warehouse facilities and uses certain equipment under numerous lease agreements. Such leasing arrangements are accounted for as either operating leases or capital leases. In this context, capital leases include

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leases whereby the Company is considered to have the substantive risks of ownership during construction of a leased property. Information on the Company's operating and capital leasing activities is set forth below.

Operating Leases

The Company is typically required to make minimum rental payments, and often contingent rental payments, under its operating leases. Many of the Company's factory and full-price retail store leases provide for contingent rentals based upon sales, and certain rental agreements require payment based solely on a percentage of sales. Terms of the Company's leases generally contain renewal options, rent escalation clauses and landlord incentives. Rent expense, net of sublease income which was not significant, was approximately \$317 million in Fiscal 2011, \$267 million in Fiscal 2010 and \$237 million in Fiscal 2009. Such amounts include contingent rental charges of approximately \$89 million for Fiscal 2011, \$74 million for Fiscal 2010 and \$51 million for Fiscal 2009. In addition to such amounts, the Company is normally required to pay taxes, insurance and occupancy costs relating to the leased real estate properties.

As of April 2, 2011, future minimum rental payments under noncancelable operating leases with lease terms in excess of one year were as follows:

	Minimum Operating Lease Payments(a) (millions)
Fiscal 2012	\$ 227.6
Fiscal 2013	228.6
Fiscal 2014	215.0
Fiscal 2015	199.2
Fiscal 2016	177.0
Fiscal 2017 and thereafter	843.7
Total	\$ 1,891.1

(a) Net of sublease income, which is not significant in any period.

Capital Leases

Assets under capital leases amounted to approximately \$34 million at the end of both Fiscal 2011 and Fiscal 2010, net of accumulated amortization of \$11 million and \$8 million, respectively. Such assets are classified within property and equipment in the consolidated balance sheets. As of April 2, 2011, future minimum rental payments under noncancelable capital leases with lease terms in excess of one year were as follows:

	Minimum Capital Lease Payments(a) (millions)
Fiscal 2012	\$ 6.9
Fiscal 2013	6.8
Fiscal 2014	6.8
Fiscal 2015	6.8
Fiscal 2016	6.8
Fiscal 2017 and thereafter	43.5
Total	\$ 77.6

(a) Net of sublease income, which is not significant in any period.

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Employment Agreements

The Company has employment agreements with certain executives in the normal course of business which provide for compensation and certain other benefits. These agreements also provide for severance payments under certain circumstances.

Other Commitments

Other off-balance sheet firm commitments, which primarily include inventory purchase commitments, marketing and advertising commitments, outstanding letters of credit and minimum funding commitments to investees, amounted to approximately \$1.053 billion as of April 2, 2011.

Litigation

California Class Action Litigation

On October 11, 2007 and November 2, 2007, two class action lawsuits were filed by two customers in state court in California asserting that while they were shopping at certain of the Company's factory stores in California, the Company allegedly required them to provide certain personal information at the point-of-sale in order to complete a credit card purchase. The plaintiffs purported to represent a class of customers in California who allegedly were injured by being forced to provide their address and telephone numbers in order to use their credit cards to purchase items from the Company's stores, which allegedly violated Section 1747.08 of California's Song-Beverly Act. The complaints sought an unspecified amount of statutory penalties, attorneys' fees and injunctive relief. The Company subsequently had the actions moved to the United States District Court for the Eastern and Central Districts of California. Subsequently, the parties agreed to settle these claims by agreeing that the Company would issue \$20 merchandise discount coupons with six month expiration dates to eligible parties and would pay the plaintiffs' attorneys' fees. In connection with this settlement, the Company recorded a \$5 million reserve against its expected loss exposure during the second quarter of Fiscal 2009. The terms of the settlement were later approved by the Court. Accordingly, the coupons were issued in February 2010 and expired on August 16, 2010. Based on the coupon redemption experience, the Company reversed \$1.7 million of its original \$5.0 million reserve into income during Fiscal 2010, and the remaining \$1.9 million of reserves was reversed into income during Fiscal 2011.

Wathne Imports Litigation

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

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contest the remaining claims in this lawsuit vigorously. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on the Company's financial statements.

California Labor Litigation

On May 30, 2006, four former employees of the Company's Ralph Lauren stores in Palo Alto and San Francisco, California filed a lawsuit in the San Francisco Superior Court alleging violations of California wage and hour laws. The plaintiffs purported to represent a class of employees who allegedly had been injured by not properly being paid commission earnings, not being paid overtime, not receiving rest breaks, being forced to work off of the clock while waiting to enter or leave stores and being falsely imprisoned while waiting to leave stores. The complaint sought an unspecified amount of compensatory damages, damages for emotional distress, disgorgement of profits, punitive damages, attorneys' fees and injunctive and declaratory relief. Subsequent to answering the complaint, the Company had the action moved to the United States District Court for the Northern District of California. On July 8, 2008, the United States District Court for the Northern District of California granted plaintiffs' motion for class certification and subsequently denied the Company's motion to decertify the class. On November 5, 2008, the District Court stayed litigation of the rest break claims pending the resolution of a separate California Supreme Court case on the standards of class treatment for rest break claims. On January 25, 2010, the District Court granted plaintiffs' motion to sever the rest break claims from the rest of the case and denied the Company's motion to decertify the waiting time claims. The District Court also ordered that a trial be held on the waiting time and overtime claims, which commenced on March 8, 2010. During trial, the parties reached an agreement to settle all of the claims in the litigation, including the rest break claims, for \$4 million. The District Court granted preliminary approval of the settlement on May 21, 2010. Class members had 60 days from the date of preliminary approval to submit claims or object to the settlement. Only a single objection to the settlement was received from one former employee. The Court dismissed the objection and granted final approval of the settlement on August 27, 2010. In connection with this settlement, the Company recorded a \$4 million reserve against its expected loss exposure during the fourth quarter of Fiscal 2010.

Other Matters

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

18. Equity

Capital Stock

The Company's capital stock consists of two classes of common stock. There are 500 million shares of Class A common stock and 100 million shares of Class B common stock authorized to be issued. Shares of Class A and Class B common stock have substantially identical rights, except with respect to voting rights. Holders of Class A 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 both classes of stock vote together as a single class on all matters presented to the stockholders for their approval, except with respect to the election and removal of directors or as otherwise required by applicable law. All outstanding shares of Class B common stock are owned by Mr. Ralph Lauren, Chairman of the Board and Chief Executive Officer, and entities controlled by the Lauren family and are convertible at any time into shares of Class A common stock on a one-for-one basis.

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Secondary Stock Offering

On June 14, 2010, the Company commenced a secondary public offering under which approximately 10 million shares of Class A common stock were sold on behalf of its principal stockholder, Mr. Lauren (the "Offering"). The Offering was made pursuant to a shelf registration statement on Form S-3 filed on the same day, and closed on June 24, 2010. Concurrent with the Offering, the Company also purchased an additional 1.0 million shares of Class A common stock under its repurchase program from Mr. Lauren at a cost of \$81 million, representing the per share price of the public offering.

Class B Common Stock Conversion

In connection with the Offering and share repurchase discussed above, during the first quarter of Fiscal 2011, Mr. Lauren converted approximately 11 million shares of Class B common stock into an equal number of shares of Class A common stock pursuant to the terms of the security. Mr. Lauren also converted an additional 0.3 million shares of Class B common stock into an equal number of shares of Class A common stock pursuant to the terms of the security. During Fiscal 2010, Mr. Lauren converted 1.2 million shares of Class B common stock into an equal number of shares of Class A common stock pursuant to the terms of the security. These transactions resulted in a reclassification within equity, and had no effect on the Company's consolidated balance sheets.

Common Stock Repurchase Program

During Fiscal 2011, the Company's Board of Directors approved an expansion of the Company's existing stock repurchase program allowing the Company to repurchase up to an additional \$775 million in Class A common stock, \$275 million of which was approved on May 18, 2010, \$250 million of which was approved on August 5, 2010, and \$250 million of which was approved on February 8, 2011. Repurchases of shares of Class A common stock are subject to overall business and market conditions.

In Fiscal 2011, 6.0 million shares of Class A common stock were repurchased by the Company at a cost of \$577.8 million under its repurchase program, including a repurchase of 1.0 million shares of Class A common stock at a cost of \$81.0 million in connection with the secondary stock offering discussed above. The remaining availability under the Company's common stock repurchase program was \$472.0 million as of April 2, 2011. In addition, during Fiscal 2011, 0.2 million shares of Class A common stock at a cost of \$16.8 million were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards issued under the Company's 1997 Long-Term Stock Incentive Plan, as amended (the "1997 Incentive Plan").

In Fiscal 2010, 2.9 million shares of Class A common stock were repurchased by the Company at a cost of \$215.9 million under its repurchase program. In addition, 0.3 million shares of Class A common stock at a cost of \$15.1 million were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards issued under the 1997 Plan.

In Fiscal 2009, 1.8 million shares of Class A common stock were repurchased by the Company at a cost of \$126.2 million. Also, during the first quarter of Fiscal 2009, 0.4 million shares traded prior to the end of Fiscal 2008 were settled at a cost of \$24.0 million. In addition, in Fiscal 2009, 0.3 million shares of Class A common stock at a cost of \$19.6 million were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards issued under the 1997 Plan.

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

On May 24, 2011, the Company's Board of Directors approved a further expansion of the Company's existing common stock repurchase program that will allow it to repurchase up to an additional \$500 million of Class A common stock.

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Dividends

Since 2003, the Company has maintained a regular quarterly cash dividend program on its common stock. On November 4, 2009, the Company's Board of Directors approved an increase to the Company's quarterly cash dividend on its common stock from \$0.05 per share to \$0.10 per share. On February 8, 2011, the Company's Board of Directors approved an additional increase to the Company's quarterly cash dividend on its common stock from \$0.10 per share to \$0.20 per share. Dividends paid amounted to \$38.5 million in Fiscal 2011, \$24.7 million in Fiscal 2010 and \$19.9 million in Fiscal 2009.

19. Accumulated Other Comprehensive Income

The following summary sets forth the components of other comprehensive income (loss), net of tax, accumulated in equity:

	Foreign Currency Translation Gains (Losses)	Net Unrealized Gains (Losses) on Derivative Financial Instruments(a)	Net Unrealized Gains (Losses) on Available- for-Sale Investments (millions)	Net Unrealized Gains (Losses) on Defined Benefit Plans	Total Accumulated Other Comprehensive Income (Loss)
Balance at March 29, 2008	\$ 251.1	\$ (138.1)	\$ (0.2)	\$ (0.2)	\$ 112.6
Fiscal 2009 pretax activity(b)	(75.5)	112.1	0.4	(0.6)	36.4
Fiscal 2009 tax benefit (provision)(b)	5.8	(28.0)	(0.1)	0.1	(22.2)
Balance at March 28, 2009	181.4	(54.0)	0.1	(0.7)	126.8
Fiscal 2010 pretax activity(c)	36.0	(13.0)	—	1.2	24.2
Fiscal 2010 tax benefit (provision)(c)	1.5	2.0	—	(0.5)	3.0
Balance at April 3, 2010	218.9	(65.0)	0.1	—	154.0
Fiscal 2011 pretax activity(d)	93.3	(31.0)	—	(4.7)	57.6
Fiscal 2011 tax benefit (provision)(d)	(1.9)	6.0	—	0.1	4.2
Balance at April 2, 2011	<u>\$ 310.3</u>	<u>\$ (90.0)</u>	<u>\$ 0.1</u>	<u>\$ (4.6)</u>	<u>\$ 215.8</u>

- (a) Includes deferred gains and losses on hedging instruments, such as foreign currency exchange contracts designated as cash flow hedges and changes in the value of the Company's Euro-denominated debt designated as a hedge of changes in the value of the Company's net investment in certain of its European subsidiaries.
- (b) Includes a net reclassification adjustment of \$20.3 million (net of \$1.1 million tax gains) for realized derivative financial instrument losses in the period that were included as an unrealized loss in comprehensive income in a prior period.
- (c) Includes a net reclassification adjustment of \$22.6 million (net of \$2.3 million tax losses) for realized derivative financial instrument gains in the period that were included as an unrealized gain in comprehensive income in a prior period.
- (d) Includes a net reclassification adjustment of \$12.6 million (net of \$0.2 million tax gains) for realized derivative financial instrument gains in the period that were included as an unrealized gain in comprehensive income in a prior period.

20. Stock-Based Compensation

Long-term Stock Incentive Plans

On August 5, 2010, the Company's shareholders approved the 2010 Long-Term Stock Incentive Plan (the "2010 Incentive Plan"), which replaced the Company's 1997 Incentive Plan. The 2010 Incentive Plan provides for up to 3.0 million of new shares authorized for issuance to participants, in addition to the shares that remained available for issuance under the 1997 Incentive Plan as of August 5, 2010 that are not subject to outstanding awards under the 1997 Incentive Plan. In addition, any outstanding awards under the 1997 Incentive Plan that expire, are forfeited, or are surrendered to the Company in satisfaction of taxes, will be transferred to the 2010 Incentive Plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and be available for issuance. The 2010 Incentive Plan became effective immediately and no further grants will be made under the 1997 Incentive Plan. Outstanding awards as of August 5, 2010 will continue to remain subject to the terms of the 1997 Incentive Plan.

Under both the 2010 Incentive Plan and the 1997 Incentive Plan (the “Plans”), there are limits as to the number of shares available for certain awards and to any one participant. Equity awards that may be made under the Plans include, but are not limited to (a) stock options, (b) restricted stock and (c) restricted stock units (“RSUs”).

Impact on Results

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

	April 2, 2011	Fiscal Years Ended April 3, 2010 (millions)	March 28, 2009
Compensation expense	\$ 70.4	\$ 59.7	\$ 49.7
Income tax benefit	\$ (25.7)	\$ (21.8)	\$ (18.5)

Stock Options

Stock options are granted to employees and non-employee directors with exercise prices equal to the fair market value of the Company’s unrestricted Class A common stock on the date of grant. Generally, the options become exercisable ratably (a graded-vesting schedule) over a three-year vesting period. Stock options generally expire seven years from the date of grant. The Company recognizes compensation expense for share-based awards that have graded vesting and no performance conditions on an accelerated basis. The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options granted, which requires the input of both subjective and objective assumptions as follows:

Expected Term — The estimate of expected term is based on the historical exercise behavior of employees and non-employee directors, as well as the contractual life of the option grants.

Expected Volatility — The expected volatility factor is based on the historical volatility of the Company’s common stock for a period equal to the stock option’s expected term.

Expected Dividend Yield — The expected dividend yield is based on the Company’s quarterly cash dividend of (a) \$0.05 per share for grants made prior to the third quarter of Fiscal 2010, (b) \$0.10 per share for grants made during and after the third quarter of Fiscal 2010, but prior to the fourth quarter of Fiscal 2011, and (c) \$0.20 per share for grants made during the fourth quarter of Fiscal 2011.

Risk-free Interest Rate — The risk-free interest rate is determined using the implied yield for a traded zero-coupon U.S. Treasury bond with a term equal to the option’s expected term.

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Company's weighted-average assumptions used to estimate the fair value of stock options granted during the fiscal years presented were as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
Expected term (years)	4.6	4.6	4.3
Expected volatility	44.3%	43.3%	32.1%
Expected dividend yield	0.52%	0.46%	0.29%
Risk-free interest rate	1.6%	2.2%	3.0%
Weighted-average option grant date fair value	\$ 28.84	\$ 21.77	\$ 17.27

A summary of the stock option activity under all plans during Fiscal 2011 is as follows:

	Number of Shares (thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value(a) (millions)
Options outstanding at April 3, 2010	5,055	\$ 50.55	4.6	\$ 188.6
Granted	897	78.14		
Exercised	(2,064)	42.86		
Cancelled/Forfeited	(84)	61.27		
Options outstanding at April 2, 2011	3,804	\$ 60.91	4.7	\$ 250.0
Options vested and expected to vest at April 2, 2011(b)	3,734	\$ 60.62	4.7	\$ 246.5
Options exercisable at April 2, 2011	2,031	\$ 54.49	3.8	\$ 146.5

(a) The intrinsic value is the amount by which the market price at the end of the period of the underlying share of stock exceeds the exercise price of the stock option.

(b) The number of options expected to vest takes into consideration estimated expected forfeitures.

Additional information pertaining to the Company's stock option plans is as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Aggregate intrinsic value of stock options exercised(a)	\$129.4	\$67.6	\$33.2
Cash received from the exercise of stock options	88.3	50.5	29.0
Tax benefits realized on exercise	50.0	26.1	12.1

(a) The intrinsic value is the amount by which the average market price during the period of the underlying stock exceeded the exercise price of the stock options exercised.

As of April 2, 2011, there was \$17.6 million of total unrecognized compensation expense related to nonvested stock options granted, expected to be recognized over a weighted-average period of 1.4 years.

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Restricted Stock and RSUs

The Company grants restricted shares of Class A common stock and service-based RSUs to certain of its senior executives and non-employee directors. In addition, the Company grants performance-based RSUs to such senior executives and other key executives, as well as certain other employees of the Company.

Restricted shares of Class A common stock, which entitle the holder to receive a specified number of shares of Class A common stock at the end of a vesting period, are accounted for at fair value at the date of grant. In addition, holders of restricted shares are entitled to receive cash dividends in connection with the payments of dividends on the Company's Class A common stock. Restricted stock shares granted to non-employee directors vest over a three-year period of time.

RSUs entitle the grantee to receive shares of Class A common stock at the end of a vesting period. Service-based RSUs are payable in shares of Class A common stock and generally vest over a five-year period of time, subject to the executive's continuing employment. Performance-based RSUs also are payable in shares of Class A common stock and generally vest (a) upon the completion of a three-year period of time (cliff vesting), subject to the employee's continuing employment and the Company's achievement of certain performance goals over the three-year period or (b) ratably, over a three-year period of time (graded vesting), subject to the employee's continuing employment during the applicable vesting period and the achievement by the Company of certain performance goals in the initial year of the three-year vesting period. In addition, holders of certain RSUs are entitled to receive dividend equivalents in the form of additional RSUs in connection with the payment of dividends on the Company's Class A common stock. RSUs, including shares resulting from dividend equivalents paid on such units, are accounted for at fair value at the date of grant. The fair value of a restricted security is based on the fair value of unrestricted Class A common stock, as adjusted to reflect the absence of dividends for those restricted securities that are not entitled to dividend equivalents. Compensation expense for performance-based RSUs is recognized over the related service period when attainment of the performance goals is deemed probable.

A summary of the restricted stock and RSU activity during Fiscal 2011 is as follows:

	Restricted Stock		Service-based RSUs		Performance-based RSUs	
	Number of Shares (thousands)	Weighted-Average Grant Date Fair Value	Number of Shares (thousands)	Weighted-Average Grant Date Fair Value	Number of Shares (thousands)	Weighted-Average Grant Date Fair Value
Nonvested at April 3, 2010	11	\$ 61.15	462	\$ 65.82	1,359	\$69.09
Granted	3	125.26	1	125.26	607	75.29
Vested	(6)	57.86	(121)	47.75	(496)	83.85
Cancelled	—	—	—	—	(54)	62.72
Nonvested at April 2, 2011	<u>8</u>	<u>\$ 85.87</u>	<u>342</u>	<u>\$ 72.35</u>	<u>1,416</u>	<u>\$66.78</u>
			Restricted Stock	Service-based RSUs	Performance-based RSUs	
Total unrecognized compensation at April 2, 2011 (millions)			\$0.6	\$3.7	\$54.1	
Weighted-average years expected to be recognized over (years)			1.8	1.9	1.7	

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Additional information pertaining to the restricted stock and RSU activity is as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
<i>Restricted Stock</i>			
Weighted-average grant date fair value of awards granted	\$125.26	\$55.93	\$59.22
Total fair value of awards vested (millions)	0.7	1.7	1.1
<i>Service-based RSUs</i>			
Weighted-average grant date fair value of awards granted	\$125.26	\$82.47	\$64.12
Total fair value of awards vested (millions)	9.8	14.2	10.2
<i>Performance-based RSUs</i>			
Weighted-average grant date fair value of awards granted	\$ 75.29	\$58.16	\$57.48
Total fair value of awards vested (millions)	39.0	32.6	40.8

21. Employee Benefit Plans

Profit Sharing Retirement Savings Plans

The Company sponsors three defined contribution benefit plans covering substantially all eligible employees in the U.S. and Puerto Rico who are not covered by a collective bargaining agreement. The plans include a savings plan feature under Section 401(k) of the Internal Revenue Code. The Company makes discretionary contributions to the plans and contributes an amount equal to 50% of the first 6% of salary contributed by an employee.

Under the terms of the plans, a participant is 100% vested in Company matching and discretionary contributions after five years of credited service. Contributions made by the Company under these plans approximated \$8 million in Fiscal 2011 and \$6 million in each of Fiscal 2010 and Fiscal 2009.

International Defined Benefit Plans

The Company sponsors certain single-employer defined benefit plans and cash balance plans at international locations which are not considered to be material individually or in the aggregate. Pension benefits under these plans are based on formulas that reflect the employees' years of service and compensation levels during their employment period. The aggregate funded status of the single-employer defined benefit plans were net liabilities of \$1.7 million and \$5.1 million as of April 2, 2011 and April 3, 2010, respectively, and were primarily recorded within other non-current liabilities in the Company's consolidated balance sheets. These single-employer defined benefit plans had aggregate projected benefit obligations of \$33.6 million and aggregate fair values of plan assets of \$31.9 million as of April 2, 2011, compared to projected benefit obligations of \$25.4 million and aggregate fair values of plan assets of \$22.5 million as of April 3, 2010. The asset portfolio of the single-employer defined benefit plans primarily consists of debt securities, which have been measured at fair value largely using Level 2 inputs, as defined in Note 15. Pension expense for these plans, recorded within SG&A expenses in the Company's consolidated statements of operations, was \$1.8 million in Fiscal 2011, \$4.2 million in Fiscal 2010 and \$4.0 million in Fiscal 2009.

Union Pension Plan

The Company participates in a multi-employer pension plan and is required to make contributions to the UNITE HERE (which was previously known as the Union of Needletrades, Industrial and Textile Employees, prior to its merger with the Hotel Employees and Restaurant Employees International Union) ("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. The Company does not participate in the management of the plan and has not been furnished with information with respect to the type of benefits provided, vested and non-vested benefits or assets.

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 liability was assumed in conjunction with the acquisition of certain assets from a non-affiliated licensee. The Company has no current intention of withdrawing from the plan.

Other Compensation Plans

The Company has a non-qualified supplemental retirement plan for certain highly compensated employees whose benefits under the 401(k) profit sharing retirement savings plans were expected to be constrained by the operation of certain Internal Revenue Code limitations. These supplemental benefits vest over time and the related compensation expense is recognized over the vesting period. Effective August 2008, the Company amended this plan, resulting in a suspension of the annual contributions for substantially all plan participants. Further, affected participants were provided with a one-time election to either withdraw all benefits vested in the plan in a lump sum amount or remain in the plan and receive future distributions of benefits vested over a three-year period. In connection with this one-time election, the Company paid out approximately \$18 million to affected participants during the first quarter of Fiscal 2010. Excluding amounts accrued for the one-time withdrawal payout noted above, amounts accrued under this plan totaled \$9 million and \$10 million as of April 2, 2011 and April 3, 2010, respectively, and were classified within other non-current liabilities in the consolidated balance sheets. Total compensation expense recognized related to these benefits was \$0.2 million in both Fiscal 2011 and Fiscal 2010 and \$2 million in Fiscal 2009.

Additionally, the Company has 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 approximately \$2 million and \$1 million as of April 2, 2011 and April 3, 2010, respectively, and were classified within other non-current liabilities in the consolidated balance sheets. Total compensation expense related to these compensation arrangements was \$0.3 million in each of the three fiscal years presented. The Company funds a portion of these obligations through the establishment of trust accounts on behalf of the executives participating in the plans. The trust accounts are classified within other assets in the consolidated balance sheets.

22. Segment Information

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

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

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Net revenues:			
Wholesale	\$ 2,777.6	\$ 2,532.4	\$ 2,749.5
Retail	2,704.2	2,263.1	2,074.2
Licensing	178.5	183.4	195.2
Total net revenues	<u>\$ 5,660.3</u>	<u>\$ 4,978.9</u>	<u>\$ 5,018.9</u>
	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Operating income:			
Wholesale ^(a)	\$ 612.3	\$ 585.3	\$ 619.9
Retail ^(a)	387.8	254.1	101.6
Licensing	108.3	107.4	103.6
	1,108.4	946.8	825.1
Less:			
Unallocated corporate expenses ^(a)	(262.1)	(229.9)	(206.5)
Unallocated legal and restructuring charges, net ^(b)	(1.2)	(10.0)	(23.1)
Total operating income	<u>\$ 845.1</u>	<u>\$ 706.9</u>	<u>\$ 595.5</u>

(a) Fiscal years presented included certain asset impairment charges. Fiscal 2011 and Fiscal 2010 included asset impairment charges of \$2.5 million and \$6.6 million, respectively, related to the write-down of certain long-lived assets, primarily within our Retail segment. Fiscal 2009 included asset impairment charges of \$55.4 million, of which \$52.0 million related to the write-down of certain Retail store assets, and \$2.8 million in the Wholesale segment and \$0.6 million in the Corporate office related to the write-down of certain capitalized software costs (see Note 11).

(b) Fiscal years presented included certain unallocated restructuring charges (see Note 12) and legal-related activity (see Note 17), which are detailed below:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Restructuring reversals (charges), net:			
Wholesale-related	\$ (3.2)	\$ (5.4)	\$ (7.3)
Retail-related	1.8	(2.0)	(12.7)
Corporate operations-related	(1.2)	0.5	(3.6)
Restructuring charges, net	<u>(2.6)</u>	<u>(6.9)</u>	<u>(23.6)</u>
Legal reversals (charges), net:			
California Labor Litigation settlement	1.9	(3.1)	—
Other litigation reversals (charges)	(0.5)	—	0.5
Legal reversals (charges), net	<u>1.4</u>	<u>(3.1)</u>	<u>0.5</u>
Unallocated legal and restructuring charges, net	<u>\$ (1.2)</u>	<u>\$ (10.0)</u>	<u>\$ (23.1)</u>

POLO RALPH LAUREN CORPORATION
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Depreciation and amortization expense and capital expenditures for each segment are as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Depreciation and amortization:			
Wholesale	\$ 47.4	\$ 51.0	\$ 51.1
Retail	102.6	83.7	85.1
Licensing	1.3	1.7	2.4
Unallocated corporate expenses	42.8	44.8	45.8
Total depreciation and amortization	<u>\$ 194.1</u>	<u>\$ 181.2</u>	<u>\$ 184.4</u>

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Capital expenditures:			
Wholesale	\$ 34.7	\$ 29.2	\$ 31.8
Retail	157.6	125.3	114.5
Licensing	1.7	—	1.1
Corporate	61.0	46.8	37.6
Total capital expenditures	<u>\$ 255.0</u>	<u>\$ 201.3</u>	<u>\$ 185.0</u>

Total assets for each segment are as follows:

	April 2, 2011	April 3, 2010
	(millions)	
Total assets:		
Wholesale	\$ 2,732.6	\$ 2,650.0
Retail	1,581.4	1,255.6
Licensing	238.1	155.7
Corporate	429.0	587.6
Total assets	<u>\$ 4,981.1</u>	<u>\$ 4,648.9</u>

Net revenues and long-lived assets by geographic location of the reporting subsidiary are as follows:

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010 (millions)	March 28, 2009
Net revenues:			
United States and Canada ^(a)	\$ 3,807.8	\$ 3,445.4	\$ 3,575.0
Europe ^(a)	1,178.6	1,052.6	1,028.4
Asia ^(b)	658.0	464.1	401.2
Other regions	15.9	16.8	14.3
Total net revenues	<u>\$ 5,660.3</u>	<u>\$ 4,978.9</u>	<u>\$ 5,018.9</u>

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	April 2, 2011	April 3, 2010
	(millions)	
Long-lived assets:		
United States and Canada ^(a)	\$ 482.3	\$ 441.4
Europe ^(a)	179.1	166.4
Asia ^(b)	127.3	89.2
Other regions	0.1	0.2
Total long-lived assets	\$ 788.8	\$ 697.2

(a) Net revenues and long-lived assets for certain of the Company's licensed operations are included within the geographic location of the reporting subsidiary which holds the respective license.

(b) Includes South Korea, Japan, China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand.

23. Related Party Transactions

In the ordinary course of conducting its business, the Company periodically enters into transactions with other entities or people that are considered related parties.

In connection with the launch of the RL Watch Company business, the Company receives royalty payments pursuant to a related licensing agreement that allows the RL Watch Company to sell luxury watches and fine jewelry throughout the world using certain of the Company's trademarks. The Company has a 50% interest in the RL Watch Company, which is accounted for under the equity method of accounting. Royalty payments received under this arrangement were less than \$0.1 million in each of the fiscal years presented. See Note 3 for further discussion of the Company's investment in the RL Watch Company.

During Fiscal 2011, the Company commenced a secondary public offering under which approximately 10 million shares of Class A common stock were sold on behalf of its principal stockholder, Mr. Ralph Lauren, Chairman of the Board and Chief Executive Officer. Concurrent with this offering, the Company also purchased an additional 1 million shares of Class A common stock under its repurchase program from Mr. Lauren at the per share price of the public offering. See Note 18 for further discussion of this secondary stock offering.

24. Additional Financial Information

Cash Interest and Taxes

	Fiscal Years Ended		
	April 2, 2011	April 3, 2010	March 28, 2009
	(millions)		
Cash paid for interest	\$ 22.0	\$ 24.4	\$ 25.1
Cash paid for income taxes	\$ 220.7	\$ 196.4	\$ 165.0

POLO RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Non-cash Transactions

Significant non-cash investing activities included the capitalization of fixed assets and recognition of related obligations in the net amount of \$8.6 million for Fiscal 2011, \$22.5 million for Fiscal 2010 and \$13.0 million for Fiscal 2009. Significant non-cash investing activities also included the non-cash allocation of the fair value of the net assets acquired in connection with the South Korea Licensed Operations Acquisition in Fiscal 2011, the Asia-Pacific Licensed Operations Acquisition in Fiscal 2010, and the Japanese Childrenswear and Golf Acquisition in Fiscal 2009. See Note 5 for further discussion of the Company's acquisitions.

In Fiscal 2011 and Fiscal 2010, significant non-cash financing activities included the conversion of 11.3 million shares and 1.2 million shares, respectively, of Class B common stock into an equal number of shares of Class A common stock, as described further in Note 18.

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Polo Ralph Lauren Corporation is responsible for the preparation, objectivity and integrity of the consolidated financial statements and other information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and include some amounts that are based on management's informed judgments and best estimates.

These consolidated financial statements have been audited by Ernst & Young LLP in Fiscal 2011, Fiscal 2010 and Fiscal 2009, which is an independent registered public accounting firm. They conducted their audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and have expressed herein their unqualified opinions on those financial statements.

The Audit Committee of the Board of Directors, which oversees all of the Company's financial reporting process on behalf of the Board of Directors, consists solely of independent directors, meets with the independent registered accountants, internal auditors and management periodically to review their respective activities and the discharge of their respective responsibilities. Both the independent registered public accountants and the internal auditors have unrestricted access to the Audit Committee, with or without management, to discuss the scope and results of their audits and any recommendations regarding the system of internal controls.

May 26, 2011

/S/ RALPH LAUREN
Ralph Lauren
Chairman and Chief Executive Officer

/S/ TRACEY T. TRAVIS
Tracey T. Travis
Senior Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Directors and Stockholders of
Polo Ralph Lauren Corporation**

We have audited the accompanying consolidated balance sheets of Polo Ralph Lauren Corporation and subsidiaries (the "Company") as of April 2, 2011 and April 3, 2010 and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended April 2, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at April 2, 2011 and April 3, 2010, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended April 2, 2011, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of April 2, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated May 26, 2011 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
May 26, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Directors and Stockholders of
Polo Ralph Lauren Corporation**

We have audited Polo Ralph Lauren Corporation and subsidiaries' (the "Company's") internal control over financial reporting as of April 2, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report of Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report of Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of Internal control over financial reporting did not include the internal controls of the South Korea Licensed Operations Acquisition, which is included in the 2011 consolidated financial statements of Polo Ralph Lauren Corporation and subsidiaries and constituted 2% of total assets as of April 2, 2011 and less than 1% of revenues and net income for the year then ended. Our audit of internal control over financial reporting of Polo Ralph Lauren Corporation and subsidiaries also did not include an evaluation of the internal control over financial reporting of the South Korea Licensed Operations Acquisition.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 2, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of April 2, 2011 and April 3, 2010, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended April 2, 2011 and our report dated May 26, 2011 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
May 26, 2011

POLO RALPH LAUREN CORPORATION
SELECTED FINANCIAL INFORMATION

The following table sets forth selected historical financial information as of the dates and for the periods indicated.

The consolidated statement of operations data for each of the three fiscal years in the period ended April 2, 2011 as well as the consolidated balance sheet data as of April 2, 2011 and April 3, 2010 have been derived from, and should be read in conjunction with, the audited financial statements and other financial information presented elsewhere herein. The consolidated statement of operations data for the fiscal years ended March 29, 2008 and March 31, 2007 and the consolidated balance sheet data at March 28, 2009, March 29, 2008 and March 31, 2007 have been derived from audited financial statements not included herein. Capitalized terms are as defined and described in the consolidated financial statements or elsewhere herein. The historical results are not necessarily indicative of the results to be expected in any future period.

The selected financial information for the fiscal year ended April 2, 2011 reflects the South Korea Licensed Operations Acquisition effective in January 2011. The selected financial information for the fiscal year ended April 3, 2010 reflects the Asia-Pacific Licensed Operations Acquisition effective in January 2010. The selected financial information for the fiscal year ended March 28, 2009 reflects the Japanese Childrenswear and Golf Acquisition effective in August 2008. The selected financial information for the fiscal year ended March 29, 2008 reflects the acquisition of the Small Leathersgoods Business effective in April 2007, the Japanese Business Acquisitions effective in May 2007, and the adoption of the accounting standard relating to uncertain tax positions. The selected financial information for the fiscal year ended March 31, 2007 reflects the acquisition of the remaining 50% equity interest of Ralph Lauren Media, LLC effective in March 2007 and the adoption of the new accounting guidance for share-based payments.

	Fiscal Years Ended ^(a)				
	April 2, 2011	April 3, 2010	March 28, 2009	March 29, 2008	March 31, 2007
	(millions, except per share data)				
Statement of Operations Data:					
Net revenues:					
Net sales	\$ 5,481.8	\$ 4,795.5	\$ 4,823.7	\$ 4,670.7	\$ 4,059.1
Licensing revenues	178.5	183.4	195.2	209.4	236.3
Net revenues	5,660.3	4,978.9	5,018.9	4,880.1	4,295.4
Gross profit	3,318.3	2,899.1	2,730.7	2,638.1	2,336.2
Depreciation and amortization expense	(194.1)	(181.2)	(184.4)	(201.3)	(144.7)
Impairments of assets	(2.5)	(6.6)	(55.4)	(5.0)	—
Restructuring charges	(2.6)	(6.9)	(23.6)	—	(4.6)
Operating income ^(b)	845.1	706.9	595.5	653.4	652.6
Interest income/(expense), net	(10.6)	(9.8)	(4.6)	(1.0)	4.5
Net income attributable to PRLC	\$ 567.6	\$ 479.5	\$ 406.0	\$ 419.8	\$ 400.9
Net income per common share attributable to PRLC:					
Basic	\$ 5.91	\$ 4.85	\$ 4.09	\$ 4.10	\$ 3.84
Diluted	\$ 5.75	\$ 4.73	\$ 4.01	\$ 3.99	\$ 3.73
Average common shares:					
Basic	96.0	98.9	99.2	102.3	104.4
Diluted	98.7	101.3	101.3	105.2	107.6
Dividends declared per common share	\$ 0.50	\$ 0.30	\$ 0.20	\$ 0.20	\$ 0.20

^(a) Fiscal 2010 consisted of 53 weeks. All other fiscal years presented consisted of 52 weeks.

^(b) Operating income included net reversals of excess legal reserves of \$1.4 million in Fiscal 2011; net legal-related charges of \$3.1 million in Fiscal 2010; reversals of excess legal reserves of \$0.5 million in Fiscal 2009; and litigation and credit card contingency-related charges of approximately \$3 million in Fiscal 2007.

POLO RALPH LAUREN CORPORATION SELECTED FINANCIAL INFORMATION — (Continued)

	April 2, 2011	April 3, 2010	March 28, 2009 (millions)	March 29, 2008	March 31, 2007
Balance Sheet Data:					
Cash and cash equivalents	\$ 453.0	\$ 563.1	\$ 481.2	\$ 551.5	\$ 563.9
Short-term investments	593.9	584.1	338.7	74.3	—
Non-current investments	83.6	75.5	29.7	28.7	—
Working capital	1,646.0	1,528.5	1,382.6	984.9	1,045.6
Total assets	4,981.1	4,648.9	4,356.5	4,365.5	3,758.0
Total debt (including current maturities of debt)	291.9	282.1	406.4	679.2	398.8
Equity attributable to PRLC	3,304.7	3,116.6	2,735.1	2,389.7	2,334.9

POLO RALPH LAUREN CORPORATION
QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth the quarterly financial information of the Company:

Fiscal 2011	Quarterly Periods Ended(a)			
	July 3, 2010	October 2, 2010	January 1, 2011	April 2, 2011
	(millions, except per share data)			
Net revenues	\$1,153.3	\$1,532.1	\$1,548.0	\$1,426.9
Gross profit	712.2	887.9	907.9	810.3
Net income attributable to PRLC	120.8	205.2	168.4	73.2
Net income per common share attributable to PRLC:(b)				
Basic	\$ 1.24	\$ 2.15	\$ 1.76	\$ 0.76
Diluted	\$ 1.21	\$ 2.09	\$ 1.72	\$ 0.74
Dividends declared per common share	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.20

Fiscal 2010	Quarterly Periods Ended(a)			
	June 27, 2009	September 26, 2009	December 26, 2009	April 3, 2010(c)
	(millions, except per share data)			
Net revenues	\$1,023.7	\$1,374.2	\$1,243.9	\$1,337.1
Gross profit	601.2	784.8	723.7	789.4
Net income attributable to PRLC	76.8	177.5	111.1	114.1
Net income per common share attributable to PRLC:(b)				
Basic	\$ 0.77	\$ 1.79	\$ 1.12	\$ 1.16
Diluted	\$ 0.76	\$ 1.75	\$ 1.10	\$ 1.13
Dividends declared per common share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

- (a) Fourth quarter of Fiscal 2010 consisted of 14 weeks. All other fiscal quarters presented consisted of 13 weeks.
- (b) Per common share amounts for the quarters and full years have been calculated separately. Accordingly, quarterly amounts may not add to the annual amount because of differences in the average common shares outstanding during each period.
- (c) The inclusion of the 14th week in the fourth quarter of Fiscal 2010 resulted in incremental revenues of approximately \$70 million and additional net income of approximately \$13 million.



CREDIT AGREEMENT

dated as of

March 10, 2011

among

POLO RALPH LAUREN CORPORATION, ACQUI POLO C.V., POLO RALPH LAUREN
KABUSHIKI KAISHA and POLO RALPH LAUREN ASIA PACIFIC LIMITED,
as Borrowers,

The Lenders Party Hereto

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

BANK OF AMERICA, N.A., WELLS FARGO BANK, N.A., HSBC BANK USA, N.A. and
DEUTSCHE BANK AG NEW YORK BRANCH,
as Syndication Agents

J.P. MORGAN SECURITIES LLC,
as Sole Bookrunner and Sole Lead Arranger

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CREDIT AGREEMENT, dated as of March 10, 2011, among POLO RALPH LAUREN CORPORATION, ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA, POLO RALPH LAUREN ASIA PACIFIC LIMITED, the LENDERS party hereto, BANK OF AMERICA, N.A., WELLS FARGO BANK, N.A., HSBC BANK USA, N.A. and DEUTSCHE BANK AG NEW YORK BRANCH, as Syndication Agents, and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

The parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms.

As used in this Agreement, the following terms have the meanings specified below:

“ABR”, when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate. Only Loans denominated in dollars may be ABR Loans.

“Adjusted Debt” means, for any date, all Indebtedness of the Parent Borrower and its Subsidiaries (computed on a consolidated basis) outstanding on such date plus 800% of Consolidated Lease Expense for the period of four consecutive Fiscal Quarters ended on such date.

“Adjusted LIBO Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Administrative Agent” means JPMorgan in its capacity as administrative agent for the Lenders hereunder, together with any non-U.S. Affiliate of JPMorgan, to the extent that JPMorgan determines that it is necessary or appropriate to use such non-U.S. Affiliate in acting as administrative agent hereunder. Any obligations owed by any Borrower to the Administrative Agent hereunder shall be owed solely to JPMorgan, and not to any Affiliate of JPMorgan, unless such Borrower otherwise agrees in writing.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement Currency” has the meaning assigned to such term in Section 10.13(b).

“Alternate Base Rate” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the LIBO Rate that would be calculated as of such day (or if such day is not a Business Day, the immediately preceding Business Day) in respect of a proposed Eurocurrency Loan with a one-month Interest Period plus 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or such LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or such LIBO Rate, respectively.

“Alternative Currency” means (a) Euros, Hong Kong Dollars and Yen and (b) any other currency (other than dollars) that is freely available, freely transferable and freely convertible into dollars and in which dealings in deposits are carried on in the London interbank market, provided that such currency is reasonably acceptable to the Administrative Agent, the Lenders and, in the case of an Alternative Currency Letter of Credit, the applicable Issuing Bank.

“Alternative Currency LC Exposure” means, at any time, the sum of (a) the Dollar Equivalent, calculated in accordance with Section 1.05, of the aggregate undrawn and unexpired amount of all outstanding Alternative Currency Letters of Credit at such time plus (b) the Dollar Equivalent, calculated in each case using the Exchange Rate at the time the applicable LC Disbursement is made, of the aggregate principal amount of all LC Disbursements in respect of Alternative Currency Letters of Credit that have not yet been reimbursed at such time.

“Alternative Currency Letter of Credit” means a Letter of Credit denominated in an Alternative Currency.

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; provided that for purposes of Section 2.19 “Applicable Percentage” shall mean the percentage of the total Commitment (disregarding any Defaulting Lender’s Commitment) represented by each Lender’s Commitment. If the Commitments have terminated or expired, “Applicable Percentage” shall mean, with respect to any Lender, the percentage of the aggregate principal amount of the Revolving Credit Exposure represented by the aggregate outstanding principal amount of such Lender’s Revolving Credit Exposure.

“Applicable Rate” means, for any day, with respect to any Eurocurrency Loan, or with respect to the commitment fees payable hereunder, or with respect to the Applicable Commercial Letter of Credit Rate, as the case may be, the applicable rate per annum set forth below (expressed in basis points) under the caption “Eurocurrency Spread” or “Commitment Fee Rate” or “Applicable Commercial Letter of Credit Rate”, as the case may be, based upon the ratings by Moody’s and S&P, respectively, applicable on such date to the Index Debt:

	Index Debt Ratings	Eurocurrency Spread	Commitment Fee Rate	Applicable Commercial Letter of Credit Rate
Level I	³ A by S&P or A2 by Moody's	87.5	12.5	43.75
Level II	A- by S&P or A3 by Moody's and not Level I	112.5	15.0	56.25
Level III	BBB+ by S&P or Baa1 by Moody's and not Level I or Level II	137.5	20.0	68.75
Level IV	BBB by S&P or Baa2 by Moody's and not Level I, II or III	162.5	25.0	81.25
Level V	≤ BBB- by S&P or Baa3 by Moody's	187.5	30.0	93.75

For purposes of the foregoing, (i) if both Moody's and S&P shall not have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the next-to-last sentence of this definition), then such rating agency shall be deemed to have established a rating for the Index Debt in Level V; (ii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall fall within different Levels, the Applicable Rate shall be based on the higher of the two ratings unless one of the two ratings is two or more Levels lower than the other, in which case the Applicable Rate shall be determined by reference to the Level next below that of the higher of the two ratings; and (iii) if the ratings established or deemed to have been established by Moody's and S&P for the Index Debt shall be changed (other than as a result of a change in the rating system of Moody's or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency, irrespective of when notice of such change shall have been furnished by the Parent Borrower to the Agent and the Lenders pursuant to Section 5.01 or otherwise. Each change in the Applicable Rate shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody's or S&P shall change, or if both such rating agencies shall cease to be in the business of rating corporate debt obligations, the Parent Borrower and the Lenders shall negotiate in good faith to amend this definition to reflect such changed rating system or the unavailability of ratings from such rating agencies, and, pending the effectiveness of any such amendment, the Applicable Rate shall be determined by reference to the rating most recently in effect prior to such change or cessation. If either (but not both) of Moody's and S&P shall cease to have in effect a rating (whether as a result of such agency ceasing to be in the business of rating corporate debt obligations or otherwise), the Applicable Rate shall be determined by reference to the rating of the other rating agency.

"Approved Fund" has the meaning assigned to such term in Section 10.04.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by

Section 10.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

“Available Commitment” means, as to any Lender at any date of determination, an amount in dollars equal to the excess, if any, of (a) the amount of such Lender’s Commitment in effect on such date over (b) the Revolving Credit Exposure of such Lender on such date.

“Bankruptcy Event” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America.

“Borrower” means, as applicable, the Parent Borrower or the applicable Subsidiary Borrower.

“Borrowing” means Loans of the same Type made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Parent Borrower for a Borrowing in accordance with Section 2.03.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude (i) any day on which banks are not open for dealings in dollar deposits or deposits in the applicable Alternative Currency in the London interbank market, (ii) in the case of a Eurocurrency Loan denominated in Euros, any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System is not open for settlement of payment in Euros or (iii) in the case of a Eurocurrency Loan denominated in an Alternative Currency other than Euro, any day on which banks are not open for dealings in such Alternative Currency in the city which is the principal financial center of the country of issuance of the applicable Alternative Currency.

“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

“Change in Law” means (a) the adoption of any law, rule, treaty or regulation after the date of this Agreement, (b) any change in any law, rule, treaty or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or any Issuing Bank (or, for purposes of Section 2.13(b), by any office of such Lender from or at which Loans and/or Letters of Credit are made or issued, or are booked, as the case may be, in accordance with the terms of this Agreement) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided however, for purposes of this Agreement, The Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives in connection therewith are deemed to have gone into effect and adopted thirty (30) days after the date of this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Commercial Letter of Credit” means a commercial documentary letter of credit issued by an Issuing Bank for the account of the Parent Borrower or jointly and severally for the account of the Parent Borrower and any of its Subsidiaries for the purchase of goods in the ordinary course of business.

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Loans and to acquire participations in Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Lender’s Revolving Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.07, (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 10.04 or (c) increased from time to time pursuant to Section 2.01(b). The initial amount of each Lender’s Commitment is set forth on Schedule 2.01, in the New Lender Supplement pursuant to which such Lender shall become a party hereto or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders’ Commitments is \$500,000,000.

“Commitment Increase Supplement” means a supplement to this Agreement substantially in the form of Exhibit D-2.

“Consolidated EBITDAR” means, for any period, Consolidated Net Income for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax expense, (b) interest expense, amortization or writeoff of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), (c) depreciation and amortization expense, (d) amortization of intangibles (including, but not limited

to, goodwill) and organization costs, (e) any extraordinary or non-recurring non-cash expenses or losses (including any noncash impairment of assets, and, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, non-cash losses on sales of assets outside of the ordinary course of business and including non-cash charges arising from the application of Statement of Financial Accounting Standards No. 142 (or the corresponding Accounting Standards Codification Topic, as applicable) and (f) Consolidated Lease Expense and minus, (x) to the extent included in the statement of such Consolidated Net Income for such period, the sum of (i) interest income, (ii) any extraordinary or non-recurring non-cash income or gains (including, whether or not otherwise includable as a separate item in the statement of such Consolidated Net Income for such period, gains on the sales of assets outside of the ordinary course of business) and (iii) income tax credits (to the extent not netted from income tax expense) and (y) any cash payments made during such period in respect of items described in clause (e) above subsequent to the fiscal quarter in which the relevant non-cash expenses or losses were reflected as a charge in the statement of Consolidated Net Income, all as determined on a consolidated basis in accordance with GAAP.

For the purposes of calculating Consolidated EBITDAR for any period of four consecutive fiscal quarters (each, a “Reference Period”) pursuant to any determination of the Consolidated Leverage Ratio, (i) if at any time during such Reference Period the Parent Borrower or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDAR for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDAR (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDAR (if negative) attributable thereto for such Reference Period, and (ii) if during such Reference Period the Parent Borrower or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDAR for such Reference Period shall be calculated after giving pro forma effect thereto (taking into account (A) such cost savings as may be determined by the Parent Borrower in a manner consistent with the evaluation performed by the Parent Borrower in deciding to make such Material Acquisition, as presented to the Parent Borrower’s Board of Directors, provided that the Parent Borrower may take into account such cost savings only if it in good faith determines on the date of calculation that it is reasonable to expect that such cost savings will be implemented within 120 days following the date of such Material Acquisition (or in the case of any calculation made subsequent to such 120th day, that such cost savings have, in fact, been implemented) and (B) all transactions that are directly related to such Material Acquisition and are entered into in connection and substantially contemporaneously therewith) as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, “Material Acquisition” means any acquisition of property or series of related acquisitions of property that (a) constitutes (i) assets comprising all or substantially all of a business or operating unit of a business, (ii) all or substantially all of the common stock or other Equity Interests of a Person or (iii) in any case where clauses (i) and (ii) above are inapplicable, the rights of any licensee (including by means of the termination of such licensee’s rights under such license) under a trademark license to such licensee from the Parent Borrower or any of its Affiliates (the “Acquired Rights”), and (b) involves the payment of consideration by the Parent Borrower and its Subsidiaries in excess of \$50,000,000; “Material Disposition” means any Disposition of property or series of related Dispositions of property that yields gross proceeds to the Parent Borrower or any of its Subsidiaries in excess of \$50,000,000. In making any calculation pursuant to this paragraph with respect to a Material Acquisition of a Person,

business or rights for which quarterly financial statements are not available, the Parent Borrower shall base such calculation on the financial statements of such Person, business or rights for the then most recently completed period of twelve consecutive calendar months for which such financial statements are available and shall deem the contribution of such Person, business or rights to Consolidated EBITDAR for the period from the beginning of the applicable Reference Period to the date of such Material Acquisition to be equal to the product of (x) the number of days in such period divided by 365 multiplied by (y) the amount of Consolidated EBITDAR of such Person, business or rights for the twelve-month period referred to above (calculated on the basis set forth in this definition). In making any calculation pursuant to this paragraph in connection with an acquisition of Acquired Rights to be followed by the granting of a new license of such Acquired Rights (or any rights derivative therefrom), effect may be given to such grant of such new license (as if it had occurred on the date of such acquisition) if, and only if, the Parent Borrower in good faith determines on the date of such calculation that it is reasonable to expect that such grant will be completed within 120 days following the date of such acquisition (or in the case of any calculation made subsequent to such 120th day, that such grant has, in fact, been completed).

“Consolidated Lease Expense” means, for any period, the aggregate amount of fixed and contingent rentals payable by the Parent Borrower and its Subsidiaries for such period with respect to leases of real and personal property, determined on a consolidated basis in accordance with GAAP; provided that payments in respect of Capital Lease Obligations shall not constitute Consolidated Lease Expense.

“Consolidated Leverage Ratio” means on the last day of any Fiscal Quarter, the ratio of (a) Adjusted Debt on such day to (b) Consolidated EBITDAR for the period of four consecutive Fiscal Quarters ending on such day.

“Consolidated Net Income” means for any period, the consolidated net income (or loss) of the Parent Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Parent Borrower or is merged into or consolidated with the Parent Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Parent Borrower) in which the Parent Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Parent Borrower or such Subsidiary in the form of dividends or similar distributions and (c) the undistributed earnings of any Subsidiary of the Parent Borrower to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

“Consolidated Net Worth” means as of any date of determination thereof, the excess of (a) the aggregate consolidated net book value of the assets of the Parent Borrower and its Subsidiaries after all appropriate adjustments in accordance with GAAP (including, without limitation, reserves for doubtful receivables, obsolescence, depreciation and amortization) over (b) all of the aggregate liabilities of the Parent Borrower and its Subsidiaries, including all items which, in accordance with GAAP, would be included on the liability side of the balance sheet (other than Equity Interests, treasury stock, capital surplus and retained earnings), in each case

determined on a consolidated basis (after eliminating all inter-company items) in accordance with GAAP; provided, however, that in calculating Consolidated Net Worth the effects of the Statement of Financial Accounting Standards No. 142 (or the corresponding Accounting Standards Codification Topic, as applicable) shall be disregarded.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Party” means the Administrative Agent, the Issuing Bank or any other Lender.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund all or any portion of its Loans, (ii) fund all or any portion of its participation in a Letter of Credit or (iii) pay over to any other Credit Party any other amount required to be paid by it hereunder that is not subject to a good faith dispute, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Parent Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with all or any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party’s receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event.

“Disposition” means with respect to any property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms “Dispose” and “Disposed of” shall have correlative meanings.

“Dollar Equivalent” means, on any date of determination, with respect to any amount hereunder denominated in an Alternative Currency, the amount of dollars determined pursuant to Section 1.05 using the Exchange Rate with respect to such Alternative Currency at the time in effect under the provisions of such Section.

“dollars” or “\$” refers to lawful money of the United States of America.

“Domestic Subsidiary” means any Subsidiary organized under the laws of any jurisdiction within the United States of America.

“Effective Date” means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 10.02).

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, or to human health and safety (insofar as such health and safety may be adversely affected by exposure to dangerous or harmful substances or environmental conditions), as have been, are, or in the future become, in effect.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Parent Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with any Loan Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any Reportable Event; (b) a determination that any Plan is, or is expected to be, in “at risk” status (within the meaning of Section 430 of the Code or Section 303 of ERISA); (c) the failure of any Loan Party or any ERISA Affiliate to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure by any Plan to satisfy the minimum funding standards (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to such Plan, whether or not waived; (d) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (e) the receipt by any Loan Party or any ERISA Affiliate from the PBGC of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan, or the incurrence by any Loan Party or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the

termination of any Plan, including but not limited to the imposition of any Lien in favor of the PBGC or any Plan; (f) the receipt by any Loan Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Loan Party or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or the incurrence by any Loan Party or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (g) the receipt by any Loan Party or any ERISA Affiliate of any determination that a Multiemployer Plan is, or is expected to be, Insolvent, in Reorganization, terminated (within the meaning of Section 4041A of ERISA), or in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (h) the failure by any Loan Party or any of its ERISA Affiliates to make when due any required contribution to a Multiemployer Plan pursuant to Sections 431 or 432 of the Code or any installment payment with respect to Withdrawal Liability under Section 4201 of ERISA; or (i) any Foreign Plan Event.

"Euro" means the single currency of participating member states of the European Monetary Union.

"Eurocurrency", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" has the meaning assigned to such term in Article VII.

"Exchange Rate" means, on any day, with respect to any Alternative Currency, the rate determined by the Administrative Agent at which such Alternative Currency may be exchanged into dollars, as set forth at approximately 11:00 a.m., London time, on such day (or, in the case of any calculation involving the amount of any LC Disbursement under any Alternative Currency Letter of Credit, at the time payment thereof is made) on the applicable Reuters World Spot Page. In the event that any such rate does not appear on any Reuters World Spot Page, the Exchange Rate shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and the Parent Borrower for such purpose or, in the absence of such an agreement, such Exchange Rate shall instead be the arithmetic average of the spot rates of exchange of the Administrative Agent in the market where its foreign currency exchange operations in respect of such Alternative Currency are then being conducted, at or about 11:00 a.m., local time, on such day (or, in the case of any calculation involving the amount of any LC Disbursement under any Alternative Currency Letter of Credit, at the time payment thereof is made) for the purchase of the applicable Alternative Currency for delivery two Business Days later, provided that, if at the time of any such determination, for any reason, no such spot rate is being quoted, after consultation with the Parent Borrower, the Administrative Agent may use any other reasonable method it deems appropriate to determine such rate, and such determination shall be presumed correct absent manifest error.

"Exchange Rate Date" means, if on such date any outstanding Loan or Letter of Credit is (or any Loan or Letter of Credit that has been requested at such time would be) denominated in an Alternative Currency, each of: (a) at least once during each calendar month, (b) if an Event of Default has occurred and is continuing, any Business Day designated as an

Exchange Rate Date by the Administrative Agent in its sole discretion, and (c) each date (with such date to be reasonably determined by the Administrative Agent) that is on or about the date of (i) a Borrowing Request or an Interest Election Request or (ii) each request for the issuance, amendment, renewal or extension of any Letter of Credit.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of any Loan Party under any Loan Document, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by any other Governmental Authority as a result of a present or former connection between the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by any Loan Party under any Loan Document and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by any Loan Party under any Loan Document having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document), (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above, (c) in the case of a Non-U.S. Lender, including any Issuing Bank that is a Non-U.S. Lender (other than an assignee pursuant to a request by the Borrower under Section 2.17(b)), any United States withholding tax that is imposed on amounts payable to such Non-U.S. Lender at the time such Non-U.S. Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Non-U.S. Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Parent Borrower with respect to such withholding tax pursuant to Section 2.15(a), (d) in the case of any Lender that makes any Loans to Polo Ralph Lauren Kabushiki Kaisha, including any Issuing Bank (other than an assignee pursuant to a request by the Borrower under Section 2.17(b)), any Japanese withholding tax that is imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts with respect to such withholding tax pursuant to Section 2.15(a), (e) any withholding tax that is imposed on amounts payable to a Lender that is attributable to such Lender’s failure to comply with Section 2.15(e) or (f) and (f) any United States withholding tax that is imposed by reason of FATCA.

“Existing Credit Agreement” means the Credit Agreement, dated as of November 28, 2006 among the Parent Borrower, the several banks and other financial institutions parties thereto and JPMorgan Chase Bank, N.A., as administrative agent, as heretofore amended, supplemented or otherwise modified.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement and any regulations or official interpretations thereof.

“Federal Funds Effective Rate” means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as

published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized national standing selected by it, in its reasonable discretion.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Parent Borrower.

“Fiscal Quarter” means with respect to the Parent Borrower and its Subsidiaries, and with respect to any Fiscal Year, (a) each of the quarterly periods ending 13 calendar weeks, 26 calendar weeks, 39 calendar weeks and 52 or 53 calendar weeks, as the case may be, after the end of the prior Fiscal Year or (b) such other quarterly periods as the Parent Borrower shall adopt after giving prior written notice thereof to the Lenders.

“Fiscal Year” means with respect to the Parent Borrower and its Subsidiaries, (a) the 52- or 53-week annual period, as the case may be, ending on the Saturday nearest to March 31 of each calendar year or (b) such other fiscal year as the Parent Borrower shall adopt with the prior written consent of the Required Lenders (which consent shall not be unreasonably withheld). Any designation of a particular Fiscal Year by reference to a calendar year shall mean the Fiscal Year ending during such calendar year.

“Foreign Plan” means any employee benefit plan (within the meaning of Section 3(3) of ERISA, whether or not subject to ERISA) that is not subject to United States law and is maintained or contributed to by any Loan Party or any ERISA Affiliate.

“Foreign Plan Event” means, with respect to any Foreign Plan, (a) the failure to make or, if applicable, accrue in accordance with normal accounting practices, any employer or employee contributions required by applicable law or by the terms of such Foreign Plan, (b) the failure to register or loss of good standing with applicable regulatory authorities of any such Foreign Plan required to be registered, or (c) the failure of any Foreign Plan to comply with any material provisions of applicable law and regulations or with the material terms of such Foreign Plan.

“Foreign Subsidiary” means any Subsidiary which is not a Domestic Subsidiary.

“GAAP” means generally accepted accounting principles in the United States of America provided that for purposes of Section 6.01(g), 6.01(h) and 6.07, GAAP as in effect as of the Fiscal Year ended March 28, 2008 shall apply.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of

guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. For purposes of all calculations provided for in this Agreement, the amount of any Guarantee of any guarantor shall be deemed to be the lower of (x) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (y) the maximum amount for which such guarantor may be liable pursuant to the terms of the instrument embodying such Guarantee, unless such primary obligation and the maximum amount for which such guarantor may be liable are not stated or determinable, in which case the amount of such Guarantee shall be such guarantor’s maximum reasonably anticipated liability in respect thereof as determined by the Parent Borrower in good faith.

“Guarantee Agreement” means the Guarantee Agreement to be executed and delivered by each Guarantor, substantially in the form of Exhibit C.

“Guarantor” means (a) with respect to both the Parent Borrower Obligations and the Subsidiary Obligations, each Domestic Subsidiary that becomes a party to the Guarantee Agreement on the Effective Date and each Domestic Subsidiary that, subsequent to the Effective Date, becomes a Significant Subsidiary (as defined in Regulation S-X, part 210.1-02 of Title 17 of the Code of Federal Regulations) and (b) with respect to the Subsidiary Obligations only, the Parent Borrower.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any applicable Environmental Law.

“Hong Kong Dollars” means the lawful currency of Hong Kong.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business and any earnout obligations or similar deferred or contingent purchase price obligations not overdue or which do not appear as a liability on a balance sheet of such Person incurred in connection with any acquisition of property or series of related acquisitions of

property that constitutes (i) assets comprising all or substantially all of a business or operating unit of a business, (ii) all or substantially all of the common stock or other Equity Interests of a Person or (iii) in any case where clauses (i) and (ii) above are inapplicable, the Acquired Rights), (e) all Indebtedness of others secured by any Lien on property owned or acquired by such Person (to the extent of such Person's interest in such property), whether or not the Indebtedness secured thereby has been assumed, (f) all Guarantees by such Person of Indebtedness of others, (g) all Capital Lease Obligations of such Person, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (j) all payment and performance obligations of every kind, nature and description of such Person under or in connection with Swap Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. For purposes of all calculations provided for in this Agreement, there shall be disregarded any Guarantee of any Person in respect of any Indebtedness of any other Person with which the accounts of such first Person are then required to be consolidated in accordance with GAAP. For the avoidance of doubt, any amounts available and not drawn under the Commitment shall be deemed not to be Indebtedness.

“Indemnified Taxes” means Taxes other than Excluded Taxes.

“Index Debt” means senior, unsecured, long-term indebtedness for borrowed money of the Parent Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

“Insolvent” means, with respect to any Multiemployer Plan, the condition that such Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA.

“Interest Election Request” means a request by the Parent Borrower to convert or continue a Borrowing in accordance with Section 2.06.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last day of each March, June, September and December, beginning June 30, 2011, and (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

“Interest Period” means with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Parent Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically

corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and, in the case of a Borrowing, thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“**Investment**” means, as applied to any Person, any direct or indirect purchase or other acquisition by such Person of Equity Interests or other securities of, or any assets constituting a business unit of, any other Person, or any direct or indirect loan, advance or capital contribution by such Person to any other Person. In computing the amount involved in any Investment at the time outstanding, (a) undistributed earnings of, and unpaid interest accrued in respect of Indebtedness owing by, such other Person shall not be included, (b) there shall not be deducted from the amounts invested in such other Person any amounts received as earnings (in the form of dividends, interest or otherwise) on such Investment or as loans from such other Person and (c) unrealized increases or decreases in value, or write-ups, write-downs or write-offs, of Investments in such other Person shall be disregarded.

“**Issuing Bank**” means, as the context may require, (a) JPMorgan Chase Bank, N.A., with respect to Letters of Credit issued by it or (b) any other Lender that becomes an Issuing Bank pursuant to Section 2.04(l), with respect to Letters of Credit issued by it, and in each case its successors in such capacity as provided in Section 2.04(j). Any Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate; provided, however, that no arrangement of a type described in this sentence shall be permitted if, immediately after giving effect thereto, amounts would become payable by the Parent Borrower under Section 2.13 or 2.15 that are in excess of those that would be payable under such Section if such arrangement were not implemented and, provided, further, that the fees payable to any such Affiliate shall be subject to the second sentence of Section 2.10(b).

“**JPMorgan**” means JPMorgan Chase Bank, N.A.

“**Judgment Currency**,” has the meaning assigned to such term in Section 10.13(b).

“**Lauren**” means Ralph Lauren, an individual.

“**LC Disbursement**” means a payment made by the applicable Issuing Bank pursuant to a Letter of Credit.

“**LC Exposure**” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit (other than Alternative Currency Letters of Credit) at such time, (b) the aggregate amount of all LC Disbursements under Letters of Credit (other than Alternative Currency Letters of Credit) that have not yet been reimbursed by or on behalf of the Parent Borrower at such time and (c) the Alternative Currency LC Exposure at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

“Lenders” means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption or a New Lender Supplement, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

“Letter of Credit” means any Commercial Letter of Credit or Standby Letter of Credit.

“LIBO Rate” means, with respect to any Eurocurrency Borrowing for any Interest Period, the rate appearing on Reuters Screen LIBOR01 or in the case of any Alternative Currency, the applicable Reuters Page (or on any successor or substitute page (or screen) of such Reuters Screen, or any successor to or substitute for such Reuters Screen, providing rate quotations comparable to those currently provided on such page (or screen) of such Reuters Screen, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to deposits in dollars or the applicable Alternative Currency, as the case may be) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for deposits in dollars or the applicable Alternative Currency, as the case may be, with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the “LIBO Rate” with respect to such Eurocurrency Borrowing for such Interest Period shall be the rate at which deposits in dollars or the applicable Alternative Currency of \$5,000,000 or the Dollar Equivalent thereof, as applicable, and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Loan Documents” means this Agreement and the Guarantee Agreement

“Loan Party” means the Borrowers and the Guarantors.

“Loans” means the loans made by the Lenders to the Borrowers pursuant to this Agreement.

“Material Adverse Effect” means a material adverse effect on (a) the business, operations, property or condition (financial or otherwise) of the Parent Borrower and the Subsidiaries taken as a whole or (b) the rights and remedies, taken as a whole, of the Administrative Agent and the Lenders under the Loan Documents.

“Material Indebtedness” means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Parent Borrower and its Subsidiaries in an aggregate principal amount exceeding \$50,000,000.

For purposes of determining Material Indebtedness, the “principal amount” of the obligations of the Parent Borrower or any Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Parent Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

“Maturity Date” means March 10, 2016.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Net Income” (“Net Loss”) means with respect to any Person or group of Persons, as the case may be, for any fiscal period, the difference between (a) gross revenues of such Person or group of Persons and (b) all costs, expenses and other charges incurred in connection with the generation of such revenue (including, without limitation, taxes on income), determined on a consolidated or combined basis, as the case may be, and in accordance with GAAP.

“New Lender” has the meaning assigned to such term in Section 2.01(c).

“New Lender Supplement” has the meaning assigned to such term in Section 2.01(c).

“Non-U.S. Lender” means any Lender that is organized under the laws of (or the applicable lending office of which is located in) a jurisdiction other than that in which the Parent Borrower is located. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“OFAC” means the Office of Foreign Assets Control of the U.S. Treasury Department.

“Other Taxes” means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

“Overnight Rate” means, for any day, (a) with respect to any amount denominated in dollars, the Federal Funds Effective Rate, and (b) with respect to any amount denominated in an Alternative Currency, either (i) the rate of interest per annum at which overnight deposits in the applicable Alternative Currency, in an amount approximately equal to the amount with respect to which such rate is being determined, would be offered for such day by a branch or Affiliate of the Administrative Agent in the applicable offshore interbank market for such Alternative Currency to major banks in such interbank market or (ii) the overdraft costs charged by the applicable external account bank of the Administrative Agent in respect of the applicable principal amount for such Alternative Currency.

“Parent” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“Parent Borrower” means Polo Ralph Lauren Corporation, a Delaware corporation.

“Parent Borrower Obligations” means the unpaid principal of and interest on the Loans made to and reimbursement obligations of the Parent Borrower (including, without limitation, interest accruing after the maturity of the Loans made to and reimbursement obligations of the Parent Borrower and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Parent Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) and all other obligations and liabilities of the Parent Borrower to the Administrative Agent or to any Lender (or, in the case of Specified Swap Agreements and Specified Cash Management Agreements, any affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Specified Swap Agreement, any Specified Cash Management Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Administrative Agent or to any Lender that are required to be paid by the Parent Borrower pursuant hereto) or otherwise.

“Participant” has the meaning set forth in Section 10.04(c)(i).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Acquisition” means any acquisition (in one transaction or a series of related transactions) by the Parent Borrower or any Subsidiary, on or after the Effective Date (whether effected through a purchase of Equity Interests or assets or through a merger, consolidation or amalgamation), of (i) another Person including the equity interest of any Person in which the Borrower or any Subsidiary owns an equity interest, (ii) the assets constituting all or substantially all of a business or operating business unit of another Person or (iii) in any case where clauses (i) and (ii) above are inapplicable, the rights of any licensee (including by means of the termination of such licensee’s rights under such license) under a trademark license to such licensee from the Parent Borrower or any of its Affiliates, provided that:

- (a) the assets so acquired or, as the case may be, the assets of the Person so acquired shall be in a Related Line of Business;
- (b) no Default shall have occurred and be continuing at the time thereof or would result therefrom;
- (c) such acquisition shall be effected in such manner so that the acquired Equity Interests, assets or rights are owned either by the Parent Borrower or a Subsidiary and, if effected by merger, consolidation or amalgamation, the continuing, surviving or resulting entity shall be the Parent Borrower or a Subsidiary, provided that, nothing in

this clause shall be deemed to limit the ability of the Parent Borrower or any Subsidiary to grant to a different licensee any acquired license rights described in clause (iii) above (or any rights derivative therefrom); and

(d) the Parent Borrower and its Subsidiaries shall be in compliance, on a pro forma basis after giving effect to such acquisition, with the covenant contained in Section 6.07 recomputed as at the last day of the most recently ended fiscal quarter of the Parent Borrower for which financial statements are available, as if such acquisition had occurred on the first day of each relevant period for testing such compliance.

“Permitted Encumbrances” means:

- (a) Liens imposed by law for taxes and duties, assessments, governmental charges or levies that are not yet due or are being contested in compliance with Section 5.04;
 - (b) landlords, carriers’, warehousemen’s, mechanics’, shippers’, materialmen’s, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;
 - (c) pledges and deposits made in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other social security laws or regulations, and pledges and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;
 - (d) pledges and deposits to secure the performance of tenders, bids, trade contracts, leases, public or statutory obligations, warranty requirements, surety and appeal bonds, bonds posted in connection with actions, suits or proceedings, performance and bid bonds and other obligations of a like nature, in each case in the ordinary course of business;
 - (e) Liens incurred in the ordinary course of business in connection with the sale, lease, transfer or other disposition of any credit card receivables of the Parent Borrower or any of its Subsidiaries;
 - (f) judgment, attachment or other similar liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article VII;
 - (g) easements, zoning restrictions, restrictive covenants, encroachments, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Parent Borrower or any Subsidiary; and
 - (h) possessory Liens in favor of brokers and dealers arising in connection with the acquisition or disposition of Permitted Investments.
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provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

- (a) direct obligations of, or obligations the principal of and interest on which are directly and fully guaranteed or insured by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America);
- (b) investments in commercial paper having, at such date of acquisition, a credit rating of at least A-2 from S&P or P-2 from Moody's;
- (c) investments in certificates of deposit, eurocurrency time deposits, banker's acceptances and time deposits maturing within three years from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any Lender or any commercial bank which has a combined capital and surplus and undivided profits of not less than \$100,000,000;
- (d) repurchase agreements with a term of not more than 180 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;
- (e) securities with maturities of three years or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States or by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth or territory, political subdivision, taxing authority or foreign government (as the case may be) are rated, at such date of acquisition, at least A- by S&P or A3 by Moody's;
- (f) securities with maturities of three years or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (c) of this definition;
- (g) shares of money market funds that (i) comply with the criteria set forth in (a) Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, as amended or (b) Securities and Exchange Commission Rule 3c-7 under the Investment Company Act of 1940, as amended and (ii) have portfolio assets of at least (x) in the case of funds that invest exclusively in assets satisfying the requirements of clause (a) of this definition, \$250,000,000 and (y) in all other cases, \$500,000,000;
- (h) in the case of investments by any Foreign Subsidiary, obligations of a credit quality and maturity comparable to that of the items referred to in clauses (a) through (g) above that are available in local markets; and
- (i) corporate debt obligations with a Moody's rating of at least A3 or an S&P rating of at least AA-, or their equivalent, as follows:

(i) corporate notes and bonds; and

(ii) medium term notes.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (within the meaning of Section 3(2) of ERISA, but not including any Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Loan Party or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” (as defined in Section 3(5) of ERISA).

“Prime Rate” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by JPMorgan Chase Bank, N.A. in connection with the extension of credit to debtors); each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Priority Indebtedness” means (a) Indebtedness of the Parent Borrower or any Subsidiary (other than that described in Section 6.01(e)) secured by any Lien on any asset(s) of the Parent Borrower or any Subsidiary and (b) Indebtedness of any Subsidiary which is not a Guarantor, in each case owing to a Person other than the Parent Borrower or any Subsidiary.

“Register” has the meaning set forth in Section 10.04(b)(iv).

“Related Line of Business” means: (a) any line of business in which the Parent Borrower or any of its Subsidiaries is engaged as of, or immediately prior to, the Effective Date, (b) any wholesale, retail or other distribution of products or services under any domestic or foreign patent, trademark, service mark, trade name, copyright or license or (c) any similar, ancillary or related business and any business which provides a service and/or supplies products in connection with any business described in clause (a) or (b) above.

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Reorganization” means, with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

“Required Lenders” means, subject to Section 2.19(b), at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

“Reportable Event” means any “reportable event,” as defined in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Plan, other than those events as

to which notice is waived pursuant to DOL Regulation Section 4043 as in effect on the date hereof (no matter how such notice requirement may be changed in the future).

“Requirement of Law” means, as to any Person, the Articles or Certificate of Incorporation and By-Laws, Articles or Certificate of Formation and Operating Agreement, or Certificate of Partnership or partnership agreement or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

“Revolving Credit Exposure” means, with respect to any Lender at any time, the Dollar Equivalent of the sum of the outstanding principal amount of such Lender’s Revolving Loans and its LC Exposure at such time.

“S&P” means Standard & Poor’s.

“Specified Cash Management Agreement” means any agreement providing for treasury, depository, purchasing card or cash management services, including in connection with any automated clearing house transfers of funds or any similar transactions between the Parent Borrower or any of the Subsidiary Borrowers and any Lender or affiliate thereof.

“Specified Swap Agreement” means any Swap Agreement in respect of interest rates, currency exchange rates or commodity prices entered into by the Parent Borrower or any of the Subsidiary Borrowers and any Person that is a Lender or an affiliate of a Lender at the time such Swap Agreement is entered into.

“Standby Letter of Credit” means an irrevocable letter of credit pursuant to which an Issuing Bank agrees to make payments in dollars or an Alternative Currency for the account of the Parent Borrower or jointly and severally for the account of the Parent Borrower and any of its Subsidiaries in respect of obligations of the Parent Borrower or any of its Subsidiaries incurred pursuant to contracts made or performances undertaken or to be undertaken or like matters relating to contracts to which the Parent Borrower or any of its Subsidiaries is or proposes to become a party in the ordinary course of the Parent Borrower’s or any of its Subsidiaries’ business, including, but not limited to, for insurance purposes and in connection with lease transactions.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject for eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other Person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial

statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other Person (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, directly or indirectly, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, directly or indirectly, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Subsidiary” means any subsidiary of the Parent Borrower.

“Subsidiary Borrower” means, as applicable, Acqui Polo C.V., a partnership organized under the laws of the Netherlands, Polo Ralph Lauren Kabushiki Kaisha, a corporation organized under the laws of Japan, or Polo Ralph Lauren Asia Pacific Limited, a corporation organized under the laws of Hong Kong.

“Subsidiary Obligations” means the unpaid principal of and interest on the Loans made to and reimbursement obligations of each Subsidiary Borrower (including, without limitation, interest accruing after the maturity of the Loans made to and reimbursement obligations of such Subsidiary Borrower and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to such Subsidiary Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) and all other obligations and liabilities of the Subsidiary Borrowers to the Administrative Agent or to any Lender (or, in the case of Specified Swap Agreements and Specified Cash Management Agreements, any affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Specified Swap Agreement, any Specified Cash Management Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise.

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option, cap or collar agreements or similar agreement involving, or settled by reference to, one or more interest or exchange rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Parent Borrower or the Subsidiaries shall be a Swap Agreement.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

“Transactions” means the execution, delivery and performance by the Borrowers of this Agreement and by the Guarantors of the Guarantee Agreement, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

“Type”, when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

“Voting Stock” means stock of any class or classes (however designated), or other Equity Interests, of any Person, the holders of which are at the time entitled, as such holders, to vote for the election of the directors or other governing body of the Person involved, whether or not the right so to vote exists by reason of the happening of a contingency.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Yen” means the lawful currency of Japan.

“Yen Borrower” means Polo Ralph Lauren Kabushiki Kaisha, a corporation organized under the laws of Japan.

Section 1.02 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g., a “Eurocurrency Loan”) or currency (e.g., an “Alternative Currency Loan”). Borrowings also may be classified and referred to by Type (e.g., a “Eurocurrency Borrowing”) or currency (e.g., an “Alternative Currency Borrowing”).

Section 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.04 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, notwithstanding anything to the contrary herein, all accounting or financial terms used herein shall be construed, and all financial computations pursuant hereto shall be made, without giving effect to any election under

Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard or the corresponding Accounting Standards Codification Topic, as applicable, having a similar effect); provided further that, if the Parent Borrower notifies the Administrative Agent that the Parent Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Parent Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

Section 1.05 Exchange Rates. (a) For purposes of calculating the Dollar Equivalent of the principal amount of any Loan denominated in an Alternative Currency, the Alternative Currency LC Exposure at any time and the Dollar Equivalent at the time of issuance of any Alternative Currency Letter of Credit then requested to be issued pursuant to Section 2.04(b), the Administrative Agent shall determine the Exchange Rate as of the applicable Exchange Rate Date with respect to each Alternative Currency in which any requested or outstanding Loan or Alternative Currency Letter of Credit is denominated and shall apply such Exchange Rate to determine such amount (in each case after giving effect to any Loan to be made or repaid or Letter of Credit to be issued or to expire or terminate on or prior to the applicable date for such calculation).

(b) For purposes of (i) determining the amount of Indebtedness incurred, outstanding or proposed to be incurred or outstanding under Section 6.01 (but excluding, for the avoidance of doubt, any calculation of Consolidated Net Worth or Consolidated EBITDAR), (ii) determining the amount of obligations secured by Liens incurred, outstanding or proposed to be incurred or outstanding under Section 6.02, or (iii) determining the amount of Material Indebtedness, the net assets of a Person or judgments outstanding under paragraphs (f), (g), (h), (i), (j) or (k) of Article VII, all amounts incurred, outstanding or proposed to be incurred or outstanding in currencies other than dollars shall be translated into dollars at the Exchange Rate on the applicable date, provided that no Default shall arise as a result of any limitation set forth in dollars in Section 6.01 or 6.02 being exceeded solely as a result of changes in Exchange Rates from those rates applicable at the time or times Indebtedness or obligations secured by Liens were initially consummated or acquired in reliance on the exceptions under such Sections.

ARTICLE II

The Credits

Section 2.01 Commitments. (a) Subject to the terms and conditions set forth herein, each Lender severally agrees to make Loans in dollars or an Alternative Currency to the Borrowers from time to time during the Availability Period in an aggregate principal amount that will not result in such Lender's Revolving Credit Exposure exceeding such Lender's Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, each Borrower may borrow, prepay and reborrow Revolving Loans. The obligations of

each Borrower under this Agreement are several although the Subsidiary Obligations are guaranteed by the Parent Borrower under Article IX.

(b) The Parent Borrower and any one or more Lenders (including New Lenders) may from time to time after the Effective Date agree that such Lender or Lenders shall establish a new Commitment or Commitments or increase the amount of its or their Commitment or Commitments by executing and delivering to the Administrative Agent, in the case of each New Lender, a New Lender Supplement meeting the requirements of Section 2.01(c) or, in the case of each Lender which is not a New Lender, a Commitment Increase Supplement meeting the requirements of Section 2.01(d). Notwithstanding the foregoing, without the consent of the Required Lenders, (x) the aggregate amount of incremental Commitments established or increased after the Effective Date pursuant to this paragraph shall not exceed \$250,000,000, (y) unless otherwise agreed to by the Administrative Agent, each increase in the aggregate Commitments effected pursuant to this paragraph shall be in a minimum aggregate amount of at least \$15,000,000 and (z) unless otherwise agreed by the Administrative Agent, increases in Commitments may be effected on no more than three occasions pursuant to this paragraph. No Lender shall have any obligation to participate in any increase described in this paragraph unless it agrees to do so in its sole discretion.

(c) Any additional bank, financial institution or other entity which, with the consent of the Parent Borrower and the Administrative Agent (which consent of the Administrative Agent shall not be unreasonably withheld), elects to become a "Lender" under this Agreement in connection with any transaction described in Section 2.01(b) shall execute a New Lender Supplement (each, a "New Lender Supplement"), substantially in the form of Exhibit D-1, whereupon such bank, financial institution or other entity (a "New Lender") shall become a Lender, with a Commitment in the amount set forth therein that is effective on the date specified therein, for all purposes and to the same extent as if originally a party hereto and shall be bound by and entitled to the benefits of this Agreement.

(d) Any Lender, which, with the consent of the Parent Borrower and the Administrative Agent, elects to increase its Commitment under this Agreement shall execute and deliver to the Parent Borrower and the Administrative Agent a Commitment Increase Supplement specifying (i) the amount of such Commitment increase, (ii) the amount of such Lender's total Commitment after giving effect to such Commitment increase, and (iii) the date upon which such Commitment increase shall become effective.

(e) Unless otherwise agreed by the Administrative Agent, on each date upon which the Commitments shall be increased pursuant to this Section, each Borrower shall prepay all then outstanding Loans made to it, which prepayment shall be accompanied by payment of all accrued interest on the amount prepaid and any amounts payable pursuant to Section 2.14 in connection therewith, and, to the extent it determines to do so, reborrow Loans from all the Lenders (after giving effect to the new and/or increased Commitments becoming effective on such date). Any prepayment and reborrowing pursuant to the preceding sentence shall be effected, to the maximum extent practicable, through the netting of amounts payable between each applicable Borrower and the respective Lenders.

Section 2.02 Loans and Borrowings. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.12, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Parent Borrower may request on its own behalf or on behalf of any other Borrower in accordance herewith; provided that the Parent Borrower shall not be entitled to request ABR Loans on behalf of the Yen Borrower. Each Lender at its option may make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement; and provided, further, that no such option may be exercised by any Lender if, immediately after giving effect thereto, amounts would become payable by a Loan Party under Section 2.13 or 2.15 that are in excess of those that would be payable under such Section if such option were not exercised.

(c) At the commencement of each Interest Period for any Eurocurrency Borrowing, such Borrowing shall be in an aggregate amount that is (i) in the case of a Eurocurrency Borrowing denominated in dollars, an integral multiple of \$500,000 and not less than \$5,000,000 and (ii) in the case of an Alternative Currency Borrowing, the Dollar Equivalent of an integral multiple of \$500,000 and not less than the Dollar Equivalent of \$5,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of \$500,000 and not less than \$500,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.04(e). Borrowings of more than one Type may be outstanding at the same time; provided that there shall not at any time be more than a total of fifteen (15) Eurocurrency Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

(e) Each Lender may, at its option, make any Loan available to any Subsidiary Borrower by causing any foreign or domestic branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not increase the costs to such Subsidiary Borrower with respect to such Loan or affect the obligation of such Subsidiary Borrower to repay such Loan in accordance with the terms of this Agreement.

Section 2.03 Requests for Borrowings. To request a Loan, the Parent Borrower (on its own behalf or on behalf of any other Borrower) shall notify the Administrative Agent of such request by hand delivery, telecopy or (pursuant to procedures approved by the Administrative Agent) electronic transmission to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Parent

Borrower (a) in the case of a Eurocurrency Borrowing denominated in dollars, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing, (b) in the case of a Eurocurrency Borrowing denominated in an Alternative Currency, not later than 11:00 a.m., New York City time, four Business Days before the date of the proposed Borrowing, or (c) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

- (i) the Borrower of the requested Borrowing;
- (ii) the aggregate amount of such Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
- (v) in the case of a Eurocurrency Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period";
- (vi) in the case of a Eurocurrency Borrowing, the currency in which such Borrowing is to be denominated; and
- (vii) the location and number of the applicable Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05.

If no election as to the Type of Borrowing is specified, then the requested Borrowing (i) if such Borrowing is to be denominated in dollars, shall be an ABR Borrowing and (ii) if such Borrowing is to be denominated in an Alternative Currency, shall be a Eurocurrency Borrowing. If no election as to the currency of the requested Borrowing is specified, then the requested Revolving Borrowing shall be denominated in dollars. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing, then the Parent Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04 Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Parent Borrower may request the issuance of Letters of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit) in the form of Commercial Letters of Credit or Standby Letters of Credit. Each Letter of Credit shall be issued for the account of the Parent Borrower or jointly and severally for the account of the Parent Borrower and a Subsidiary, in a form reasonably acceptable to the applicable Issuing Bank (provided that each Letter of Credit shall provide for payment against sight drafts drawn thereunder), at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Parent Borrower

(or the Parent Borrower and a Subsidiary) to, or entered into by the Parent Borrower (or the Parent Borrower and a Subsidiary) with, the applicable Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. The letters of credit identified on Schedule 2.04 shall be deemed to be "Letters of Credit" issued on the Effective Date for all purposes of the Loan Documents. No Issuing Bank shall at any time be obligated to issue any Letter of Credit if such issuance would conflict with, or cause the Issuing Bank or any Lender to exceed any limits imposed by, any applicable Requirement of Law.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Parent Borrower shall hand deliver, teletype or (pursuant to procedures approved by the applicable Issuing Bank) electronically transmit to the applicable Issuing Bank and, in the case of a Commercial Letter of Credit if the Administrative Agent shall have so requested and in the case of all Standby Letters of Credit, the Administrative Agent (in the case of (i) Letters of Credit denominated in dollars, reasonably in advance of the requested date of issuance, amendment, renewal or extension, (ii) Letters of Credit denominated in Euros, prior to 12:00 noon, New York City time, three Business Days in advance of the requested date of issuance, amendment, renewal or extension and (iii) Letters of Credit denominated in any Alternative Currencies other than Euros, prior to 12:00 noon, New York City time, four Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension, the currency in which such Letter of Credit is to be denominated (which shall be dollars or, subject to Section 2.18, an Alternative Currency), the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit, provided that in no event shall any Issuing Bank other than JPMorgan Chase Bank, N.A. or one or more other Issuing Banks designated from time to time by the Parent Borrower and reasonably acceptable to the Administrative Agent issue any Alternative Currency Letter of Credit hereunder. If requested by the applicable Issuing Bank, the Parent Borrower (or the Parent Borrower and a Subsidiary) also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the applicable Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the Dollar Equivalent of the LC Exposure with respect to Standby Letters of Credit shall not exceed \$150,000,000, (ii) the Dollar Equivalent of the LC Exposure with respect to Commercial Letters of Credit shall not exceed \$250,000,000 and (iii) the total Revolving Credit Exposures shall not exceed the total Commitments. Subsequent to the receipt by any Issuing Bank of a Notification Instruction (as defined below) from the Administrative Agent which shall not have been withdrawn, such Issuing Bank will contact the Administrative Agent prior to the issuance or increase in any Letter of Credit to determine whether or not such issuance or increase would result in any of the limitations set forth in the preceding sentence being exceeded. For purposes of this Section 2.04(b), a "Notification Instruction" shall mean any instruction from the Administrative Agent requiring that an Issuing Bank make the calculations described in the preceding sentence, which instruction the Administrative Agent (i) may deliver at any time when it determines that the percentage which the aggregate Revolving Credit Exposures constitutes of the aggregate Commitments then in effect is greater than 80% and (ii) will withdraw when it

determines that such percentage is equal to or less than 80%. For purposes of the third preceding sentence the amount of any Alternative Currency Letter of Credit shall be the Dollar Equivalent thereof calculated on the basis of the applicable Exchange Rate determined in accordance with Section 1.05.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Maturity Date; provided that any Letter of Credit may provide for the renewal thereof for additional periods not exceeding one year each pursuant to customary "evergreen" provisions (which shall in no event extend beyond the date referred to in clause (ii)).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent in dollars, for the account of such Issuing Bank, such Lender's Applicable Percentage of (i) each LC Disbursement made by such Issuing Bank in dollars and (ii) the Dollar Equivalent, using the Exchange Rate at the time such payment is made, of each LC Disbursement made by such Issuing Bank in an Alternative Currency and, in each case, not reimbursed by the Parent Borrower (or a Subsidiary) on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Parent Borrower (or a Subsidiary) for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit, the occurrence and continuance of a Default or failure to satisfy any of the conditions set forth in Article IV, the reduction or termination of the Commitments, any setoff, counterclaim, recoupment, defense or other right that such Lender may have against the Issuing Bank, any Borrower or any other Person for any reason whatsoever, any adverse change in the condition (financial or otherwise) of any Borrower, any breach of this Agreement or any other Loan Document by the Borrower or any other Loan Party or any other Lender or any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If any Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Parent Borrower (or the Subsidiary that is jointly and severally liable with respect to such Letter of Credit) shall reimburse such LC Disbursement by paying to such Issuing Bank an amount equal to such LC Disbursement in dollars, on the date that such LC Disbursement is made (or, if such date is not a Business Day, on or before the next Business Day); provided that, if such LC Disbursement is made under an Alternative Currency Letter of Credit, automatically and with no further action required, the Parent Borrower's (or such Subsidiary's) obligation to reimburse the applicable LC Disbursement shall be permanently

converted into an obligation to reimburse the Dollar Equivalent, calculated using the Exchange Rate at the time such payment is made, of such LC Disbursement, and provided, further, that, in the case of any such reimbursement obligation which is in an amount of not less than \$500,000, the Parent Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed in dollars with an ABR Borrowing in an equivalent amount and, to the extent so financed, the Parent Borrower's (and such Subsidiary's) obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing. If the Parent Borrower (or such Subsidiary) fails to make when due any reimbursement payment required pursuant to this paragraph, the applicable Issuing Bank shall immediately notify the Administrative Agent, which shall promptly notify each Lender of the applicable LC Disbursement, the Dollar Equivalent thereof calculated in accordance with the preceding sentence (if such LC Disbursement relates to an Alternative Currency Letter of Credit), the reimbursement payment then due from the Parent Borrower (or such Subsidiary) in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender (other than such Issuing Bank) shall pay to the Administrative Agent in dollars its Applicable Percentage of the reimbursement payment then due from the Parent Borrower (or such Subsidiary), in the same manner as provided in Section 2.05 with respect to Loans made by such Lender (and Section 2.05 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to such Issuing Bank in dollars the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Parent Borrower (or such Subsidiary) pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of ABR Loans as contemplated above) shall not constitute a Loan and shall not relieve the Parent Borrower (and such Subsidiary) of its obligation to reimburse such LC Disbursement.

(f) Letter of Credit Fees.

(i) Commercial Letter of Credit Fee. The Parent Borrower (or the Subsidiary that is jointly and severally liable with respect to the Letter of Credit in question) agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank and the Lenders, a Commercial Letter of Credit fee calculated at the rate per annum equal to the Applicable Rate applicable to Commercial Letters of Credit from time to time in effect on the aggregate average daily amount available to be drawn (calculated, in the case of any Alternative Currency Letter of Credit, on the basis of the Dollar Equivalent thereof using the applicable Exchange Rate in effect on the date payment of such fee is due) under each Commercial Letter of Credit issued hereunder. Commercial Letter of Credit Fees accrued through and including the last day of March, June, September and December of each year shall be payable in arrears on the fifth Business Day following such last day, commencing on the first such date to occur after the date hereof. The Administrative Agent will promptly pay to the Issuing Banks and the Lenders their pro rata shares of any amounts received from the Parent Borrower (or such Subsidiary) in respect of any such fees. Commercial Letter of Credit fees shall be computed on the

basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(ii) **Standby Letter of Credit Fees.** The Parent Borrower (or the Subsidiary that is jointly and severally liable with respect to the Letter of Credit in question) agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank and the Lenders, a Standby Letter of Credit fee calculated at the rate per annum equal to the Applicable Rate applicable to Eurocurrency Loans from time to time in effect on the aggregate average daily amount available to be drawn (calculated, in the case of any Alternative Currency Letter of Credit, on the basis of the Dollar Equivalent thereof using the applicable Exchange Rate in effect on the date payment of such fee is due) under each Standby Letter of Credit issued hereunder (and in no event less than \$500 with respect to each such Standby Letter of Credit). Standby Letter of Credit Fees accrued through and including the last day of March, June, September and December of each year shall be payable in arrears on the fifth Business Day following such last day, commencing on the first such date to occur after the date hereof. The Administrative Agent will promptly pay to the Issuing Banks and the Lenders their pro rata shares of any amounts received from the Parent Borrower (or such Subsidiary) in respect of any such fees. Standby Letter of Credit fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(g) **Obligations Absolute.** The obligation of the Parent Borrower (or the Subsidiary that is jointly and severally liable with respect to the Letter of Credit in question) to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit, any application for the issuance of a Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Parent Borrower's (or such Subsidiary's) obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable Issuing Bank. Notwithstanding the foregoing, nothing in this Section 2.04(g) shall be construed to excuse such Issuing Bank, the Lenders or the Administrative Agent from liability to the Parent Borrower (or such Subsidiary) to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Parent Borrower (and such Subsidiary) to the extent permitted by applicable law) suffered by the Parent Borrower

(or such Subsidiary) that are caused by (x) such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof or (y) the gross negligence, bad faith or willful misconduct of such Issuing Bank, the Lenders or the Administrative Agent as found by a final, non-appealable judgment of a court of competent jurisdiction. The parties hereto expressly agree that, in the absence of gross negligence, bad faith or willful misconduct on the part of an Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, an Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(h) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Parent Borrower (and the Subsidiary that is jointly and severally liable with respect to the Letter of Credit in question, if applicable) in writing (by hand delivery, teletype or (pursuant to procedures approved by the Administrative Agent) electronic transmission) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Parent Borrower (or the Subsidiary that is jointly and severally liable with respect to the Letter of Credit in question) of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(i) Interim Interest. If an Issuing Bank shall make any LC Disbursement, then, unless the Parent Borrower (or the Subsidiary that is jointly and severally liable with respect to the Letter of Credit in question) shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, including by financing such payment obligation with an ABR Loan in accordance with paragraph (e) of this Section (or, if such date is not a Business Day, on or prior to the next Business Day), the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Parent Borrower (or such Subsidiary) reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans; provided that, if the Parent Borrower (or such Subsidiary) fails to reimburse such LC Disbursement when due (including by financing such payment obligation with an ABR Loan) pursuant to paragraph (e) of this Section, then Section 2.11(d) shall apply; and provided, further, that, in the case of an LC Disbursement made under an Alternative Currency Letter of Credit, the amount of interest due with respect thereto shall accrue on the Dollar Equivalent, calculated using the Exchange Rate at the time such LC Disbursement was made, of such LC Disbursement. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(j) Replacement of any Issuing Bank. Any Issuing Bank may be replaced at any time by written agreement among the Parent Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of such Issuing Bank. At the time any such replacement shall become effective, the Parent Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.04(f) and 2.10(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of such Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to include a reference to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(k) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Parent Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the then total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Parent Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in dollars and in cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that (i) the portions of such amount attributable to undrawn Alternative Currency Letters of Credit shall be deposited in the applicable Alternative Currencies in the actual amounts of such undrawn Letters of Credit and (ii) the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Parent Borrower described in paragraph (h) or (i) of Article VII. Each deposit pursuant to this paragraph shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Parent Borrower (and any Subsidiary for whose account a Letter of Credit has been issued) under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Parent Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Banks for LC Disbursements for which they have not been reimbursed (to be applied ratably among them according to the respective aggregate amounts of the then unreimbursed LC Disbursements) and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Parent Borrower (and each such Subsidiary) for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the then total LC Exposure), be applied to satisfy other obligations of the Parent Borrower (and each such Subsidiary) under this Agreement. If the Parent Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default or, in accordance with Section 2.09(c), the total Revolving Credit Exposure exceeding

105% of the total Commitments, such amount (to the extent not applied as aforesaid) shall be returned to the Parent Borrower within three Business Days after all Events of Default have been cured or waived or, as the case may be, the total Revolving Credit Exposure not exceeding the total Commitments.

(l) Additional Issuing Banks. The Parent Borrower may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and such Lender, designate one or more additional Lenders to act as an issuing bank under the terms of this Agreement, provided that the total number of Issuing Banks at any time shall not exceed four. Any Lender designated as Issuing Bank pursuant to this paragraph (l) shall be deemed to be an "Issuing Bank" for the purposes of this Agreement (in addition to being a Lender) with respect to Letters of Credit issued by such Lender.

(m) Reporting. Unless the Administrative Agent otherwise agrees, each Issuing Bank will report in writing to the Administrative Agent, with a copy to the Parent Borrower, (i) on the first Business Day of each week and on the second Business Day to occur after the last day of each March, June, September and December, and on such other dates as the Administrative Agent may reasonably request, the daily activity during the preceding week, calendar quarter or other period, as the case may be, with respect to Letters of Credit issued by it, including the aggregate outstanding LC Exposure with respect to such Letters of Credit on each day during such week, quarter or other period, in such form and detail as shall be satisfactory to the Administrative Agent, (ii) on any Business Day on which the Parent Borrower fails to reimburse an LC Disbursement required to be reimbursed to such Issuing Bank on such day, the date of such failure and the amount of such LC Disbursement and (iii) such other information with respect to Letters of Credit issued by such Issuing Bank as the Administrative Agent may reasonably request.

Section 2.05 Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to an account of the applicable Borrower maintained with the Administrative Agent and designated by the Parent Borrower in the applicable Borrowing Request; provided that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.04(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available at such time in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender agrees to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made

available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at the greater of the applicable Overnight Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. If such Lender's share of such Borrowing is not made available to the Administrative Agent by such Lender within three Business Days after the date such amount is made available to the applicable Borrower, the Administrative Agent shall promptly notify the Parent Borrower and any other applicable Borrower of such failure and shall also be entitled to recover such amount from the applicable Borrower, on demand, with interest thereon at the rate per annum applicable to ABR Loans hereunder accruing from the date of such Borrowing. If the Parent Borrower or the applicable Borrower shall pay to the Administrative Agent such corresponding amount, the Parent Borrower and such applicable Borrower shall have no further obligations to such Lender with respect to such amount.

Section 2.06 Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Parent Borrower (on its own behalf or on behalf of any other Borrower) may elect to convert such Borrowing (i) in the case of a Eurocurrency Borrowing denominated in dollars, to an ABR Borrowing; provided that a Eurocurrency Borrowing denominated in dollars requested by the Parent Borrower on behalf of the Yen Borrower shall not be convertible, in whole or in part, to an ABR Borrowing or (ii) in the case of an ABR Borrowing, to a Eurocurrency Borrowing denominated in dollars or to continue such Borrowing in the same currency and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Parent Borrower (on behalf of itself or any other Borrower) may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Parent Borrower (on its own behalf or on behalf of another Borrower) shall notify the Administrative Agent of such election by hand delivery, telecopy or electronic transmission (pursuant to procedures approved by the Administrative Agent) to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Parent Borrower by the time that a Borrowing Request would be required under Section 2.03 if the Parent Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such Interest Election Request shall be irrevocable.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Parent Borrower (on its own behalf or on behalf of another Borrower) shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Parent Borrower (on its own behalf or on behalf of another Borrower) fails to deliver a timely Interest Election Request with respect to a Eurocurrency Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing (i) if denominated in dollars, shall be converted to an ABR Borrowing and (ii) if denominated in an Alternative Currency, shall be converted to a one month Interest Period denominated in the same currency as the Eurocurrency Borrowing being continued. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Parent Borrower, then, so long as such Event of Default is continuing (i) no outstanding Borrowing denominated in dollars may be converted to or continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing denominated in dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

Section 2.07 Termination and Reduction of Commitments. (a) Unless previously terminated in accordance with this Agreement, the Commitments shall terminate on the Maturity Date.

(b) The Parent Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$100,000 and not less than \$1,000,000, or, if less than \$1,000,000, the remaining amount of the total Commitments, and (ii) the Parent Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.09, the total Revolving Credit Exposures would exceed the total Commitments.

(c) The Parent Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under paragraph (b) of this Section at least two (2) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the

Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Parent Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Parent Borrower may state that such notice is conditioned upon another event, such as the effectiveness of other credit facilities, in which case such notice may be revoked by the Parent Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.08 Repayment of Loans; Evidence of Debt. (a) Each Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan made to such Borrower on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender to such Borrower, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain a Register pursuant to Section 10.04(b)(iv) and an account for each Lender in which it shall record (i) the amount of each Loan made hereunder, the Type and currency thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts and Register maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.09 Prepayment of Loans. (a) Each Borrower shall have the right at any time and from time to time to prepay voluntarily any Borrowing made to such Borrower in whole or in part without premium or penalty, subject to prior notice in accordance with paragraph (b) of this Section.

(b) The Parent Borrower (on its own behalf or on behalf of any other Borrower) shall notify the Administrative Agent in writing (by hand delivery, teletype or (pursuant to procedures approved by the Administrative Agent) electronic transmission) of any voluntary prepayment hereunder prior to (i) in the case of ABR Loans, 11:00 a.m., New York City time, on such date of prepayment, (ii) in the case of Eurocurrency Loans denominated in dollars, 12:00 noon, New York City time, on the Business Day immediately preceding such date of prepayment, (iii) in the case of Eurocurrency Loans denominated in Euros, 12:00 noon, New York City time, three Business Days prior to such date of prepayment and (iv) in the case of Eurocurrency Loans denominated in any Alternative Currencies other than Euros, 12:00 noon, New York City time, four Business Days prior to such date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and whether the prepayment is of Eurocurrency Loans, ABR Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each; provided that, if a notice of voluntary prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.07, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.07. Promptly following receipt of any such notice the Administrative Agent shall advise the Lenders of the contents thereof. Each partial voluntary prepayment of any Borrowing shall be in an aggregate principal amount of \$500,000 or a multiple of \$100,000 in excess thereof (or the Dollar Equivalent thereof). Each voluntary prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing.

(c) If on any Exchange Rate Date the Administrative Agent determines that the total Revolving Credit Exposure exceeds 105% of the total Commitments, the Borrowers shall within three Business Days after such date, prepay Loans and/or deposit cash collateral in an account with the Administrative Agent established and maintained in accordance with Section 2.04(k) in an aggregate amount such that, after deducting therefrom the amount so prepaid and/or so deposited in such account, the total Revolving Credit Exposure does not exceed the total Commitments. The Administrative Agent shall promptly release any collateral theretofore deposited with it pursuant to this Section 2.09 to the extent that on any Exchange Rate Date the total Revolving Credit Exposure does not exceed the total Commitments.

(d) Prepayments shall be accompanied by accrued interest to the extent required by Section 2.11 and any amounts payable pursuant to Section 2.14.

Section 2.10 Fees. (a) The Parent Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee for the period from and including the Effective Date to the last day of the Availability Period, computed at the Applicable Rate on the average daily amount of the Available Commitment of such Lender during the period for which payment is made. Commitment fees accrued through and including the last day of March, June, September and December of each year shall be payable on the fifth Business Day following such last day, commencing on July 7, 2011; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Parent Borrower agrees to pay to each Issuing Bank the fees agreed upon by the Parent Borrower with such Issuing Bank with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. For the avoidance of doubt, in any case where, in accordance with the second sentence of the definition of Issuing Bank, an Issuing Bank arranges for one or more Letters of Credit to be issued by an Affiliate of such Issuing Bank, the fees agreed upon by such Issuing Bank with the Parent Borrower shall be deemed to have been agreed upon by such Affiliate unless the Parent Borrower and such Affiliate otherwise agree.

(c) The Parent Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Parent Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to each Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders. Except as may be expressly agreed in writing between the Parent Borrower and the Administrative Agent with respect to fees to the Administrative Agent, fees paid shall not be refundable under any circumstances (other than in the case, and to the extent, of any overpayment thereof by the applicable Borrower).

Section 2.11 Interest; Eurocurrency Tranches. (a) The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) The interest rate for Loans denominated in Alternative Currencies shall be subject to customary adjustments if and to the extent loans denominated in such Alternative Currencies are not customarily priced on a LIBO Rate basis; provided, however that such adjustments shall not apply to Loans denominated in Euros, Yen or Hong Kong Dollars.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(e) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of all of the Commitments; provided that (i) interest accrued pursuant to paragraph (d) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of

any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.12 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that by reason of circumstances affecting the relevant market adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Parent Borrower (on its own behalf or on behalf of any other Borrower) and the Lenders by telephone or teletype as promptly as practicable thereafter and, until the Administrative Agent notifies the Parent Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing shall be ineffective, (ii) if any Borrowing Request requests a Eurocurrency Borrowing denominated in dollars, such Borrowing shall be made as an ABR Borrowing; provided that (A) if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted and (B) if the circumstances giving rise to such notice affect only one currency, then Borrowings in other permitted currencies shall be permitted. The Administrative Agent agrees to give prompt notice to the Parent Borrower when the circumstances that gave rise to a notice under this Section 2.12 no longer exist.

Section 2.13 Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Bank;

(ii) impose on any Lender or any Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurocurrency Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) shall subject the Administrative Agent, any Lender or the Issuing Bank to any Taxes (other than (A) Indemnified Taxes indemnified under Section 2.15, (B) Excluded Taxes or (C) Other Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender (or in the case of (iii) to such Administrative Agent, Lender or Issuing Bank) of making or maintaining any Eurocurrency Loan (or of maintaining its obligation to make such Loan) or to increase the cost to the Administrative Agent, such Lender or such Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by the Administrative Agent, such Lender or such Issuing Bank hereunder (whether of principal, interest or otherwise), then the Parent Borrower will pay to the Administrative Agent, such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate the Administrative Agent, such Lender or such Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or any Issuing Bank reasonably determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital (or on the capital of any corporation controlling such Lender or such Issuing Bank) as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such controlling corporation could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's or such controlling corporation's policies with respect to capital adequacy), then from time to time the Parent Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such controlling corporation for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or such Issuing Bank, as the case may be, as specified in paragraph (a), (b) or (e) of this Section, containing (i) a reasonably detailed explanation of the basis on which such amount or amounts were calculated and the Change in Law by reason of which it has become entitled to be so compensated and (ii) confirmation of the matters set forth in the last sentence of Section 2.13(d), shall be delivered to the Parent Borrower and shall be conclusive absent manifest error. No Lender or Issuing Bank shall be entitled to the benefits of this Section 2.13 unless such Lender or Issuing Bank shall have complied with the requirements of this Section 2.13. The Parent Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such

Issuing Bank's right to demand such compensation; provided that the Parent Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 90 days prior to the date that such Lender or such Issuing Bank, as the case may be, notifies the Parent Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 90-day period referred to above shall be extended to include the period of retroactive effect thereof. Notwithstanding any other provision of this Section 2.13, no Lender or Issuing Bank shall demand compensation for any increased costs or reduction referred to above in this Section if it shall not then be the general policy of such Lender to demand such compensation in similar circumstances from comparable borrowers under comparable provisions of other credit agreements, if any (it being understood, for the avoidance of doubt, that a waiver by any Lender or Issuing Bank in any given case of its right to demand such compensation from any given borrower shall not, in and of itself, be deemed to constitute a change in the general policy of such Lender).

(e) If the cost to any Lender of making or maintaining any Loan to a Subsidiary Borrower that is a Foreign Subsidiary is increased (or the amount of any sum received or receivable by any Lender or its lending office is reduced) by an amount deemed by such Lender to be material, by reason of the fact that such Subsidiary Borrower is a Foreign Subsidiary, such Subsidiary Borrower shall indemnify such Lender for such increased cost or reduction within fifteen (15) days after demand by such Lender (with a copy to the Administrative Agent), which such Lender shall make within ninety (90) days from the day such Lender has notice of such increased cost or reduction.

Section 2.14 Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurocurrency Loan into an ABR Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.09(b) and is revoked in accordance therewith), or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Parent Borrower pursuant to Section 2.17, then, in any such event, the applicable Borrower shall compensate each Lender for the loss and reasonable cost and expense attributable to such event (excluding loss of margin). In the case of a Eurocurrency Loan, such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the applicable eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section, containing a reasonably

detailed calculation of such amounts, shall be delivered to the Parent Borrower and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof. No Lender or Issuing Bank shall be entitled to the benefits of this Section 2.14 unless such Lender or Issuing Bank shall have complied with the requirements of this Section 2.14.

Section 2.15 Taxes. (a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if any Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or the relevant Issuing Bank (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Loan Party shall make such deductions and (iii) the applicable Loan Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Each Loan Party shall indemnify the Administrative Agent, each Lender and any Issuing Bank, as promptly as possible but in any event within 30 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent, such Lender or such Issuing Bank, as the case may be, on or with respect to any payment by or on account of any obligation of such Loan Party under any Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability, together with, to the extent available, a certified copy of a receipt issued by such Governmental Authority evidencing such payment or other evidence of such payment reasonably satisfactory to such Loan Party, delivered to such Loan Party as soon as practicable after any such payment by a Lender or any Issuing Bank, or by the Administrative Agent on its own behalf or on behalf of a Lender or any Issuing Bank, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by a Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Lender (which includes, for purposes of this paragraph, an Issuing Bank) that is a "United States Person" as defined in Section 7701(a)(30) of the Code shall deliver to the Parent Borrower and the Administrative Agent on or before the date on which it becomes a party to this Agreement two properly completed and duly signed copies of U.S. Internal Revenue

Service Form W-9 (or any successor form) certifying that such Lender is exempt from U.S. federal withholding tax. Each Lender (which includes, for purposes of this paragraph, an Issuing Bank) that is not a "United States Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Parent Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) (i) two copies of U.S. Internal Revenue Service ("IRS") Form W-8BEN, Form W-8ECI or Form W-8IMY (together with any applicable underlying IRS forms), (ii) in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit E and the applicable IRS Form W-8, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender establishing complete exemption from U.S. federal withholding tax on payments under this Agreement and the other Loan Documents, or (iii) any other form prescribed by applicable requirements of U.S. federal income tax law as a basis for claiming exemption from or a reduction in U.S. federal withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable requirements of law to permit the Parent Borrower and the Administrative Agent to determine the withholding or deduction required to be made. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation) and from time to time thereafter upon the request of the Parent Borrower or the Administrative Agent. In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Parent Borrower and the Administrative Agent at any time it determines that it is no longer in a position to provide any previously delivered certificate to any Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this Section, a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section that such Non-U.S. Lender is not legally able to deliver.

(f) A Lender that is entitled to an exemption from or a reduction of non-U.S. withholding tax under the law of a jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower or Administrative Agent, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate; provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(g) Each Lender shall indemnify the Administrative Agent for the full amount of any Taxes imposed by any Governmental Authority that are attributable to such Lender and that are payable or paid by the Administrative Agent, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent in good faith. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error.

(h) If the Administrative Agent, a Lender or an Issuing Bank determines that it has received a refund which, in the good faith judgment of the Administrative Agent, such Lender or such Issuing Bank, as the case may be, is allocable to any Indemnified Taxes or Other Taxes as to which it has been indemnified by a Loan Party or with respect to which a Loan Party has paid additional amounts pursuant to this Section 2.15, it shall promptly pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 2.15 with respect to the Indemnified Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Administrative Agent or such Lender or such Issuing Bank and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that such Loan Party, upon the request of the Administrative Agent or such Lender or such Issuing Bank, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority attributable to such amount (including the reasonable out-of-pocket expenses described above of the Administrative Agent or such Lender or such Issuing Bank)) to the Administrative Agent or such Lender or such Issuing Bank in the event the Administrative Agent or such Lender or such Issuing Bank is required to repay such refund to such Governmental Authority. This Section shall not be construed to require the Administrative Agent or any Lender or an Issuing Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to any Loan Party or any other Person.

Section 2.16 Payments Generally; Pro Rata Treatment; Sharing of Set-offs. (a) Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.13, 2.14 or 2.15, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent or an Issuing Bank, as applicable, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, except payments to be made directly to an Issuing Bank as expressly provided herein and except that payments pursuant to Sections 2.13, 2.14, 2.15 and 10.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars except (i) payments of principal of and interest on any Alternative Currency Loan shall be paid in the applicable currency and (ii) as provided in Section 2.04(k).

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest, fees, expenses and other amounts then due hereunder, such funds shall be applied (i) first, towards payment of interest, fees, expenses and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees, expenses and other amounts then due to such parties, and (ii) second, towards payment of principal and

unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the applicable Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or an Issuing Bank hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or such Issuing Bank, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders or such Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or such Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Overnight Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(d) or (e), 2.05(b) or 2.16(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(f) In order to expedite the transactions contemplated by this Agreement, each Subsidiary Borrower hereby appoints the Parent Borrower to act as agent on behalf of such Subsidiary Borrower for the purpose of (i) giving any notices or requests contemplated to be given by such Subsidiary Borrower pursuant to this Agreement, including, without limitation, Borrowing Requests, prepayment notices and Interest Election Requests and (ii) paying on behalf of such Subsidiary Borrower any Subsidiary Obligations owing by such Subsidiary Borrower; provided, that each Subsidiary Borrower shall retain the right, in its discretion, to give directly any or all of such notices or requests or to make directly any or all of such payments.

(g) The obligations of each Borrower under this Agreement are several although the Subsidiary Obligations are guaranteed by the Parent Borrower under Article IX.

Section 2.17 Mitigation Obligations; Replacement of Lenders. (a) If any Lender (including any Issuing Bank) requests compensation under Section 2.13, or if any Borrower is required to pay any additional amount to any Lender (including any Issuing Bank) or any Governmental Authority for the account of any Lender (including any Issuing Bank) pursuant to Section 2.15, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans (or interests in Letters of Credit) hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender (including any Issuing Bank), such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.13 or 2.15, as the case may be, in the future and (ii) would not subject such Lender (including any Issuing Bank) to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender (including any Issuing Bank).

(b) If (i) any Lender (including any Issuing Bank) requests compensation under Section 2.13, (ii) any Borrower is required to pay any additional amount to any Lender (including any Issuing Bank) or any Governmental Authority for the account of any Lender (including any Issuing Bank) pursuant to Section 2.15, (iii) any Lender is a Defaulting Lender or (iv) any Lender does not consent to any proposed amendment, supplement, modification, consent or waiver of any provision of this Agreement or any other Loan Document that requires the consent of each of the Lenders or each of the Lenders affected thereby (so long as the consent of the Required Lenders (with the percentage in such definition being deemed to be 66 2/3% for this purpose) has been obtained), then the Parent Borrower may, at its sole expense (in the case of clauses (i), (ii) and (iv) of this Section 2.17(b) only), upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 10.04, provided that the Parent Borrower shall be required to pay the processing and recordation fee referred to in Section 10.04(b)(ii)(C)), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Parent Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts) (and, if such Lender is an Issuing Bank, all Letters of Credit issued by it shall have been cancelled or other

arrangements reasonably satisfactory to such Issuing Bank shall have been made with respect to such Letters of Credit), (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.13 or payments required to be made pursuant to Section 2.15, such assignment will result in a reduction in such compensation or payments and (iv) in the case of an assignment pursuant to clause (iv) above, no Default shall have occurred and be continuing. A Lender (including any Issuing Bank) shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Parent Borrower to require such assignment and delegation cease to apply. No such assignment shall be deemed to be a waiver of any rights which any Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

Section 2.18 Change in Law. If (a) any Change in Law shall make it unlawful for any Issuing Bank to issue Letters of Credit denominated in an Alternative Currency or (b) there shall have occurred any change in national or international financial, political or economic conditions (including the imposition of or any change in exchange controls) or currency exchange rates that would make it impracticable for any Issuing Bank to issue Letters of Credit denominated in such Alternative Currency, then by prompt written notice thereof to the Parent Borrower and to the Administrative Agent (which notice shall promptly be withdrawn whenever such circumstances no longer exist), such Issuing Bank may declare that Letters of Credit will not thereafter be issued by it in the affected Alternative Currency or Alternative Currencies, whereupon the affected Alternative Currency or Alternative Currencies shall be deemed (until such notice is withdrawn) not to constitute an Alternative Currency for purposes of the issuance of Letters of Credit by such Issuing Bank.

Section 2.19 Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Available Commitment of such Defaulting Lender pursuant to Section 2.10(a);

(b) the Commitment and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 10.02); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of each Lender or each Lender affected thereby;

(c) if any LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Commitments but only to the extent the sum of all non-Defaulting Lenders' Revolving Credit Exposures plus such Defaulting Lender's LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Parent Borrower shall within one Business Day following notice by the Administrative Agent cash collateralize for the benefit of the Issuing Bank only such Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.04(k) for so long as such LC Exposure is outstanding;

(iii) if the Parent Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Parent Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.04(f) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Sections 2.10(a) and 2.04(f) shall be adjusted in accordance with such non-Defaulting Lenders' Commitment; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Bank or any other Lender hereunder, all fees payable under Section 2.04(f) with respect to such Defaulting Lender's LC Exposure shall be payable to the applicable Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the applicable Borrower in accordance with Section 2.19(c), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.19(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Issuing Bank, as the case may be, shall have entered into arrangements with the Parent Borrower or such Lender, satisfactory to the Issuing Bank to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Parent Borrower and the Issuing Bank each agrees, acting in good faith and a commercially reasonable manner, that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's

Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Commitment.

ARTICLE III

Representations and Warranties

The Parent Borrower represents and warrants and each Subsidiary Borrower represents and warrants (to the extent specifically applicable to such Subsidiary Borrower) to the Lenders that:

Section 3.01 Organization; Powers. Each of the Borrowers, the Guarantors and the Parent Borrower's Significant Subsidiaries (as defined in Regulation S-X, part 210.1-02 of Title 17 of the Code of Federal Regulations) is duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States of America) under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

Section 3.02 Authorization; Enforceability. The Transactions are within each Loan Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. Each Loan Document has been duly executed and delivered by each Loan Party which is a party thereto and constitutes a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, liquidation, reconstruction, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03 Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Parent Borrower or any of its Subsidiaries or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture or any material agreement or other material instrument binding upon Parent Borrower or any of its Subsidiaries or its assets, or give rise to a right thereunder to require any payment to be made by Parent Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of Parent Borrower or any of its Subsidiaries.

Section 3.04 Financial Condition; No Material Adverse Change. (a) The Parent Borrower has heretofore furnished to the Lenders its consolidated balance sheet and statements of income, stockholders equity and cash flows (i) as of and for the Fiscal Year ended April 3, 2010, reported on by Ernst & Young LLP, independent public accountants, and (ii) as of and for the Fiscal Quarter and the portion of the Fiscal Year ended January 1, 2011, certified by

its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Parent Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) Since April 3, 2010, there has been no material adverse change in the business, operations, property or condition (financial or otherwise) of the Parent Borrower and its Subsidiaries, taken as a whole.

Section 3.05 Properties. (a) Each of the Parent Borrower and its Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to the operation of its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes or such other defects as, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Each of the Parent Borrower and its Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business as currently conducted, and the use thereof by the Parent Borrower and its Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 3.06 Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Borrower, threatened against or affecting Parent Borrower or any of its Subsidiaries (i) which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (except for litigation disclosed prior to February 2, 2011 in reports publicly filed by the Parent Borrower under the Securities Exchange Act of 1934, as amended) or (ii) that involve this Agreement or the Transactions.

(b) Except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, neither the Parent Borrower nor any of its Subsidiaries (i) has failed to comply with any Environmental Laws or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Section 3.07 Compliance with Laws and Agreements. (a) Each of the Parent Borrower and its Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

(b) Neither the Parent Borrower or its Subsidiaries is currently subject to any U.S. sanctions administered by the OFAC; and the Parent Borrower and its Subsidiaries will not directly or indirectly use the proceeds of the transaction, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC or for the purpose of financing any activity that is prohibited as to U.S. persons under U.S. sanctions administered by OFAC.

Section 3.08 Investment Company Status. Neither the Parent Borrower nor any of its Subsidiaries is required to be registered as an "investment company" as defined in the Investment Company Act of 1940, as amended.

Section 3.09 Taxes. Each of the Parent Borrower and its Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Parent Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves to the extent required by GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

Section 3.10 ERISA. (i) Except as could not reasonably be expected to result in a Material Adverse Effect, each Plan is in compliance with the applicable provisions of ERISA and the provisions of the Code relating to Plans and the regulations and published interpretations thereunder, and each Foreign Plan is in compliance with applicable non-United States law and regulations thereunder, and (ii) no ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Accounting Standards Codification No. 715: Compensation-Retirement Benefits) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than \$10,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Accounting Standards Codification No. 715: Compensation-Retirement Benefits) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than \$10,000,000 the fair market value of the assets of all such underfunded Plans.

Section 3.11 Disclosure. All of the reports, financial statements and certificates furnished by or on behalf of any Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or hereafter delivered hereunder or reports

filed pursuant to the Securities Exchange Act of 1934, as amended (as modified or supplemented by other information so furnished prior to the date on which this representation and warranty is made or deemed made) do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Parent Borrower and the Subsidiary Borrowers represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Section 3.12 Subsidiary Guarantors. Set forth on Schedule 3.12 is a list of each Subsidiary which, in accordance with Section 4.01(b), is required to be a Guarantor under the Guarantee Agreement on the Effective Date.

ARTICLE IV

Conditions

Section 4.01 Effective Date. The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence reasonably satisfactory to the Administrative Agent (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received the Guarantee Agreement executed and delivered by (i) each Domestic Subsidiary which is a guarantor under the Existing Credit Agreement and (ii) each Domestic Subsidiary, if any, which, as of the Effective Date, is a Significant Subsidiary (as defined in Regulation S-X, part 210.1-02 of Title 17 of the Code of Federal Regulations) and which is not a guarantor under the Existing Credit Agreement.

(c) The Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to it that all obligations of the Parent Borrower under the Existing Credit Agreement (other than the indemnity and other obligations (including obligations in relation to the letters of credit identified on Schedule 2.04) that expressly survive the termination thereof) shall have been paid in full, and all commitments of the Lenders to extend credit thereunder shall have been terminated.

(d) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Kelley Drye & Warren LLP, counsel for the Loan Parties, substantially in the form of Exhibit B. The Borrowers hereby request Kelley Drye & Warren LLP to deliver the opinion provided for in the preceding sentence.

(e) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Loan Parties, the authorization of the Transactions by the Loan Parties and any other legal matters relating to the Loan Parties, this Agreement or the Transactions, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(f) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Parent Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(g) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced at least one Business Day prior to the Effective Date, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Parent Borrower hereunder.

The Administrative Agent shall notify the Parent Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.02) at or prior to 3:00 p.m., New York City time, on March 31, 2011 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

Section 4.02 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, but excluding a conversion of all or a portion of a Borrowing from one Type to the other or a continuation of all or a portion of a Borrowing of the same Type pursuant to Section 2.06, and of each Issuing Bank to issue, increase, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, increase, renewal or extension of such Letter of Credit, as applicable (other than such representations as are made as of a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided, however, that if the proceeds of such Loan are being used to refinance maturing commercial paper issued by the Parent Borrower, then the representations and warranties in Sections 3.04(b) and 3.06(a) shall not apply.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, increase, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, increase, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the applicable Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

Section 4.03 Additional Condition to Initial Borrowing by Subsidiary Borrowers. The obligations of the Lenders to make the initial Loan to a particular Subsidiary Borrower shall not become effective, with respect to such Subsidiary Borrower, until the date on which the Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders) of non-U.S. counsel for such Subsidiary Borrower in form and substance customary and typical for such opinion and reasonably satisfactory to the Administrative Agent.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated and all LC Disbursements shall have been reimbursed, the Parent Borrower covenants and agrees with the Lenders that:

Section 5.01 Financial Statements, Ratings Change and Other Information. The Parent Borrower will furnish to each Lender through the Administrative Agent:

(a) within 90 days after the end of each Fiscal Year, the Parent Borrower's audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Parent Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied; provided, however, that, so long as the Parent Borrower is required to file reports under Section 13 of the Securities and Exchange Act of 1934, as amended, the requirements of this paragraph shall be deemed satisfied by the delivery of, the Annual Report of the Parent Borrower on Form 10-K (or any successor form as prescribed by the Securities and Exchange Commission) for such Fiscal Year, signed by the duly authorized officer or officers of the Parent Borrower;

(b) within 60 days after the end of each of the first three Fiscal Quarters, the Parent Borrower's consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such Fiscal Quarter and the then elapsed portion of the Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by one of its Financial Officers as

presenting fairly in all material respects the financial condition and results of operations of the Parent Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes; provided, however, that, so long as the Parent Borrower is required to file reports under Section 13 of the Securities and Exchange Act of 1934, as amended, the requirements of this paragraph shall be deemed satisfied by the delivery of the Quarterly Report of the Parent Borrower on Form 10-Q (or any successor form as prescribed by the Securities and Exchange Commission) for the relevant Fiscal Quarter, signed by the duly authorized officer or officers of the Parent Borrower.

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Parent Borrower (i) stating that he or she has obtained no knowledge that a Default has occurred (except as set forth in such certificate), (ii) if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (iii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.07; and (iv) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.04 which has had an effect on such financial statements and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such financial statements stating whether they obtained knowledge during the course of their examination of such financial statements of any Default (which certificate may be limited to the extent required by accounting rules or guidelines);

(e) promptly after the same become publicly available, copies of all other periodic and other reports, proxy statements and other materials filed by the Parent Borrower or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by the Parent Borrower to its shareholders generally, as the case may be;

(f) promptly after the Parent Borrower shall have received notice that Moody's or S&P has announced a change in the rating established or deemed to have been established for the Index Debt, written notice of such rating change; and

(g) promptly following any request therefor, such other information regarding the business affairs or financial position of the Parent Borrower or any Subsidiary, or compliance with the terms of this Agreement, as the Administrative Agent on behalf of any Lender may reasonably request.

Section 5.02 Notices of Material Events. The Parent Borrower will furnish to the Lenders through the Administrative Agent prompt written notice of the following after the Parent Borrower shall have obtained knowledge thereof:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Parent Borrower or any Affiliate thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of any Loan Party or any of its ERISA Affiliates in an aggregate amount exceeding \$10,000,000; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Parent Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03 Existence; Conduct of Business. The Parent Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business except, in each case (other than the case of the foregoing requirements insofar as they relate to the legal existence of the Borrowers and the Guarantors), to the extent that failure to do so could not reasonably be expected to result in a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.04.

Section 5.04 Payment of Obligations. The Parent Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including Tax liabilities, that, if not paid, could reasonably be expected to result in a Material Adverse Effect before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Parent Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

Section 5.05 Maintenance of Properties; Insurance. Except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect, the Parent Borrower will, and will cause each of its Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted and except for surplus and obsolete properties, and (b) maintain, with financially sound and reputable insurance companies, insurance on such of its property and in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

Section 5.06 Books and Records; Inspection Rights. The Parent Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which entries in conformity in all material respects with all applicable laws, rules and regulations of any Governmental Authority are made of all dealings and transactions in relation to its business and activities. The Parent Borrower will, and will cause each of its Subsidiaries to, on an annual basis at the request of the Administrative Agent (or at any time after the occurrence and during the continuance of a Default), permit any representatives designated by the Administrative Agent or any Lender (at such Lender's expense), upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records (other than materials protected by the attorney-client privilege and materials which the Parent Borrower or such Subsidiary, as applicable, may not disclose without violation of a confidentiality obligation binding upon it), and to discuss its affairs, finances and condition with its officers and independent accountants, so long as afforded opportunity to be present, all during reasonable business hours. It is understood that so long as no Event of Default has occurred and is continuing, such visits and inspections shall be coordinated through the Administrative Agent.

Section 5.07 Compliance with Laws. The Parent Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

Section 5.08 Use of Proceeds and Letters of Credit. The proceeds of the Loans will be used only to finance the working capital needs, capital expenditures, Permitted Acquisitions, Investments permitted under Section 6.05 and general corporate purposes of the Parent Borrower and its Subsidiaries (including the initiation and maintenance of a commercial paper program, the refinancing of commercial paper and the refinancing of the Existing Credit Agreement). No part of the proceeds of any Loan will be used, whether directly or indirectly, for the purpose of purchasing or carrying, or to extend credit to others for the purpose of purchasing or carrying any "margin stock" as defined in Regulation T, U or X of the Board or for any other purpose that entails a violation of any such regulations. The Commercial Letters of Credit shall be used solely to finance purchases of goods by the Parent Borrower and its Subsidiaries in the ordinary course of their business, and the Standby Letters of Credit shall be used solely for the purposes described in the definition of such term in Section 1.01.

Section 5.09 Guarantee Agreement Supplement. Each Domestic Subsidiary that becomes a Significant Subsidiary subsequent to the Effective Date shall promptly (and in any event within 60 days of becoming a Significant Subsidiary) execute and deliver to the Administrative Agent (with a counterpart for each Lender) a supplement to the Guarantee Agreement pursuant to which such Subsidiary shall become a party thereto as a Guarantor, together with such other documents and legal opinions with respect thereto as the Administrative Agent shall reasonably request (which documents and opinions shall be in form and substance reasonably satisfactory to the Administrative Agent).

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated and all LC Disbursements shall have been reimbursed, the Parent Borrower covenants and agrees with the Lenders that:

Section 6.01 Indebtedness. The Parent Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

- (a) Indebtedness created hereunder and under the other Loan Documents;
- (b) Indebtedness existing on the Effective Date and set forth in Schedule 6.01 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof or shorten the final maturity or weighted average life to maturity thereof;
- (c) Indebtedness of the Parent Borrower to any Subsidiary and of any Subsidiary to the Parent Borrower or any other Subsidiary;
- (d) Guarantees by the Parent Borrower of Indebtedness of any Subsidiary and by any Subsidiary of Indebtedness of the Parent Borrower or any other Subsidiary;
- (e) Indebtedness of the Parent Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any real property, fixed or capital assets, including Capital Lease Obligations, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; provided that such Indebtedness is incurred no more than 90 days prior to or within 90 days after such acquisition or the completion of such construction or improvement;
- (f) Indebtedness acquired or assumed in Permitted Acquisitions and extensions, renewals and replacements of any such indebtedness that do not increase the outstanding principal amount thereof or shorten the final maturity or weighted average life to maturity thereof or have different obligors;
- (g) Priority Indebtedness (excluding any Indebtedness permitted by Sections 6.01(e) and (f)) in an aggregate principal amount at any one time outstanding not to exceed 10% of the Parent Borrower's then Consolidated Net Worth;
- (h) Unsecured Indebtedness (excluding any Indebtedness permitted by Section 6.01(f)), not otherwise permitted by this Section, of any Borrower or any Subsidiary which is a Guarantor so long as (i) on a pro forma basis after giving effect to the incurrence of such Indebtedness, the ratio of (x) Adjusted Debt then outstanding to (y) Consolidated EBITDAR for the then most recently ended period of four consecutive Fiscal Quarters for which financial statements shall have been delivered to the Lenders pursuant to Section 5.01 is not greater than 3.75 to 1.00; and

(i) Indebtedness under Swap Agreements not entered into for speculative purposes.

For purposes of this subsection 6.01, any Person becoming a Subsidiary of the Parent Borrower after the date of this Agreement shall be deemed to have incurred all of its then outstanding Indebtedness at the time it becomes a Subsidiary, and any Indebtedness assumed by the Parent Borrower or any of its Subsidiaries shall be deemed to have been incurred on the date of assumption.

Section 6.02 Liens. The Parent Borrower will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

- (a) Permitted Encumbrances;
- (b) Liens existing on the Effective Date and set forth on Schedule 6.02;
- (c) any Lien on any property or asset of the Parent Borrower or any Subsidiary securing Indebtedness permitted by Section 6.01(e) incurred to acquire, construct or improve such property or asset;
- (d) Liens solely constituting the right of any other Person to a share of any licensing royalties (pursuant to a licensing agreement or other related agreement entered into by the Parent Borrower or any of its Subsidiaries with such Person in the ordinary course of the Parent Borrower's or such Subsidiary's business) otherwise payable to the Parent Borrower or any of its Subsidiaries, provided that such right shall have been conveyed to such Person for consideration received by the Parent Borrower or such Subsidiary on an arm's-length basis;
- (e) Liens arising from precautionary Uniform Commercial Code financing statement filings with respect to operating leases entered into by the Parent Borrower or any of its Subsidiaries in the ordinary course of business;
- (f) Liens securing Indebtedness described in clause (a) of the definition of Priority Indebtedness;
- (g) Liens securing Indebtedness permitted under Section 6.01(c);
- (h) Bankers' liens and rights of setoff with respect to customary depository arrangements entered into in the ordinary course of business;
- (i) Liens attaching solely to cash earnest money or similar deposits in connection with any letter of intent or purchase agreement in connection with a Permitted Acquisition; and

(j) Liens arising from precautionary Uniform Commercial Code financing statement filings with respect to consignments, provided that such Liens extend solely to the assets subject to such consignments.

Section 6.03 Sale of Assets. The Parent Borrower will not, nor will it permit any of its Subsidiaries to, sell, lease, transfer or otherwise dispose of (in one transaction or a series of transactions) all or substantially all of the assets of the Parent Borrower and its Subsidiaries taken as a whole.

Section 6.04 Fundamental Changes. (a) The Parent Borrower will not, and will not permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, (i) any Subsidiary may merge into the Parent Borrower in a transaction in which the Parent Borrower is the surviving corporation, (ii) any Subsidiary (including a Guarantor) may merge into any other Subsidiary in a transaction in which the surviving entity is a Subsidiary (provided that, in the case of a merger of a Subsidiary that is not a Subsidiary Borrower into a Subsidiary Borrower in which the surviving Subsidiary is not the Subsidiary Borrower, the surviving Subsidiary shall execute and deliver to the Administrative Agent an assumption agreement expressly assuming the Subsidiary Obligations of such Subsidiary Borrower under this Agreement), and (iii) any Subsidiary may liquidate or dissolve if the Parent Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Parent Borrower and its Subsidiaries and is not materially disadvantageous to the Lenders and except that the Parent Borrower or any Subsidiary may effect any acquisition permitted by Section 6.05 by means of a merger of the Person that is the subject of such acquisition with the Parent Borrower or any of its Subsidiaries (provided that, in the case of a merger with the Parent Borrower, the Parent Borrower is the survivor); and

(b) The Parent Borrower will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than a Related Line of Business; provided, that the Parent Borrower and any Subsidiary may engage in any business or businesses which are not Related Lines of Business, so long as the Investments made by the Parent Borrower and/or the Subsidiaries in such businesses do not exceed \$500,000,000 in the aggregate, which amount shall be included in the aggregate amount for Investments permitted under Section 6.05(j).

Section 6.05 Investments, Loans, Advances, Guarantees and Acquisitions. The Parent Borrower will not, and will not permit any of its Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary prior to such merger) any capital stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit or the rights of any licensee under a trademark license to such licensee from the Parent Borrower or any of its Affiliates, except:

(a) Permitted Investments;

(b) investments by the Parent Borrower or a Subsidiary in the capital stock of its Subsidiaries;

(c) loans or advances made by the Parent Borrower to, and Guarantees by the Parent Borrower of obligations of, any Subsidiary, and loans or advances made by any Subsidiary to, and Guarantees by any Subsidiary of obligations of, the Parent Borrower or any other Subsidiary;

(d) Guarantees constituting Indebtedness permitted by Section 6.01;

(e) advances or loans made in the ordinary course of business to employees of the Parent Borrower and its Subsidiaries;

(f) existing Investments not otherwise permitted under this Agreement and described in Schedule 6.05 hereto;

(g) Investments received in connection with the bona fide settlement of any defaulted Indebtedness or other liability owed to the Parent Borrower or any Subsidiary;

(h) Permitted Acquisitions; provided that if, as a result of a Permitted Acquisition, (i) a new Domestic Subsidiary shall be created and such Domestic Subsidiary is a "Significant Subsidiary" (as defined in Regulation S-X, part 210.1-02 of Title 17 of the Code of Federal Regulations) or (ii) any then existing Domestic Subsidiary shall become such a Significant Subsidiary, such Domestic Subsidiary shall thereafter become party to the Guarantee Agreement as a Guarantor in accordance with Section 5.09;

(i) Swap Agreements not entered into for speculative purposes; and

(j) Investments, in addition to Investments permitted under clauses (a) through (h) of this Section 6.05, but including Investments permitted under Section 6.04(b), made after the date hereof in an aggregate amount not to exceed \$500,000,000 in any Person or Persons.

Section 6.06 Transactions with Affiliates. The Parent Borrower will not, and will not permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, (a) any of its Affiliates, (b) a spouse or any relative (by blood, adoption or marriage) within the third degree of any such Affiliate or (c) any other Person which is an Affiliate of any such spouse or relative, except (x) in the ordinary course of business at prices and on terms and conditions, in the aggregate (taking into account all of the Parent Borrower's or such Subsidiary's transactions with, and the benefits to the Parent Borrower and its Subsidiaries derived from the Parent Borrower's or such Subsidiary's Investment in, such Affiliate), not less favorable to the Parent Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, excluding customary compensation paid to, and indemnity provided on behalf of, directors, officers and employees of the Parent Borrower and any Subsidiary and (y) transactions between or among the Parent Borrower and its Subsidiaries not involving any other Affiliate.

Section 6.07 Consolidated Leverage Ratio. The Parent Borrower will not permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive Fiscal Quarters ending after the Effective Date to be greater than 3.75 to 1.00.

ARTICLE VII

Events of Default

If any of the following events ("Events of Default") shall occur:

- (a) any Borrower shall fail to pay (i) any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise, or (ii) any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable and such failure to pay such reimbursement obligation shall continue unremedied for a period of two Business Days;
- (b) any Borrower shall fail to pay any interest on any Loan or unreimbursed LC Disbursement or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five days;
- (c) any representation or warranty made or deemed made by or on behalf of the Parent Borrower or any Subsidiary in or in connection with this Agreement or the Guarantee Agreement or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or the Guarantee Agreement or any amendment or modification hereof or thereof or waiver hereunder or thereunder, shall prove to have been incorrect in any material respect when made or deemed made;
- (d) the Parent Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03 (with respect to each Borrower's existence) or 5.08 or in Article VI;
- (e) the Parent Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Parent Borrower (which notice will be given at the request of any Lender);
- (f) the Parent Borrower or any Subsidiary shall fail to make any payment of principal or interest, regardless of amount, in respect of any Material Indebtedness, when and as the same shall become due and payable beyond the period (without giving effect to any extensions, waivers, amendments or other modifications of or to such period) of grace, if any, provided in the instrument or agreement under which such Material Indebtedness was created, and, prior to any termination of Commitments or the

acceleration of payment of Loans pursuant to this Article VII, such failure is not waived in writing by the holders of such Material Indebtedness;

(g) any event or condition occurs (after giving effect to any applicable grace periods and after giving effect to any extensions, waivers, amendments or other modifications of any applicable provision or agreement) that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause, with the giving of an acceleration or similar notice if required, any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (g) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to the extent such Indebtedness is paid when due;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Parent Borrower or any Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Parent Borrower or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; provided, however, that the occurrence of any of the events specified in this paragraph (h) with respect to any Person other than the Parent Borrower shall not be deemed to be an Event of Default unless (x) the net assets of such Person, determined in accordance with GAAP, shall have exceeded \$20,000,000 as of the date of the most recent audited financial statements delivered to the Lenders pursuant to Section 5.01 or on the date of occurrence of any such event and/or (y) the aggregate net assets of all Loan Parties and other Subsidiaries in respect of which any of the events specified in this paragraph (h) and in paragraphs (i) and (j) of this Article VII shall have occurred shall have exceeded \$50,000,000 as of the date of the most recent audited financial statements delivered to the Lenders pursuant to Section 5.01 or on the date of occurrence of any such event;

(i) the Parent Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Parent Borrower or any Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; provided, however, that the occurrence of any of the events specified in this paragraph (i) with respect to any Person other than any Borrower shall not be deemed to

be an Event of Default unless (x) the net assets of such Person, determined in accordance with GAAP, shall have exceeded \$20,000,000 as of the date of the most recent audited financial statements delivered to the Lenders pursuant to Section 5.01 or on the date of occurrence of any such event and/or (y) the aggregate net assets of all Loan Parties and other Subsidiaries in respect of which any of the events specified in this paragraph (i) and in paragraphs (h) and (j) of this Article VII shall have occurred shall have exceeded \$50,000,000 as of the date of the most recent audited financial statements delivered to the Lenders pursuant to Section 5.01 or on the date of occurrence of any such event;

(j) the Parent Borrower or any Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due; provided, however, that the occurrence of any of the events specified in this paragraph (j) with respect to any Person other than any Borrower shall not be deemed to be an Event of Default unless (x) the net assets of such Person, determined in accordance with GAAP, shall have exceeded \$20,000,000 as of the date of the most recent audited financial statements delivered to the Lenders pursuant to Section 5.01 or on the date of occurrence of any such event and/or (y) the aggregate net assets of all Loan Parties and other Subsidiaries in respect of which any of the events specified in this paragraph (j) and in paragraphs (h) and (i) of this Article VII shall have occurred shall have exceeded \$50,000,000 as of the date of the most recent audited financial statements delivered to the Lenders pursuant to Section 5.01 or on the date of occurrence of any such event;

(k) one or more judgments for the payment of money in an aggregate amount (not paid or covered by insurance) in excess of \$50,000,000 shall be rendered against the Parent Borrower, any Subsidiary or any combination thereof and (i) the same shall remain undischarged for a period of 60 consecutive days from the entry thereof during which execution shall not be effectively stayed or bonded, or (ii) any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Parent Borrower or any Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the reasonable opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) Lauren, his estate or Persons related to him by blood, adoption or marriage and/or trusts or other entities principally for the benefit of any of the foregoing (the "Lauren Interests") shall cease to own in the aggregate, directly or indirectly either (x) Voting Stock of the Parent Borrower having the voting power to elect a majority of the Board of Directors of the Parent Borrower or (y) Voting Stock representing more than 25% of the voting power of the Parent Borrower's Equity Interests; or

(n) the Guarantee Agreement ceases to be in full force and effect;

then, and in every such event (other than an event with respect to any Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Parent Borrower, take either or both of the following actions, at the same or different

times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; and in case of any event with respect to any Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other obligations of the Borrowers accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers.

ARTICLE VIII

The Administrative Agent

Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Parent Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.02) or in the absence of its own gross negligence, bad faith or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Parent Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or

representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Parent Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of the Parent Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent reasonably satisfactory to the Parent Borrower which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Parent Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Parent Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender (including each Issuing Bank) acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender (including each Issuing Bank) also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

The Syndication Agents shall not have any duties or responsibilities under the Loan Documents in their capacity as such.

ARTICLE IX

Guarantee

Section 9.01 Guarantee. (a) The Parent Borrower hereby unconditionally and irrevocably guarantees to the Administrative Agent, for the ratable benefit of the Lenders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Subsidiary Borrowers when due (whether at the stated maturity, by acceleration or otherwise) of the Subsidiary Obligations. As used in this Article IX, the term "Lenders" includes affiliates of Lenders which are parties to any Specified Cash Management Agreements or Specified Swap Agreements.

(b) The Parent Borrower agrees that the Subsidiary Obligations may at any time and from time to time exceed the amount of the liability of the Parent Borrower hereunder that would exist in the absence of this Article IX without impairing this Guarantee or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(c) This Guarantee shall remain in full force and effect until all the Subsidiary Obligations shall have been satisfied by payment in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of this Guarantee the Subsidiary Borrowers may be free from any Subsidiary Obligations.

(d) No payment made by any Borrower, any Guarantor, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from any Borrower, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Subsidiary Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Parent Borrower hereunder which shall, notwithstanding any such payment (other than any payment made by the Parent Borrower in respect of the Subsidiary Obligations or any payment received or collected from the Parent Borrower in respect of the Subsidiary Obligations), remain liable for the Subsidiary Obligations until the Subsidiary Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated.

Section 9.02 No Subrogation. Notwithstanding any payment made by the Parent Borrower hereunder or any set-off or application of funds of the Parent Borrower by the Administrative Agent or any Lender, the Parent Borrower shall not be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Subsidiary Borrowers or any other Guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Subsidiary Obligations nor shall the Parent Borrower seek or be entitled to seek any contribution or reimbursement from the Subsidiary Borrowers or any other Guarantor in respect of payments made by the Parent Borrower under this Guarantee, until all amounts owing to the Administrative Agent and the Lenders by the Subsidiary Borrowers on account of the Subsidiary Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to the Parent Borrower on account of such subrogation rights at any time when all of the Subsidiary Obligations shall not have been paid in full in immediately available funds, such amount shall be held by the Parent Borrower for the benefit of the Administrative Agent and the Lenders, and shall, forthwith upon receipt by the Parent Borrower, be turned over to the Administrative Agent in the exact form received by the Parent Borrower (duly indorsed by the Parent Borrower to the Administrative Agent, if required), to be applied against the Subsidiary Obligations whether matured or unmatured, in such order as the Administrative Agent may determine.

Section 9.03 Amendments, etc. with respect to the Subsidiary Obligations. The Parent Borrower shall remain obligated under this Guarantee notwithstanding that, without any reservation of rights against the Parent Borrower and without notice to or further assent by the Parent Borrower, any demand for payment of any of the Subsidiary Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Subsidiary Obligations continued, and the Subsidiary Obligations or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and this Agreement and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, in accordance with Section 10.02, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Subsidiary Obligations may be sold, exchanged, waived, surrendered or released without affecting the Parent Borrower's obligations under this Article IX. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Subsidiary Obligations or for this Guarantee.

Section 9.04 Guarantee Absolute and Unconditional. The Parent Borrower waives any and all notice of the creation, renewal, extension or accrual of any of the Subsidiary Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this Guarantee or acceptance of this Guarantee; the Subsidiary Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Article IX; and all dealings between the Parent Borrower and any of the Guarantors, on the one hand, and the Administrative Agent and the

Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Article IX. The Parent Borrower waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Subsidiary Borrowers or any of the Guarantors with respect to the Subsidiary Obligations. The Parent Borrower understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of this Agreement, any of the Subsidiary Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Subsidiary Borrower or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of any Borrower or any Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Subsidiary Borrowers for the Subsidiary Obligations, or of the Parent Borrower under this Article IX, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against the Parent Borrower, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the Subsidiary Borrowers, any other Guarantor or any other Person or against any collateral security or guarantee for the Subsidiary Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from any Subsidiary Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Subsidiary Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve the Parent Borrower of any obligation or liability under this Article IX, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against the Parent Borrower under this Article IX. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

Section 9.05 Reinstatement. This Article IX shall continue to be effective, or shall be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Subsidiary Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

Section 9.06 Payments. The Parent Borrower hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in dollars or the applicable Alternative Currency at the office of the Administrative Agent located at 1111 Fannin, 10th Floor, Houston, Texas 77002.

ARTICLE X

Miscellaneous

Section 10.01 Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein and in the Guarantee Agreement shall be in writing and shall be delivered by hand or nationally recognized overnight courier service, mailed by certified or registered mail, U.S. first class postage prepaid, or sent by telecopy, as follows:

(i) if to any Borrower, to Polo Ralph Lauren Corporation, 650 Madison Avenue, New York, New York 10022, Attention of Tracey Travis, Senior Vice President, Finance and Chief Financial Officer (Telecopy No. (212) 318-7705), with a copy to Polo Ralph Lauren Corporation, 9 Polito Avenue, Lyndhurst, New Jersey 07071, Attention of Robert Westreich, Corporate Vice President, Treasurer and Chief Tax Officer (Telecopy No. (201) 531-6894);

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 9th Floor, 125 London Wall, London, EC2Y 5AJ, United Kingdom, Attention of Mehreen Shafiq (Telecopy No. +44 207 777 9663), with a copy to (A) JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 10 South Dearborn, Floor 7, Chicago, Illinois 60603, Attention of Margaret Seweryn (Telecopy No. (312) 732-7976) and (B) if such notice or other communication relates to an Alternative Currency Loan (including any Borrowing Request for a Eurocurrency Borrowing denominated in an Alternative Currency), J.P. Morgan Europe Limited, 125 London Wall, London, EC2Y 5AJ, United Kingdom, Attention of the Manager (Telecopy No. +44 207 777 2360); and

(iii) if to any other Lender or any Issuing Bank, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders (including any Issuing Bank) hereunder may be delivered or furnished to the Lenders through the Administrative Agent by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto (or, in the case of any Lender, by notice to the Administrative Agent and the Parent Borrower). All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 10.02 Waivers; Amendments. (a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder and under the Guarantee Agreement are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or the Guarantee Agreement or consent to any departure by any Borrower or any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor the Guarantee Agreement nor any provision hereof or thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers or the Guarantors, as the case may be, and the Required Lenders or by the Borrowers or the Guarantors, as the case may be, and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.16(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender; (v) release all or substantially all of the Guarantors from their obligations under the Guarantee Agreement, without the written consent of each Lender (except that no approval of the Lenders shall be required to release a Guarantor in connection with the disposition of all the capital stock of such Guarantor not prohibited by the Loan Documents) or (vi) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or an Issuing Bank without the prior written consent of the Administrative Agent or such Issuing Bank, as the case may be.

Section 10.03 Expenses; Indemnity; Damage Waiver. (a) The Parent Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and J.P. Morgan Securities LLC, as sole bookrunner and sole lead arranger, including the reasonable fees, charges and disbursements of one domestic counsel for the Administrative Agent and J.P. Morgan Securities LLC, collectively, in connection with the syndication of the credit facilities provided for herein, the preparation of this Agreement or any

amendments, modifications or waivers of the provisions hereof and (ii) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender, including the reasonable fees, charges and disbursements of one domestic counsel and one foreign counsel, as necessary, in each applicable jurisdiction for the Administrative Agent, any Issuing Bank or any Lender, in connection with the enforcement or preservation of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable and documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Parent Borrower shall indemnify the Administrative Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by an Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Parent Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, bad faith or willful misconduct of, or material breach of its obligations under the Loan Documents by, such Indemnitee or such Indemnitee's employer or any Affiliate of either thereof or any of their respective officers, directors, employees, advisors or agents.

(c) To the extent that the Parent Borrower fails to pay any amount required to be paid by it to the Administrative Agent or any Issuing Bank under paragraph (a) or (b) of this Section, but without affecting the Parent Borrower's obligations thereunder, each Lender severally agrees to pay to the Administrative Agent or such Issuing Bank, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or such Issuing Bank in its capacity as such.

(d) To the extent permitted by applicable law, the Parent Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages)

arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof except to the extent such damages arise from the gross negligence, bad faith or willful misconduct of such Indemnitee as found by a final, non-appealable judgment of a court of competent jurisdiction.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

Section 10.04 Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) a Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void) and (ii) no Lender (including any Issuing Bank) may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, each Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Parent Borrower, provided that no consent of the Parent Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default under clause (a), (b), (h) or (i) of Article VII has occurred and is continuing, any other assignee; and provided, further, that the Parent Borrower shall be deemed to have consented to any such assignment unless the Parent Borrower shall object thereto by written notice to the Administrative Agent within five Business Days after having received notice thereof;

(B) the Administrative Agent; and

(C) in the case of an assignment of a Commitment or an interest in Letters of Credit, each Issuing Bank.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and

Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of the Parent Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Parent Borrower shall be required if an Event of Default under clause (a), (b), (h) or (i) of Article VII has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire;

(E) no assignment (including any assignment to a Lender, an Affiliate of a Lender or an Approved Fund) shall be permitted if, immediately after giving effect thereto, amounts would become payable by any Borrower under Section 2.13 or 2.15 (including amounts payable under Section 2.15 in respect of withholding taxes) that are in excess of those that would be payable under such Section in respect of the amount assigned if such assignment were not made;

(F) no assignment shall be made to a natural person; and

(G) no assignment shall be made to any Borrower or its Affiliates.

(H) For the purposes of this Section 10.04(b), the term "Approved Fund" has the following meaning:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement (including, in the case of any Non-U.S. Lender (including each Issuing Bank that is a Non-U.S. Lender), obligations under Section 2.15(e)), and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15 and 10.03); provided, however, that no such assignment or transfer shall be deemed to be a

waiver of any rights which any Borrower, the Administrative Agent or any other Lender shall have against such Lender. Any assignment or transfer by a Lender (including an Issuing Bank) of rights or obligations under this Agreement that does not comply with this Section 10.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and each Borrower, the Administrative Agent, the Issuing Banks and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any Borrower, any Issuing Bank and (solely with respect to the Revolving Credit Exposure of such Lender) any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Parent Borrower, the Administrative Agent or any Issuing Bank, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent, the applicable Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clauses (i), (ii), (iii), (v) and (vi) of the first proviso to Section 10.02(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.16(c) as though it were a Lender. Each Lender that

sells a participation, acting solely for this purpose as an agent of the Borrowers, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive, and such Lender, each Loan Party and the Administrative Agent shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary.

(ii) A Participant shall not be entitled to the benefits of Section 2.13, 2.14 or 2.15 unless such Participant shall have complied with the requirements of such Section; provided, that in any case in which a Participant is so entitled, any such Participant shall not be entitled to receive any greater payment under Section 2.13, 2.14 or 2.15 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Parent Borrower's prior written consent. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 2.15 unless the Parent Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the applicable Borrower, to comply with Section 2.15(e) as though it were a Lender.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 10.05 Survival. All representations and warranties made by the Borrowers herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, and shall terminate at such time as no principal of or accrued interest on any Loan or any fee or any other amount payable under this Agreement (other than contingent indemnification obligations that are not due and payable) is outstanding and unpaid, no Letter of Credit is outstanding and the Commitments have expired or been terminated. The provisions of Sections 2.13, 2.14, 2.15, 10.03, 10.13 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 10.06 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single

contract. This Agreement, the Guarantee Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 10.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Borrower against any of and all the obligations of any Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

Section 10.09 Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each party to this Agreement hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party hereto may otherwise have to bring any action or proceeding relating to this Agreement against any other party hereto or its properties in the courts of any jurisdiction.

(c) Each party to this Agreement hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 10.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 10.12 Confidentiality. Each of the Administrative Agent, each Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors, in each case who have a need to know such Information in accordance with customary banking practices (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority or self-regulatory body, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Borrower and its obligations, (g) with the consent of the Parent Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than a Borrower which is not subject to a confidentiality obligation known to the

Administrative Agent and the Lenders with respect to such information. For the purposes of this Section, "Information" means all information received from any Borrower or any Subsidiary relating to such Borrower, any Subsidiary or their respective businesses, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by such Borrower or any Subsidiary; provided that, in the case of information received from any Borrower or any Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 10.13 Satisfaction in Applicable Currency. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum owing hereunder in one currency into another currency, each party hereto agrees, to the fullest extent that it may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures in the relevant jurisdiction the first currency could be purchased with such other currency on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligation of each Borrower hereunder or in respect of the Letters of Credit to make payments in a currency (the "Agreement Currency") shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than the Agreement Currency, be discharged only to the extent that, on the Business Day following receipt by the Administrative Agent and the Lenders of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent and the Lenders may in accordance with normal banking procedures in the relevant jurisdiction purchase the Agreement Currency with the Judgment Currency; if the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent and the Lenders in the Agreement Currency, the applicable Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent, the Issuing Banks and each Lender (as an alternative or additional cause of action) against such loss (if any) and if the amount of the Agreement Currency so purchased exceeds the sum originally due to the Administrative Agent and the Lenders in the Agreement Currency, the Administrative Agent and the Lenders agree to remit such excess to the applicable Borrower. The obligations of each Borrower contained in this Section 10.13 shall survive the termination of this Agreement and the payment of all other amounts owing hereunder.

Section 10.14 Waivers and Agreements Under Existing Credit Agreement. (a) The Lenders which are parties to the Existing Credit Agreement (which Lenders constitute the "Required Lenders" as defined in the Existing Credit Agreement) hereby (i) waive the requirement, set forth in Section 2.07(c) of the Existing Credit Agreement, that the Parent Borrower give not less than two Business Days' notice of any termination of the Commitments (as defined therein), (ii) acknowledge and agree that, for purposes of determining the total "Revolving Credit Exposures" (as defined therein) that would be outstanding thereunder on the date of such termination, the letters of credit issued thereunder that are listed on Schedule 2.04 shall (as a result of the operation of the penultimate sentence of Section 2.04(a) of this Agreement, which provides that on the Effective Date such letters of credit shall be deemed to be

"Letters of Credit" issued hereunder) on the Effective Date be deemed no longer outstanding under the Existing Credit Agreement and (iii) pursuant to Section 9.02 of the Existing Credit Agreement, consent to the execution and delivery by JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent (under and as defined in the Existing Credit Agreement) for and on behalf of the Lenders (under and as defined in the Existing Credit Agreement), of this Agreement to evidence or effectuate (as set forth in Section 10.14(b)) the waivers and agreements set forth in clauses (i) and (ii) above.

(b) JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent as defined in the Existing Credit Agreement hereby (i) waives, for and on behalf of the Lenders (as defined therein), the requirement, set forth in Section 2.07(c) of the Existing Credit Agreement, that the Parent Borrower give not less than two Business Days' notice of any termination of the Commitments (as defined therein) and (ii) acknowledges and agrees, for and on behalf of the Lenders (as defined therein), that for purposes of determining the total "Revolving Credit Exposures" (as defined therein) that would be outstanding thereunder on the date of such termination, the letters of credit issued thereunder that are listed on Schedule 2.04 shall on the Effective Date be deemed no longer outstanding under the Existing Credit Agreement.

Section 10.15 **No Fiduciary Duty**. The Administrative Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "Lenders"), may have economic interests that conflict with those of each of the Borrowers, its stockholders and/or its affiliates. Each Borrower agrees that nothing in the Loan Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and any Borrower, its stockholders or its affiliates, on the other. Each Borrower acknowledges and agrees that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Borrowers, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Borrower, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Borrower, its stockholders or its Affiliates on other matters) or any other obligation to any Borrower except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of any Borrower, its management, stockholders, creditors or any other Person. Each Borrower acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Borrower, in connection with such transaction or the process leading thereto.

Section 10.16 **USA Patriot Act**. Each Lender and the Agent hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), such Lender and Agent is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender or the Agent, as

applicable, to identify the Borrower in accordance with the Patriot Act. The Borrowers shall provide such information and take such actions as are reasonably requested by the Agent or any Lender in order to assist the Agent and the Lenders in maintaining compliance with the Patriot Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

POLO RALPH LAUREN CORPORATION

By: /s/ Tracey T. Travis
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

ACQUI POLO C.V.

By: Acqui Polo GP, LLC, its General Partner

By: /s/ Tracey T. Travis
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

POLO RALPH LAUREN KABUSHIKI KAISHA

By: /s/ Tracey T. Travis
Name: Tracey T. Travis
Title: Director

POLO RALPH LAUREN ASIA PACIFIC LIMITED

By: /s/ Tracey T. Travis
Name: Tracey T. Travis
Title: Director

JPMORGAN CHASE BANK, N.A., individually and as
Administrative Agent

By: /s/ James A. Knight
Name: James A. Knight
Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

BANK OF AMERICA, N.A., individually and as
Syndication Agent

By: /s/ Naomi Hasegawa

Name: Naomi Hasegawa

Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

Wells Fargo Bank, N.A.

individually and as Syndication Agent

By: /s/ Beth Rue
Beth Rue
Director

SIGNATURE PAGE TO CREDIT AGREEMENT

DEUTSCHE BANK AG NEW YORK BRANCH, individually and as Syndication Agent

By: /s/ Heidi Sandquist
Name: Heidi Sandquist
Title: Director

By: /s/ Ming K. Chu
Name: Ming K. Chu
Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

Deutsche Bank AG London Branch

By: /s/ Julian U E Puddick

Name: Julian U E Puddick

Title: Vice President

By: /s/ Russell Brown

Name: Russell Brown

Title: Director

SIGNATURE PAGE TO CREDIT AGREEMENT

HSBC Bank USA, National Association,
individually and as Syndication Agent

By: /s/ Grace Lee

Name: Grace Lee

Title: Vice President

SIGNATURE PAGE TO CREDIT AGREEMENT

Sumitomo Mitsui Banking Corporation,

By: /s/ William M. Ginn

Name: William M. Ginn

Title: Executive Officer

SIGNATURE PAGE TO CREDIT AGREEMENT

UBS AG, Stamford Branch

By: /s/ Irja R. Otsa

Name: Irja R. Otsa

Title: Associate Director

By: /s/ Mary E. Evans

Name: Mary E. Evans

Title: Associate Director

SIGNATURE PAGE TO CREDIT AGREEMENT

BARCLAYS BANK PLC

By: /s/ Niels Pedersen

Name: Niels Pedersen

Title: Director

SIGNATURE PAGE TO CREDIT AGREEMENT

Goldman Sachs Bank USA

By: /s/ Mark Walton

Name: Mark Walton

Title: Authorized Signatory

SIGNATURE PAGE TO CREDIT AGREEMENT

FORM OF
ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into between the Assignor named below (the "Assignor") and the Assignee named below (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

- 1. Assignor: _____
- 2. Assignee: _____
[and is an Affiliate/Approved Fund of [*identify Lender*]¹]
- 3. Borrowers: Polo Ralph Lauren Corporation, Acqui Polo C.V., Polo Ralph Lauren Kabushiki Kaisha and Polo Ralph Lauren Asia Pacific Limited
- 4. Administrative Agent: JPMorgan Chase Bank, N.A., as administrative agent under the Credit Agreement
- 5. Credit Agreement: The Credit Agreement dated as of March 10, 2011 among Polo Ralph Lauren Corporation (the "Parent Borrower"), Acqui Polo C.V., Polo Ralph Lauren Kabushiki Kaisha and Polo Ralph Lauren Asia Pacific Limited (together with the Parent Borrower, the "Borrowers"), the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto
- 6. Assigned Interest: _____

¹ Select as applicable.

Aggregate Amount of
Commitment/Loans for
all Lenders

Amount of
Commitment/Loans
Assigned

Percentage Assigned of
Commitment/Loans²

\$ _____
\$ _____

\$ _____
\$ _____

%

Effective Date: _____, 201_ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed administrative questionnaire in which the Assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrowers, the Loan Parties and their Affiliates or their respective securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____
Title:

² Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders.

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A., as
Administrative Agent

By _____
Title:

Consented to:

[POLO RALPH LAUREN CORPORATION,
as Parent Borrower

By _____
Title:]³

[NAME OF ISSUING BANK], as Issuing Bank

By _____
Title:

³ To be added only if the consent of the Parent Borrower is required by Section 10.04(b)(i)(A) of the Credit Agreement.

CREDIT AGREEMENT DATED AS OF MARCH 10, 2011 AMONG POLO RALPH LAUREN CORPORATION, ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA AND POLO RALPH LAUREN ASIA PACIFIC LIMITED, THE LENDERS PARTIES THERETO, JPMORGAN CHASE BANK, N.A., AS ADMINISTRATIVE AGENT, AND THE OTHER AGENTS PARTIES THERETO

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01(a) and (b) thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by email or telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

FORM OF OPINION OF LOAN PARTIES' COUNSEL

March __, 2011

To: JPMorgan Chase Bank, N.A.,
As Administrative Agent
Loan and Services Group, 9th Floor
125 London Wall
London, EC2Y 5AJ
United Kingdom
and
The Lenders set forth on Schedule A hereto

Ladies and Gentlemen:

We have acted as special New York legal counsel to Polo Ralph Lauren Corporation, a Delaware corporation (the "**Corporation**"), Acqui Polo C.V., a partnership organized under the laws of the Netherlands ("**Acqui**"), Polo Ralph Lauren Kabushiki Kaisha, a corporation organized under the laws of Japan ("**PRLKK**"), and Polo Ralph Lauren Asia Pacific Limited, a corporation organized under the laws of Hong Kong ("**PRLAPL**"), and together with Acqui and PRLKK, the "**Subsidiary Borrowers**" and the entities set forth on Schedule B hereto (the "**Subsidiary Guarantors**," and together with the Corporation, the "**U.S. Loan Parties**"), in connection with the Credit Agreement, dated as of March 10, 2011, (the "**Credit Agreement**") among the Corporation, the Subsidiary Borrowers, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "**Administrative Agent**"), and the Guarantee Agreement, dated as of March 10, 2011 (the "**Guarantee Agreement**") executed by each of the Subsidiary Guarantors in favor of the Administrative Agent.

This opinion is being delivered to you pursuant to Section 4.01(d) of the Credit Agreement. Capitalized terms used herein without definition shall have the meanings specified in the Credit Agreement.

In connection with this opinion, we have examined and relied upon: (i) the Credit Agreement, the Guarantee Agreement and the exhibits and schedules thereto (collectively, the "**Transaction Agreements**"), (ii) for each U.S. Loan Party that is a corporation, the Certificate or Articles of Incorporation and Bylaws, as amended to date, of such U.S. Loan Party, and appropriate records of the corporate proceedings of each such U.S. Loan Party, (iii) for each U.S. Loan Party that is a limited liability company, the Certificate or Articles of Formation and the Limited Liability Company Operating Agreement of such U.S. Loan Party, as amended to date, and appropriate records of the company proceedings of such U.S. Loan Party, (iv) for each U.S. Loan Party that is a limited partnership, the Certificate of Limited Partnership and the limited partnership agreement of such U.S. Loan Party, as amended to date, and appropriate records of the partnership proceedings of such U.S. Loan Party, (v) advice from the States of Delaware and New York as to the incorporation or formation and good standing of each U.S. Loan Party incorporated or formed in such State, (vi) originals or copies certified or otherwise identified to our satisfaction of such records, agreements, instruments and certificates of public officials and of the U.S. Loan Parties and Subsidiary Borrowers as we have deemed necessary and relevant to

form the basis for our opinions herein. We have not conducted any independent investigation, examination or inquiry of factual matters in rendering the opinions set forth in this letter other than the document examination described herein, and our opinion is qualified in all respects by the scope of such document examination.

In our examination, we have assumed, and express no opinion as to, the genuineness of all signatures, the authenticity and completeness of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies, the authenticity of the originals of such latter documents and the legal competence and capacity of all natural persons. We have also assumed that the Transaction Agreements are binding and enforceable obligations of each of the parties thereto (other than the U.S. Loan Parties and the Subsidiary Borrowers), and that each such other party and each Subsidiary Borrower has obtained all consents, authorizations (including corporate or partnership authorization, as the case may be, by the Subsidiary Borrowers), permits and governmental approvals required for the consummation and performance of the Transaction Agreements to which it is a party (except as otherwise provided in Paragraph 3 below). As to certain factual matters material to this opinion, we have relied upon representations and warranties of the U.S. Loan Parties and the Subsidiary Borrowers with respect thereto set forth in the Transaction Agreements or in certificates with respect thereto signed by officers of the U.S. Loan Parties and the Subsidiary Borrowers, to the extent deemed appropriate by us, and we have made no independent investigation thereof, except as expressly indicated herein. We have assumed the accuracy and completeness of the information obtained from public officials and records included in the documents referred to above.

We have assumed that there was not any fraud, misrepresentation, omission or deceit by any person in connection with the negotiation, execution, delivery and performance of the Transaction Agreements or any of the documents contemplated thereby. We have also assumed the absence of any mutual mistake of fact or misunderstanding, duress or undue influence in the negotiation, execution or delivery of the Transaction Agreements. We have further assumed that there are not any agreements or understandings, written or oral, between or among the U.S. Loan Parties, the Subsidiary Borrowers and the other parties to the Transaction Agreements or any waiver of a right or remedy or usage of trade or course of prior dealings among the parties that would define, alter, supplement or qualify the terms of the Transaction Agreements or the Scheduled Agreements (as hereinafter defined) to which any U.S. Loan Party or Subsidiary Borrower is a party.

When, in this opinion, we have used the phrases "to our knowledge," "known to us" or phrases of like import, such phrases refer only to the present actual knowledge (i.e., conscious awareness) of the attorneys who are presently with this firm and who our records indicate have devoted substantive attention to matters related to the Transaction Agreements. In addition, except as expressly set forth in this letter, we have not, in rendering our opinions in Paragraph 2(d) below, reviewed court or other public records, but rather have relied, solely as to the factual existence of any court orders, suits, actions, proceedings, litigation or investigations of the type referenced therein, on (i) certificates of officers of the U.S. Loan Parties and the Subsidiary Borrowers and (ii) the representations and warranties of the U.S. Loan Parties and the Subsidiary Borrowers contained in the Transaction Agreements.

Although, in connection with rendering this opinion, we have made the assumptions set forth above and below and have relied upon the representations, warranties and certificates referenced above, nothing has come to our attention that has caused us to believe that we are not justified in relying on any of such assumptions or on any of such representations, warranties or certificates.

We do not assume any responsibility for the accuracy, completeness or fairness of any information, including, but not limited to, financial information, furnished to you by or on behalf of the U.S. Loan Parties and/or the Subsidiary Borrowers concerning the business, assets and affairs of the U.S. Loan Parties and/or the Subsidiary Borrowers or any other information furnished to you by or on behalf of the U.S. Loan Parties and/or the Subsidiary Borrowers or furnished by us as special New York counsel to the U.S. Loan Parties and the Subsidiary Borrowers, except for our conclusions of law in this opinion letter.

When the statements in this opinion are qualified by the term "material," those statements involve judgments and opinions as to the materiality or lack of materiality of any matter to the U.S. Loan Parties, the Subsidiary Borrowers or their respective businesses, prospects, assets or financial conditions, which judgments and opinions are entirely those of the U.S. Loan Parties, the Subsidiary Borrowers and their respective officers, after having been advised by us as to the legal effect and consequences of such matters; however, such opinions and judgments are not known to us to be incorrect.

In rendering the opinions herein with respect to matters of good standing and other matters within the knowledge of public officials, we have relied solely upon certificates of recent date of such officials.

Based on the foregoing, and subject to the assumptions and qualifications hereinafter set forth, it is our opinion that:

1. Based solely on the advice from the States of their respective incorporation or formation, each of the U.S. Loan Parties has been duly incorporated or formed, is existing and is in good standing under the laws of the State of such U.S. Loan Party's incorporation or formation. Each U.S. Loan Party has the corporate, limited liability company or limited partnership, as the case may be, power and authority to own its property and to conduct its business as is now being conducted.

2. The execution, delivery and performance by each U.S. Loan Party of the Transaction Agreements to which it is a party (a) have been duly authorized by all requisite corporate, limited liability company or limited partnership action on the part of such U.S. Loan Party, (b) will not result in a breach of or constitute a default under as applicable, the Articles or Certificate of Incorporation or Bylaws, the Certificate or Articles of Formation or the Limited Liability Company Operating Agreement or the Certificate of Limited Partnership or the limited partnership agreement of such U.S. Loan Party, (c) will not violate any law, rule or regulation of the United States of America or the State of New York or the General Corporation Law of the State of Delaware, or the Limited Liability Company Act of the State of Delaware or the Revised Uniform Limited Partnership Act of the State of Delaware, (d) will not violate any judgment, order or decree of any court or governmental authority of the United States of America or the

State of New York of which we have knowledge, naming any U.S. Loan Party, and (e) will not violate any of the agreements listed on Schedule C hereto (the “*Scheduled Agreements*”).

3. The execution, delivery and performance by each Subsidiary Borrower of the Transaction Agreements to which it is a party will not result in a breach of or constitute a default under (a) any law, rule or regulation of the United States of America or the State of New York or (b) the Schedule Agreements.

4. Each of the Transaction Agreements to which any U.S. Loan Party is a party has been duly executed and delivered by such U.S. Loan Party. Each of the Transaction Agreements to which any U.S. Loan Party or any Subsidiary Borrower is a party constitutes the valid and legally binding obligation of such U.S. Loan Party or Subsidiary Borrower, as the case may be, enforceable against such U.S. Loan Party or Subsidiary Borrower in accordance with its terms.

5. No authorization, approval, or other action by any U.S. Loan Party or Subsidiary Borrower, and no notice to, consent of, order of or filing by any U.S. Loan Party or Subsidiary Borrower with, any United States Federal or New York governmental authority, or under the General Corporation Law of the State of Delaware, the Limited Liability Company Act of the State of Delaware or the Revised Uniform Limited Partnership Act of the State of Delaware is required in connection with the execution, delivery and performance by such U.S. Loan Party or Subsidiary Borrower of the Transaction Agreements to which it is a party.

6. To our knowledge, there is no pending or threatened action, suit, or proceeding against any U.S. Loan Party or Subsidiary Borrower, or the property of any U.S. Loan Party or Subsidiary Borrower, in any court or tribunal, or before any arbitrator of any kind or before or by any governmental authority (A) asserting the invalidity of any of the Transaction Agreements or any document to be delivered by any U.S. Loan Party or Subsidiary Borrower thereunder, or (B) seeking any determination or ruling that might materially and adversely affect (i) the performance by any U.S. Loan Party or Subsidiary Borrower of its obligations under the Transaction Agreements or any document to be delivered thereunder, or (ii) the validity or enforceability of the Transaction Agreements or any documents to be delivered thereunder.

7. No U.S. Loan Party or Subsidiary Borrower is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

The opinions herein are subject to the following qualifications:

(i) We express no opinion as to the enforceability of any provision of the Transaction Agreements or other instruments to the extent such provision may be subject to, and affected by (A) applicable bankruptcy, insolvency, moratorium, receivership, assignment for the benefit of creditors or other similar state or federal laws affecting the rights and remedies of creditors generally (including, without limitation, fraudulent conveyance or transfer laws) and judicially developed doctrines in this area, such as equitable subordination and substantive consolidation of entities, (B) equitable principles (whether considered in a proceeding in equity or at law), (C) an implied covenant of good faith, diligence, reasonableness and fair dealing, concepts of materiality and the requirement that the right, remedy or penalty sought to be proportionate to the breach, default or injury, (D) possible judicial action giving effect to foreign

laws or foreign governments or judicial action affecting or relating to the rights or remedies of creditors, and (E) compliance with, and limitations imposed by, procedural requirements relating to the exercise of remedies. In addition, we express no opinion on the enforceability of certain rights and remedies set forth in the Transaction Agreements or other instruments to the extent such rights or remedies may be limited by applicable state law, but in our opinion, such laws will not materially interfere with the practical realization of the principal benefits intended to be provided by the Transaction Agreements or such instruments.

(ii) We express no opinion with respect to the enforceability of provisions in the Transaction Agreements providing for (A) specific performance, injunctive relief or other equitable remedies, regardless of whether such enforceability is sought in a proceeding in equity or at law, (B) any indemnification, hold harmless, release or exculpation, the enforceability of which may be limited by applicable federal and state securities laws and general principles of public policy or that purport to indemnify or hold harmless a party for, or release, exculpate or exempt a party from, its own action or inaction involving gross negligence, recklessness, willful misconduct or unlawful conduct or (C) a choice of law to the extent limited by the choice-of-law rules of the State of New York and general principles of public policy.

(iii) We express no opinion concerning any provisions in the Transaction Agreements which (A) purport to change or alter the manner in which service of process may be effected under applicable law, (B) relate to the submission of jurisdiction, insofar as they purport to confer subject matter jurisdiction on a court to adjudicate any controversy relating to the Transaction Agreements in any circumstances in which such court would not have subject matter jurisdiction, (C) relate to the enforceability of the choice of New York law in an action or proceeding in Federal court or in a state court outside of the State of New York or (D) relate to setoffs in respect of participations purchased in the Loans or the Letters of Credit.

(iv) We express no opinion concerning any law other than the internal laws of the State of New York, the General Corporation Law of the State of Delaware, the Limited Liability Act of the State of Delaware, the Revised Uniform Limited Partnership Act of the State of Delaware and the federal law of the United States, and we express no opinion with respect to the applicability thereto or the effect of the laws of any other jurisdiction, or in the case of Delaware, any other laws, or as to matters of municipal law or the laws of any local agencies within any state. We note that we are not members of the Bar of the State of Delaware and our knowledge of the General Corporation Law of the State of Delaware, the Limited Liability Act of the State of Delaware and the Revised Uniform Limited Partnership Act of the State of Delaware is derived from a reading of the most recent compilation of such statutes available to us without consideration of any judicial or administrative interpretations thereof.

(v) We express no opinion as to compliance with applicable environmental, pension, tax, employee benefit, land use, anti-money laundering, antifraud or antitrust statutes, rules or regulations of state or federal law.

(vi) We express no opinion with respect to or regarding any matters pertaining to patents, trademarks or copyrights.

(vii) We express no opinion as to the enforceability of any provision in any of the Transaction Agreements (A) purporting to preclude the modification of a Transaction Agreement other than through a writing signed by all the parties to such Transaction Agreement, (B) to the effect that failure to exercise or delay in exercising a right or remedy will not operate as a waiver of the right or remedy, (C) purporting to require the payment or reimbursement of fees, costs, expenses, or other amounts without regard to whether they are reasonable in nature or amount, or (D) purporting to bind third parties who are not parties to the Transaction Agreements.

(viii) We express no opinion as to any mortgage, indenture, lease, contract or other agreement (oral or written) or undertaking of any U.S. Loan Party or Subsidiary Borrower other than the Scheduled Agreements.

(ix) Our opinions set forth above are based upon our consideration of those statutes, rules and regulations which, in our experience, are normally applicable to those transactions contemplated by the Transaction Agreements.

(x) We express no opinion as to the enforceability of any purported waiver by any Person of any right granted pursuant to statute which may not be legally waived or the effectiveness of any purported waiver by any Person of any right granted pursuant to statute which may not be legally waived.

Our opinions set forth in this letter are based upon the facts in existence and the laws in effect on the date hereof and we expressly disclaim any obligation to update our opinions herein, regardless of whether changes in such facts or laws come to our attention after the delivery hereof.

This opinion is rendered only to you and is solely for your benefit in connection with the above transactions. This opinion may not be relied upon by any other Person or for any other purpose without our prior written consent. At your request, we hereby consent to reliance hereon by any assignee under the Agreement pursuant to an assignment that is made and consented to in accordance with the express provisions of Section 10.04 of the Credit Agreement, on the condition and understanding that (i) this opinion speaks only as of the date hereof, (ii) we have no responsibility or obligation to update this opinion, to consider its applicability or correctness to other than its addressees, or to take into account changes in law, facts or any other developments of which we may later become aware, and (iii) any such reliance by a future assignee must be actual and reasonable under the circumstances existing at the time of assignment, including any changes in law, facts or any other developments known to or reasonably knowable by the assignee at such time.

This opinion may not be used, circulated, quoted or otherwise referred to for any other purpose other than disclosure (i) to your auditors and professional advisers, and (ii) as required by law or pursuant to legal process.

Very truly yours,

cc: JPMorgan Chase Bank, N.A.
10 South Dearborn, Floor 7
Chicago, Illinois 60603
Attention: Margaret Seweryn

SCHEDULE A

LENDERS

JPMorgan Chase Bank, N.A.

Bank of America, N.A.

Wells Fargo Bank, N.A.

Deutsche Bank AG New York Branch

HSBC Bank USA, N.A.

Sumitomo Mitsui Banking Corporation

UBS AG, Stamford Branch

Barclays Bank PLC

Goldman Sachs Bank USA

SCHEDULE B
SUBSIDIARY GUARANTORS

<u>Subsidiary Guarantor</u>	<u>Jurisdiction</u>
Acqui Polo GP, LLC	Delaware
Fashions Outlet of America, Inc.	Delaware
Polo Apparel, LLC	Delaware
PRL Fashions, Inc.	Delaware
PRL Financial Corporation	Delaware
PRL International, Inc.	Delaware
PRL Netherlands Limited, LLC	Delaware
PRL USA Holdings, Inc.	Delaware
PRL USA, Inc.	Delaware
Ralph Lauren Home Collection, Inc.	Delaware
RL Fragrances, LLC	Delaware
Sun Apparel, LLC	Delaware
The Polo/Lauren Company, L.P.	New York
The Ralph Lauren Womenswear Company, L.P.	Delaware

SCHEDULE C

SCHEDULED AGREEMENTS

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.

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.

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.

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.

Amendment, dated November 27, 1992, to Foreign Design and Consulting Agreement and Restated Foreign License Agreement.

Amended and Restated Employment Agreement, dated as of June 17, 2003, between Polo Ralph Lauren Corporation and Ralph Lauren.

Asset Purchase Agreement by and among Polo Ralph Lauren Corporation, RL Childrenswear Company, LLC and The Seller Affiliate Group (as defined therein) dated March 25, 2004.

Amendment No. 1, dated as of July 2, 2004, to Asset Purchase Agreement by and among Polo Ralph Lauren Corporation, RL Childrenswear Company, LLC and The Seller Affiliate Group (as defined therein).

Agency Agreement dated October 5, 2006, between Polo Ralph Lauren Corporation and Deutsche Bank AG, London Branch and Deutsche Bank Luxemburg S.A., as fiscal and principal paying agent.

Amended and Restated Employment Agreement, effective as of October 14, 2009, between Polo Ralph Lauren Corporation and Roger N. Farah.

Amendment No. 1, dated March 29, 2010, to the Amended and Restated Employment Agreement between Polo Ralph Lauren Corporation and Roger N. Farah.

Definitive Agreement, dated April 13, 2007, among Polo Ralph Lauren Corporation, PRL Japan Kabushiki Kaisha, Onward Kashiyama Co., Ltd and Impact 21 Co., Ltd.

Employment Agreement, effective as of October 14, 2009, between Polo Ralph Lauren Corporation and Jackwyn Nemerov.

Employment Agreement, effective as of September 28, 2009, between Polo Ralph Lauren Corporation and Tracey T. Travis.

Employment Agreement, effective as of October 14, 2009, between Polo Ralph Lauren Corporation and Mitchell A. Kosh.

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

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

Amendment No. 2, dated November 9, 2010, to the Amended and Restated Employment Agreement, between Polo Ralph Lauren Corporation and Ralph Lauren, in reference to the Form 8-K which was previously filed on July 21, 2010

GUARANTEE AGREEMENT

GUARANTEE AGREEMENT, dated as of March __, 2011 (this "Guarantee"), made by each of the signatories hereto (together with any other entity that may become a party hereto as provided herein, the "Guarantors"), in favor of JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions or entities (the "Lenders") from time to time party to the Credit Agreement, dated as of March __, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Polo Ralph Lauren Corporation (the "Parent Borrower"), Acqui Polo C.V., Polo Ralph Lauren Kabushiki Kaisha and Polo Ralph Lauren Asia Pacific Limited (together with the Parent Borrower, the "Borrowers"), the Lenders and the Administrative Agent.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, each Borrower is a member of an affiliated group of companies that includes each Guarantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrowers to make valuable transfers to one or more of the Guarantors in connection with the operation of their respective businesses;

WHEREAS, the Borrowers and the Guarantors are engaged in related businesses, and each Guarantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrowers under the Credit Agreement that the Guarantors shall have executed and delivered this Guarantee to the Administrative Agent for the ratable benefit of the Lenders;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Borrowers thereunder, each Guarantor hereby agrees with the Administrative Agent, for the ratable benefit of the Lenders, as follows:

SECTION 1. DEFINED TERMS

1.1 Definitions. (a) Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

(b) The following terms shall have the following meanings:

“**Borrower Obligations**”: the collective reference to the unpaid principal of and interest on the Loans and Reimbursement Obligations and all other obligations and liabilities of each Borrower (including, without limitation, interest accruing at the then applicable rate provided in the Credit Agreement after the maturity of the Loans and Reimbursement Obligations and interest accruing at the then applicable rate provided in the Credit Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Administrative Agent or any Lender (or, in the case of any Specified Swap Agreement and Specified Cash Management Agreement, any Affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Credit Agreement and this Guarantee, any Letter of Credit, any Specified Swap Agreement, any Specified Cash Management Agreement, or any other document made, delivered or given in connection with any of the foregoing, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, all fees and disbursements of counsel to the Administrative Agent or to the Lenders that are required to be paid by any Borrower pursuant to the terms of any of the foregoing agreements).

“**Reimbursement Obligation**”: the obligation of the Parent Borrower (or a Subsidiary, if applicable) to reimburse the applicable Issuing Bank pursuant to Section 2.04(e) of the Credit Agreement for amounts drawn under Letters of Credit.

1.2 **Other Definitional Provisions.** (a) The words “hereof,” “herein,” “hereto” and “hereunder” and words of similar import when used in this Guarantee shall refer to this Guarantee as a whole and not to any particular provision of this Guarantee, and Section and Schedule references are to this Guarantee unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 2. GUARANTEE

2.1 **Guarantee.** (a) Each Guarantor hereby, jointly and severally, unconditionally and irrevocably guarantees to the Administrative Agent, for the ratable benefit of the Lenders and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by each Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Borrower Obligations. As used in this Guarantee, the term “Lenders” includes affiliates of Lenders which are parties to any Specified Cash Management Agreements or Specified Swap Agreements.

(b) Anything herein to the contrary notwithstanding, the maximum liability of each Guarantor hereunder shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 2.2).

(c) Each Guarantor agrees that the Borrower Obligations may at any time and from time to time exceed the amount of the liability of such Guarantor hereunder without impairing this Guarantee or affecting the rights and remedies of the Administrative Agent or any Lender hereunder.

(d) This Guarantee shall remain in full force and effect until all the Borrower Obligations and the obligations of each Guarantor under this Guarantee shall have been satisfied by payment in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments shall be terminated, notwithstanding that from time to time during the term of the Credit Agreement the Borrowers may be free from any Borrower Obligations.

(e) No payment made by any Borrower, any Guarantor, any other guarantor or any other Person or received or collected by the Administrative Agent or any Lender from any Borrower, any Guarantor, any other guarantor or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated.

2.2 Right of Contribution. Each Guarantor hereby agrees that to the extent that a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder which has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 2.3. The provisions of this Section 2.2 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the Lenders, and each Guarantor shall remain liable to the Administrative Agent and the Lenders for the full amount guaranteed by such Guarantor hereunder.

2.3 No Subrogation. Notwithstanding any payment made by any Guarantor hereunder or any set-off or application of funds of any Guarantor by the Administrative Agent or any Lender, no Guarantor shall be entitled to be subrogated to any of the rights of the Administrative Agent or any Lender against the Borrowers or any other Guarantor or any collateral security or guarantee or right of offset held by the Administrative Agent or any Lender for the payment of the Borrower Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrowers or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Administrative Agent and the Lenders by the Borrowers on account of the Borrower Obligations are paid in full in immediately available funds, no Letter of Credit shall be outstanding and the Commitments are terminated. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Borrower Obligations shall not have been paid in full in immediately available funds, such amount shall be held by such Guarantor for the benefit of the Administrative Agent and the Lenders, segregated from other funds of such Guarantor, and shall,

forthwith upon receipt by such Guarantor, be turned over to the Administrative Agent in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Administrative Agent, if required), to be applied against the Borrower Obligations, whether matured or unmatured, in such order as the Administrative Agent may determine.

2.4 Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by the Administrative Agent or any Lender may be rescinded by the Administrative Agent or such Lender and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other Person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Administrative Agent or any Lender, and the Credit Agreement and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the Administrative Agent (or the Required Lenders or all Lenders, as the case may be) may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Administrative Agent or any Lender for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. Neither the Administrative Agent nor any Lender shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for this Guarantee.

2.5 Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and notice of or proof of reliance by the Administrative Agent or any Lender upon this Guarantee or acceptance of this Guarantee; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Guarantee; and all dealings between any Borrower and any Guarantor, on the one hand, and the Administrative Agent and the Lenders, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon this Guarantee. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrowers or any Guarantor with respect to the Borrower Obligations. Each Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity or enforceability of the Credit Agreement, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Administrative Agent or any Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by any Borrower or any other Person against the Administrative Agent or any Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of any Borrower for the Borrower Obligations, or of such Guarantor under this Guarantee, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, the Administrative Agent or any Lender may, but shall be under no obligation to, make a similar demand on or

otherwise pursue such rights and remedies as it may have against the Borrowers, any other Guarantor or any other Person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by the Administrative Agent or any Lender to make any such demand, to pursue such other rights or remedies or to collect any payments from any Borrower, any other Guarantor or any other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of any Borrower, any other Guarantor or any other Person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Administrative Agent or any Lender against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.6 Reinstatement. This Guarantee shall continue to be effective, or shall be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by the Administrative Agent or any Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.7 Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to the Administrative Agent without set-off or counterclaim in dollars or the applicable Alternative Currency at the office of the Agent located at JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 10 South Dearborn, Floor 7, Chicago, Illinois 60603.

SECTION 3. THE ADMINISTRATIVE AGENT

Each Guarantor acknowledges that the rights and responsibilities of the Administrative Agent under this Guarantee with respect to any action taken by the Administrative Agent or the exercise or non-exercise by the Administrative Agent of any right or remedy provided for herein or resulting or arising out of this Guarantee shall, as between the Administrative Agent and the Lenders, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Administrative Agent and the Guarantors, the Administrative Agent shall be conclusively presumed to be acting as agent for the Lenders with full and valid authority so to act or refrain from acting, and no Guarantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

SECTION 4. MISCELLANEOUS

4.1 Amendments in Writing. None of the terms or provisions of this Guarantee may be waived, amended, supplemented or otherwise modified except in accordance with Section 10.02(b) of the Credit Agreement.

4.2 Notices. All notices, requests and demands to or upon the Administrative Agent, any Lender or any Guarantor to be effective shall be in writing, shall be given in the manner and

at the addresses specified in Section 10.01 of the Credit Agreement (or, in the case of any Guarantor, to such Guarantor c/o the Parent Borrower at the address of the Parent Borrower set forth in said Section or at such other address as the Parent Borrower may provide in accordance with Section 10.01(c) of the Credit Agreement) and shall be deemed to have been duly given or made when received.

4.3 No Waiver by Course of Conduct; Cumulative Remedies. Neither the Administrative Agent nor any Lender shall by any act (except by a written instrument pursuant to Section 4.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default. No failure to exercise, nor any delay in exercising, on the part of the Administrative Agent or any Lender, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Administrative Agent or any Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent or such Lender would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

4.4 Enforcement Expenses; Indemnification. (a) Each Guarantor agrees to pay or reimburse each Lender and the Administrative Agent for all its reasonable out-of-pocket expenses incurred in collecting against such Guarantor under this Guarantee or otherwise enforcing or preserving its rights under this Guarantee, including, without limitation, the fees and disbursements of counsel to each Lender and of counsel to the Administrative Agent.

(b) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or similar taxes which may be payable or determined to be payable in connection with any of the transactions contemplated by this Guarantee.

(c) Each Guarantor agrees to pay, and to save the Administrative Agent and the Lenders harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Guarantee to the extent the Parent Borrower would be required to do so pursuant to Section 10.03 of the Credit Agreement.

(d) The agreements in this Section 4.4 shall survive repayment of the Borrower Obligations and all other amounts payable under the Credit Agreement.

4.5 Successors and Assigns. This Guarantee shall be binding upon the successors and assigns of each Guarantor and shall inure to the benefit of the Administrative Agent and the Lenders and their successors and assigns; provided that no Guarantor may assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Administrative Agent.

4.6 Set-Off. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Guarantor against any of and all the obligations of such Guarantor now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand for payment under this Guarantee and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

4.7 Counterparts. This Guarantee may be executed by one or more of the parties to this Guarantee on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

4.8 Severability. Any provision of this Guarantee which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4.9 Section Headings. The Section headings used in this Guarantee are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

4.10 Integration. This Guarantee represents the agreement of each Guarantor with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

4.11 GOVERNING LAW. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

4.12 Submission To Jurisdiction; Waivers. (a) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guarantee, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guarantee shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Guarantee against any Guarantor or its properties in the courts of any jurisdiction.

(b) Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in paragraph (a) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Guarantee irrevocably consents to service of process in the manner provided for notices in Section 4.2. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

(d) Each Guarantor waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

4.13 **Additional Guarantors.** Each Subsidiary of the Parent Borrower that is required to become a party to this Guarantee pursuant to Section 5.09 of the Credit Agreement or is designated by the Parent Borrower to be a Guarantor pursuant to the definition of "Guarantor" in Section 1.01 of the Credit Agreement shall execute and deliver to the Administrative Agent an Assumption Agreement in the form of Annex 1 hereto and thereupon shall become a Guarantor under this Guarantee.

4.14 **Releases.** (a) At such time as the Loans, the Reimbursement Obligations and the other Borrower Obligations shall have been paid in full in immediately available funds, the Commitments have been terminated and no Letters of Credit shall be outstanding, this Guarantee Agreement and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and each Guarantor hereunder shall terminate, all without delivery of any instrument or performance of any act by any party.

(b) At the request and sole expense of the Parent Borrower, a Guarantor shall be released from its obligations hereunder in the event that all the Equity Interests of such Guarantor shall be sold, transferred or otherwise disposed of in a transaction permitted by the Credit Agreement; provided that the Parent Borrower shall have delivered to the Administrative Agent, at least ten Business Days prior to the date of the proposed release, a written request for release identifying the relevant Guarantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Parent Borrower stating that such transaction is in compliance with the Credit Agreement.

4.15 WAIVER OF JURY TRIAL. EACH GUARANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH GUARANTOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY

WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee Agreement to be duly executed and delivered as of the date first above written.

ACQUI POLO GP, LLC

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

FASHIONS OUTLET OF AMERICA, INC.

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

POLO APPAREL, LLC

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

PRL FASHIONS, INC.

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

PRL FINANCIAL CORPORATION

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

PRL INTERNATIONAL, INC.

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

PRL NETHERLANDS LIMITED, LLC

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

PRL USA HOLDINGS, INC.

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

PRL USA, INC.

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

RALPH LAUREN HOME COLLECTION, INC.

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

RL FRAGRANCES, LLC

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

SUN APPAREL, LLC

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

THE POLO/LAUREN COMPANY, L.P.
By: PRL International, Inc. its General Partner

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

THE RALPH LAUREN WOMENSWEAR COMPANY, L.P.
BY: Polo Ralph Lauren Womenswear, LLC,
its General Partner

By: _____
Name: Tracey T. Travis
Title: Senior Vice President &
Chief Financial Officer

ASSUMPTION AGREEMENT, dated as of _____, 201 ____, made by _____ (the "Additional Guarantor"), in favor of JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the banks and other financial institutions or entities (the "Lenders") parties to the Credit Agreement referred to below. All capitalized terms not defined herein shall have the meaning ascribed to them in such Credit Agreement.

W I T N E S S E T H:

WHEREAS, Polo Ralph Lauren Corporation (the "Parent Borrower"), Acqui Polo C.V., Polo Ralph Lauren Kabushiki Kaisha and Polo Ralph Lauren Asia Pacific Limited, the Lenders and the Administrative Agent have entered into the Credit Agreement, dated as of March __, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, in connection with the Credit Agreement, certain of the Parent Borrower's Subsidiaries (other than the Additional Guarantor) have entered into the Guarantee Agreement, dated as of March __, 2011 (as amended, supplemented or otherwise modified from time to time, the "Guarantee Agreement") in favor of the Administrative Agent for the benefit of the Lenders;

WHEREAS, the Credit Agreement requires or permits the Additional Guarantor to become a party to the Guarantee Agreement; and

WHEREAS, the Additional Guarantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Guarantee Agreement;

NOW, THEREFORE, IT IS AGREED:

1. Guarantee Agreement. By executing and delivering this Assumption Agreement, as provided in Section 4.13 of the Guarantee Agreement, the Additional Guarantor hereby becomes a party to the Guarantee Agreement as a Guarantor thereunder with the same force and effect as if originally named therein as a Guarantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Guarantor thereunder.

2. Governing Law. THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GUARANTOR]

By: _____
Name:
Title:

FORM OF NEW LENDER SUPPLEMENT

SUPPLEMENT, dated as of _____, 201_, to the Credit Agreement, dated as of March __, 2011, as amended, supplemented or otherwise modified from time to time (the "Credit Agreement") among POLO RALPH LAUREN CORPORATION (the "Parent Borrower"), ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA, POLO RALPH LAUREN ASIA PACIFIC LIMITED, the Lenders party thereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

WITNESSETH:

WHEREAS, the Credit Agreement provides in Section 2.01(c) thereof that any bank, financial institution or other entity may become a party to the Credit Agreement with the consent of the Parent Borrower and the Administrative Agent (which consent of the Administrative Agent shall not be unreasonably withheld) by executing and delivering to the Parent Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned now desires to become a party to the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees to be bound by the provisions of the Credit Agreement, and agrees that it shall, on the date this Supplement is accepted by the Parent Borrower and the Administrative Agent (or on such other date as may be agreed upon among the undersigned, the Parent Borrower and the Administrative Agent), become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a Commitment of \$_____.
 2. The undersigned (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements most recently delivered pursuant to Section 5.01(a) and (b) thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it has made and will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such
-

powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender including, without limitation, if it is organized under the laws of a jurisdiction outside the United States, its obligation pursuant to Section 2.15(e) of the Credit Agreement.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

(Address)

(Attention)

(Telecopy)

(Telephone)

4. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

(Name of Lender)

By: _____

Name:
Title:

Accepted this ___ day of
_____, 201__

POLO RALPH LAUREN CORPORATION

By: _____

Name:
Title:

Accepted this ___ day of
_____, 201__

JPMORGAN CHASE BANK, N.A. as Administrative Agent

By: _____

Name:
Title:

FORM OF
COMMITMENT INCREASE SUPPLEMENT

SUPPLEMENT, dated as of _____, 201_, to the Credit Agreement, dated as of March __, 2011, as amended, supplemented or otherwise modified from time to time (the "Credit Agreement") among POLO RALPH LAUREN CORPORATION (the "Parent Borrower"), ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA, POLO RALPH LAUREN ASIA PACIFIC LIMITED, the Lenders party thereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent.

WITNESSETH:

WHEREAS, the Credit Agreement provides in Section 2.01(d) thereof that any Lender may increase its Commitment under the Credit Agreement with the consent of the Parent Borrower and the Administrative Agent by executing and delivering to the Parent Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned now desires to increase its Commitment under the Credit Agreement;

NOW, THEREFORE, the undersigned hereby agrees as follows:

1. The undersigned agrees that, on the date this Supplement is accepted by the Parent Borrower and the Administrative Agent (or on such other date as may be agreed upon among the undersigned, the Parent Borrower and the Administrative Agent), its Commitment shall be increased by \$_____ from \$_____ to \$_____.
2. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

(Name of Lender)

By: _____

Name:
Title:

Accepted this __ day of
_____, 201__

POLO RALPH LAUREN CORPORATION

By: _____

Name:
Title:

Accepted this __ day of
_____, 201__

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: _____

Name:
Title:

U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March __, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among POLO RALPH LAUREN CORPORATION, ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA, POLO RALPH LAUREN ASIA PACIFIC LIMITED, the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3) (B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 201_



U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March __, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among POLO RALPH LAUREN CORPORATION, ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA, POLO RALPH LAUREN ASIA PACIFIC LIMITED, the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____

Name:

Title:

Date: _____, 201_



U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March __, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among POLO RALPH LAUREN CORPORATION, ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA, POLO RALPH LAUREN ASIA PACIFIC LIMITED, the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 201_



U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of March __, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among POLO RALPH LAUREN CORPORATION, ACQUI POLO C.V., POLO RALPH LAUREN KABUSHIKI KAISHA, POLO RALPH LAUREN ASIA PACIFIC LIMITED, the LENDERS party hereto, and JPMORGAN CHASE BANK, N.A., as Administrative Agent, and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.15 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect to such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____

Name:

Title:

Date: _____, 201_

SUBSIDIARIES OF THE COMPANY

(Excludes inactive subsidiaries)

Entity Name	Jurisdiction of Formation
Acqui Polo CV	Netherlands
Acqui Polo Espana SL	Spain
Acqui Polo GP, LLC	Delaware
Acqui Polo SAS	France
Club Monaco (Hong Kong) Limited	Hong Kong
Club Monaco Corp.	Nova Scotia
Club Monaco S.A.M.	Principality of Monaco
Club Monaco U.S., LLC	Delaware
Fashion Development Corp.	Delaware
Fashions Outlet of America, Inc.	Delaware
Mountain Rose (USA), LLC	Delaware
Polo Apparel, LLC (f/k/a Polo Apparel of Texas, Ltd.)	Delaware
Polo Fin BV	Netherlands
Polo Hold BV	Netherlands
Polo International Assignments Service Corp.	Delaware
Polo Jeans Co. (Europe) Ltd.	United Kingdom
Polo Jeans Company, LLC (f/k/a Polo Jeans Company of Texas, Inc.)	Delaware
Polo JP Acqui B.V.	Netherlands
Polo Management Services, LLC (f/k/a Polo Management Services, Inc.)	Delaware
Polo Players, Ltd GP	Delaware
Polo Ralph Lauren Asia Holding Company Limited	Hong Kong
Polo Ralph Lauren Asia Pacific, Limited	Hong Kong
Polo Ralph Lauren Aviation, LLC	Delaware
Polo Ralph Lauren Commerce & Trading (Shanghai) Co., Ltd.	China
Polo Ralph Lauren Europe Sàrl	Switzerland
Polo Ralph Lauren Fashions Limited Liability Company (a/k/a PRL Greece)	Greece
Polo Ralph Lauren Garment Technology Consulting (Shenzen) Co., Ltd.	China
Polo Ralph Lauren Home Collection Showroom, LLC	Delaware
Polo Ralph Lauren (Hong Kong) Retail Company Limited	Hong Kong
Polo Ralph Lauren Kabushiki Kaisha	Japan
Polo Ralph Lauren Korea, Ltd.	Korea
Polo Ralph Lauren Milan S.r.l.	Italy
Polo Ralph Lauren (Macau) Limited	Macau
Polo Ralph Lauren (Malaysia) Sdn Bhd	Malaysia
Polo Ralph Lauren Milan S.r.l.	Italy
Polo Ralph Lauren (Singapore) Private Limited	Singapore
Polo Ralph Lauren Sourcing Americas, LLC	Delaware
Polo Ralph Lauren Sourcing Company, Ltd.	Hong Kong
Polo Ralph Lauren Sourcing Italy S.r.l.	Italy
Polo Ralph Lauren Sourcing PTE, Ltd.	Singapore
Polo Ralph Lauren Trading (Shanghai) Co., Ltd.	China
Polo Ralph Lauren UK Limited	United Kingdom
Polo Ralph Lauren Womenswear, LLC	Delaware
Polo Retail Europe Limited (f/k/a Acqui Polo UK)	United Kingdom
Polo Wings II, Inc.	Delaware
Poloco Scandinavia AB	Sweden

Entity Name	Jurisdiction of Formation
PRL Australia Pty Ltd.	Australia
PRL CMI, LLC	Delaware
PRL Fashions of Europe S.r.l.	Italy
PRL Fashions, Inc.	Delaware
PRL Financial Corporation	Delaware
PRL Greece EPE (a/k/a Polo Ralph Lauren Fashions Limited Liability Company)	Greece
PRL International, Inc.	Delaware
PRL Japan Kabushiki Kaisha	Japan
PRL Japan Partnership NK	Japan
PRL Netherlands Limited, LLC (f/k/a Acqui Polo Limited, LLC)	Delaware
PRL Portugal, Unipessoal LDA	Portugal
PRL Restaurant Concepts of Illinois, LLC	Delaware
PRL Sample Development Center Srl	Italy
PRL S.R.L.	Argentina
PRL Switzerland Resorts SARL (51% ownership)	Switzerland
PRL Textil Gmbh	Austria
PRL USA Holdings, Inc.	Delaware
PRL USA, Inc.	Delaware
Ralph Lauren Americas, S.A.	Panama
Ralph Lauren Belgium S.p.r.l. (f/k/a Poloco Belgium S.p.r.l.)	Belgium
Ralph Lauren Canada Corporation	Canada
Ralph Lauren Canada LP	Canada
Ralph Lauren Denmark ApS (f/k/a Polo Ralph Lauren Denmark ApS)	Denmark
Ralph Lauren Espana SL (f/k/a Poloco Espana SL)	Spain
Ralph Lauren Footwear Co., Inc.	Massachusetts
Ralph Lauren France S.A.S. (f/k/a Poloco S.A.S.)	France
Ralph Lauren Germany Gmbh (f/k/a Polo Moden Gmbh)	Germany
Ralph Lauren Home Collection, Inc.	Delaware
Ralph Lauren Ireland Limited	Ireland
Ralph Lauren Italy S.r.L.	Italy
Ralph Lauren London Ltd. (f/k/a Ralph Lauren Limited)	United Kingdom
Ralph Lauren Madrid SL (f/k/a Ralph Lauren Spain SL)	Spain
Ralph Lauren Media, LLC	Delaware
Ralph Lauren Netherlands BV (f/k/a Poloco Netherlands BV)	Netherlands
Ralph Lauren Paris S.A.S. (f/k/a PRL France S.A.S.)	France
Ralph Lauren Saint Barth S.A.S. (f/k/a Polo Ralph Lauren S.A.S. (St. Barthelemy))	France
Ralph Lauren Switzerland Sagl	Switzerland
Ralph Lauren UK Ltd. (f/k/a Polo UK Ltd.)	United Kingdom
Ralph Lauren Watch & Jewelry Company Sàrl (50% ownership)	Switzerland
RL Fragrances, LLC	Delaware
RL Hellas Resorts EPE (51% ownership)	Greece
RLPR, Inc.	Delaware
RL Retail France S.A.S. (f/k/a PFO Retail Management S.A.S.)	France
RLWW, LLC (f/k/a RLWW, Inc.)	Delaware
Sun Apparel, LLC (f/k/a Sun Apparel, Inc.)	Delaware
The Polo/Lauren Company L.P.	New York
The Ralph Lauren Womenswear Company, L.P.	Delaware
Western Polo Retailers, LLC	Delaware
WSH, LLC	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 pertaining to the 1997 Long-Term Stock Incentive Plan (Registration No. 333-141298), Form S-8 pertaining to the 1997 Long-Term Stock Incentive Plan (Registration No. 333-46808), and Form S-8 pertaining to the 1997 Long-Term Stock Incentive Plan and 1997 Stock Option Plan for Non-Employee Directors (Registration No. 333-29023), Form S-8 pertaining to the 2010 Long-Term Stock Incentive Plan (Registration No. 333-169619), and the Form S-3 pertaining to the registration of 10,350,000 Class A Common Shares (Registration No. 333-167503) of Polo Ralph Lauren Corporation, of our reports dated May 26, 2011, with respect to the consolidated financial statements of Polo Ralph Lauren Corporation and the effectiveness of internal control over financial reporting of Polo Ralph Lauren Corporation included in this Annual Report (Form 10-K) for the year ended April 2, 2011, filed with the Securities and Exchange commission.

/s/ ERNST & YOUNG LLP

New York, New York
May 26, 2011

CERTIFICATION

I, Ralph Lauren, certify that:

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

/s/ RALPH LAUREN

Ralph Lauren

*Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)*

Date: May 26, 2011

CERTIFICATION

I, Tracey T. Travis, certify that:

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

/s/ TRACEY T. TRAVIS

Tracey T. Travis

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 26, 2011

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

In connection with the Annual Report of Polo Ralph Lauren Corporation (the "Company") on Form 10-K for the period ended April 2, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ralph Lauren, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ RALPH LAUREN

Ralph Lauren

May 26, 2011

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

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

In connection with the Annual Report of Polo Ralph Lauren Corporation (the "Company") on Form 10-K for the period ended April 2, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tracey T. Travis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ TRACEY T. TRAVIS

Tracey T. Travis

May 26, 2011

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