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

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FORM 10-K

(MARK ONE)

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

FOR THE FISCAL YEAR ENDED APRIL 1, 2000

OR

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

COMMISSION FILE NUMBER 001-13057

POLO RALPH LAUREN CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

13-2622036
(IRS Employer Identification
No.)

650 MADISON AVENUE, NEW YORK, NEW YORK
(Address of principal executive offices)

10022
(Zip Code)

212-318-7000

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

TITLE OF EACH CLASS

NAME OF EACH EXCHANGE
ON WHICH REGISTERED

Class A Common Stock, \$.01 par value

New York Stock Exchange

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

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

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

The aggregate market value of the registrant's voting stock held by nonaffiliates of the registrant was approximately \$432,098,660 at June 22, 2000.

At June 22, 2000, 31,046,947 shares of the registrant's Class A Common Stock, \$.01 par value, and 43,280,021 shares of the registrant's Class B Common Stock, \$.01 par value and 22,720,979 shares of the registrant's Class C Common Stock, \$.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENT

WHERE INCORPORATED

Proxy Statement for Annual Meeting of
Stockholders to be held August 17, 2000

Part III

ITEM 1. BUSINESS.

Unless the context requires otherwise, references to the "Company" or to "Polo" are to Polo Ralph Lauren Corporation and its subsidiaries. Due to the collaborative and ongoing nature of the Company's relationships with its licensees, such licensees are referred to in this Form 10-K as "licensing partners" and the relationships between the Company and such licensees are referred to as "licensing alliances." Notwithstanding these references, however, the legal relationship between the Company and its licensees is one of licensor and licensee, and not one of partnership.

Polo is a leader in the design, marketing and distribution of premium lifestyle products. For more than 30 years, Polo's reputation and distinctive image have been consistently developed across an expanding number of products, brands and international markets. The Company's brand names, which include "Polo," "Polo by Ralph Lauren," "Ralph Lauren Purple Label," "Polo Sport," "Ralph Lauren," "RALPH," "Lauren," "Polo Jeans Co.," "RL," "Chaps" and "Club Monaco," among others, constitute one of the world's most widely recognized families of consumer brands. Directed by Ralph Lauren, the internationally renowned designer, the Company believes it has influenced the manner in which people dress and live in contemporary society, reflecting an American perspective and lifestyle uniquely associated with Polo and Ralph Lauren.

Polo combines its consumer insight and design, marketing and imaging skills to offer, along with its licensing partners, broad lifestyle product collections in four categories: apparel, home, accessories and fragrance. Apparel products include extensive collections of menswear, womenswear and children's clothing. The Ralph Lauren Home Collection offers coordinated products for the home, including bedding and bath products, interior decor, furniture and tabletop and gift items. Accessories encompass a broad range of products such as footwear, eyewear, jewelry and leather goods (including handbags and luggage). Fragrance and skin care products are sold under the Company's Polo, Lauren, Romance, Safari and Polo Sport brands, among others.

On May 3, 1999, the Company completed its acquisition of Club Monaco Corp. Founded in 1985, Club Monaco is an international specialty retailer of casual apparel and other accessories for men, women and children under the "Club Monaco" brand name and a number of associated trademarks.

On January 6, 2000, the Company completed the acquisition of stock and certain assets of Poloco S.A.S. and certain of its affiliates ("Poloco"), which hold licenses to sell in Europe men's and boys' Polo apparel, men's and women's Polo Jeans apparel and certain Polo accessories. In addition to acquiring Poloco's Wholesale business, the Company acquired from Poloco one flagship store located on Place de Madeleine in Paris and six outlet stores located in France, the United Kingdom and Austria. In addition, Poloco sublicenses various of its rights under its license with Polo with companies in the Middle East and Israel. The Company will consolidate the results of operations of Poloco commencing in fiscal 2001. For purposes of the following description of Polo's business, the activities of Poloco are not included.

On February 7, 2000, the Company announced the formation of Ralph Lauren Media, LLC ("RL Media"), a joint venture between the Company and certain affiliated companies. RL Media was created to bring the Company's American lifestyle experience to consumers via multiple media platforms, including the Internet, broadcast, cable and print. Under the 30-year joint venture agreement, RL Media will be owned 50% by the Company, 25% by NBC, 12.5% by Value Vision International, Inc. ("ValueVision"), 10% by NBC Internet, Inc. ("NBCi") and 2.5% by CNBC.com. In exchange for its 50% interest, the Company will provide marketing through its annual print advertising campaign, make its merchandise available at initial cost of inventory, and handle excess inventory through its outlet stores, among other things. NBC will contribute \$110.0 million of television and online advertising on NBC and CNBC.com properties. NBCi will contribute \$40.0 million in online distribution and promotion and ValueVision will contribute a cash funding commitment of up to \$50.0 million. Under the arrangement, the Company will not absorb any losses from the joint venture up to the first \$50.0 million incurred and will share proportionately in the net income or losses thereafter. Additionally, the Company will receive a royalty on the sale of its products by RL Media based on specified percentages of net sales over a predetermined threshold, subject to certain limitations. RL Media's managing board has equal representation from the Company and NBC, including its affiliated companies.

RL Media's premier initiative will be Polo.com, an internet web site dedicated to the American lifestyle that will include original content, commerce and a strong community component. Polo.com is expected to launch in the third quarter of fiscal 2001 and will initially include an assortment of men's women's and children's products across the Ralph Lauren family of brands as well as unique gift items.

OPERATIONS

Polo's business consists of three integrated operations: wholesale, retail and licensing. Each is driven by the Company's guiding philosophy of style, innovation and quality.

Details of the Company's net revenues are shown in the table below.

	2000(1)	FISCAL YEAR 1999	1998
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	(IN THOUSANDS)		
Wholesale net sales	\$ 878,395	\$ 845,704	\$ 733,065
Retail sales	833,980	659,352	570,751
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Net sales	1,712,375	1,505,056	1,303,816
Licensing revenue	236,302	208,009	167,119
Other income	6,851	13,794	9,609
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Net revenues	\$1,955,528	\$1,726,859	\$1,480,544
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(1) On May 3, 1999, a wholly owned subsidiary of the Company completed its acquisition of Club Monaco. The Company has consolidated the operations of Club Monaco in its financial statements from the effective date of the transaction.

WHOLESALE

Polo's wholesale business is divided into two groups: Polo Brands and Ralph Lauren Collection Brands. In both of these wholesale groups, the Company offers several discrete brand offerings. Each collection is directed by teams consisting of design, merchandising, sales and production staff who work together to conceive, develop and merchandise product groupings organized to convey a variety of design concepts. In addition, Polo's subsidiary, Club Monaco, operates a cosmetics business, Club Monaco Cosmetics, which in addition to distributing its products through Club Monaco stores, sells its products to domestic and international specialty stores.

POLO BRANDS

The Polo Brands Group sources, markets and distributes products under the Polo by Ralph Lauren and Polo Sport men's brands, the Ralph Lauren Polo Sport women's brand and the RLX Polo Sport and Polo Golf brands for men and women.

POLO BY RALPH LAUREN. The Polo by Ralph Lauren menswear collection is a complete men's wardrobe consisting of products related by theme, style, color and fabric. Polo by Ralph Lauren menswear is generally priced at a range of price points within the men's premium ready-to-wear apparel market. This collection is currently sold through approximately 2,200 department store, specialty store and Polo store doors in the United States, including approximately 1,500 department store shop-within-shops.

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

RALPH LAUREN POLO SPORT. Similar to its menswear counterpart, the Ralph Lauren Polo Sport collection for women includes activewear, as well as weekend sportswear. The Ralph Lauren Polo Sport collection is currently carried by approximately 420 doors in the United States, including approximately 180 shop-within-shops, and sells at a wide range of bridge prices.

RLX POLO SPORT. Introduced in Spring 1999, the RLX Polo Sport collection of menswear and womenswear consists of functional sport and outdoor apparel for running, cross-training, skiing, snowboarding and cycling. RLX Polo Sport is presently sold in the United States through approximately 430 athletic specialty stores, in addition to limited department and Polo stores, at price points competitive with those charged by other authentic sports apparel companies.

POLO GOLF. The Polo Golf collection of men's and women's golf apparel is targeted at the golf and resort markets. Price points are similar to those charged for products in the Polo Sport line. The Polo Golf collection is presently sold in the United States through approximately 2,150 leading golf clubs, pro shops and resorts, in addition to department, specialty and Polo stores.

COLLECTION BRANDS

The Collection Brands Group sources, markets and distributes products under the Women's Ralph Lauren Collection and Ralph Lauren Black Label brands and the Men's Ralph Lauren/Purple Label Collection Brand.

RALPH LAUREN COLLECTION AND RALPH LAUREN BLACK LABEL. The Ralph Lauren Collection, sold under the Purple Label (the "Collection"), expresses the Company's up-to-the-moment fashion vision for women. Ralph Lauren Black Label includes timeless versions of the Company's most successful Collection styles, as well as newly-designed classic signature styles that are timeless. Collection and Black Label are offered for limited distribution to premier fashion retailers and through Polo stores. Price points are at the upper end or luxury ranges. The lines are currently sold by the Company through 95 doors in the United States by the Company and over 245 international doors by the Company and its licensing partners.

RALPH LAUREN/PURPLE LABEL COLLECTION. In Fall 1995, the Company introduced its Purple Label Collection of men's tailored clothing and, in Fall 1997, to complement the tailored clothing line, the Company launched its Purple Label sportswear line. Purple Label Collection tailored clothing is manufactured and distributed by a licensee, and dress shirts and ties and sportswear are sourced and distributed by the Company. The Purple Label Collection is sold through a limited number of premier fashion retailers, currently through approximately 60 doors in the United States and 13 internationally.

CLUB MONACO COSMETICS

Capturing a modern spirit of beauty, Club Monaco Cosmetics' easy-to-apply and easy-to-wear line of neutral and fashion colors was launched in 1996. The line consists of makeup and makeup accessories and skin treatments. Club Monaco Cosmetics are sold through Club Monaco retail stores and currently through approximately 50 specialty store doors.

DOMESTIC CUSTOMERS AND SERVICE

GENERAL. Consistent with the appeal and distinctive image of its products and brands, the Company sells its menswear, womenswear and home furnishings products primarily to leading upscale department stores, specialty stores, golf and pro shops and Polo stores located throughout the United States, which have the reputation and merchandising expertise required for the effective presentation of Polo products. See " -- Licensing Alliances - Home Collection."

The Company's wholesale and home furnishings products are distributed through the primary distribution channels in the United States listed in the table below. In addition, the Company also sells excess and out-of-season products through secondary distribution channels.

	APPROXIMATE NUMBER OF DOORS AS OF APRIL 1, 2000			
	POLO BRANDS	COLLECTION BRANDS	CLUB MONACO COSMETICS	HOME COLLECTION
Department Stores	1,750	85	--	1,500
Specialty Stores	845	32	50	20
Polo Stores	35	30	--	21
Golf & Pro Shops	2,150	--	--	--

Department stores represent the largest customer group of each wholesale group and of Home Collection. Major department store customers include Dillard Department Stores, Inc., Federated Department Stores, Inc. and The May Department Stores Company. During fiscal 2000, Dillard Department Stores, Inc., Federated Department Stores, Inc. and The May Department Stores Company accounted for 22.9%, 22.2% and 19.5%, respectively, of the Company's wholesale net sales.

Collection and Polo Brands and Home Collection products are primarily sold through their respective sales forces aggregating approximately 176 salespersons employed by Polo. The Polo Brands Group maintains its primary showroom at Polo's New York City executive headquarters. Regional showrooms for Polo Brands are located in Atlanta, Chicago, Dallas and Los Angeles. An independent sales representative promotes sales to U.S. military exchanges. The Collection Brands Group and Home Collection division maintain their primary showrooms in New York City. Regional sales representatives for the Home Collection are located in the Company's showrooms in Atlanta, Chicago, Dallas and Los Angeles. The Company also operates a separate tabletop showroom in New York City. The Club Monaco Cosmetics showroom is located in Toronto.

SHOP-WITHIN-SHOPS. As a critical element of its distribution to department stores, the Company and its licensing partners utilize shop-within-shops to enhance brand recognition, permit more complete merchandising of the Company's lines and differentiate the presentation of products. The Company intends to add approximately 55 shop-within-shops and refurbish approximately 620 shop-within-shops in fiscal 2001. At April 1, 2000, department store customers in the United States had installed over 2,300 shop-within-shops dedicated to the Company's products and over 2,300 shop-within-shops dedicated to Polo's licensed products.

The size of Polo shop-within-shops (excluding significantly larger shop-within-shops in key department store locations) typically ranges from approximately 1,000 to 1,500 square feet for Polo Brands, from approximately 800 to 1,200 square feet for Collection Brands, and from approximately 800 to 1,200 square feet for home furnishings. The Company estimates that, in total, approximately 2.1 million square feet of department store space in the United States is dedicated to Polo shop-within-shops. In addition to shop-within-shops, the Company utilizes exclusively fixtured areas in department stores.

BASIC STOCK REPLENISHMENT PROGRAM. Basic products such as knit shirts, chino pants and oxford cloth shirts can be ordered at any time through Polo's basic stock replenishment programs. For customers who reorder basic products, Polo generally ships these products within one to five days of order receipt. These products accounted for approximately 13% of wholesale net sales in fiscal 2000. The Company has also implemented a seasonal quick response program to allow replenishment of products which can be ordered for only a portion of each year. Certain Home Collection licensing partners also offer a basic stock replenishment program which includes towels, bedding and tabletop products. Basic stock products accounted for approximately 75% of net sales of Home Collection licensing partners in fiscal 2000.

DIRECT RETAILING

The Company operates retail stores dedicated to the sale of its products. Located in prime retail areas, the Company's 110 full-price stores operate under the Polo Ralph Lauren, Polo Sport, Polo Jeans Co., Polo Ralph Lauren Children, Club Monaco and Club Monaco Everyday names. The Company's 116 outlet stores are generally located in outlet malls and operate under the Polo Ralph Lauren Factory Store, Polo Jeans Co. Factory Store, Lauren Ralph Lauren Factory Store and Club Monaco Outlet names.

In addition to its own retail operations, as of April 1, 2000 the Company had granted licenses to independent parties to operate four stores in the United States and 111 stores internationally. The Company receives the proceeds from the sale of its products, which are included in wholesale net sales, to these stores and also receives royalties, which are included in licensing revenue, from its licensing partners who sell to these stores. The Company generally does not receive any other compensation from these licensed store operators. See "-Licensing Alliances."

FULL-PRICE STORES

In addition to generating sales of the Company's products, full-price stores set, reinforce and capitalize on the image of the Company's brands. Polo's five flagship stores, consisting of its two flagship stores located on Madison Avenue in New York City, one flagship store located on Rodeo Drive in Beverly Hills, one flagship store located on Michigan Avenue in Chicago and one flagship store located on New Bond Street in London, showcase Polo products and demonstrate Polo's most refined merchandising techniques. In addition to its flagship stores, Polo operates 105 other full-price stores. Ranging in size from approximately 2,000 to over 20,000 square feet, the non-flagship stores are situated in upscale regional malls and major high street locations generally in large urban markets. In aggregate, the Company operates

22 Polo Ralph Lauren stores, four Polo Sport stores, five flagship stores, thirteen Polo Jeans Co. stores, one Polo Ralph Lauren Children's store and 65 Club Monaco stores. Stores are generally leased for initial periods ranging from five to fifteen years with renewal options.

In fiscal 2000, the Company acquired from its licensees Polo Ralph Lauren stores in Vail and Aspen, Colorado and Ft. Lauderdale, Florida. In addition, Polo Jeans Co. stores were opened in Mission Viejo, California, Orlando, Florida, Glendale, California, Burlingame, California, Miami, Florida, McLean, Virginia, Bellevue, Washington and Beverly Hills, California. Polo Concept stores were opened in the Soho District of New York City and South Beach, Miami, Florida. Club Monaco stores were opened in Washington, DC and Troy, Michigan and Club Monaco Everyday stores were opened in Montreal, Quebec and Toronto, Ontario. Polo converted its Polo Ralph Lauren store in Roosevelt Field, New York, to a Polo Jeans Co. store and converted Polo Ralph Lauren stores in Boston, Massachusetts, Troy, Michigan and London to Polo Concept stores. In fiscal 2001, the Company plans to convert one Polo Jeans Co. store and one Polo Ralph Lauren store to Polo Concept stores. In addition, the Company plans to open approximately eight new Club Monaco stores (net of anticipated store closings).

The Company is party to a joint venture agreement with a nonaffiliated partner to acquire real property in New York City. The Company and its partner are discussing possible development concepts for such location. Concurrent with the signing of the agreement, the Company made an initial contribution for its 50% interest in the joint venture in the amount of \$5.0 million. The Company has a second joint venture with this nonaffiliated partner, which entered into a long-term lease of a building located in the Soho District of New York City, where the Polo Sport Store that opened in fiscal 2000 is located.

OUTLET STORES

Polo extends its reach to additional consumer groups through its 82 Polo Ralph Lauren Factory Stores, 26 Polo Jeans Co. Factory Stores, two Lauren Ralph Lauren Factory Stores and six Club Monaco Outlet Stores. Polo Ralph Lauren Factory Stores offer selections of the Company's menswear, womenswear, children's apparel, accessories, home furnishings and fragrances. Ranging in size from 5,000 to 20,000 square feet, with an average of approximately 8,500 square feet, the stores are principally located in major outlet centers in 31 states and Puerto Rico. Polo Jeans Co. Factory Stores carry all classifications within the Polo Jeans Co. line, including denim, knit and woven tops, sweaters, outerwear, casual bottoms and accessories. Polo Jeans Co. Factory Stores range in size from 3,000 to 5,000 square feet, with an average of 3,750 square feet, and are principally located in major outlet centers in 21 states. Lauren Ralph Lauren Factory Stores offer both basic key items and fashion items from the Lauren line with coordinated accessories. Ranging in size from 3,500 to 4,000 square feet, with an average of 3,700 square feet, the Lauren Ralph Lauren Factory Stores are located in major outlet centers in two states. Club Monaco Outlet Stores range in size from 4,500 to 18,500 square feet, with an average of 9,600 square feet and offer basic and fashion Club Monaco items.

Outlet stores purchase products from Polo, its licensing partners and its suppliers and from Polo stores in the United States. Outlet stores purchase products from Polo

generally at cost and from Polo's domestic product licensing partners and Polo stores at negotiated prices. Outlet stores also source basic products and styles directly from the Company's suppliers. During fiscal 2000, the outlet stores purchased approximately 29%, 42% and 29% of products from the Company, licensing partners and other suppliers, respectively.

The Company plans to add approximately 17 new outlet stores (net of anticipated store closings) over the next three years, including approximately four factory outlet concept stores (net of anticipated store closings).

LICENSING ALLIANCES

Through licensing alliances, Polo combines its consumer insight and design, marketing and imaging skills with the specific product or geographic competencies of its licensing partners to create and build new businesses. The Company's licensing partners, who are often leaders in their respective markets, generally contribute the majority of product development costs, provide the operational infrastructure required to support the business and own the inventory.

Product and international licensing partners are granted the right to manufacture and sell at wholesale specified products under one or more of Polo's trademarks. International licensing partners produce and source products independently and in conjunction with the Company and its product licensing partners. As compensation for the Company's contributions under these agreements, each licensing partner pays royalties to the Company based upon its sales of Polo Ralph Lauren products, subject generally, to payment of a minimum royalty. With the exception of Home Collection licenses, these payments generally range from five to eight percent of the licensing partners' sales of the licensed products. See "- Home Collection" for a description of royalty arrangements for Home Collection products. In addition, licensing partners are required to allocate between two and four percent of their sales to advertise Polo products. Larger allocations are required in connection with launches of new products or in new territories.

Polo works in close collaboration with its licensing partners to ensure that products are developed, marketed and distributed to address the intended market opportunity and present consistently to consumers worldwide the distinctive perspective and lifestyle associated with the Company's brands. Virtually all aspects of the design, production quality, packaging, merchandising, distribution, advertising and promotion of Polo products are subject to the Company's prior approval and ongoing oversight. The result is a consistent identity for Polo products across product categories and international markets.

As of April 1, 2000 Polo had 20 product and 10 international licensing partners. A substantial portion of the Company's net income is derived from licensing revenue received from its licensing partners. The Company's largest licensing partners by licensing revenue, Jones Apparel Group, Inc., WestPoint Stevens, Inc., and Seibu Department Stores, Ltd., accounted for 27.6%, 11.1% and 10.7%, respectively, of licensing revenue in fiscal 2000.

PRODUCT LICENSING ALLIANCES

As of April 1, 2000 Polo had agreements with 20 product licensing partners relating to men's and women's sportswear, men's tailored clothing, children's apparel, personalwear, accessories and fragrances. The products offered by the Company's product licensing partners are listed below.

LICENSING PARTNER

LICENSED PRODUCT CATEGORY

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

In conjunction with its licensing partners, Polo offers an extensive collection of home products which both draw upon, and add to, the design themes of the Company's other product lines, contributing to Polo's complete lifestyle concept. Products are sold under the Ralph Lauren Home brands in three primary categories: bedding and bath, home decor and home improvement.

In addition to developing the Home Collection, Polo acts as sales and marketing agent for its domestic Home licensing partners. Together with its nine domestic home product licensing partners, representatives of the Company's design, merchandising, product development and sales staffs collaborate to conceive, develop and merchandise the various products as a complete home furnishing collection. Polo's personnel market and sell the products to domestic customers and certain international accounts. Polo's licensing partners, many of which are leaders in their particular product category, manufacture, own the inventory and ship the products. As compared to its other licensing alliances, Polo performs a broader range of services for its Home licensing partners, which, in addition to sales and marketing, include operating showrooms and incurring advertising expenses. Consequently, Polo receives a higher royalty rate from its Home licensing partners typically ranging from 15% to 20%. Home licensing alliances generally have three to five-year terms and often 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.

The Company's home furnishings products generally are distributed through department stores, specialty home furnishings stores, interior design showrooms, customer direct mail catalogs and home centers. As with its other products, the use of shop-within-shops is central to the Company's distribution strategy. Certain licensing partners, including those selling furniture, wall coverings, blankets, bed pillows, tabletop, flatware, home fragrance and paint, also sell their products directly through their own staffs to reach additional customer markets.

The home furnishings products offered by the Company and its domestic licensing partners are listed below:

CATEGORY -----	PRODUCT -----	LICENSING PARTNER -----
Bedding and Bath	Towels, sheets, pillowcases and matching bedding accessories	WestPoint Stevens, Inc.
	Blankets, bed pillows, down comforters and other decorative bedding accessories excluding those matched to sheets, and bath rugs	Pillowtex Corporation

Home Decor	Fabric and wallpaper	P. Kaufmann, Inc
	Upholstered furniture Occasional and casegoods	Henredon Furniture Industries, Inc.
	Sterling, silverplate and stainless steel flatware and picture frames	Reed and Barton Corporation
	Crystal and glass tableware and giftware, ceramic dinnerware and giftware and home fragrances (potpourri, scented candles, etc.)	RJS Scientific, Inc.
	Placemats, tablecloths, napkins	Designers Collection, Inc.
Home Improvement	Broadloom carpets and area rugs	Mohawk Carpet Corporation
	Interior paints, special finishes, and paint applications	The Sherwin-Williams Company

The Company's three most significant Home licensing partners based on aggregate licensing revenue paid to the Company are WestPoint Stevens, Inc., Pillowtex Corporation and Henredon Furniture Industries, Inc. WestPoint Stevens, Inc. accounted for approximately 50% of Ralph Lauren Home licensing revenue in fiscal 2000.

INTERNATIONAL LICENSING ALLIANCES

The Company believes that international markets offer additional opportunities for Polo's quintessential American designs and lifestyle image and is committed to the global development of its businesses. International expansion opportunities may include the roll out of new products and brands following their launch in the U.S., the introduction of additional product lines, the entrance into new international markets and the addition of Polo stores in these markets. For example, following the successful launch of Polo Jeans Co. in the U.S. in Fall 1996, the Company launched the line in Canada, the U.K., Germany, Spain, Japan, Israel, Hong Kong, Singapore and Taiwan. Polo works with its ten international licensing partners to facilitate this international expansion. International licensing partners also operate stores, including 69 Polo Ralph Lauren stores, five Polo Sport stores, 11 Polo Jeans Co. stores, one Polo Ralph Lauren Children's store, five Polo outlets and 20 Club Monaco stores.

In fiscal 2000, the Company added five new Polo Ralph Lauren stores in international markets, including two in Australia, and one in each of Hong Kong, Mexico and Japan. In addition, in fiscal 2000, one new Polo Jeans Co. store was added in each of St. Martin, Mexico and Hong Kong and two factory outlets in Australia. Additional stores are planned to open in fiscal 2001 including one Polo Ralph Lauren store in Chile, one Polo Jeans Co. store in Australia and one Polo Jeans Co. and two factory outlets in Korea.

International licensing partners acquire the right to source, produce, market and/or sell some or all Polo products in a given geographical area. Economic arrangements are similar to those of domestic product licensing partners. Licensed products are designed by the Company, either alone or in collaboration with its

domestic licensing partners. Domestic licensees generally provide international licensing partners with product or patterns, piece goods, manufacturing locations and other information and assistance necessary to achieve product uniformity, for which they are, in many cases, compensated.

The most significant international licensing partners by royalties in fiscal 2000 were Seibu Department Stores, Ltd., which oversees distribution of virtually all of the Company's products in Japan and L'Oreal S.A., which distributes fragrances and toiletries outside of the United States. Had the Company not acquired Poloco during fiscal 2000, Poloco would have been the third most significant international licensing partner by royalties in fiscal 2000. The Company's ability to maintain and increase royalties under foreign licenses is dependent upon certain factors not within the Company's control, including fluctuating currency rates, currency controls, withholding requirements levied on royalty payments, governmental restrictions on royalty rates, political instability and local market conditions. See "-- Certain Risks."

DESIGN

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

Design teams are formed around the Company's brands and product categories to develop concepts, themes and products for each of Polo's businesses. These teams work in close collaboration with merchandising, sales and production staff and licensing partners in order to gain market and other input.

All Polo Ralph Lauren products are designed by or under the direction of Mr. Ralph Lauren and the Company's design staff, which is divided into five departments: Menswear, Womenswear, Children's, Accessories and Home Collection. Club Monaco's design staff is located in Toronto and New York and is divided into four teams: Menswear, Womenswear (casual and urban), CMX and Home.

The Company operates a research, development and testing facility in Greensboro, North Carolina, testing labs in New Jersey and Singapore and pattern rooms in New York, New Jersey and Singapore.

MARKETING

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

The Company creates the distinctive image advertising for all Polo Ralph Lauren products, conveying the particular message of each brand within the context of Polo's core themes. Advertisements generally portray a lifestyle rather than a specific item and often include a variety of Polo products offered by both the Company and its licensing partners. Polo's 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, certain product categories utilize television and outdoor media in their marketing programs.

The Company's licensing partners contribute a percentage (usually between three and four percent) of their sales of Polo products for advertising. The Company directly coordinates advertising placement for domestic product licensing partners. During fiscal 2000, Polo and its licensing partners collectively spent more than \$187.9 million worldwide to advertise and promote Polo products.

Polo conducts a variety of public relations activities. Each of the Spring and Fall womenswear collections is introduced at major fashion shows in New York which generate extensive domestic and international media coverage. Each of the Spring and Fall menswear collections is introduced at presentations organized for the fashion press. In addition, Polo organizes in-store appearances by its models and sponsors professional golfers, snowboarders, triathletes and sports teams.

SOURCING, PRODUCTION AND QUALITY

The Company's apparel products are produced for the Company by approximately 310 different manufacturers worldwide. The Company contracts for the manufacture of its products and does not own or operate any production facilities. During fiscal 2000, approximately 34% (by dollar volume) of men's and women's products were produced in the United States and its territories and approximately 66% (by dollar volume) of such products were produced in Hong Kong, Canada and other foreign countries. Two manufacturers engaged by the Company each accounted for approximately 12% and 8% of the Company's total production during fiscal 2000. The primary production facilities of these two manufacturers are located in: Hong Kong and Saipan, in the case of the manufacturer that accounted for approximately 12% of the Company's total production during fiscal 2000; and in Hong Kong, in the case of the manufacturer that accounted for approximately 8% of the Company's total production during fiscal 2000. No other manufacturer accounted for more than five percent of the Company's total production in fiscal 2000.

Production is divided broadly into purchases of finished products, where the supplier is responsible for the purchasing and carrying of raw materials, and cut, make and trim ("CMT") purchasing, where the Company is responsible for the purchasing and movement of raw materials to finished product assemblers located throughout the world. CMT arrangements typically allow the Company more latitude to incorporate unique detailing elements and to develop specialty items. The Company uses a variety of raw materials, principally consisting of woven and knitted fabrics and yarns.

The Company must commit to manufacture the majority of its garments before it receives customer orders. In addition, the Company must commit to purchase fabric from mills well in advance of its sales. If the Company overestimates the demand for a particular product which it cannot sell to its primary customers, it may use the excess for distribution in its outlet stores or sell the product through secondary distribution channels. If the Company overestimates the need for a particular fabric or yarn, that fabric or yarn can be used in garments made for subsequent seasons or

made into past season's styles for distribution in its outlet stores.

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

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

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

COMPETITION

Competition is strong in the segments of the fashion and consumer product industries in which the Company operates. The Company competes with numerous designers and manufacturers of apparel and accessories, fragrances and home furnishing products, domestic and foreign, some of which may be significantly larger and have substantially greater resources than the Company. The Company competes primarily on the basis of fashion, quality, and service. The Company's business depends on its ability to shape, stimulate and respond to changing consumer tastes and demands by producing innovative, attractive, and exciting products, brands and marketing, as well as on its ability to remain competitive in the areas of quality and price.

DISTRIBUTION

To facilitate distribution, men's products are shipped from manufacturers to the Company's distribution center in Greensboro, North Carolina for inspection, sorting, packing and shipment to retail customers. The Company's distribution/customer service facility is designed to allow for high density cube storage and utilizes bar code technology to provide inventory management and carton controls. Additionally, product traffic management is coordinated from this facility. During fiscal 2000, womenswear distribution was provided by a "pick and pack" facility under a warehousing distribution agreement with an unaffiliated third party. This agreement provides that the warehouse distributor will perform storage, quality control and shipping services for the Company. In return, the Company must pay the warehouse distributor a per unit rate and special processing charges for services such as

ticketing, bagging and steaming. The initial term of this agreement is through December 1, 2000 and is thereafter renewable annually. Outlet store distribution and warehousing is principally handled through the Greensboro distribution center as well as satellite facilities also located in North Carolina. Polo store distribution is provided by the facility in Greensboro, North Carolina and a facility in New Jersey which services the Company's stores in New York City and East Hampton, New York. During fiscal 2001 the Company plans to complete a significant expansion of its Greensboro facility to handle increased volume and reduce reliance upon satellite facilities. Club Monaco utilizes third party distribution facilities in Mississauga, Ontario and Los Angeles, California. The Company's licensing partners are responsible for the distribution of licensed products, including Home Collection products. The Company continually evaluates the adequacy of its warehousing and distribution facilities.

MANAGEMENT INFORMATION SYSTEM

The Company's management information system is designed to provide, among other things, comprehensive order processing, production, accounting and management information for the marketing, manufacturing, importing and distribution functions of the Company's business. The Company has installed sophisticated point-of-sale registers in its Polo stores and outlet stores that enable it to track inventory from store receipt to final sale on a real-time basis. The Company believes its merchandising and financial system, coupled with its point-of-sale registers and software programs, allow for rapid stock replenishment, concise merchandise planning and real-time inventory accounting practices.

In addition, the Company utilizes an electronic data interchange ("EDI") system to facilitate the processing of replenishment and fashion orders from its wholesale customers, the movement of goods through distribution channels, and the collection of information for planning and forecasting. The Company has EDI relationships with customers who represent a significant majority of its wholesale business and is working to expand its EDI capabilities to include most of its suppliers.

CREDIT CONTROL

The Company manages its own credit and collection functions. The Company sells its merchandise primarily to major department stores across the United States and extends credit based on an evaluation of the customer's financial condition, usually without requiring collateral. The Company monitors credit levels and the financial condition of its customers on a continuing basis to minimize credit risk. The Company does not factor its accounts receivables or maintain credit insurance to manage the risks of bad debts. The Company's bad debt write-offs were less than 1% of net revenues for fiscal 2000.

BACKLOG

The Company generally receives wholesale orders for apparel products approximately three to five months prior to the time the products are delivered to stores. All such orders are subject to cancellation for late delivery. At April 1, 2000, Summer and Fall backlog was \$426.9 million and \$16.8 million, as compared to \$379.4 million and \$21.1 million at April 3, 1999 for Polo Brands and Collection

Brands, respectively. The Company's backlog depends upon a number of factors, including the timing of the market weeks for its particular lines, during which a significant percentage of the Company's orders are received, and the timing of shipments. As a consequence, a comparison of backlog from period to period is not necessarily meaningful and may not be indicative of eventual shipments.

TRADEMARKS

The Company is the owner of the "Polo," "Ralph Lauren" and the famous polo player astride a horse trademarks in the United States. Additional trademarks owned by the Company include, among others, "Chaps," "Polo Sport," "Lauren/Ralph Lauren," "RALPH," "RRL," "Club Monaco" and certain trademarks pertaining to fragrances and cosmetics. In connection with the adoption of the "RRL" trademarks by the Company, pursuant to an agreement with the Company, Mr. Lauren retained 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 engages in personal projects involving non-Company related film or theatrical productions through RRL Productions, Inc., a Company wholly owned by Mr. Lauren.

The Company's trademarks are the subject of registrations and pending applications throughout the world for use on a variety of items of apparel, apparel-related products, home furnishings and beauty products, as well as in connection with retail services, and the Company continues to expand its worldwide usage and registration of related trademarks. The Company regards the license to use the trademarks and its other proprietary rights in and to the trademarks as valuable assets in the marketing of its products and, on a worldwide basis, vigorously seeks to protect them against infringement. As a result of the appeal of its trademarks, Polo's products have been the object of counterfeiting. The Company has a broad enforcement program which has been generally effective in controlling the sale of counterfeit products in the United States and in major markets abroad.

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

Two agreements by which the Company resolved conflicts with third-party owners of other trademarks impose current restrictions or monetary obligations on the Company. In one, the Company reached an agreement with a third party which owned competing registrations in numerous European and South American countries for the trademark "Polo" and a symbol of a polo player astride a horse. By virtue of the agreement, Polo has acquired that third party's portfolio of trademark registrations, in consideration of the payment (capped as set forth below) of 30% of the Company's

European and Mexican royalties and 50% of its South American royalties (solely in respect of the Company's use of trademarks which include "Polo" and the polo player symbol, and not, for example, "Ralph Lauren" alone, "Lauren/Ralph Lauren," "RRL," etc.). Remittances to this third party are not reflected in licensing revenue in the Company's financial statements and will cease no later than 2008, or sooner, when the remittances with respect to Europe and Mexico to this third party aggregate \$15.0 million. As of April 1, 2000, the Company has paid approximately \$14.6 million to this third party. The Company's obligation to share royalties with respect to Central and South America and parts of the Caribbean expires in 2013, but the Company also has the right to terminate this obligation at any time by paying \$3.0 million. The second agreement was reached with a third party which owned conflicting registrations of the trademarks "Polo" and a polo player astride a horse in the U.K., Hong Kong, and South Africa. Pursuant to the agreement, the third party retains the right to use its "Polo" and polo player symbol marks in South Africa and certain other African countries, and the Company agreed to restrict use of those Polo marks in those countries to fragrances and cosmetics (as to which the Company's use is unlimited) and to the use of the Ralph (polo player symbol) Lauren mark on women's and girls' apparel and accessories. By agreeing to those restrictions, the Company secured the unlimited right to use its trademarks (without payment of any kind) in the United Kingdom and Hong Kong, and the third party is prohibited from distributing products under those trademarks in those countries.

GOVERNMENT REGULATION

The Company's import operations are subject to constraints imposed by bilateral textile agreements between the United States and a number of foreign countries. These agreements, which have been negotiated bilaterally either under the framework established by the Arrangement Regarding International Trade in Textiles, known as the Multifiber Agreement, or other applicable statutes, impose quotas on the amounts and types of merchandise which may be imported into the United States from these countries. These agreements also allow the signatories to adjust the quantity of imports for categories of merchandise that, under the terms of the agreements, are not currently subject to specific limits. The Company's imported products are also subject to United States customs duties which comprise a material portion of the cost of the merchandise.

Apparel products are subject to regulation by the Federal Trade Commission in the United States. Regulations relate principally to the labeling of the Company's products. The Company believes that it is in substantial compliance with such regulations, as well as applicable federal, state, local, and foreign rules and regulations governing the discharge of materials hazardous to the environment. There are no significant capital expenditures for environmental control matters either estimated in the current year or expected in the near future. The Company's licensed products and licensing partners are, in addition, subject to additional regulation. The Company's agreements require its licensing partners to operate in compliance with all laws and regulations, and the Company is not aware of any violations which could reasonably be expected to have a material adverse effect on the Company's business.

Although the Company has not in the past suffered any material inhibition from doing business in desirable markets, there can be no assurance that significant impediments will not arise in the future as it expands product offerings and additional

trademarks to new markets.

CERTAIN RISKS

The Company believes that its success depends in substantial part on its ability to originate and define product and fashion trends as well as to anticipate, gauge and react to changing consumer demands in a timely manner. There can be no assurance that the Company will continue to be successful in this regard. If the Company misjudges the market for its products, it may be faced with significant excess inventories for some products and missed opportunities with others. In addition, weak sales and resulting markdown requests from customers could have a material adverse effect on the Company's business, results of operations and financial condition.

The industries in which the Company operates are cyclical. Purchases of apparel and related merchandise and home products tend to decline during recessionary periods and also may decline at other times. There can be no assurance that the Company will be able to maintain its historical rate of growth in revenues and earnings, or remain profitable in the future. Further, uncertainties regarding future economic prospects could affect consumer spending habits and have an adverse effect on the Company's results of operations.

The Company is dependent on Mr. Ralph Lauren and other key personnel. Mr. Lauren's leadership in the design, marketing and operational areas has been a critical element of the Company's success. The loss of the services of Mr. Lauren and any negative market or industry perception arising from such loss could have a material adverse effect on the Company. The Company's other executive officers have substantial experience and expertise in the Company's business and have made significant contributions to its growth and success. The unexpected loss of services of one or more of these individuals could adversely affect the Company. The Company is not protected by a material amount of key-man or similar life insurance for Mr. Lauren or any of its other executive officers.

In addition to the factors described above, the Company's business, including its revenues and profitability, is influenced by and subject to a number of factors including, among others: risks associated with the Company's dependence on sales to a limited number of large department store customers, including risks related to extending credit to customers; risks associated with the Company's dependence on its licensing partners for a substantial portion of its net income and risks associated with the Company's lack of operational and financial control over its licensed businesses; risks associated with consolidations, restructurings and other ownership changes in the retail industry; risks associated with competition in the segments of the fashion and consumer product industries in which the Company operates, including the Company's ability to shape, stimulate and respond to changing consumer tastes and demands by producing attractive products, brands and marketing, and its ability to remain competitive in the areas of quality and price; risks associated with uncertainty relating to the Company's ability to implement its growth strategies; risks associated with the possible adverse impact of the Company's unaffiliated manufacturers' inability to manufacture in a timely manner, to meet quality standards or to use acceptable labor practices; risks associated with changes in social, political, economic and other conditions affecting foreign operations and sourcing and the possible adverse impact of changes in import restrictions; risks related to the Company's

ability to establish and protect its trademarks and other proprietary rights; risks related to fluctuations in foreign currency affecting the Company's foreign subsidiaries' and foreign licensees' results of operations and the relative prices at which the Company and foreign competitors sell their products in the same market and the Company's operating and manufacturing costs outside of the United States; and, risks associated with the Company's control by Lauren family members and the anti-takeover effect of multiple classes of stock.

The Company from time to time reviews its possible entry into new markets, either through internal development activities or through acquisitions. The entry into new markets (including the development and launch of new product categories), such as the Company's entry into the technical sportswear market, and the acquisition of businesses, such as the Company's acquisition of Club Monaco Inc. and Poloco, is accompanied by risks inherent in any new business venture and may require methods of operations and market strategies different from those employed in the Company's other businesses. Certain new businesses may be lower margin businesses and may require the Company to achieve significant cost efficiencies. In addition, new markets may involve buyers, store customers and/or competitors different from the Company's historical buyers, customers and competitors. Furthermore, the Company's acquisition of other businesses entails the normal risks inherent in such transactions, including without limitation, possible difficulties, delays and/or unanticipated costs in integrating the business, operations, personnel, and/or systems of the acquired entity; risks that projected or satisfactory level of sales, profits and/or return on investment will not be generated; risks that expenditures required for capital items or working capital will be higher than anticipated; risks involving the Company's ability to retain and appropriately motivate key personnel of the acquired business; and risks associated with unanticipated events and unknown or uncertain liabilities.

EMPLOYEES

As of April 1, 2000, the Company had approximately 9,500 employees, including 7,100 in the United States and 2,400 in foreign countries. Approximately 30 of the Company's United States production and distribution employees in the womenswear business are members of the Union of Needletrades, Industrial & Textile Employees under an industry association collective bargaining agreement which the Company's womenswear subsidiary has adopted. This contract was extended to May 31, 2001. The Company considers its relations with both its union and non-union employees to be good.

ITEM 2. PROPERTIES

The Company does not own any real property except for its distribution facility in Greensboro, North Carolina, the parcel of land adjacent to its Greensboro, North Carolina distribution facility (upon which the expansion of the distribution facility is being constructed) and a 50% joint venture interest in a 44,000 square foot building located in the Soho district of New York City. Certain information concerning the Company's principal facilities in excess of 100,000 rentable square feet and of its existing flagship stores of 20,000 rentable square feet or more, all of which are leased, is set forth below:

LOCATION -----	USE ---	APPROXIMATE SQ. FT. -----	CURRENT LEASE TERM EXPIRATION -----
650 Madison Avenue, NYC	Executive, corporate office and design studio, Polo Brand showrooms	206,000	December 31, 2009
Lyndhurst, N.J.	Corporate and retail administrative offices	162,000	February 28, 2008
Winston-Salem, N.C.	Distribution	115,000	June 30, 2000
750 North Michigan Avenue, Chicago, IL	Direct retail and restaurant	36,000	November 15, 2017
867 Madison Avenue, NYC	Direct retail	27,000	December 31, 2004
1-5 New Bond Street, London	Direct retail and corporate and retail administrative offices	29,000	July 4, 2021

The leases for the Company's non-retail facilities (approximately 58 in all) provide for aggregate annual rentals of \$19.7 million in fiscal 2000. The Company anticipates that it will be able to extend those leases which expire in the near future on terms satisfactory to the Company or, if necessary, locate substitute facilities on acceptable terms.

As of April 1, 2000, the Company operated 45 Polo stores, 110 outlet stores and 71 Club Monaco stores in leased premises. Aggregate annual rentals for retail space by the Company in fiscal 2000 totaled approximately \$48.7 million. The Company anticipates that it will be able to extend those leases which expire in the near future on satisfactory terms or to relocate to more desirable locations.

The Company believes that its existing facilities are well maintained and in good operating condition.

ITEM 3. LEGAL PROCEEDINGS.

The Company is a defendant in a purported national class action lawsuit filed in the Delaware Supreme Court in July 1997. The plaintiff has brought the action allegedly on behalf of a class of persons who purchased products at the Company's outlet stores throughout the United States at any time since July 15, 1991. The complaint alleges that advertising and marketing practices used by the Company in connection with the sale of its products at its outlet stores violate guidelines established by the Federal Trade Commission and the consumer protection statutes of Delaware and other states with statutes similar to Delaware's Consumer Fraud Act and Delaware's Consumer Contracts Act. The lawsuit seeks, on behalf of the class, compensatory and punitive damages as well as attorneys' fees. The Company answered the complaint and filed a motion for judgment on the pleadings. At a hearing on that motion on March 5, 1999, the Court ruled that the plaintiff must file an amended complaint within 30 days in order to avoid dismissal. The plaintiff filed an amended complaint, essentially containing the same allegations as the initial complaint, which the Company answered on April 26, 1999. On August 5, 1999, the Company again filed a motion for judgment on the pleadings and, on September 3, 1999, the plaintiff filed a brief in opposition to such motion for judgment. On November 19, 1999, the Company and the plaintiff entered into a Stipulation and Agreement of Compromise, Settlement and Agreement in which the Company denies all allegations in the amended complaint. None of the provisions in the proposed settlement will have a material adverse impact on the business and financial condition of the Company. On January 10, 2000, the Court granted preliminary approval to the proposed settlement. Following the preliminary approval of the proposed settlement by the Court, plaintiffs' counsel conducted informal discovery (by interviewing Company employees) regarding several of Polo's practices. By February 1, 2000, notice of the settlement was published in a publication of national circulation and mailed to persons listed on the Company's outlet stores' customer list. On April 18, 2000, the Court signed the Final Judgment and Order Approving Settlement.

In January 1999, two actions were filed in California naming as defendants more than a dozen United States-based companies that source apparel garments from Saipan (Commonwealth of the Northern Mariana Islands) and a large number of Saipan-based factories. The actions assert that the Saipan factories engage in unlawful practices relating to the recruitment and employment of foreign workers and that the apparel companies, by virtue of their alleged relationships with the factories, have violated various Federal and state laws. One action, filed in California Superior Court in San Francisco by a union and three public interest groups, alleges unfair competition and false advertising and seeks equitable relief, unspecified amounts for restitution and disgorgement of profits, interest and an award of attorney's fees. The second, filed in Federal court for the Central District of California and subsequently transferred to the United States District Court for the District of Hawaii, is brought on behalf of a purported class consisting of the Saipan factory workers. It alleges claims under the Federal civil RICO statute, Federal peonage and involuntary servitude laws, the Alien Tort Claims Act, and state tort law, and seeks equitable relief and unspecified damages, including treble and punitive damages, interest and an award of attorney's fees. Although the Company was not named as a defendant in these suits, the Company sources products in Saipan, and counsel for the plaintiffs in these actions informed the Company that it was a potential defendant in these or similar actions. The Company has since entered into an agreement to settle any claims for

nonmaterial consideration. The settlement agreement is subject to court approval. The Company has denied any liability and is not at this preliminary stage in a position to evaluate the likelihood of a favorable or unfavorable outcome if the settlement is not approved and litigation proceeds against the Company.

As part of the settlement, the Company has since been named as a defendant, along with certain other apparel companies in a State Court action in California styled Union of Needletrades Industrial and Textile Employees, et al. v. Brylane, L.P., et al., in the San Francisco County Superior Court, and in a Federal Court action styled Doe I. et al. v. Brylane, L.P., et al. in the United States District Court for the District of Hawaii, that mirror portions of the larger State and Federal Court actions but do not include RICO and certain of the other claims alleged in those actions. The newly filed actions against the Company are expected to remain inactive unless settlement is not finally approved by the Federal Court.

The Company is involved from time to time in legal claims involving trademark and intellectual property, licensing, employee relations and other matters incidental to its business. See "Item 1. Business - Trademarks." In the opinion of the Company's management, the resolution of any matter currently pending will not have a material adverse effect on the Company's financial condition or results of operations.

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

No matters were submitted to a vote of security holders during the quarter ended April 1, 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Class A Common Stock is publicly traded on the New York Stock Exchange under the symbol "RL." The following table sets forth the high and low closing sales prices for each quarterly period from June 11, 1997 (i.e., the day the Class A Common Stock was priced in Polo's initial public offering) through April 1, 2000, as reported on the New York Stock Exchange Composite Tape. The Company did not declare any cash dividends during fiscal 1998, fiscal 1999 or fiscal 2000 on its Common Stock other than dividends declared in fiscal 1998 in the amount of \$27.4 million and paid to holders of Class B Common Stock and Class C Common Stock in connection with the Company's reorganization just prior to its initial public offering.

	Market Price of Class A Common Stock	
	HIGH	LOW
	----	---
Fiscal 2000:		
First Quarter	\$ 24.625	\$ 18.5
Second Quarter	20.5625	17.5
Third Quarter	20.25	16.375
Fourth Quarter	20.25	14.0625
Fiscal 1999:		
First Quarter	\$ 31.00	\$26.9375
Second Quarter	29.6875	20.1250
Third Quarter	24.0000	16.000
Fourth Quarter	24.8750	18.1250
Fiscal 1998:		
First Quarter (since June 11, 1997)	\$ 32.375	\$ 26
Second Quarter	28.0625	23.0625
Third Quarter	28.75	22.3125
Fourth Quarter	30.8125	21.9375

The Company anticipates that all of its earnings in the foreseeable future will be retained to finance the continued growth and expansion of its business and has no current intention to pay cash dividends on its Common Stock.

As of June 22, 2000, there were approximately 1,228 record holders of Class A Common Stock, four record holders of Class B Common Stock and five record holders of Class C Common Stock.

ITEM 6. SELECTED FINANCIAL DATA.

The selected historical financial data presented below as of and for each of the fiscal years in the five-year period ended April 1, 2000 have been derived from the Company's audited Consolidated Financial Statements. The following table also includes unaudited pro forma data for fiscal 1998, which give effect to the reorganization and the initial public offering as if they had occurred on March 30, 1997. The financial data should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements and Notes thereto and other financial data included elsewhere herein.

FISCAL YEAR ENDED

	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998	MARCH 29, 1997	MARCH 30, 1996
(IN THOUSANDS, EXCEPT SHARE DATA)					
STATEMENTS OF INCOME:					
Net sales	\$1,712,375	\$1,505,056	\$1,303,816	\$1,043,330	\$ 909,720
Licensing revenue	236,302	208,009	167,119	137,113	110,153
Other income	6,851	13,794	9,609	7,774	6,210
Net revenues	1,955,528	1,726,859	1,480,544	1,188,217	1,026,083
Cost of goods sold	1,002,390	904,586	759,988	652,000	586,273
Gross profit	953,138	822,273	720,556	536,217	439,810
Selling, general and administrative expenses ...	689,227	608,128	520,801	378,854	312,690
Restructuring charge	--	58,560	--	--	--
Income from operations	263,911	155,585	199,755	157,363	127,120
Interest expense	15,025	2,759	159	13,660	16,287
Equity in net loss of joint venture	--	--	--	3,599	1,101
Income before income taxes and change in accounting principle	248,886	152,826	199,596	140,104	109,732
Provision for income taxes ..	101,422	62,276	52,025	22,804	10,925
Income before change in accounting principle	147,464	90,550	147,571	\$ 117,300	98,807
Cumulative effect of change in accounting principle, net	3,967	--	--	--	--
Net income	\$ 143,497	\$ 90,550	\$ 147,571	\$ 117,300	\$ 98,807
Basic and Diluted					
Income per share before change in accounting principle	\$ 1.49	\$ 0.91			
Cumulative effect of change in accounting principle, net per share	0.04	--			
Net income per share	\$ 1.45	\$ 0.91			
Common shares outstanding - Basic	98,926,993	99,813,328			
Common shares outstanding - Diluted	99,035,781	99,972,152			
PRO FORMA DATA (UNAUDITED) (1):					
Historical income before taxes			\$ 199,596		
Pro forma adjustments other than income taxes			3,162		
Pro forma income before income taxes			202,758		
Pro forma provision for income taxes			82,631		

Net income	\$ 120,127
	=====
Net income per share	
Basic and Diluted	\$ 1.20
	=====
Common shares outstanding	
Basic and Diluted	\$ 100,222,444
	=====

	APRIL 1, 2000	APRIL 1, 1999	MARCH 28, 1998	MARCH 29, 1997	MARCH 30, 1996
	-----	-----	-----	-----	-----
	(IN THOUSANDS)				
BALANCE SHEET DATA:					
Working capital	\$ 446,663	\$ 331,482	\$ 354,206	\$ 209,038	\$ 262,844
Inventories	390,953	376,860	298,485	222,147	269,113
Total assets	1,620,562	1,104,584	825,130	588,758	563,673
Total debt	428,838	159,717	337	140,900	199,645
Stockholders' equity and partners' capital	772,437	658,905	584,326	260,685	237,653

- (1) The pro forma data presents the effects on the historical financial statement of certain transactions as if they had occurred at the beginning of the period. This data reflects adjustments for: (i) income taxes based upon pro forma pre-tax income as if the Company had been subject to additional Federal, state and local income taxes calculated using a pro forma effective tax rate of approximately 40.8%; and (ii) the reduction of interest expense resulting from the application of the net proceeds from the initial public offering to outstanding indebtedness.

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

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements and related notes thereto which are included herein. The Company utilizes a 52-53 week fiscal year ending on the Saturday nearest March 31. Accordingly, fiscal years 2000, 1999, 1998, 1997 and 1996 ended on April 1, 2000, April 3, 1999, March 28, 1998, March 29, 1997 and March 30, 1996, respectively. Fiscal 1999 reflects a 53-week period.

Certain statements in this Form 10-K and in future filings by the Company with the Securities and Exchange Commission, in the Company's press releases and in oral statements made by or with the approval of authorized personnel constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such 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 the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: risks associated with changes in the competitive marketplace, including the introduction of new products or pricing changes by the Company's competitors; changes in global economic conditions; risks associated with the Company's dependence on sales to a limited number of large department store customers, including risks related to extending credit to customers; risks associated with the Company's dependence on its licensing partners for a substantial portion of its net income and risks associated with a lack of operational and financial control over licensed businesses; risks associated with consolidations, restructurings and other ownership changes in the retail industry; risks associated with competition in the segments of the fashion and consumer product industries in which the Company operates, including the Company's ability to shape, stimulate and respond to changing consumer tastes and demands by producing attractive products, brands and marketing, and its ability to remain competitive in the areas of quality and price; risks associated with uncertainty relating to the Company's ability to implement its growth strategies; risks associated with the Company's entry into new markets either through internal development activities or through acquisitions; risks associated with the possible adverse impact of the Company's unaffiliated manufacturers' inability to manufacture in a timely manner, to meet quality standards or to use acceptable labor practices; risks associated with changes in social, political, economic and other conditions affecting foreign operations and sourcing and the possible adverse impact of changes in import restrictions; risks related to the Company's ability to establish and protect its trademarks and other proprietary rights; risks related to fluctuations in foreign currency affecting the Company's foreign subsidiaries' and foreign licensees' results of operations and the relative prices at which the Company and foreign competitors sell their products in the same market and the Company's operating and manufacturing costs outside of the United States; and, risks associated with the Company's control by Lauren family members and the anti-

takeover effect of multiple classes of stock. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OVERVIEW

The Company began operations in 1968 as a designer and marketer of premium quality men's clothing and sportswear. Since inception, the Company, through internal operations and in conjunction with its licensing partners, has grown through increased sales of existing product lines, the introduction of new brands and products, expansion into international markets, development of its retail operations and acquisitions. Over the last five years, net revenues have grown to approximately \$1.96 billion in fiscal 2000 from approximately \$1.03 billion in fiscal 1996, while income from operations has grown to approximately \$263.9 million in fiscal 2000 from approximately \$127.1 million in fiscal 1996. The Company's net revenues are generated from its three integrated operations: wholesale, retail and licensing. The following table sets forth net revenues for the last five fiscal years:

FISCAL YEAR	2000 ----	1999 ----	1998 ----	1997 ----	1996 ----
	(IN THOUSANDS)				
Wholesale sales	\$ 878,395	\$ 845,704	\$ 733,065	\$ 663,358	\$ 606,022
Retail sales (1)	833,980	659,352	570,751	379,972	303,698
Net sales	1,712,375	1,505,056	1,303,816	1,043,330	909,720
Licensing revenue	236,302	208,009	167,119	137,113	110,153
Other income	6,851	13,794	9,609	7,774	6,210
Net revenues	<u>\$1,955,528</u>	<u>\$1,726,859</u>	<u>\$1,480,544</u>	<u>\$1,188,217</u>	<u>\$1,026,083</u>

(1) On May 3, 1999, a wholly owned subsidiary of the Company acquired all of the outstanding shares of Club Monaco Inc. ("Club Monaco"). The Company consolidated the operations of Club Monaco from the effective date of the transaction.

Wholesale net sales result from the sale by the Company of men's and women's apparel to wholesale customers, principally to major department stores, specialty stores and non-Company operated Polo stores located throughout the United States. Net sales for the wholesale division increased to \$878.4 million in fiscal 2000 from \$606.0 million in fiscal 1996. This increase is primarily a result of growth in sales of the Company's existing Polo Brands' and Collection Brands' products and the introduction of new brands.

Polo's retail sales are generated from sales at full price Polo stores, outlet stores and Club Monaco stores operated by the Company. Net sales for the retail division have grown to \$834.0 million in fiscal 2000 from \$303.7 million in fiscal 1996. This increase is primarily a result of the Company's expansion of its existing retail operations and growth through acquisitions. Since the beginning of fiscal 1996, the Company has added, net of store closings, 42 full price Polo stores, 56 outlet stores and 71 Club Monaco stores. This expansion reflects 21 full price Polo stores acquired in the fiscal 1997 acquisition of the 50% interest the Company did not own in Polo Retail Corporation and 70 freestanding Club Monaco stores (57 in Canada and 13 in the United States) acquired in fiscal 2000, as described further below. At April 1, 2000, the Company operated 45 Polo stores, 110 outlet stores and 71 Club Monaco stores.

As noted above, on May 3, 1999, a wholly owned subsidiary of the Company completed its acquisition, through a tender offer and subsequent statutory compulsory acquisition, of all of the outstanding shares of Club Monaco, a corporation organized under the laws of the Province of Ontario, Canada. Founded in 1985, Club Monaco is an international specialty retailer of casual apparel and other accessories which are sold under the "Club Monaco" brand name and associated trademarks. In addition, Club Monaco franchises three freestanding stores in Canada, seven freestanding stores and 15 shop-within-shops in Japan and two freestanding stores and 29 shop-within-shops in Korea and other parts of Asia. Club Monaco has also granted licenses for the manufacture and distribution of silver jewelry and eyewear in Canada and the United States. The Company used the 1999 Credit Facility (as defined) to finance this acquisition. See "Liquidity and Capital Resources."

Licensing revenue consists of royalties paid to the Company under its agreements with its licensing partners. In fiscal 2000, Product, International and Home Collection licensing alliances accounted for 54.4%, 22.4% and 23.2% of total licensing revenue, respectively. Through these alliances, Polo combines its core skills with the product or geographic competencies of its licensing partners to create and develop specific businesses. The growth of existing and development of new businesses under licensing alliances has resulted in an increase in licensing revenue to \$236.3 million in fiscal 2000 from \$110.2 million in fiscal 1996.

On January 6, 2000, the Company completed the acquisition of stock and certain assets of Poloco S.A.S. and certain of its affiliates ("Poloco"), which hold licenses to sell men's and boys' Polo apparel, men's and women's Polo Jeans apparel, and certain Polo accessories in Europe. In addition to acquiring Poloco's wholesale business, the Company acquired one flagship store in Paris and six outlet stores located in France, the United Kingdom and Austria. Poloco had revenues of approximately \$187.5 million in calendar year 1999. The Company used a portion of the net proceeds from the Eurobond Offering (as defined) to finance this acquisition. See "Liquidity and Capital Resources." The Company will consolidate the results of operations of Poloco commencing in fiscal 2001.

On February 7, 2000, the Company announced the formation of Ralph Lauren Media, LLC ("RL Media"), a joint venture between the Company and National Broadcasting Company, Inc. ("NBC") and certain affiliated companies. RL Media was created to bring the Company's American lifestyle experience to consumers via multiple media platforms, including the Internet, broadcast, cable and print. Under

the 30-year joint venture agreement, RL Media will be owned 50% by the Company, 25% by NBC, 12.5% by ValueVision International, Inc. ("ValueVision"), 10% by NBC Internet, Inc. ("NBCi") and 2.5% by CNBC.com LLC ("CNBC.com"). In exchange for its 50% interest, the Company will provide marketing through its annual print advertising campaign, make its merchandise available at initial cost of inventory and handle excess inventory through its outlet stores, among other things. NBC will contribute \$110.0 million of television and online advertising on NBC and CNBC.com properties. NBCi will contribute \$40.0 million in online distribution and promotion and ValueVision will contribute a cash funding commitment up to \$50.0 million. Under the arrangement, the Company will not absorb any losses from the joint venture up to the first \$50.0 million incurred and will share proportionately in the net income or losses thereafter. Additionally, the Company will receive a royalty on the sale of its products by RL Media based on specified percentages of net sales over a predetermined threshold, subject to certain limitations. RL Media's managing board has equal representation from the Company and NBC, including its affiliated companies. The joint venture has been accounted for under the equity method from the effective date of the transaction.

During the fourth quarter of fiscal 1999, the Company formalized its plans to streamline operations within its wholesale and retail operations and reduce its overall cost structure (the "Restructuring Plan"). The major initiatives of the Restructuring Plan included the following: (1) an evaluation of the Company's retail operations and site locations; (2) the realignment and operational integration of the Company's wholesale operating units; and (3) the realignment and consolidation of corporate strategic business functions and internal processes.

In an effort to improve the overall profitability of its retail operations, in fiscal 2000 the Company closed three Polo stores and three outlet stores that were not performing at an acceptable level. Additionally, the Company converted two Polo stores and five outlet stores to new concepts expected to be more productive. Costs associated with this aspect of the Restructuring Plan included lease and contract termination costs, store fixed asset (primarily leasehold improvements) and intangible asset write downs and severance and termination benefits.

The Company's wholesale operations were realigned into two new operating units: Polo Brands and Collection Brands. Aspects of this realignment included: (i) the reorganization of the sales force and retail development areas; (ii) the streamlining of the design and development process; and (iii) the consolidation of the customer service departments. Additionally, the Company integrated the sourcing and production of its Polo Brands, outlet store and licensees' products into one consolidated unit. Costs associated with the wholesale realignment consisted primarily of severance and termination benefits and lease termination costs.

The Company's review of its corporate business functions and internal processes resulted in a new management structure designed to better align businesses with similar functions and the identification and elimination of duplicative processes. Costs associated with the corporate realignment consisted primarily of severance and termination benefits and lease termination costs.

In connection with the implementation of the Restructuring Plan, the Company recorded a restructuring charge of \$58.6 million on a pre-tax basis in its

fourth quarter of fiscal 1999. The major components of the restructuring charge included lease and contract termination costs of \$24.7 million, asset write downs of \$17.8 million, severance and termination benefits of \$15.3 million and other restructuring costs of \$0.8 million. Total severance and termination benefits as a result of the Restructuring Plan related to approximately 280 employees, all of which have been terminated through May 2000. The Company has substantially completed the implementation of the Restructuring Plan as of April 1, 2000.

In connection with the Company's growth strategies, the Company plans to introduce new products and brands and expand its retail operations. Implementation of these strategies may require significant investments for advertising, furniture and fixtures, infrastructure, design and additional inventory. Notwithstanding the Company's investment, there can be no assurance that its growth strategies will be successful.

RESULTS OF OPERATIONS

The following discussion provides information and analysis of the Company's results of operations for fiscal 2000 as compared to fiscal 1999 and for fiscal 1999 as compared to fiscal 1998. As a result of the Company's initial public offering completed on June 17, 1997, and the use of a portion of the net proceeds therefrom to reduce outstanding indebtedness, the comparison of interest expense in fiscal 1999 to fiscal 1998 is not discussed below because such information is not meaningful. Additionally, the comparison of income taxes in fiscal 1999 to fiscal 1998 is not discussed below because the historical taxation of the Company is not meaningful with respect to periods preceding the reorganization.

The table below sets forth the percentage relationship to net revenues of certain items in the Company's statements of income for fiscal 2000, fiscal 1999 and fiscal 1998:

	FISCAL YEAR		
	2000	1999	1998
	-----	-----	-----
Netsales	87.6%	87.2%	88.1%
Licensing revenue	12.1	12.0	11.3
Other income	0.3	0.8	0.6
	----	----	----
Net revenues	100.0	100.0	100.0
	----	----	----
Gross profit	48.7	47.6	48.7
Selling, general and administrative expenses	35.2	35.2	35.2
Restructuring charge	--	3.4	--
	----	----	----
Income from operations	13.5	9.0	13.5
Interest expense	0.8	0.2	0.0
	----	----	----
Income before income taxes and change in accounting principle	12.7%	8.8%	13.5%
	=====	=====	=====

FISCAL 2000 COMPARED TO FISCAL 1999

NET SALES. Net sales increased 13.8% to \$1.7 billion in fiscal 2000 from \$1.5 billion in fiscal 1999. Wholesale net sales increased 3.9% to \$878.4 million in fiscal 2000 from \$845.7 million in fiscal 1999. Wholesale growth primarily reflects increased unit sales of existing Polo and Collection brand products. These unit increases were partially offset by a decline in average selling prices resulting from changes in product mix. Retail sales increased by 26.5% to \$834.0 million in fiscal 2000 from \$659.4 million in fiscal 1999. This increase is primarily attributable to the \$209.9 million benefit from the following: (a) new store openings in fiscal 2000 (12 Polo full price and 11 outlet stores, net of store closures); (b) a full year impact of new stores opened in fiscal 1999; and (c) the acquisition of 70 Club Monaco stores in the quarter ended July 3, 1999. Although the Company's stores remain highly

productive, comparable store sales, which represent net sales of stores open in both reporting periods for the full portion of such periods, decreased by 4.6%, excluding the unfavorable impact of a 53rd week in fiscal 1999. The decline was due to a promotionally driven retail environment, an inadequate inventory of leading products and the effects of a mature and challenging outlet store environment.

LICENSING REVENUE. Licensing revenue increased 13.6% to \$236.3 million in fiscal 2000 from \$208.0 million in fiscal 1999. This increase is primarily attributable to increases in sales of existing licensed products, particularly Lauren, Polo Jeans and Home Collection.

GROSS PROFIT. Gross profit as a percentage of net revenues increased to 48.7% in fiscal 2000 from 47.6% in fiscal 1999. This increase was attributable to an increase in retail gross margins due to a higher concentration of retail sales to net revenues in the current period as a result of the acquisition of Club Monaco in fiscal 2000 and lower markdowns taken in fiscal 2000. Retail gross margins were negatively impacted by higher markdowns in fiscal 1999 as the Company implemented a strategic initiative in its fourth fiscal quarter of 1999 to reduce inventory levels and move excess product. Additionally, gross profit was favorably impacted by the increase in licensing revenue in fiscal 2000. Wholesale gross margins were consistent with prior years.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses as a percentage of net revenues were 35.2% in fiscal 2000 and fiscal 1999. Despite increases in depreciation expense from the shop-within-shop development program and start-up costs incurred with the expansion of the Company's retail operations, SG&A expenses as a percentage of net revenues were consistent with the prior period as the Company was able to achieve expense leveraging from revenue growth in fiscal 2000.

INTEREST EXPENSE. Interest expense increased to \$15.0 million in fiscal 2000 from \$2.8 million in fiscal 1999. This increase was due to a higher level of borrowings incurred during the current period to fund the acquisitions of Club Monaco and Poloco.

FISCAL 1999 COMPARED TO FISCAL 1998

NET SALES. Net sales increased 15.4% to \$1.5 billion in fiscal 1999 from \$1.3 billion in fiscal 1998. Wholesale net sales increased 15.4% to \$845.7 million in fiscal 1999 from \$733.1 million in fiscal 1998. Wholesale growth primarily reflects volume-driven sales increases in existing menswear and womenswear brands and increased menswear and womenswear sales resulting from the timing of shipments to retailers. These unit increases were offset by decreases in average selling prices resulting from changes in product mix. Retail sales increased by 15.5% to \$659.4 million in fiscal 1999 from \$570.8 million in fiscal 1998. Of this increase, \$90.7 million is attributable to the opening of four new Polo stores (net of two store closings) and 27 new outlet stores (net of three store closings) in fiscal 1999, and the benefit of a full year of operations for three new Polo stores and ten new outlet stores opened in fiscal 1998. Additionally, retail sales were favorably impacted by the inclusion in fiscal 1999 of a 53rd week as compared to 52 weeks in fiscal 1998. Comparable store sales for fiscal 1999 decreased by 2.0%, excluding the impact of

the 53rd week in fiscal 1999, largely due to the following: (i) the effects of a more challenging economic environment compared to fiscal 1998; (ii) lower tourism, most notably in the Company's West Coast and Hawaiian stores; (iii) issues encountered during a conversion of the Company's retail merchandising systems during its second fiscal quarter; and (iv) unseasonably warm weather conditions throughout the United States during the fall selling season as well as other weather issues and store closings.

LICENSING REVENUE. Licensing revenue increased 24.5% to \$208.0 million in fiscal 1999 from \$167.1 million in fiscal 1998. This increase is primarily attributable to an overall increase in sales of existing licensed products, particularly Chaps, Lauren, Polo Jeans and Home Collection, and the Company's continued expansion and growth in international markets.

GROSS PROFIT. Gross profit as a percentage of net revenues decreased to 47.6% in fiscal 1999 from 48.7% in fiscal 1998. This decrease was primarily attributable to lower retail gross margins due to higher markdowns. Wholesale gross margins decreased slightly in fiscal 1999 in comparison to fiscal 1998. These decreases were offset by an increase in licensing revenue as a percentage of net revenues to 12.0% in fiscal 1999 from 11.3% in fiscal 1998.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased by \$87.3 million to \$608.1 million in fiscal 1999 from \$520.8 million in fiscal 1998. The increase in SG&A expenses is principally due to increased volume-related expenses to support revenue growth, increased depreciation expense associated with the Company's shop-within-shops development program and start-up costs associated with the expansion of the Company's retail operations. Despite these increases, SG&A expenses as a percentage of net revenues remained constant at 35.2%.

LIQUIDITY AND CAPITAL RESOURCES

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

Net cash provided by operating activities increased to \$242.7 million in fiscal 2000 from \$38.5 million in fiscal 1999. This improvement was driven by favorable changes in inventories as the Company implemented a strategic initiative in its fourth fiscal quarter of 1999 to reduce inventory levels and move excess product. This improvement was also impacted by favorable changes in accounts payable due to timing of payments to vendors. Net cash used in investing activities increased to \$318.3 million in fiscal 2000 from \$196.2 million in fiscal 1999. This increase principally reflects cash used for the acquisition of Poloco offset by a decline in capital expenditures in fiscal 2000. Net cash provided by financing activities increased to \$201.6 million in fiscal 2000 from \$143.4 million in fiscal 1999. This increase primarily reflects the proceeds received by the Company in connection with the Eurobond Offering (as defined below) offset by the use of a portion of these proceeds to repay outstanding indebtedness under the Credit Facilities and to repurchase the Company's common stock in fiscal 2000.

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

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

The Credit Facility and 1999 Credit Facility (collectively, the "Credit Facilities") contain customary representations, warranties, covenants and events of default, including covenants regarding maintenance of net worth and leverage ratios, limitations on indebtedness, loans, investments and incurrences of liens, and restrictions on sales of assets and transactions with affiliates. Additionally, the agreements provide that an event of default will occur if Mr. Lauren and related entities fail to maintain a specified minimum percentage of the voting power of the Company's common stock.

On November 22, 1999, the Company issued euro 275.0 million of 6.125 percent Notes (the "Eurobonds") due November 2006 (the "Eurobond Offering"). The Eurobonds are listed on the London Stock Exchange. The net proceeds from the Eurobond Offering were \$281.5 million based on the foreign exchange rate on the issuance date. Interest on the Eurobonds is payable annually. A portion of the net proceeds from the issuance was used to pay down existing debt under the Company's Credit Facilities while the remaining proceeds were used to acquire Poloco. The Company acquired Poloco for an aggregate cash consideration of approximately \$210.0 million, plus the assumption of approximately \$10.0 million in short-term debt. As of April 1, 2000, the Company has paid 90.0% of the purchase price for Poloco and expects to pay the remaining 10.0%, or approximately \$21.6 million, in its first quarter of fiscal 2001 in accordance with the terms of the agreement.

As of April 1, 2000, the Company had \$86.1 million outstanding in direct borrowings, \$80.0 million outstanding under the Term Loan and \$262.7 million outstanding in Eurobonds based on the year end exchange rate. The Company was also contingently liable for \$46.8 million in outstanding letters of credit related to commitments for the purchase of inventory and in connection with its leases under the Credit Facilities. The weighted average interest rate on borrowings at April 1, 2000, was 6.3%.

Total cash outlays related to the Restructuring Plan are approximately \$39.5 million, \$27.2 million of which has been paid through April 1, 2000. The remaining obligations under the Restructuring Plan approximated \$12.3 million at April 1, 2000 and primarily relate to severance and lease termination agreements.

Capital expenditures were \$122.0 million, \$141.7 million and \$63.1 million in fiscal 2000, fiscal 1999 and fiscal 1998, respectively. Capital expenditures primarily reflect costs associated with the following: (i) the Company's expansion of its distribution facilities; (ii) the shop-within-shops development program which includes new shops, renovations and expansions; (iii) the expansion of the Company's retail operations; and (iv) the Company's information systems. The Company plans to invest approximately \$150.0 million, net of landlord incentives, over the next fiscal year primarily for its retail concepts, outlet and Club Monaco stores, its European expansion, the shop-within-shops development program, its information systems and other capital projects.

In March 1998, the Board of Directors authorized the repurchase, subject to market conditions, of up to \$100.0 million of the Company's Class A Common Stock. Share repurchases under this plan were made in the open market over the two-year period which commenced April 1, 1998. On March 2, 2000, the Board of Directors authorized a two-year extension to the stock repurchase program. Shares acquired under the repurchase program will be used for stock option programs and for other corporate purposes. As of April 1, 2000, the Company had repurchased 2,952,677 shares of its Class A Common Stock at an aggregate cost of \$57.3 million.

The Company extends credit to its customers, including those which have accounted for significant portions of its net revenues. The Company had three customers, Dillard Department Stores, Inc., Federated Department Stores, Inc. and The May Department Stores Company, which in aggregate constituted approximately 54.0% and 58.0% of trade accounts receivable outstanding at April 1, 2000 and April 3, 1999, respectively. Additionally, the Company had four licensing partners, Jones Apparel Group, Inc. ("Jones"), WestPoint Stevens, Inc. ("WPS"), Seibu Department Stores, Ltd. ("Seibu") and Warnaco, Inc., which in aggregate constituted approximately 58.0% and 55.0% of licensing revenue in fiscal 2000 and fiscal 1999, respectively. WPS, Seibu and Jones constituted, in aggregate, approximately 35.0% of licensing revenue in fiscal 1998. Accordingly, the Company may have significant exposure in collecting accounts receivable from its wholesale customers and licensees. The Company has credit policies and procedures which it uses to manage its credit risk.

Management believes that cash from ongoing operations and funds available under the Credit Facilities and from the Eurobond Offering will be sufficient to satisfy the Company's current level of operations, the Restructuring Plan, capital requirements, stock repurchase program and other corporate activities for the next 12 months. The Company does not currently intend to pay dividends on its Common Stock in the next 12 months

SEASONALITY AND QUARTERLY FLUCTUATIONS

The Company's business is affected by seasonal trends, with higher levels of wholesale sales in its second and fourth quarters and higher retail sales in its second and third quarters. These trends result primarily from the timing of seasonal wholesale shipments to retail customers and key vacation travel and holiday shopping periods in the retail segment. As a result of growth in the Company's retail operations and licensing revenue, historical quarterly operating trends and working capital requirements may not accurately reflect future performances. In addition,

fluctuations in sales and operating income in any fiscal quarter may be affected by the timing of seasonal wholesale shipments and other events affecting retail.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities. This Statement establishes accounting and reporting standards for derivative instruments and hedging activities. It requires the recognition of all derivatives as either assets or liabilities in the statement of financial position and measurement of those instruments at fair value. The accounting for changes in the fair value of a derivative is dependent upon the intended use of the derivative. In June 1999, the FASB issued SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." As a result, SFAS No. 133 is effective for the Company's first quarter of the fiscal year ending March 30, 2002, and retroactive application is not permitted. The Company has not yet determined whether the application of SFAS No. 133 will have a material impact on its financial position or results of operations.

YEAR 2000 COMPLIANCE UPDATE

The Company has reviewed its operations relating to Year 2000 issues. Remediation and testing are complete for both information technology ("IT") and non-IT systems that required attention and resources to be Year 2000 compliant. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the Company, including those relating to third parties with whom the Company has material business relationships (such as customers, licensees, transportation carriers, utility and other general service providers), have been resolved. To date, the Company has not experienced any significant disruptions in its operations relating to Year 2000 issues. The Company has a contingency plan in place to mitigate the potential effects, if any, that may arise.

The costs to address the Company's Year 2000 issues were approximately \$5.3 million. Substantially all of these costs had been incurred as of April 1, 2000.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The market risk inherent in the Company's financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in interest rates or foreign currency exchange rates. The Company manages these exposures through operating and financing activities and, when appropriate, through the use of derivative financial instruments. The policy of the Company allows for the use of derivative financial instruments for identifiable market risk exposures, including interest rate and foreign currency fluctuations. The Company does not enter into derivative financial contracts for trading or other speculative purposes. The following quantitative disclosures were derived using quoted market prices and theoretical pricing models obtained through independent pricing sources for the same or similar types of financial instruments, taking into consideration the underlying terms and maturities. The quantitative disclosures discussed below do not represent

the maximum possible loss nor any expected loss that may occur since actual results may differ from those estimates.

FOREIGN CURRENCY EXCHANGE RATES

Foreign currency exposures arise from transactions, including firm commitments and anticipated contracts, denominated in a currency other than an entity's functional currency and from foreign-denominated revenues translated into U.S. dollars. From time to time, the Company hedges exposures to foreign currency exchange rate fluctuations with forward foreign exchange contracts. With respect to foreign operations, substantially all of the Company's foreign subsidiaries operate in their respective functional currencies, limiting the Company's exchange risk on their operations. The Company's primary foreign currency exposures relate to its Eurobond debt and euro investments. The potential loss in value at April 1, 2000 on the Company's Eurobond debt and euro investments based on a hypothetical 10.0% adverse change in the euro rate would have been \$26.3 million and \$7.3 million, respectively. As of April 1, 2000, a hypothetical immediate 10.0% adverse change in the euro rate on the Eurobond debt and euro investments would have a \$1.6 million and \$0.3 million unfavorable impact, respectively, on the Company's earnings and cash flows in the fiscal year ending March 31, 2001.

INTEREST RATES

The Company's primary interest rate exposure relates to its fixed and variable rate debt. The fair value of the Company's fixed Eurobond debt was \$258.6 million based on its quoted market price as listed on the London Stock Exchange and using exchange rates in effect as of April 1, 2000. The potential loss in value at April 1, 2000 on the Company's fixed Eurobond debt based on a hypothetical 10.0% adverse change in the interest rate would have been \$25.9 million. At April 1, 2000, the carrying value of amounts outstanding of \$166.1 million under the Company's variable debt borrowing arrangements under the Credit Facilities approximated its fair value. The Company employs an interest rate hedging strategy utilizing swaps to effectively fix a portion of its interest rate exposure on its floating rate financing arrangements. At April 1, 2000, the Company had interest rate swap agreements with a notional amount of \$100.0 million which fixed the interest rate on its variable rate debt at 5.5%. As of April 1, 2000, a hypothetical immediate 10.0% adverse change in interest rates relating to the Company's unhedged portion of its variable rate debt would have a \$0.6 million unfavorable impact on the Company's earnings and cash flows in the fiscal year ending March 31, 2001.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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

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

Not applicable.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The other information required to be included herein by Item 10 of Form 10-K will be included in the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders which will be filed within 120 days after the close of the Company's fiscal year ended April 1, 2000 and such information is incorporated herein by reference to such Proxy Statement.

The following table sets forth certain information with respect to the directors and executive officers of the Company as of June 22, 2000.

NAME ----	AGE ---	POSITION -----
Ralph Lauren.....	60	Chairman, Chief Executive Officer and Director
F. Lance Isham.....	55	Vice Chairman and Director
Roger N. Farah.....	47	President, Chief Operating Officer and Director
Richard A. Friedman...	42	Director
Frank A. Bennack, Jr..	67	Director
Joel L. Fleishman.....	66	Director
Allen Questrom.....	60	Director
Terry S. Semel.....	57	Director
Victor Cohen.....	46	Executive Vice President, General Counsel and Secretary
Nancy A. Platoni Poli.	44	Senior Vice President and Chief Financial Officer
Douglas L. Williams...	35	Group President, Global Business Development

RALPH LAUREN has been a director of the Company since prior to the commencement of the Company's initial public offering and was a member of the Advisory Board or Board of Directors of the Company's predecessors since their organization. Mr. Lauren is the Company's Chairman and Chief Executive Officer. He founded Polo in 1968 and has provided leadership in the design, marketing, advertising and operational areas since such time.

F. LANCE ISHAM has been Vice Chairman and a director of the Company since April 2000. He was President of the Company from November 1998 to April 2000, prior to which he served as Group President of the Menswear operations. Mr. Isham joined Polo in 1982, and has held a variety of sales positions in the Company including Executive Vice President of Sales and Merchandising.

ROGER N. FARAH has been President, Chief Operating Officer and a director of the Company since April 2000. Mr. Farah was Chairman of the Board of Venator Group, Inc. from December 1994 until April 2000 and was Chief Executive Officer of Venator Group, Inc. from December 1994 until August 1999. Mr. Farah served as President and Chief Operating Officer of R.H. Macy & Co., Inc. from July 1994 to October 1994. He also served as Chairman and Chief Executive Officer of Federated Merchandising Services, the central buying and product development arm of Federated Department Stores, Inc. from June 1991 to July 1994.

RICHARD A. FRIEDMAN has been a director of the Company since prior to the commencement of the Company's initial public offering and was a member of the Advisory Board of the Company's predecessor since 1994. Mr. Friedman is a Managing Director of Goldman, Sachs & Co., and head of the Principal Investment Area. He joined Goldman, Sachs & Co. in 1981. Mr. Friedman is a member of the Board of Directors of AMF Bowling, Inc. and Carmike Cinemas Inc.

FRANK A. BENNACK, JR. has been a director of the Company since January 1998. Mr. Bennack has been the President and Chief Executive Officer of The Hearst Corporation since 1979. He is a member of the Board of Directors of The Hearst Corporation, Hearst-Argyle Television, Inc., American Home Products Corporation, The Chase Manhattan Corporation and The Chase Manhattan Bank.

JOEL L. FLEISHMAN has been a director of the Company since January 1999. Mr. Fleishman has been a Professor of Law and Public Policy, Terry Sanford Institute of Public Policy at Duke University since 1971 and the Director of the Samuel and Ronnie Heyman Center for Ethics, Public Policy and the Professions at Duke University since 1987. Mr. Fleishman is a member of the Board of Directors of Boston Scientific Corporation.

ALLEN QUESTROM has been a director of the Company since September 1997. Mr. Questrom has been the Chairman and Chief Executive Officer of Barneys New York, Inc. since May 1999 and was the Chairman and Chief Executive Officer of Federated Department Stores, Inc. from February 1990 to May 1997. He is a member of the Board of Directors of Barneys New York, Inc.

TERRY S. SEMEL has been a director of the Company since September 1997. Mr. Semel has been Chairman of Windsor Media, Inc., Los Angeles, a diversified media company, since October 1999. He was Chairman of the Board and Co-Chief Executive Officer of the Warner Bros. Division of Time Warner Entertainment LP ("Warner Brothers"), Los Angeles, from March 1994 until October 1999 and of Warner Music Group, Los Angeles, from November 1995 until October 1999. For more than ten years prior to that he was President of Warner Brothers or its predecessor, Warner Bros. Inc. Mr. Semel is also a director of Revlon, Inc.

VICTOR COHEN has been Executive Vice President, General Counsel and Secretary of the Company since 2000. Mr. Cohen joined Polo in 1983 as its senior legal officer responsible for all legal and corporate affairs. Prior to joining the Company, he was associated with the law firm of Skadden, Arps, Slate, Meagher & Flom.

NANCY A. PLATONI POLI has been Chief Financial Officer of the Company since 1996 and Senior Vice President since 1997. Ms. Poli was Vice President and Controller from 1989 to 1996, and assumed responsibility for treasury functions in

addition to her controller functions in 1995. Prior to that, she was Controller of Retail Finance. Ms. Poli joined the Company in 1984.

DOUGLAS L. WILLIAMS has been corporate Group President, Global Business Development since April 2000. Mr. Williams began his career with the Company in 1988 as a retail analyst. He has held various sales and merchandising positions within the Company, including Vice President of Men's Sales from 1993 to 1997 and Senior Vice President of Men's Sales from 1997 to 1998. Mr. Williams was promoted to Divisional President of Product Licensing in 1998 and in 1999 was further promoted to President of Global Licensing and New Business Development.

Each executive officer serves for a one-year term ending at the next annual meeting of the Company's Board of Directors, subject to his or her applicable employment agreement and his or her earlier death, resignation or removal.

ITEM 11. EXECUTIVE COMPENSATION.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required to be included herein by Items 11 through 13 of Form 10-K will be included in the Company's Proxy Statement for the 2000 Annual Meeting of Stockholders, which will be filed within 120 days after the close of the Company's fiscal year ended April 1, 2000 and such information is incorporated herein by reference to such Proxy Statement.

PART IV

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

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

EXHIBIT NUMBER	DESCRIPTION
3.1	Amended and Restated Certificate of Incorporation (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (No. 333-24733)) (the "S-1")*
3.2	Amended and Restated By-laws of the Company (filed as Exhibit 3.2 to the S-1)*
10.1	Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the S-1)*+
10.2	Polo Ralph Lauren Corporation 1997 Stock Option Plan for Non-Employee Directors (filed as Exhibit 10.2 to the S-1)*+
10.3	Polo Ralph Lauren Corporation Executive Officer Annual Incentive Plan+
10.4	Registration Rights Agreement dated as of June 9, 1997 by and among Ralph Lauren, GS Capital Partners, L.P., GS Capital Partners PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., and Polo Ralph Lauren Corporation (filed as Exhibit 10.3 to the S-1)*
10.5	U.S.A. Design and Consulting Agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, and Cosmair, Inc., and letter agreement related thereto dated January 1, (filed as Exhibit 10.4 to the S-1)*
10.6	Restated U.S.A. License Agreement, dated January 1, 1985, between Ricky Lauren and Mark N. Kaplan, as Licensor, and Cosmair, Inc., as Licensee, and letter agreement related thereto dated January 1, 1985** (filed as Exhibit 10.5 to the S-1)*
10.7	Foreign Design and Consulting Agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, as Licensor, and L'Oreal S.A., as Licensee, and letter agreements related thereto dated January 1, 1985, September 16, 1994 and October 25, 1994** (filed as Exhibit 10.6 to the S-1)*
10.8	Restated Foreign License Agreement, dated January 1, 1985, between The Polo/Lauren Company, as Licensor, and L'Oreal S.A., as Licensee, letter Agreement related thereto dated January 1, 1985, and Supplementary Agreement thereto, dated October 1, 1991** (filed as Exhibit 10.7 to the S-1)*
10.9	Amendment, dated November 27, 1992, to Foreign Design And Consulting Agreement and Restated Foreign License Agreement** (filed as Exhibit 10.8 to the S-1)*
10.10	License Agreement, made as of January 1, 1998, between Ralph Lauren Home Collection, Inc. and WestPoint Stevens Inc.** (filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 1998 (the "Fiscal 1998 10-K")*)
10.11	License Agreement, dated March 1, 1998, between The Polo/Lauren Company, L.P. and Polo Ralph Lauren Japan Co., Ltd., and undated letter agreement related thereto** (filed as Exhibit 10.10 to the S-1)*
10.12	Design Services Agreement, dated March 1, 1998, between Polo Ralph Lauren Enterprises, L.P. and Polo Ralph Lauren Japan Co., Ltd.** (filed as Exhibit 10-11 to the S-1)*
10.13	Design Services Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc.** (filed as Exhibit 10.25 to the Fiscal 1998 10-K)*

- 10.14 License Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc.** (filed as Exhibit 10-26 to the Fiscal 1998 10-K)*
- 10.15 Stockholders Agreement dated as of June 9, 1997 among Polo Ralph Lauren Corporation, GS Capital Partners, L.P., GS Capital Partners PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., Mr. Ralph Lauren, RL Holding, L.P. and RL Family (filed as Exhibit 10.22 to the S-1)*
- 10.16 Form of Credit Agreement between Polo Ralph Lauren Corporation and The Chase Manhattan Bank (filed as Exhibit 10.24 to the S-1)*
- 10.17 Form of Guarantee and Collateral Agreement by Polo Ralph Lauren Corporation in favor of The Chase Manhattan Bank (filed as Exhibit 10.25 to the S-1)*
- 10.18 Credit Agreement between Polo Ralph Lauren Corporation and the Chase Manhattan Bank dated as of March 30, 1999 (filed as Exhibit 10.20 to the Fiscal 1999 Form 10-K)*
- 10.19 Fiscal and Paying Agency Agreement dated November 22, 1999 among Polo Ralph Lauren Corporation, its subsidiary guarantors and The Bank of New York, as fiscal and principal paying agent (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended January 1, 2000)*
- 10.20 Stock and Asset Purchase Agreement between Polo Ralph Lauren Corporation and S.A. Louis Dreyfus, dated November 23, 1999 (filed as Exhibit 2.1 to the Form 8-K filed January 10, 2000)*
- 10.21 Form of Indemnification Agreement between Polo Ralph Lauren Corporation and its Directors and Executive Officers (filed as Exhibit 10.26 to the S-1)*
- 10.22 Amended and Restated Employment Agreement effective April 4, 1999 between Ralph Lauren and Polo Ralph Lauren Corporation (filed as Exhibit 10-23 to the Fiscal 1999 Form 10-K)*+
- 10.23 Deferred Compensation Agreement dated April 2, 1995 between F. Lance Isham and Polo Ralph Lauren, L.P. (filed as Exhibit 10.14 to the S-1)*+
- 10.24 Amendment to Deferred Compensation Agreement made as of November 10, 1998 between F. Lance Isham and Polo Ralph Lauren Corporation (filed as Exhibit 10.14 to the Fiscal 1999 10-K)*+
- 10.26 Amended and Restated Employment Agreement effective November 10, 1998 between F. Lance Isham and Polo Ralph Lauren Corporation (filed as Exhibit 10.16 to the Fiscal 1999 10-K)*+
- 10.27 Employment Agreement effective April 12, 2000 between Polo Ralph Lauren Corporation and Roger N. Farah+
- 10.28 Employment Agreement effective April 1, 2000 between Polo Ralph Lauren Corporation and Victor Cohen+
- 10.27 Employment Agreement effective January 1, 2000 between Polo Ralph Lauren Corporation and Douglas L. Williams+
- 21.1 List of Significant Subsidiaries of the Company.
- 24.1 Powers of Attorney.
- 27.1 Financial Data Schedule.

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* Incorporated herein by reference.

+ Exhibit is a management contract or compensatory plan or arrangement.

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

(b) During the quarter ended April 1, 2000, a Current Report on Form 8-K dated January 6, 2000 was filed with the Commission by the Company announcing the consummation of its acquisition of Poloco, S.A.S. and certain of its affiliates. In addition, a Current Report on Form 8-K dated February 7, 2000 was filed with the Commission by the Company announcing the establishment of a new joint venture limited liability company called Ralph Lauren Media, LLC by the Company, National Broadcasting Company, Inc., ValueVision International, Inc., CNBC.com LLC and NBC Internet, Inc.

Pursuant to the requirements of 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.

POLO RALPH LAUREN CORPORATION
(Registrant)

By: /s/ Ralph Lauren

Ralph Lauren
Chairman of the Board of Directors and
Chief Executive Officer

Date: June 26, 2000

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 date indicated.

SIGNATURE -----	TITLE(S) -----	DATE -----
/s/ Ralph Lauren ----- Ralph Lauren	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	June 26, 2000
/s/ F. Lance Isham ----- F. Lance Isham	Vice Chairman of the Board of Directors	June 26, 2000
/s/ Roger N. Farah ----- Roger N. Farah	President, Chief Operating Officer and Director	June 26, 2000
/s/ Nancy A. Platoni Poli ----- Nancy A. Platoni Poli	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	June 26, 2000
/s/ Frank A. Bennack, Jr. ----- Frank A. Bennack, Jr.	Director	June 26, 2000
/s/ Joel L. Fleishman ----- Joel L. Fleishman	Director	June 26, 2000
/s/ Richard A. Friedman ----- Richard A. Friedman	Director	June 26, 2000
/s/ Allen Questrom ----- Allen Questrom	Director	June 26, 2000
/s/ Terry S. Semel ----- Terry S. Semel	Director	June 26, 2000

POLO RALPH LAUREN CORPORATION
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FINANCIAL STATEMENT SCHEDULE:

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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of Polo Ralph Lauren Corporation
New York, New York

We have audited the accompanying consolidated balance sheets of Polo Ralph Lauren Corporation and subsidiaries (the "Company") as of April 1, 2000 and April 3, 1999 and the related consolidated statements of income, stockholders equity and cash flows, for each of the three years in the period ended April 1, 2000. These financials statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, such financial statements present fairly, in all material respects, the financial position of the Company as of April 1, 2000 and April 3, 1999, and the results of their operations and their cash flows for each of the three years in the period ended April 1, 2000, in conformity with accounting principles generally accepted in the United States of America.

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

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
New York, New York
May 19, 2000

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POLO RALPH LAUREN CORPORATION
 CONSOLIDATED BALANCE SHEETS
 (IN THOUSANDS, EXCEPT SHARE DATA)

	APRIL 1, 2000	APRIL 3, 1999
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 164,571	\$ 44,458
Accounts receivable, net of allowances of \$16,631 and \$13,495, respectively	204,447	157,203
Inventories	390,953	376,860
Deferred tax assets	40,378	51,939
Prepaid expenses and other	52,542	48,994
	-----	-----
TOTAL CURRENT ASSETS	852,891	679,454
Property and equipment, net	372,977	261,799
Deferred tax assets	11,068	12,493
Goodwill, net	277,822	27,464
Other assets, net	105,804	79,157
Restricted cash	--	44,217
	-----	-----
	\$ 1,620,562	\$ 1,104,584
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes and acceptances payable - banks	\$ 86,131	\$ 115,500
Accounts payable	151,281	88,898
Income taxes payable	--	17,432
Accrued expenses and other	168,816	126,142
	-----	-----
TOTAL CURRENT LIABILITIES	406,228	347,972
Long-term debt	342,707	44,217
Other noncurrent liabilities	99,190	53,490
Commitments and contingencies (Note 13)		
Stockholders' equity		
Common Stock		
Class A, par value \$.01 per share; 500,000,000 shares authorized; 34,381,653 shares issued	344	344
Class B, par value \$.01 per share; 100,000,000 shares authorized; 43,280,021 shares issued and outstanding	433	433
Class C, par value \$.01 per share; 70,000,000 shares authorized; 22,720,979 shares issued and outstanding	227	227
Additional paid-in-capital	450,030	450,030
Retained earnings	370,785	227,288
Treasury Stock, Class A, at cost (2,952,677 and 603,864 shares)	(57,346)	(16,084)
Accumulated other comprehensive income	9,655	--
Unearned compensation	(1,691)	(3,333)
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	772,437	658,905
	-----	-----
	\$ 1,620,562	\$ 1,104,584
	=====	=====

See accompanying notes to financial statements.

POLO RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT SHARE DATA)

	FISCAL YEAR ENDED		
	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
Net sales	\$ 1,712,375	\$ 1,505,056	\$ 1,303,816
Licensing revenue	236,302	208,009	167,119
Other income	6,851	13,794	9,609
Net revenues	1,955,528	1,726,859	1,480,544
Cost of goods sold	1,002,390	904,586	759,988
Gross profit	953,138	822,273	720,556
Selling, general and administrative expenses	689,227	608,128	520,801
Restructuring charge	--	58,560	--
Income from operations	263,911	155,585	199,755
Interest expense	15,025	2,759	159
Income before income taxes and cumulative effect of change in accounting principle	248,886	152,826	199,596
Provision for income taxes	101,422	62,276	52,025
Income before cumulative effect of change in accounting principle	147,464	90,550	147,571
Cumulative effect of change in accounting principle, net of taxes	3,967	--	--
Net income	\$ 143,497	\$ 90,550	\$ 147,571
	=====	=====	=====
			PRO FORMA

Historical income before income taxes			\$ 199,596
Pro forma adjustments other than income taxes			3,162
Pro forma income before income taxes			202,758
Pro forma provision for income taxes			82,631
Pro forma net income			\$ 120,127
			=====
Income per share before cumulative effect of change in accounting principle - Basic and Diluted	\$ 1.49	\$ 0.91	\$ 1.20
Cumulative effect of change in accounting principle, net of taxes, per share - Basic and Diluted	0.04	--	--
Net income per share - Basic and Diluted	\$ 1.45	\$ 0.91	\$ 1.20
	=====	=====	=====
Common shares outstanding - Basic	98,926,993	99,813,328	100,222,444
	=====	=====	=====
Common shares outstanding - Diluted	99,035,781	99,972,152	100,222,444
	=====	=====	=====

See accompanying notes to financial statements.

POLO RALPH LAUREN CORPORATION
 CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND PARTNERS' CAPITAL
 (IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK		ADDITIONAL PAID-IN- CAPITAL	RETAINED EARNINGS AND PARTNERS' CAPITAL	TREASURY STOCK, AT COST	
	SHARES	AMOUNT			SHARES	AMOUNT
BALANCE AT MARCH 29, 1997	-	-	-	\$ 260,685	-	-
Net income				147,571		
Distributions to partners				(45,640)		
Reorganization	89,000,000	890	176,537	(177,427)		
Dividend and Reorganization Notes paid				(48,451)		
Common stock issued in public offering, net	11,170,000	112	268,685			
Common stock issued in PRC Acquisition	26,803	-	697			
Restricted stock grants	76,923	1	1,999			
	-----	-----	-----	-----	-----	-----
BALANCE AT MARCH 28, 1998	100,273,726	1,003	447,918	136,738	-	-
Net income				90,550		
Exercise of stock options	4,352		113			
Repurchases of common stock					603,864	(16,084)
Restricted stock grants	104,575	1	1,999			
	-----	-----	-----	-----	-----	-----
BALANCE AT APRIL 3, 1999	100,382,653	1,004	450,030	227,288	603,864	(16,084)
Net income				143,497		
Foreign currency translation adjustments						
Repurchases of common stock					2,348,813	(41,262)
Restricted stock amortization						
	-----	-----	-----	-----	-----	-----
BALANCE AT APRIL 1, 2000	100,382,653	\$ 1,004	\$ 450,030	\$ 370,785	2,952,677	(\$57,346)
	=====	=====	=====	=====	=====	=====

	ACCUMULATED OTHER COMPREHENSIVE INCOME	UNEARNED COMPENSATION	TOTAL
	-----	-----	-----
BALANCE AT MARCH 29, 1997	-	-	\$ 260,685
Net income			147,571
Distributions to partners			(45,640)
Reorganization			-
Dividend and Reorganization Notes paid			(48,451)
Common stock issued in public offering, net			268,797
Common stock issued in PRC Acquisition			697
Restricted stock grants		(1,333)	667
	-----	-----	-----
BALANCE AT MARCH 28, 1998	-	(1,333)	584,326
Net income			90,550
Exercise of stock options			113
Repurchases of common stock			(16,084)
Restricted stock grants		(2,000)	-
	-----	-----	-----
BALANCE AT APRIL 3, 1999	-	(3,333)	658,905
Net income			143,497
Foreign currency translation adjustments	9,655		9,655
Repurchases of common stock			(41,262)
Restricted stock amortization		1,642	1,642
	-----	-----	-----
BALANCE AT APRIL 1, 2000	\$ 9,655	(\$ 1,691)	\$ 772,437
	=====	=====	=====

See accompanying notes to financial statements.

POLO RALPH LAUREN CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (IN THOUSANDS)

	FISCAL YEAR ENDED		
	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 143,497	\$ 90,550	\$ 147,571
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for (benefit from) deferred income taxes	6,761	(25,771)	(27,997)
Depreciation and amortization	66,280	46,414	27,402
Cumulative effect of change in accounting principle	3,967	--	--
Provision for losses on accounts receivable	2,734	1,060	1,155
Changes in deferred liabilities	3,155	(4,782)	9,584
Provision for restructuring	--	19,040	--
Other	4,770	2,073	3,198
Changes in assets and liabilities, net of acquisitions			
Accounts receivable	(32,746)	(9,542)	(4,352)
Inventories	53,325	(76,396)	(48,942)
Prepaid expenses and other	1,216	(25,526)	(2,031)
Other assets	(9,801)	(9,095)	(18,922)
Accounts payable	31,281	(13,452)	3,215
Income taxes payable and accrued expenses and other	(31,750)	43,950	6,325
NET CASH PROVIDED BY OPERATING ACTIVITIES	242,689	38,523	96,206
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment, net	(122,010)	(141,692)	(63,079)
Acquisitions, net of cash acquired	(235,144)	(6,981)	(8,551)
Proceeds from (payments of) restricted cash for Club Monaco acquisition	44,217	(44,217)	--
Investments in joint ventures	--	--	(5,812)
Cash surrender value - officers' life insurance, net	(5,385)	(3,339)	2,569
NET CASH USED IN INVESTING ACTIVITIES	(318,322)	(196,229)	(74,873)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchases of common stock	(41,262)	(16,084)	--
Proceeds from issuance of common stock, net	--	113	268,797
(Repayments of) proceeds from short-term borrowings, net	(39,400)	115,500	(26,777)
Repayments of borrowings against officers' life insurance policies	--	--	(5,757)
Repayments of long-term debt and subordinated notes	(37,358)	(337)	(135,134)
Proceeds from long-term debt	319,610	44,217	--
Payment of Dividend and Reorganization Notes	--	--	(48,451)
Distributions paid to partners	--	--	(44,855)
NET CASH PROVIDED BY FINANCING ACTIVITIES	201,590	143,409	7,823
Effect of exchange rate changes on cash	(5,844)	--	--
Net increase (decrease) in cash and cash equivalents	120,113	(14,297)	29,156
Cash and cash equivalents at beginning of period	44,458	58,755	29,599
Cash and cash equivalents at end of period	<u>\$ 164,571</u>	<u>\$ 44,458</u>	<u>\$ 58,755</u>

POLO RALPH LAUREN CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (IN THOUSANDS)

	FISCAL YEAR ENDED		
	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid for interest	\$ 7,713 =====	\$ 2,776 =====	\$ 4,410 =====
Cash paid for income taxes	\$112,202 =====	\$ 77,877 =====	\$ 73,873 =====
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES			
Capital obligations for completed shop-within-shops	\$ 2,463 =====		\$ 15,102 =====
Fair value of assets acquired, excluding cash	\$398,737	\$ 14,868	\$ 69,537
Less:			
Cash paid	235,144	6,981	8,551
Acquisition obligation	21,637	--	--
Promissory notes issued	--	5,000	--
Fair market value of common stock issued for acquisition	--	--	697
Liabilities assumed	\$141,956 =====	\$ 2,887 =====	\$ 60,289 =====

See accompanying notes to financial statements.

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

1 Basis of Presentation and Organization

(a) BASIS OF PRESENTATION

Polo Ralph Lauren Corporation ("PRLC") was incorporated in Delaware in March 1997. PRLC and its subsidiaries are collectively referred to herein as "Polo." On June 9, 1997, the partners and certain of their affiliates contributed to PRLC all of the outstanding stock of, and partnership interests in, the entities which comprised the predecessor group of companies in exchange for common stock of PRLC and promissory notes (the "Reorganization"). The predecessor group of companies include Polo Ralph Lauren Enterprises, L.P. ("Enterprises"), Polo Ralph Lauren, L.P. and subsidiaries (collectively, the "Polo Partnership"), The Ralph Lauren Womenswear Company, L.P. and subsidiaries (collectively, "Womenswear") and Polo Retail Corporation and subsidiaries ("PRC," and together with Enterprises, Polo Partnership and Womenswear, the "Predecessor Company"). The controlling interests of the Predecessor Company were held by Mr. Ralph Lauren, with a 28.5% interest held by certain investment funds affiliated with The Goldman Sachs Group, Inc., successor to The Goldman Sachs Group, L.P. (collectively, the "GS Group").

The accompanying consolidated financial statements as of and for the years ended April 1, 2000 and April 3, 1999, include the results of operations of Polo. The accompanying consolidated financial statements for the year ended March 28, 1998, include the combined results of operations of the Predecessor Company through June 9, 1997, and the consolidated results of operations of Polo thereafter (Polo, together with the Predecessor Company, is referred to herein as the "Company"). The financial statements of PRLC have not been included prior to the Reorganization as PRLC was a shell company with no business operations. All intercompany balances and transactions have been eliminated.

The financial statements of the Predecessor Company have been presented on a combined basis because of their common ownership. The combined financial statements have been prepared as if the entities had operated as a single consolidated group since their respective dates of organization.

(b) INITIAL PUBLIC OFFERING

On June 17, 1997, PRLC completed the sale of 11.17 million shares of its Class A Common Stock at \$26.00 per share in connection with its initial public offering. The net proceeds from the initial public offering, after deducting underwriting discounts and commissions and offering expenses, aggregated \$268.8 million. The net proceeds from the initial public offering were used as follows: (i) to repay borrowings outstanding under the Company's Credit Facility (as defined see Note 7) in the amount of \$163.5 million; (ii) to pay the Dividend and Reorganization Notes (as defined - see Note 1 (c)) in the amount of \$43.0 million to Mr. Lauren and related entities and the GS Group; and (iii) to repay subordinated notes and interest thereon in the amount of \$24.3 million to Mr. Lauren and the GS Group. The remaining \$38.0 million was used for other general corporate purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(c) DIVIDEND AND REORGANIZATION NOTES

On June 9, 1997, in connection with the Reorganization, the Company declared a dividend and issued reorganization notes aggregating \$43.0 million to Mr. Lauren and the GS Group representing estimated undistributed earnings of the Predecessor Company through the closing of the Reorganization ("Dividend and Reorganization Notes"). The Dividend and Reorganization Notes were paid with a portion of the net proceeds of the initial public offering (see Note 1 (b)). Effective June 9, 1997, the Company declared a second dividend (the "Second Dividend") to Mr. Lauren and the GS Group in an amount representing the difference between the actual amount of undistributed earnings through the closing of the Reorganization and the estimated amount of the Dividend and Reorganization Notes. The Second Dividend amounted to \$5.4 million and was paid in the fourth quarter of fiscal 1998.

(d) ACQUISITIONS AND JOINT VENTURE

On February 7, 2000, the Company announced the formation of Ralph Lauren Media, LLC ("RL Media"), a joint venture between the Company and National Broadcasting Company, Inc. ("NBC") and certain affiliated companies. RL Media was created to bring the Company's American lifestyle experience to consumers via multiple media platforms, including the Internet, broadcast, cable and print. Under the 30-year joint venture agreement, RL Media will be owned 50% by the Company, 25% by NBC, 12.5% by ValueVision International, Inc. ("ValueVision"), 10% by NBC Internet, Inc. ("NBCi") and 2.5% by CNBC.com LLC ("CNBC.com"). In exchange for its 50% interest, the Company will provide marketing through its annual print advertising campaign, make its merchandise available at initial cost of inventory and handle excess inventory through its outlet stores, among other things. NBC will contribute \$110.0 million of television and online advertising on NBC and CNBC.com properties. NBCi will contribute \$40.0 million in online distribution and promotion and ValueVision will contribute a cash funding commitment up to \$50.0 million. Under the arrangement, the Company will not absorb any losses from the joint venture up to the first \$50.0 million incurred and will share proportionately in the net income or losses thereafter. Additionally, the Company will receive a royalty on the sale of its products by RL Media based on specified percentages of net sales over a predetermined threshold, subject to certain limitations. RL Media's managing board will have equal representation from the Company and NBC, including its affiliated companies. The joint venture has been accounted for under the equity method from the effective date of the transaction.

On January 6, 2000, the Company completed the acquisition of stock and certain assets of Poloco S.A.S. and certain of its affiliates ("Poloco"), which hold licenses to sell men's and boys' Polo apparel, men's and women's Polo Jeans apparel, and certain Polo accessories in Europe. In addition to acquiring Poloco's wholesale business, the Company acquired one flagship store in Paris and six outlet stores located in France, the United Kingdom and Austria. The Company acquired Poloco for an aggregate cash consideration of approximately \$210.0 million, plus the assumption of approximately \$10.0 million in short-term debt. The Company used a portion of the net proceeds from the Eurobond Offering (as defined - see Note 7) to finance this acquisition. As of April 1, 2000, the Company has paid 90.0% of the acquisition price for Poloco and expects to pay the remaining 10.0%, or approximately \$21.6 million, in its first quarter of fiscal 2001 in

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accordance with the terms of the agreement. This acquisition has been accounted for as a purchase. The January 6, 2000 combined balance sheet of Poloco has been included in the accompanying April 1, 2000 consolidated balance sheet and the Company will consolidate the results of operations of Poloco commencing in fiscal 2001 incorporating Poloco's calendar year end. The purchase price has been preliminarily allocated based upon fair values at the date of acquisition, pending final determination of certain acquired balances. This preliminary allocation resulted in an excess of purchase price over the estimated fair value of net assets acquired of approximately \$207.3 million, which has been recorded as goodwill and is being amortized on a straight-line basis over an estimated useful life of 40 years.

The following table sets forth unaudited pro forma combined statement of income information for fiscal 2000 and fiscal 1999 which present the effects on the Company's historical results as if the acquisition of Poloco occurred at the beginning of the period:

	FISCAL YEAR	
	2000	1999
	(UNAUDITED)	
Pro forma net revenues	\$ 2,135,736	\$ 1,900,004
Pro forma net income	162,398	104,970
Pro forma net income per share- Basic and Diluted	1.64	1.05

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

On April 6, 1999, PRL Acquisition Corp., a Nova Scotia unlimited liability corporation and a wholly owned subsidiary of the Company, acquired, through a tender offer, 98.83% of the outstanding shares of Club Monaco Inc. ("Club Monaco"), a corporation organized under the laws of the Province of Ontario, Canada. On May 3, 1999, PRL Acquisition Corp. acquired the remaining outstanding 1.17% shares pursuant to a statutory compulsory acquisition. The total purchase price was approximately \$51.0 million in cash based on foreign exchange rates in effect on the dates indicated. The Company used funds from its credit facility to finance this acquisition and to repay in full assumed debt of Club Monaco of approximately \$35.0 million. This acquisition has been accounted for as a purchase, and the Company has consolidated the operations of Club Monaco in the accompanying financial statements from the effective date of the transaction. The purchase price has been allocated based upon the fair values of the net assets acquired at the date of the acquisition. This allocation resulted in an excess of purchase price over the estimated fair value of net assets acquired of approximately \$44.5 million, which has been recorded as goodwill and is being amortized on a straight-line basis over an estimated useful life of 40 years.

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On March 21, 1997, the Company entered into purchase agreements with its joint venture partners to acquire the remaining 50% interest in PRC, effective April 3, 1997, for consideration aggregating \$10.4 million in cash and Class A Common Stock of PRLC ("PRC Acquisition"). The PRC Acquisition was completed simultaneously with the Company's initial public offering. Effective April 3, 1997, the results of operations of PRC have been consolidated and the acquisition has been accounted for as a purchase.

(e) BUSINESS

The Company designs, licenses, contracts for the manufacture of, markets and distributes men's and women's apparel, accessories, fragrances, skin care products and home furnishings. The Company's sales are principally to major department and specialty stores located throughout the United States. The Company also sells directly to consumers through Company-owned full price Polo stores, including flagship stores, outlet and Club Monaco stores located throughout the United States and Canada.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

FISCAL YEAR

The Company's fiscal year ends on the Saturday nearest to March 31. All references herein to "2000," "1999" and "1998" represent the 52 or 53 week fiscal years ended April 1, 2000, April 3, 1999 and March 28, 1998, respectively. Fiscal 1999 reflects a 53-week period and fiscal 2000 and 1998 reflect 52-week periods.

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USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

RESTRICTED CASH

At April 3, 1999, the Company had \$44.2 million of cash held in escrow for the acquisition of Club Monaco. The Company utilized these funds in the first quarter of fiscal 2000 to consummate the acquisition.

INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out method) or market. Effective April 4, 1999, the Company changed its method of valuing its retail inventories from the retail method to the lower of cost (first-in, first-out) or market. The impact of this change was not material and is included in selling, general and administrative expenses in the accompanying financial statements.

STORE PRE-OPENING COSTS

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

PROPERTY, EQUIPMENT, DEPRECIATION AND AMORTIZATION

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the related assets on a straight-line basis. The range of useful lives is as follows: buildings - 39.5 years; furniture and fixtures and machinery and equipment - 3 to 10 years. Leasehold improvements are amortized using the straight-line method over the lesser of the term of the related lease or the estimated useful life. Major additions and betterments are capitalized, and repairs and maintenance are charged to operations in the period incurred. Additionally, the Company capitalizes its share of the cost of constructing shop-within-shops under agreements with retailers and amortizes such costs using the straight-line method over the lesser of their estimated useful lives or the life of the underlying agreement.

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GOODWILL

Goodwill represents the excess of purchase cost over the fair value of net assets of businesses acquired. The Company amortizes goodwill on a straight-line basis over its estimated useful life, ranging from 11 to 40 years.

IMPAIRMENT OF LONG-LIVED AND INTANGIBLE ASSETS

The Company assesses the carrying value of long-lived and intangible assets as current facts and circumstances suggest that they may be impaired. In evaluating the fair value and future benefits of such assets, the Company performs an analysis of the anticipated undiscounted future net cash flows of the individual assets over the remaining amortization period and would recognize an impairment loss if the carrying value exceeded the expected future cash flows. The impairment loss would be measured based upon the fair value. The Company has determined that its long-lived and intangible assets presented in the accompanying balance sheets at April 1, 2000 and April 3, 1999, are not impaired. See Note 3 for long-lived and intangible asset write downs recorded in connection with the Company's fiscal 1999 Restructuring Plan (as defined see Note 3).

OFFICERS' LIFE INSURANCE

The Company maintains key man life insurance policies on several of its senior executives, the majority of which contain split dollar arrangements. The key man policies are recorded at their cash surrender value, while the policies with split dollar arrangements are recorded at the lesser of their cash surrender value or premiums paid. Amounts recorded under these policies aggregated \$36.9 million and \$31.5 million at April 1, 2000 and April 3, 1999, respectively, and are included in other assets in the accompanying balance sheets.

REVENUE RECOGNITION

Sales are recognized upon shipment of products to customers and, in the case of sales by Company-owned retail and outlet stores, when goods are sold to consumers. Allowances for estimated uncollectible accounts and discounts are provided when sales are recorded. Licensing revenue is recognized as earned.

CONCENTRATIONS OF CREDIT RISK

The Company sells its merchandise primarily to major upscale department stores across the United States and extends credit based on an evaluation of the customer's financial condition generally without requiring collateral. Credit risk is driven by conditions or occurrences within the economy and the retail industry and is principally dependent on each customer's financial condition. A decision by the controlling owner of a group of stores or any substantial customer to decrease the amount of merchandise purchased from the Company or to cease carrying its products could have a material adverse effect on the Company. The Company had three customers who in aggregate constituted approximately 54.0% and 58.0% of trade accounts receivable outstanding at April 1, 2000 and April 3, 1999, respectively.

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The Company had three significant customers that each accounted for approximately 12.0%, 11.0% and 10.0% of net sales in fiscal 2000, two significant customers that each accounted for approximately 10.0% of net sales in fiscal 1999 and one significant customer that accounted for approximately 11.0% of net sales in fiscal 1998. Additionally, the Company had four significant licensees who in aggregate constituted approximately 58.0% and 55.0% of licensing revenue in fiscal 2000 and 1999, respectively, and three who in aggregate constituted approximately 35.0% of licensing revenue in fiscal 1998.

The Company monitors credit levels and the financial condition of its customers on a continuing basis to minimize credit risk. The Company believes that adequate provision for credit loss has been made in the accompanying financial statements.

The Company is also subject to concentrations of credit risk with respect to its cash and cash equivalents which it minimizes by placing these funds with major banks and financial institutions and investing in high-quality instruments.

ADVERTISING

The Company expenses the production costs of advertising, marketing and public relations expenses upon the first showing of the related advertisement. Total advertising expenses amounted to \$73.6 million, \$76.2 million and \$68.5 million in fiscal 2000, 1999 and 1998, respectively.

INCOME TAXES

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

The entities which comprised the Predecessor Company included principally partnerships which were not subject to Federal or certain state income taxes. Therefore, no provision was made in the accompanying combined financial statements of the Predecessor Company through June 9, 1997, as taxes were the liability of the partners. However, Federal, state and local taxes have been provided on the income of all domestic C corporations in the Predecessor Company. Foreign income taxes have also been provided on the income of the foreign entities in the Predecessor Company.

DEFERRED RENT OBLIGATIONS

The Company accounts for rent expense under noncancellable operating leases with scheduled rent increases and landlord incentives on a straight-line basis over the lease term. The excess of straight-line rent expense over scheduled payment amounts and landlord incentives are recorded as a deferred liability. Unamortized deferred rent obligations amounted to \$52.9 million and \$40.7 million at April 1, 2000 and April 3, 1999, respectively, and are included in accrued expenses and other, and other noncurrent liabilities in the accompanying balance sheets.

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FINANCIAL INSTRUMENTS

The Company from time to time uses derivative financial instruments to reduce its exposure to changes in foreign exchange and interest rates. While these instruments are subject to risk of loss from changes in exchange or interest rates, those losses would generally be offset by gains on the related exposure. The Company does not hold or issue financial instruments for trading or speculative purposes.

FOREIGN CURRENCY TRANSLATION

The financial position and results of operations of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Assets and liabilities are translated at the exchange rate in effect at each year end. Results of operations are translated at the average rate of exchange prevailing throughout the period. Translation adjustments arising from differences in exchange rates from period to period are included in the accumulated other comprehensive income - cumulative translation adjustment account. Gains and losses from foreign currency transactions are included in operating results and were not considered by the Company to be material in fiscal 2000, 1999 and 1998.

STOCK OPTIONS

The Company uses the intrinsic value method to account for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees and has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, Accounting for Stock-Based Compensation.

COMPREHENSIVE INCOME

Effective March 29, 1998, the Company adopted the provisions of SFAS No. 130, Reporting Comprehensive Income. This Statement establishes standards for reporting of comprehensive income and its components in the financial statements. For fiscal 2000, comprehensive income was as follows:

	FISCAL 2000
Net income	\$ 143,497
Other comprehensive income, net of taxes:	
Foreign currency translation adjustments	9,655 -----
Comprehensive income	\$ 153,152 =====

Income tax expense related to foreign currency translation adjustments was \$6.2 million in fiscal 2000.

Comprehensive income was equal to net income in fiscal 1999 and 1998.

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RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. This Statement establishes accounting and reporting standards for derivative instruments and hedging activities. It requires the recognition of all derivatives as either assets or liabilities in the statement of financial position and measurement of those instruments at fair value. The accounting for changes in the fair value of a derivative is dependent upon the intended use of the derivative. In June 1999, the FASB issued SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of FASB Statement No. 133." As a result, SFAS No. 133 is effective for the Company's first quarter of fiscal year ending March 30, 2002, and retroactive application is not permitted. The Company has not yet determined whether the application of SFAS No. 133 will have a material impact on the Company's financial position or results of operations.

PRO FORMA ADJUSTMENTS (UNAUDITED)

The pro forma statement of income data for fiscal 1998 presents the effects on the historical financial statements of certain transactions as if they had occurred at March 30, 1997. The pro forma statement of income data reflects adjustments for: (i) income taxes based upon pro forma pre-tax income as if the Company had been subject to additional Federal, state and local income taxes, calculated using a pro forma effective tax rate of 40.8% (see Note 8); and (ii) the reduction of interest expense resulting from the application of a portion of the net proceeds from the initial public offering to outstanding indebtedness.

NET INCOME PER SHARE

Basic net income per share was calculated by dividing net income by the weighted average number of shares outstanding during the period, excluding any potential dilution. Diluted net income per share was calculated similarly but includes potential dilution from the exercise of stock options and awards. For comparison purposes only, the weighted average number of shares outstanding immediately following the completion of the initial public offering was considered to be outstanding in fiscal 1998. The difference between the basic and diluted weighted average shares outstanding in fiscal 2000 and 1999 is due to the dilutive effect of stock options and restricted stock awards issued under the Company's stock option plans.

RECLASSIFICATIONS

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

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3 RESTRUCTURING CHARGE

During the fourth quarter of fiscal 1999, the Company formalized its plans to streamline operations within its wholesale and retail operations and reduce its overall cost structure ("Restructuring Plan"). The major initiatives of the Restructuring Plan included the following: (1) an evaluation of the Company's retail operations and site locations; (2) the realignment and operational integration of the Company's wholesale operating units; and (3) the realignment and consolidation of corporate strategic business functions and internal processes.

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

The Company's wholesale operations were realigned into two new operating units: Polo Brands and Collection Brands. Aspects of this realignment included: (i) the reorganization of the sales force and retail development areas; (ii) the streamlining of the design and development process; and (iii) the consolidation of the customer service departments. Additionally, the Company integrated the sourcing and production of its Polo Brands, outlet store and licensees' products into one consolidated unit. Costs associated with the wholesale realignment consisted primarily of severance and termination benefits and lease termination costs.

The Company's review of its corporate business functions and internal processes resulted in a new management structure designed to better align businesses with similar functions and the identification and elimination of duplicative processes. Costs associated with the corporate realignment consisted primarily of severance and termination benefits and lease termination costs.

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In connection with the implementation of the Restructuring Plan, the Company recorded a restructuring charge of \$58.6 million on a pre-tax basis in its fourth quarter of fiscal 1999. The major components of the restructuring charge and the activity through April 1, 2000 were as follows:

	SEVERANCE AND TERMINATION BENEFITS	ASSET WRITE DOWNS	LEASE AND CONTRACT TERMINATION COSTS	OTHER COSTS	TOTAL
1999 provision.....	\$15,277	\$ 17,788	\$ 24,665	\$ 830	\$ 58,560
1999 activity.....	(3,318)	(17,788)	(1,112)	(105)	(22,323)
	-----	-----	-----	-----	-----
Balance at April 3, 1999..	11,959	-	23,553	725	36,237
2000 activity.....	(4,694)	-	(18,675)	(585)	(23,954)
	-----	-----	-----	-----	-----
Balance at April 1, 2000..	\$ 7,265	\$ -	\$ 4,878	\$ 140	\$ 12,283
	=====	=====	=====	=====	=====

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

Total severance and termination benefits as a result of the Restructuring Plan related to approximately 280 employees, all of which will be terminated by May 2000. Total cash outlays related to the Restructuring Plan are approximately \$39.5 million, \$27.2 million of which has been paid through April 1, 2000. The Company has substantially completed the implementation of the Restructuring Plan as of April 1, 2000.

4 INVENTORIES

	APRIL 1, 2000	APRIL 3, 1999
Raw materials	\$ 13,649	\$ 17,675
Work-in-process	6,337	8,545
Finished goods	370,967	350,640
	-----	-----
	\$ 390,953	\$ 376,860
	=====	=====

Merchandise inventories of \$196.1 million at April 3, 1999 were valued utilizing the retail method and are included in finished goods.

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5 PROPERTY AND EQUIPMENT

	APRIL 1, 2000	APRIL 3, 1999
	-----	-----
Land and improvements	\$ 3,108	\$ 3,108
Buildings	10,178	10,079
Furniture and fixtures	192,444	150,103
Machinery and equipment	49,807	32,582
Construction in progress	--	30,294
Leasehold improvements	350,367	187,512
	-----	-----
	605,904	413,678
Less: accumulated depreciation and amortization	232,927	151,879
	-----	-----
	\$372,977	\$261,799
	-----	-----

6 ACCRUED EXPENSES AND OTHER

	APRIL 1, 2000	APRIL 3, 1999
Accrued operating expenses	\$ 90,467	\$ 47,094
Accrued payroll and benefits	26,621	27,466
Accrued restructuring charge	12,283	36,237
Accrued acquisition obligation	21,637	--
Accrued shop-within-shops	17,808	15,345
	-----	-----
	\$168,816	\$126,142
	=====	=====

7 FINANCING AGREEMENTS

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

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

The Credit Facility and 1999 Credit Facility (the "Credit Facilities") contain customary representations, warranties, covenants and events of default, including covenants regarding maintenance of net worth and leverage ratios, limitations on indebtedness, loans, investments and incurrences of liens, and restrictions on sales of assets and transactions with affiliates. Additionally, the agreements provide that an event of default will occur if Mr. Lauren and related entities fail to maintain a specified minimum percentage of the voting power of the Company's common stock.

On November 22, 1999, the Company issued euro 275.0 million of 6.125 percent Notes (the "Eurobonds") due November 2006 (the "Eurobond Offering"). The Eurobonds are listed on the London Stock Exchange. The net proceeds from the Eurobond Offering were \$281.5 million based on the foreign exchange rate on the issuance date. A portion of the net proceeds from the issuance was used to pay down existing debt under the Credit Facilities and to finance the acquisition of stock and certain assets of Poloco. The remaining net proceeds will be used to repay existing indebtedness of Poloco. Interest on the Eurobonds is payable annually.

As discussed in Note 2 (d), in connection with the Poloco acquisition, the Company assumed borrowings under short-term facilities which represent overdraft positions on bank accounts. These borrowings bore interest at .5% to .8% over the Euro Overnight Indexed Average which was 3.75% at April 1, 2000. The Company expects to repay these borrowings with proceeds from the Eurobond Offering in fiscal 2001.

At April 1, 2000, the Company had \$86.1 million outstanding in direct borrowings, \$80.0 million outstanding under the Term Loan and \$262.7 million outstanding in Eurobonds based on the year end exchange rate. The Company was also contingently liable for \$46.8 million in outstanding letters of credit related to commitments for the purchase of inventory and in

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connection with its leases under the Credit Facilities. At April 3, 1999, the Company had \$115.5 million outstanding in direct borrowings and \$44.2 million outstanding under the Term Loan. The Credit Facilities bore interest primarily at the institution's prime rate (ranging from 6.9% to 9.0% at April 1, 2000 and 5.25% to 7.75% at April 3, 1999). The weighted average interest rate on borrowings was 6.1%, 7.4% and 8.0% in fiscal 2000, 1999 and 1998, respectively.

On June 9, 1997 in connection with the Reorganization, borrowings under the Credit Facility were used to refinance existing debt from the Polo Partnership credit facility of \$104.5 million and to repay in full \$56.7 million of aggregate borrowings outstanding under the Womenswear credit facility and the PRC credit facility. These borrowings were repaid from the net proceeds of the initial public offering (see Note 1 (b)).

8 INCOME TAXES

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

	2000	FISCAL YEAR 1999	1998
Current:			
Federal	\$ 71,565	\$ 68,012	\$ 60,265
State and local	17,398	15,080	15,330
Foreign	5,698	4,955	4,427
	-----	-----	-----
	94,661	88,047	80,022
	-----	-----	-----
Deferred:			
Federal	4,527	(19,654)	(22,357)
State and local	2,234	(6,117)	(5,640)
	-----	-----	-----
	6,761	(25,771)	(27,997)
	-----	-----	-----
	\$ 101,422	\$ 62,276	\$ 52,025
	-----	-----	-----

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

	2000	FISCAL YEAR 1999	1998
Domestic	\$215,270	\$102,644	\$162,529
Foreign	33,616	50,182	37,067
	-----	-----	-----
	\$248,886	\$152,826	\$199,596
	=====	=====	=====

POLO RALPH LAUREN CORPORATION

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

Concurrent with the Reorganization and the termination of the Company's partnership status, the Company became fully subject to Federal, state and local income taxes. As a result and in accordance with the provisions of SFAS No. 109, Accounting for Income Taxes, the Company recorded a deferred tax asset and a corresponding tax benefit in the amount of \$27.4 million in its consolidated financial statements in the first quarter of fiscal 1998. The deferred tax asset reflects the net tax effect of temporary differences, primarily accounts receivable, uniform inventory capitalization, depreciation and other accruals, between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income tax purposes.

The components of the net deferred tax assets at April 1, 2000 and April 3, 1999, were as follows:

	APRIL 1, 2000	APRIL 3, 1999
DEFERRED TAX ASSETS:		
Accounts receivable	\$20,353	\$17,533
Net operating loss carryforwards	15,602	7,475
Uniform inventory capitalization	7,945	8,306
Deferred compensation	6,778	6,546
Restructuring reserves	4,709	20,249
Accrued expenses	3,327	3,238
Accrued royalty income	3,519	--
Other	6,575	3,406
	-----	-----
	68,808	66,753
Less: Valuation allowance	17,362	2,321
	-----	-----
	\$51,446	\$64,432
	=====	=====

The Company has available Federal net operating loss carryforwards of approximately \$13.7 million and state net operating loss carryforwards of approximately \$52.3 million for tax purposes to offset future taxable income. The net operating loss carryforwards expire beginning in fiscal 2004. The utilization of the Federal net operating loss carryforwards is subject to the limitations of Internal Revenue Code Section 382 which applies following certain changes in ownership of the entity generating the loss carryforward. Management believes that the Company will more likely than not generate sufficient future taxable income to realize the entire deferred tax asset prior to expiration of any of these net operating loss carryforwards.

POLO RALPH LAUREN CORPORATION

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

Also, the Company has available additional state and foreign net operating loss carryforwards of approximately \$15.0 million and \$16.8 million, respectively, for which no 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 a substantial portion of the deferred tax asset relating to these net operating loss carryforwards would result in a reduction of goodwill recorded in connection with the PRC Acquisition and the Club Monaco acquisition.

Provision has not been made for United States or additional foreign taxes on approximately \$27.0 million of undistributed earnings of foreign subsidiaries. Those earnings have been and will continue to be reinvested. These earnings could become subject to tax if they were remitted as dividends, if foreign earnings were lent to PRLC or a subsidiary or U.S. affiliate of PRLC, or if the stock of the subsidiaries were sold. Determination of the amount of unrecognized deferred tax liability with respect to such earnings is not practical. 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 United States foreign tax credits.

The pro forma provision for income taxes represents the income tax provision that would have been reported had the Company been subject to additional Federal, state and local income taxes for the entire fiscal year. The pro forma effective tax rate was 40.8% in fiscal 1998 and consisted of the following:

	FISCAL YEAR 1998 (UNAUDITED)
Current:	
Federal	\$ 63,822
State and local	17,119
Foreign	4,427

	85,368

Deferred:	
Federal	(1,043)
State and local	(1,694)

	(2,737)

	\$ 82,631
	=====

POLO RALPH LAUREN CORPORATION

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

The historical provision for income taxes in fiscal 2000 and 1999 and the pro forma provision for income taxes in fiscal 1998 differs from the amounts computed by applying the statutory Federal income tax rate to income before income taxes due to the following:

	2000	FISCAL YEAR 1999	1998 (UNAUDITED)
Provision for income taxes at statutory Federal rate	\$ 87,110	\$ 53,489	\$ 70,965
Increase (decrease) due to:			
State and local income taxes, net of Federal benefit	12,761	5,825	11,280
Foreign income, net	753	1,055	(1,213)
Other	798	1,907	1,599
	-----	-----	-----
	\$101,422	\$ 62,276	\$ 82,631
	=====	=====	=====

9 FINANCIAL INSTRUMENTS

In April 1999, the Company entered into interest rate swap agreements with commercial banks which expire in 2003 to hedge against interest rate fluctuations. The swap agreements effectively convert borrowings under the 1999 Credit Facility from variable rate to fixed rate obligations. Under the terms of these agreements, the Company makes payments at a fixed rate of 5.5% and receives payments from the counterparty based on the notional amount of \$100.0 million at a variable rate based on the London Inter-Bank Offer Rate ("LIBOR"). The net interest paid or received on this arrangement is included in interest expense. The fair value of these agreements was \$4.4 million at April 1, 2000 based upon the estimated amount that the Company would pay to terminate the agreements, as determined by the financial institutions.

The Company from time to time enters into forward foreign exchange contracts as hedges relating to identifiable currency positions to reduce the risk from exchange rate fluctuations. Gains and losses on these contracts are deferred and recognized as adjustments to the basis of those assets. Such gains and losses were not material in fiscal 2000, 1999 and 1998. At April 1, 2000, the Company had foreign exchange contracts outstanding as follows: (a) to receive FF75 million in fiscal 2001 in exchange for 7 million British Pounds; (b) to deliver FF528 million in fiscal 2001 in exchange for \$94 million; and (c) to deliver 8 million British Pounds in fiscal 2001 in exchange for \$12.5 million. The fair value of these contracts approximated \$9.3 million as of April 1, 2000.

The Company is exposed to credit losses in the event of nonperformance by the counterparties to the interest rate swap agreements and forward foreign exchange contracts, but it does not expect any counterparties to fail to meet their obligations.

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

The carrying amounts of financial instruments reported in the accompanying balance sheets at April 1, 2000 and April 3, 1999, approximated their estimated fair values, except for the Eurobonds, primarily due to either the short-term maturity of the instruments or their adjustable market rate of interest. The fair value of the Eurobonds, net of discounts, was \$258.6 million as of April 1, 2000 based on its quoted market price as listed on the London Stock Exchange. Considerable judgment is required in interpreting certain market data to develop estimated fair values for certain financial instruments. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

10 EMPLOYEE BENEFITS

PROFIT SHARING RETIREMENT SAVINGS PLANS

The Company sponsors two defined contribution benefit plans covering substantially all eligible U.S. employees not covered by a collective bargaining agreement. The plans include a savings plan feature under Section 401(k) of the Internal Revenue Code. The Company makes discretionary contributions to the plans and contributes an amount equal to 50% of the first 6% of an employee's contribution. Under the terms of the plans, a participant is 100% vested in the Company's matching and discretionary contributions after five years of credited service. Contributions under these plans approximated \$4.3 million, \$8.7 million and \$6.0 million in fiscal 2000, 1999 and 1998.

UNION PENSION

Womenswear participates in a multi-employer pension plan and is required to make contributions to the Union of Needletrades Industrial and Textile Employees (the "Union") for dues based on wages paid to union employees. A portion of such dues is allocated by the Union to a Retirement Fund which provides defined benefits to substantially all unionized workers. Womenswear 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 nonvested benefits or assets.

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

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

DEFERRED COMPENSATION

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 \$16.7 million and \$15.9 million at April 1, 2000 and April 3, 1999, respectively, and are reflected in other noncurrent liabilities in the accompanying balance sheets. Total compensation expense recorded was \$2.6 million, \$2.7 million and \$4.9 million in fiscal 2000, 1999 and 1998, respectively. 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 reflected in other assets in the accompanying balance sheets.

11 COMMON STOCK

All of Polo's outstanding Class B Common Stock is owned by Mr. Lauren and related entities and all of its outstanding Class C Common Stock is owned by the GS Group. Shares of Class B Common Stock are convertible at any time into shares of Class A Common Stock on a one-for-one basis and may not be transferred to anyone other than affiliates of Mr. Lauren. Shares of Class C Common Stock are convertible at any time into shares of Class A Common Stock on a one-for-one basis and may not be transferred to anyone other than among members of the GS Group or, until April 15, 2002, any successor of a member of the GS Group. The holders of Class A Common Stock generally have rights identical to holders of Class B Common Stock and Class C Common Stock, except that holders of Class A Common Stock and Class C Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to ten votes per share. Holders of all classes of Common Stock (as hereinafter defined) entitled to vote, will vote together as a single class on all matters presented to the stockholders for their vote or approval except for the election and the removal of directors and as otherwise required by applicable law. Class A Common Stock, Class B Common Stock and Class C Common Stock are collectively referred to herein as "Common Stock."

12 STOCK INCENTIVE PROGRAM

On June 9, 1997, the Board of Directors adopted the 1997 Long-Term Stock Incentive Plan (the "Stock Incentive Plan"). The Stock Incentive Plan authorizes the grant of awards to any officer or other employee, consultant to, or director of the Company or any of its subsidiaries with respect to a maximum of 10.0 million shares of the Company's Class A Common Stock (the "Shares"), subject to adjustment to avoid dilution or enlargement of intended benefits in the event of certain significant corporate events, which awards may be made in the form of: (i) nonqualified stock options; (ii) stock options intended to qualify as incentive stock options under Section 422 of the Internal Revenue Code; (iii) stock appreciation rights; (iv) restricted stock and/or restricted stock units; (v) performance awards; and (vi) other stock-based awards. At April 1, 2000, the Company had an additional 2.6 million Shares reserved for issuance under this plan.

POLO RALPH LAUREN CORPORATION

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

On June 9, 1997, the Board of Directors adopted the 1997 Stock Option Plan for Non-Employee Directors (the "Non-Employee Directors Plan"). Under the Non-Employee Directors Plan, grants of options to purchase shares of Class A Common Stock of up to 500,000 shares may be granted to non-employee directors. Stock options vest in equal installments over two years and expire ten years from the date of grant. In fiscal 2000, 1999 and 1998, the Board of Directors granted options to purchase 12,000, 28,500 and 30,000 shares, respectively, of Class A Common Stock with exercise prices equal to the stock's fair market value on the date of grant. At April 1, 2000, the Company had 429,500 options reserved for issuance under this plan.

Stock options were granted in fiscal 2000, 1999 and 1998 under the Stock Incentive Plan with an exercise price equal to the stock's fair market value on the date of grant. These options vest in equal installments primarily over three years for officers and other key employees and over two years for all remaining employees. The options expire ten years from the date of grant. No compensation cost has been recognized in the accompanying financial statements in accordance with APB No. 25. If compensation cost had been recognized for stock options granted under the Stock Incentive Plan based on the fair value of the stock options at the grant date in accordance with SFAS No. 123, the Company's historical net income and net income per share in fiscal 2000 and 1999 and pro forma net income and pro forma net income per share for fiscal 1998 would have been reduced to the following pro forma amounts:

	FISCAL YEAR		
	2000	1999	1998
Pro forma net income	\$128,000	\$77,953	\$108,985
Pro forma net income per share - Basic and Diluted	\$ 1.29	0.78	1.09

The Company used the Black-Scholes option-pricing model to determine the fair value of grants made. The weighted average fair value of options granted was \$12.33, \$14.02 and \$12.62 per share in fiscal 2000, 1999 and 1998, respectively. The following assumptions were applied in determining the pro forma compensation cost:

	FISCAL YEAR		
	2000	1999	1998
Risk-free interest rate	5.81%	5.46%	6.45%
Expected dividend yield	0%	0%	0%
Weighted average expected option life	6.0yrs	6.0yrs	5.45yrs
Expected stock price volatility	65.0%	44.0%	42.0%

POLO RALPH LAUREN CORPORATION

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

Stock option activity for the Stock Incentive Plan and Non-Employee Directors Plan in fiscal 2000, 1999 and 1998 was as follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
BALANCE AT MARCH 29, 1997	-	\$ -
Granted	4,550	26.00
Exercised	--	--
Forfeited	(466)	26.00
	-----	-----
BALANCE AT MARCH 28, 1998	4,084	\$ 26.00
Granted	1,736	27.70
Exercised	(4)	26.00
Forfeited	(518)	26.24
	-----	-----
BALANCE AT APRIL 3, 1999	5,298	\$ 26.53
Granted	2,767	19.07
Exercised	--	--
Forfeited	(815)	25.64
	-----	-----
BALANCE AT APRIL 1, 2000	7,250	\$ 23.77
	=====	=====

At April 1, 2000, the weighted average remaining contractual life of outstanding options was 8.1 years, and 2.9 million shares were exercisable at a weighted average exercise price of \$26.28 per share. The price range of options granted and outstanding at April 1, 2000, was \$17.13 to \$29.91 per share, 61.0% of which were in the range of \$26.00 to \$28.22 per share and 36.0% of which were in the range of \$17.72 to \$19.56 per share.

In March 1998, the Board of Directors authorized the repurchase, subject to market conditions, of up to \$100.0 million of the Company's Class A Common Stock. Share repurchases were made in the open market over the two-year period which commenced April 1, 1998. On March 2, 2000, the Board of Directors authorized a two-year extension to the stock repurchase program. Shares acquired under the repurchase program will be used for stock option programs and other corporate purposes. The repurchased shares have been accounted for as treasury stock at cost. At April 1, 2000, the Company had repurchased 2,952,677 shares of its Class A Common Stock at an aggregate cost of \$57.3 million.

POLO RALPH LAUREN CORPORATION

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

13 COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases office, warehouse and retail space and office equipment under operating leases which expire through 2021. These leases typically provide the Company with the option after the initial lease term to either renew the lease at the current fair market rental value or purchase the equipment at the current fair market value. The Company generally expects that leases will be renewed or replaced by other leases in the normal course of business.

As of April 1, 2000, aggregate minimum annual rental payments under noncancelable operating leases with lease terms in excess of one year were payable as follows:

FISCAL YEAR ENDING

2001	\$ 83,503
2002	74,630
2003	64,981
2004	61,319
2005	58,209
Thereafter	317,717

	\$660,359
	=====

Rent expense charged to operations was \$66.7 million, \$59.6 million and \$53.9 million, net of sublease income of \$1.7 million, \$1.6 million and \$1.5 million, in fiscal 2000, 1999 and 1998, respectively. Substantially all outlet and retail store leases provide for contingent rentals based upon sales and require the Company to pay taxes, insurance and occupancy costs. Certain rentals are based solely on a percentage of sales, and one significant lease requires a fair market value adjustment at January 1, 2004. Contingent rental charges included in rent expense were \$5.3 million, \$4.1 million and \$3.2 million in fiscal 2000, 1999 and 1998, respectively.

EMPLOYMENT AGREEMENTS

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

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

TAXES

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

LEGAL MATTERS

The Company is a defendant in a purported national class action lawsuit filed in the Delaware Supreme Court in July 1997. The plaintiff has brought the action allegedly on behalf of a class of persons who purchased products at the Company's outlet stores throughout the United States at any time since July 15, 1991. The complaint alleges that advertising and marketing practices used by the Company in connection with the sale of its products at its outlet stores violate guidelines established by the Federal Trade Commission and the consumer protection statutes of Delaware and other states with statutes similar to Delaware's Consumer Fraud Act and Delaware's Consumer Contracts Act. The lawsuit seeks, on behalf of the class, compensatory and punitive damages as well as attorneys' fees. The Company answered the complaint and filed a motion for judgment on the pleadings. At a hearing on that motion on March 5, 1999, the Court ruled that the plaintiff must file an amended complaint within 30 days in order to avoid dismissal. The plaintiff filed an amended complaint, essentially containing the same allegations as the initial complaint, which the Company answered on April 26, 1999. On August 5, 1999, the Company again filed a motion for judgment on the pleadings and, on September 3, 1999, the plaintiff filed a brief in opposition to such motion for judgment. On November 19, 1999, the Company and the plaintiff entered into a Stipulation and Agreement of Compromise, Settlement and Agreement in which the Company denies all allegations in the amended complaint. None of the provisions in the proposed settlement will have a material adverse impact on the business and financial condition of the Company. On January 10, 2000, the Court granted preliminary approval to the proposed settlement. Following the preliminary approval of the proposed settlement by the Court, plaintiffs' counsel conducted informal discovery (by interviewing Company employees) regarding several of Polo's practices. By February 1, 2000, notice of the settlement was published in a publication of national circulation and mailed to persons listed on the Company's outlet stores' customer list. On April 18, 2000, the Court signed the Final Judgment and Order Approving Settlement.

POLO RALPH LAUREN CORPORATION

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

In January 1999, two actions were filed in California naming as defendants more than a dozen United States-based companies that source apparel garments from Saipan (Commonwealth of the Northern Mariana Islands) and a large number of Saipan-based factories. The actions assert that the Saipan factories engage in unlawful practices relating to the recruitment and employment of foreign workers and that the apparel companies, by virtue of their alleged relationships with the factories, have violated various Federal and state laws. One action, filed in California Superior Court in San Francisco by a union and three public interest groups, alleges unfair competition and false advertising and seeks equitable relief, unspecified amounts for restitution and disgorgement of profits, interest and an award of attorney's fees. The second, filed in Federal Court for the Central District of California and subsequently transferred to the United States District Court for the District of Hawaii, is brought on behalf of a purported class consisting of the Saipan factory workers. It alleges claims under the Federal civil RICO statute, Federal peonage and involuntary servitude laws, the Alien Tort Claims Act, and state tort law, and seeks equitable relief and unspecified damages, including treble and punitive damages, interest and an award of attorney's fees. Although the Company was not named as a defendant in these suits, the Company sources products in Saipan, and counsel for the plaintiffs in these actions informed the Company that it is a potential defendant in these or similar actions. The Company has since entered into an agreement to settle any claims for nonmaterial consideration. The settlement agreement is subject to court approval. The Company has denied any liability and is not in a position to evaluate the likelihood of a favorable or unfavorable outcome if the settlement is not approved and litigation proceeds against the Company.

As part of the settlement, the Company has since been named as a defendant, along with certain other apparel companies in a State Court action in California styled Union of Needletrades Industrial and Textile Employees, et al. v. Brylane, L.P., et al., in the San Francisco County Superior Court for the District of Hawaii, that mirror portions of the larger State and Federal Court actions but do not include RICO and certain of the other claims alleged in those actions. The newly filed actions against the Company are expected to remain inactive unless settlement is not finally approved by the Federal Court.

The Company is from time to time involved in legal claims, involving trademark and intellectual property, licensing, employee relations and other matters incidental to its business. In the opinion of the Company's management, the resolution of any matter currently pending will not have a material adverse effect on the Company's financial condition or results of operations.

POLO RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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14 QUARTERLY INFORMATION (UNAUDITED)

The following is a summary of certain unaudited quarterly financial information for fiscal 2000 and 1999:

FISCAL 2000	JULY 3, 1999	OCT. 2, 1999	JAN. 1, 2000	APRIL 1, 2000
Net revenues	\$434,421	\$543,885	\$510,299	\$466,923
Gross profit	216,975	269,415	239,580	227,168
Net income	24,110	55,349	32,268	31,770
Net income per share - Basic and Diluted	\$ 0.24	\$ 0.56	\$ 0.33	\$.32
Shares outstanding - Basic	99,533	99,117	98,808	98,243
Shares outstanding - Diluted	99,704	99,251	98,938	98,347
FISCAL 1999	JUNE 27, 1998	SEPT. 26, 1998	DEC. 26, 1998	APRIL 3, 1999
Net revenues	\$ 358,776	\$ 474,806	\$ 447,530	\$ 445,747
Gross profit	182,614	233,711	206,869	199,079
Net income (loss)	22,711	49,919	25,351	(7,431)
Net income (loss) per share - Basic and Diluted	\$ 0.23	\$ 0.50	\$ 0.25	(\$.07)
Shares outstanding - Basic	100,195	99,827	99,623	99,623
Shares outstanding - Diluted	100,570	99,878	99,674	99,783

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

15 SEGMENT REPORTING

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

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

The retail segment operates two types of stores: outlet and full price stores, including flagship stores. The stores sell the Company's products purchased from the Company's wholesale segment, its licensees and its suppliers.

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

The accounting policies of the segments are consistent with those described in Note 2, Significant Accounting Policies. Intersegment sales and transfers are recorded at cost and treated as a transfer of inventory. All intercompany revenues and profits or losses are eliminated in consolidation. Senior management does not review these sales when evaluating segment performance. The Company's senior management evaluates each segment's performance based upon income or loss from operations before interest, nonrecurring gains and losses and income taxes. Corporate overhead expenses are allocated to each segment based upon each segment's usage of corporate resources.

POLO RALPH LAUREN CORPORATION

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

The Company's net revenues, income from operations, depreciation and amortization expense and capital expenditures for fiscal 2000, 1999 and 1998, and total assets as of April 1, 2000, April 3, 1999 and March 28, 1998 for each segment were as follows:

	2000	FISCAL YEAR 1999	1998
NET REVENUES:			
Wholesale	\$ 885,246	\$ 859,498	\$ 742,674
Retail	833,980	659,352	570,751
Licensing	236,302	208,009	167,119
	-----	-----	-----
	\$1,955,528	\$1,726,859	\$1,480,544
	-----	-----	-----
INCOME FROM OPERATIONS:			
Wholesale	\$ 81,139	\$ 59,796	\$ 48,889
Retail	26,176	31,840	61,622
Licensing	149,900	122,509	89,244
	-----	-----	-----
	257,215	214,145	199,755
Less: Unallocated restructuring charge	--	58,560	--
Add: Cumulative effect of pre-tax accounting change	6,696	--	--
	-----	-----	-----
	\$ 263,911	\$ 155,585	\$ 199,755
	=====	=====	=====
DEPRECIATION AND AMORTIZATION:			
Wholesale	\$ 23,004	\$ 21,111	\$ 13,350
Retail	36,393	20,349	10,956
Licensing	6,883	4,954	3,096
	-----	-----	-----
	\$ 66,280	\$ 46,414	\$ 27,402
	=====	=====	=====
CAPITAL EXPENDITURES:			
Wholesale	\$ 16,219	\$ 32,013	\$ 23,470
Retail	60,778	59,568	30,129
Licensing	3,813	7,817	4,178
Corporate	41,200	\$ 42,294	5,302
	-----	-----	-----
	\$ 122,010	\$ 141,692	\$ 63,079
	=====	=====	=====

POLO RALPH LAUREN CORPORATION

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

	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
TOTAL ASSETS:			
Wholesale	\$ 611,740	\$ 376,154	\$ 348,687
Retail	614,472	424,203	286,500
Licensing	97,090	73,389	71,531
Corporate	297,260	230,838	118,412
	-----	-----	-----
	\$1,620,562	\$1,104,584	\$ 825,130
	=====	=====	=====

A substantial portion of the Company's net revenues and income from operations was derived from the United States in fiscal 2000, 1999 and 1998. The Company's long-lived assets by geographic location as of April 1, 2000, April 3, 1999 and March 28, 1998 were as follows:

	APRIL 1, 2000	APRIL 3, 1999	MARCH 28, 1998
LONG-LIVED ASSETS:			
United States	\$306,439	\$233,995	\$168,719
Other foreign countries	66,538	27,804	6,629
	-----	-----	-----
	\$372,977	\$261,799	\$175,348
	=====	=====	=====

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Polo Ralph Lauren Corporation
New York, New York

We have audited the consolidated financial statements of Polo Ralph Lauren Corporation and subsidiaries (the "Company"), as of April 1, 2000 and April 3, 1999, and for each of the three years in the period ended April 1, 2000, and have issued our report thereon dated May 19, 2000; such financial statements and report are included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedule of Polo Ralph Lauren Corporation and subsidiaries, listed in Item 14. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
New York, New York
May 19, 2000

POLO RALPH LAUREN CORPORATION
VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTIONS	BALANCE AT END OF YEAR
	-----	-----	-----	-----	-----
YEAR ENDED APRIL 1, 2000					
Allowance for doubtful accounts	\$ 7,147	\$ 2,734	\$ 0	\$121(a)	\$ 9,760
Allowance for sales discounts	6,348	34,098	0	33,575	6,871
	-----	-----	-----	-----	-----
	\$13,495	\$36,832	\$ 0	\$33,696	\$16,631
	=====	=====	=====	=====	=====
YEAR ENDED APRIL 3, 1999					
Allowance for doubtful accounts	\$ 6,647	\$ 1,060	\$ 0	\$560(a)	\$ 7,147
Allowance for sales discounts	5,800	34,320	0	33,772	6,348
	-----	-----	-----	-----	-----
	\$12,447	\$35,380	\$ 0	\$34,332	\$13,495
	=====	=====	=====	=====	=====
YEAR ENDED MARCH 28, 1998					
Allowance for doubtful accounts	\$ 6,289	\$ 1,155	\$ 0	\$797(a)	\$ 6,647
Allowance for sales discounts	6,556	30,539	0	31,295	5,800
	-----	-----	-----	-----	-----
	\$12,845	\$31,694	\$ 0	\$32,092	\$12,447
	=====	=====	=====	=====	=====

(a) Accounts written-off as uncollectible.

POWER-OF-ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ralph Lauren, F. Lance Isham, Roger N. Farah and Nancy A. Platoni Poli, and each of them, such person's true and lawful attorneys-in-fact and agents, with full power of substitution and revocation, for such person and in such person's name, place and stead, in any and all capacities to sign any and all amendments to the Annual Report on Form 10-K for the fiscal year ended April 1, 2000 of Polo Ralph Lauren Corporation, and to file the same with all exhibits thereto, and the other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and things requisite and necessary to be done, as fully to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

SIGNATURE - - - - -	TITLE(S) - - - - -	DATE - - - -
/s/ Ralph Lauren - - - - - Ralph Lauren	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	June 26, 2000
/s/ F. Lance Isham - - - - - F. Lance Isham	Vice Chairman of the Board of Directors	June 26, 2000
/s/ Roger N. Farah - - - - - Roger N. Farah	President, Chief Operating Officer and Director	June 26, 2000
/s/ Nancy A. Platoni Poli - - - - - Nancy A. Platoni Poli	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	June 26, 2000
/s/ Frank A. Bennack, Jr. - - - - - Frank A. Bennack, Jr.	Director	June 26, 2000
/s/ Joel L. Fleishman - - - - - Joel L. Fleishman	Director	June 26, 2000
/s/ Richard Friedman - - - - - Richard Friedman	Director	June 26, 2000
/s/ Allen Questrom - - - - - Allen Questrom	Director	June 26, 2000
/s/ Terry S. Semel - - - - - Terry S. Semel	Director	June 26, 2000

POLO RALPH LAUREN CORPORATION

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION	PAGE
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	Amended and Restated By-laws of the Company (filed as Exhibit 3.2 to the S-1)*	
10.1	Polo Ralph Lauren Corporation 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the S-1)*+	
10.2	Polo Ralph Lauren Corporation 1997 Stock Option Plan for Non-Employee Directors (filed as Exhibit 10.2 to the S-1)**	
10.3	Polo Ralph Lauren Corporation Executive Officer Annual Incentive Plan+	
10.4	Registration Rights Agreement dated as of June 9, 1997 by and among Ralph Lauren, GS Capital Partners, L.P., GS Capital Partners PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., and Polo Ralph Lauren Corporation (filed as Exhibit 10.3 to the S-1)*	
10.5	U.S.A. Design and Consulting Agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, and Cosmair, Inc., and letter agreement related thereto dated January 1, 1985** (filed as Exhibit 10.4 to the S-1)*	
10.6	Restated U.S.A. License Agreement, dated January 1, 1985, between Ricky Lauren and Mark N. Kaplan, as Licensor, and Cosmair, Inc., as Licensee, and letter agreement related thereto dated January 1, 1985** (filed as Exhibit 10.5 to the S-1)*	
10.7	Foreign Design and Consulting Agreement, dated January 1, 1985, between Ralph Lauren, individually and d/b/a Ralph Lauren Design Studio, as Licensor, and L'Oreal S.A., as Licensee, and letter agreements related thereto dated January 1, 1985, September 16, 1994 and October 25, 1994** (filed as Exhibit 10.6 to the S-1)*	
10.8	Restated Foreign License Agreement, dated January 1, 1985, between The Polo/Lauren Company, as Licensor, and L'Oreal S.A., as Licensee, letter Agreement related thereto dated January 1, 1985, and Supplementary Agreement thereto, dated October 1, 1991** (filed as Exhibit 10.7 to the S-1)*	
10.9	Amendment, dated November 27, 1992, to Foreign Design And Consulting Agreement and Restated Foreign License Agreement** (filed as Exhibit 10.8 to the S-1)*	
10.10	License Agreement, made as of January 1, 1998, between Ralph Lauren Home Collection, Inc. and WestPoint Stevens Inc. ** (filed as Exhibit 10.9 to the Company's Annual Report on Form 10-K for the Fiscal Year ended March 28, 1998 (the "Fiscal 1998 10-K"))*	
10.11	License Agreement, dated March 1, 1998, between The Polo/Lauren Company, L.P. and Polo Ralph Lauren Japan Co., Ltd., and undated letter agreement related thereto** (filed as Exhibit 10.10 to the S-1)*	
10.12	Design Services Agreement, dated March 1, 1998, between Polo Ralph Lauren Enterprises, L.P. and Polo Ralph Lauren Japan Co., Ltd.** (filed as Exhibit 10-11 to the S-1)*	
10.13	Design Services Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc. ** (filed as Exhibit 10.25 to the Fiscal 1998 10-K)*	

- 10.14 License Agreement, dated as of October 18, 1995, by and between Polo Ralph Lauren Enterprises, L.P. and Jones Apparel Group, Inc.** (filed as Exhibit 10.26 to the Fiscal 1998 10-K)*
- 10.15 Stockholders Agreement dated as of June 9, 1997 among Polo Ralph Lauren Corporation, GS Capital Partners, L.P., GS Capital Partners PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., Mr. Ralph Lauren, RL Holding, L.P. and RL Family (filed as Exhibit 10.22 to the S-1)*
- 10.16 Form of Credit Agreement between Polo Ralph Lauren Corporation and The Chase Manhattan Bank (filed as Exhibit 10.24 to the S-1)*
- 10.17 Form of Guarantee and Collateral Agreement by Polo Ralph Lauren Corporation in favor of The Chase Manhattan Bank (filed as Exhibit 10.25 to the S-1)*
- 10.18 Credit Agreement between Polo Ralph Lauren Corporation and the Chase Manhattan Bank dated as of March 30, 1999 (filed as Exhibit 10.20 to the Fiscal 1999 10-K)*
- 10.19 Fiscal and Paying Agency Agreement dated November 22, 1999 among Polo Ralph Lauren Corporation, its subsidiary guarantors and The Bank of New York, as fiscal and principal paying agent (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended January 1, 2000)*
- 10.20 Stock and Asset Purchase Agreement between Polo Ralph Lauren Corporation and S.A. Louis Dreyfus, dated November 23, 1999 (filed as Exhibit 2.1 to the Form 8-K filed January 10, 2000)*
- 10.21 Form of Indemnification Agreement between Polo Ralph Lauren Corporation and its Directors and Executive Officers (filed as Exhibit 10.26 to the S-1)*
- 10.22 Amended and Restated Employment Agreement effective April 4, 1999 between Ralph Lauren and Polo Ralph Lauren Corporation (filed as Exhibit 10.23 to the Fiscal 1999 Form 10-K)**
- 10.23 Deferred Compensation Agreement dated April 2, 1995 between F. Lance Isham and Polo Ralph Lauren, L.P.(filed as Exhibit 10.14 to the S-1)*+
- 10.24 Amendment to Deferred Compensation Agreement made as of November 10, 1998 between F. Lance Isham and Polo Ralph Lauren Corporation+ (filed as Exhibit 10.14 to the Fiscal 1999 10-K)**
- 10.25 Amended and Restated Employment Agreement effective November 10, 1998 between F. Lance Isham and Polo Ralph Lauren Corporation (filed as Exhibit 10.16 to the Fiscal 1999 10-K)*+
- 10.26 Employment Agreement effective April 12, 2000 between Polo Ralph Lauren Corporation and Roger N. Farah+
- 10.27 Employment Agreement effective April 1, 2000 between Polo Ralph Lauren Corporation and Victor Cohen+
- 10.28 Employment Agreement effective January 1, 2000 between Polo Ralph Lauren Corporation and Douglas L. Williams+
- 21.1 List of Significant Subsidiaries of the Company.
- 24.1 Powers of Attorney.
- 27.1 Financial Data Schedule.

* Incorporated herein by reference.

+ Exhibit is a management contract or compensatory plan or arrangement.

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

POLO RALPH LAUREN CORPORATION
EXECUTIVE OFFICER ANNUAL INCENTIVE PLAN

1. Purpose.

The purposes of the Plan are to promote the success of the Company; to provide designated Executive Officers with an opportunity to receive incentive compensation dependent upon that success; to attract, retain and motivate such individuals; and to provide Awards that are "qualified performance-based compensation" under Section 162(m) of the Code.

2. Definitions.

"Award" means an incentive award made pursuant to the Plan.

"Award Formula" means one or more objective formulas or standards established by the Committee for purposes of determining an Award based on the level of performance with respect to one or more Performance Goals. Award Formulas may vary from Performance Period to Performance Period and from Participant to Participant and may be established on a stand-alone basis, in tandem or in the alternative.

"Award Schedule" means the Award Schedule established pursuant to Section 4.1.

"Beneficiary" mean the person(s) designated by the Participant, in writing on a form provided by the Committee, to receive payments under the Plan in the event of his death while a Participant or, in the absence of such designation, the Participant's estate.

"Board of Directors" means the Board of Directors of the Company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Committee" means a committee or subcommittee of the Board of Directors designated by the Board of Directors to administer the Plan and composed of not less than two directors, each of whom is intended to be an "outside director" (within the meaning of Code Section 162(m)).

"Company" means Polo Ralph Lauren Corporation and its successors.

"Covered Employee" means a covered employee within the meaning of Code Section 162(m)(3).

"Determination Period" means, with respect to a Performance Period applicable

to any Award under the Plan, the period commencing with the first day of such Performance Period and ending on the earlier to occur of (i) 90 days after the commencement of the Performance Period and (ii) the date upon which twenty-five percent (25%) of the Performance Period shall have elapsed.

"Executive Officer" means a person who is an executive officer of the Company for purposes of the Securities Exchange Act of 1934, as amended.

"Participant" means an Executive Officer selected from time to time by the Committee to participate in the Plan.

"Performance Goal" means the level of performance established by the Committee as the Performance Goal with respect to a Performance Measure. Performance Goals may vary from Performance Period to Performance Period and from Participant to Participant and may be established on a stand-alone basis, in tandem or in the alternative.

"Performance Measure" means one or more of the following selected by the Committee to measure Company and/or business unit performance for a Performance Period: basic or diluted earnings per share; net revenues; gross profit; income before income taxes; income before income taxes less a charge for capital; return on capital and return on equity; each as determined in accordance with generally accepted accounting principles as consistently applied by the Company and, if so determined by the Committee prior to the expiration of the Determination Period, adjusted, to the extent permitted under Section 162(m) of the Code, to omit the effects of extraordinary items, gain or loss on the disposal of a business segment, unusual or infrequently occurring events and transactions and cumulative effects of changes in accounting principles. Performance Measures may vary from Performance Period to Performance Period and from Participant to Participant and may be established on a stand-alone basis, in tandem or in the alternative.

"Performance Period" means one or more periods of time, as the Committee may designate, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to payment in respect of an Award.

"Plan" means the Polo Ralph Lauren Corporation Executive Officer Annual Incentive Plan.

"Plan Year" means the Company's fiscal year.

3. Participation.

3.1 Participants shall be selected by the Committee from among the Executive Officers. The selection of an Executive Officer as a Participant for a Performance Period shall not entitle such individual to be selected as a Participant with respect to any other Performance Period.

4. Awards.

4.1 Award Schedules. With respect to each Performance Period with

respect to which an Award may be earned by a Participant under the Plan, prior to the expiration of the Determination Period the Committee shall establish in writing for such Performance Period an Award Schedule for each Participant. The Award Schedule shall set forth the applicable Performance Period, Performance Measure(s), Performance Goal(s), and Award Formula(s) and such other information as the Committee may determine. Once established for a Plan Year, such items shall not be amended or otherwise modified to the extent such amendment or modification would cause the compensation payable pursuant to the Award to fail to constitute qualified performance based compensation under Code Section 162(m). Award Schedules may vary from Performance Period to Performance Period and from Participant to Participant.

4.2 Determination of Awards. A Participant shall be eligible to receive payment in respect of an Award only to the extent that the Performance Goal(s) for such Award are achieved and the Award Formula as applied against such Performance Goal(s) determines that all of some portion of such Participant's Award has been earned for the Performance Period. As soon as practicable after the close of each Performance Period, the Committee shall meet to review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, to calculate and certify in writing that amount of the Award earned by each Participant for such Performance Period based upon such Participant's Award Formula. The Committee shall then determine the actual amount of the Award to be paid to each Participant and, in so doing, may use negative discretion to decrease, but not increase, the amount of the Award otherwise payable to the Participant based upon such performance. Anything in this Plan to the contrary notwithstanding, the maximum Award payable to any Participant with respect to each Plan Year (or portion thereof) contained within a Performance Period shall be \$10,000,000.

4.3 Payment of Awards. Awards shall be paid in a lump sum cash payment as soon as practicable after the amount thereof has been determined and certified in accordance with Section 4.2. The Committee may, subject to such terms and conditions and within such limits as it may from time to time establish, permit one or more Participants to defer the receipt of amounts due under the Plan in a manner consistent with the requirements of Code Section 162(m) so that any increase in the amount of an Award that is deferred shall be based either on a reasonable rate of interest or the performance of a predetermined investment in accordance with Treasury Regulation 1.162-27(e)(2)(iii)(B). If any Award which is earned pursuant to this Section 4 is paid prior to the time determined when the Award was initially granted, the amount of such Award shall be reduced by an appropriate discount factor determined by the Committee.

5. Termination of Employment.

5.1 Termination of Employment Prior to the Last Day of the Performance Period. Except as otherwise determined by the Committee, no Award with respect to a Performance Period will be payable to any Participant who is not an employee of the Company on the last day of such Performance Period.

6. Administration.

6.1 In General. The Committee shall have full and complete authority, in its sole and absolute discretion, (i) to exercise all of the powers granted to it under the Plan, (ii) to construe, interpret and implement the Plan and any related document, (iii) to prescribe, amend and rescind rules relating to the Plan, (iv) to make all determinations necessary or advisable in administering the Plan, and (v) to correct any defect, supply any omission and reconcile any inconsistency in the Plan.

6.2 Determinations. The actions and determinations of the Committee or others to whom authority is delegated under the Plan on all matters relating to the Plan and any Awards shall be final and conclusive. Such determinations need not be uniform and may be made selectively among persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

6.3 Appointment of Experts. The Committee may appoint such accountants, counsel, and other experts as it deems necessary or desirable in connection with the administration of the Plan.

6.4 Delegation. The Committee may delegate to others the authority to execute and deliver such instruments and documents, to do all such acts and things, and to take all such other steps deemed necessary, advisable or convenient for the effective administration of the Plan in accordance with its terms and purposes, except that the Committee shall not delegate any authority with respect to decisions regarding Plan eligibility or the amount, timing or other material terms of Awards.

6.5 Books and Records. The Committee and others to whom the Committee has delegated such duties shall keep a record of all their proceedings and actions and shall maintain all such books of account, records and other data as shall be necessary for the proper administration of the Plan.

6.6 Payment of Expenses. The Company shall pay all reasonable expenses of administering the Plan, including, but not limited to, the payment of professional and expert fees.

6.7 Code Section 162(m). It is the intent of the Company that this Plan and Awards satisfy the applicable requirements of Code Section 162(m) so that the Company's tax deduction for remuneration in respect of this Plan for services performed by Participants who are or may be Covered Employees is not disallowed in whole or in part by the operation of such Code Section. If any provision of this Plan or if any Award would otherwise frustrate or conflict with such intent, that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict, and, to the extent of any remaining irreconcilable conflict with such intent, that provision shall be deemed void as applicable to such Covered Employees.

7. Miscellaneous.

7.1 Nonassignability. No Award shall be assignable or transferable (including pursuant to a pledge or security interest) other than by will or by laws of descent and distribution.

7.2 Withholding Taxes. Whenever payments under the Plan are to be made or deferred, the Company will withhold therefrom, or from any other amounts payable to or in respect of the Participant, an amount sufficient to satisfy any applicable governmental withholding tax requirements related thereto.

7.3 Amendment or Termination of the Plan. The Plan may be amended or terminated by the Board of Directors in any respect except that (i) no amendment may be made after the date on which an Executive Officer is selected as a Participant for a Performance Period that would adversely affect the rights of such Participant with respect to such Performance Period without the consent of the affected Participant and (ii) no amendment shall be effective without the approval of the stockholders of the Company to increase the maximum Award payable under the Plan or if, in the opinion of counsel to the Company, such approval is necessary to satisfy the intent set forth in Section 6.7.

7.4 Other Payments or Awards. Nothing contained in the Plan will be deemed in any way to limit or restrict the Company from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

7.5 Payments to Other Persons. If payments are legally required to be made to any person other than the person to whom any amount is payable under the Plan, such payments will be made accordingly. Any such payment will be a complete discharge of the liability of the Company under the Plan.

7.6 Unfunded Plan. Nothing in this Plan will require the Company to purchase assets or place assets in a trust or other entity to which contributions are made or otherwise to segregate any assets for the purpose of satisfying any obligations under the Plan. Participants will have no rights under the Plan other than as unsecured general creditors of the Company.

7.7 Limits of Liability. Neither the Company nor any other person participating in any determination of any question under the Plan, or in the interpretation, administration or application of the Plan, will have any liability to any party for any action taken or not taken in good faith under the Plan.

7.8 No Right of Employment. Nothing in this Plan will be construed as creating any contract of employment or conferring upon any Participant any right to continue in the employ or other service of the Company or limit in any way the right of the Company to change such person's compensation or other benefits or to terminate the employment or other service of such person with or without Cause.

7.9 Section Headings. The section headings contained herein are for convenience only, and in the event of any conflict, the text of the Plan, rather than the

section headings, will control.

7.10 Invalidity. If any term or provision contained herein is to any extent invalid or unenforceable, such term or provision will be reformed so that it is valid, and such invalidity or unenforceability will not affect any other provision or part hereof.

7.11 Applicable Law. The Plan will be governed by the laws of the State of New York, as determined without regard to the conflict of law principles thereof.

7.12 Effective Date/Term. The Plan shall be effective only upon the approval by the shareholders of the Company in a manner consistent with the shareholder approval requirements of Code Section 162(m), and shall be effective for the Plan Year in which such approval occurs and each of the next four succeeding Plan Years unless sooner terminated by the Board of Directors in accordance with Section 7.3. For the fifth succeeding Plan Year, the Plan shall remain in effect in accordance with its terms unless amended or terminated by the Board of Directors, and the Committee shall make the determinations required by Section 4 for such Plan Year, but the Plan shall be submitted for re-approval by the shareholders of the Company at the annual meeting of shareholders held during such fifth Plan Year, and payment of all Awards under the Plan for such Plan Year and any future Plan Years shall be contingent upon such approval.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") made effective as of the 12th day of April, 2000, by and between Polo Ralph Lauren Corporation, a Delaware corporation (the "Corporation"), and Roger N. Farah (the "Executive").

WHEREAS, the Corporation has offered to the Executive the position of President and Chief Operating Officer, and the Executive wishes to accept such position; and

WHEREAS, the Corporation and the Executive wish to enter into an employment agreement effective as of the date hereof;

NOW, THEREFORE, intending to be bound the parties hereby agree as follows with effect from the date first above written.

1. Employment/Prior Agreement. The Corporation hereby agrees to employ the Executive, and the Executive hereby agrees to serve the Corporation, on the terms and conditions set forth herein. From and after the date hereof, the terms of this Agreement shall supersede in all respects the terms of any prior arrangement or agreement, if any, dealing with the matters herein.

2. Term. The employment of the Executive by the Corporation as provided in Section 1 pursuant to this Agreement will be effective on the date hereof. The term of the Executive's employment under this Employment Agreement shall continue until the close of business of the fifth anniversary of the date of this Agreement, subject to earlier termination in accordance with the terms of this Agreement (the "Term"). The Term shall be automatically extended for successive one year periods thereafter unless either party notifies the other in writing of its intention not to so extend the Term at least 180 days prior to the commencement of the next scheduled one year extension (a "NonExtension Notice").

3. Position and Duties. The Executive shall serve as President and Chief Operating Officer. The Executive shall report to the Chairman and Chief Executive Officer of the Corporation and the executive Vice Chairman of the Corporation, and shall have responsibilities and duties for the oversight of the Corporation's retail operations and corporate finance administration, corporate acquisitions and human resources, and such other responsibilities and duties, that are not inconsistent with the usual duties of a president and chief operating officer of an enterprise such as the Corporation, as may be assigned to Executive from time to time. The Executive shall devote all of Executive's working time and efforts to the business and affairs of the Corporation; provided, however, that the Executive may serve on the board of Venator Group, Inc. through December 31, 2000 and such other boards of directors as he may be asked to serve on from time to time, with the Corporation's approval. It is further understood and agreed that nothing herein shall prevent the Executive from managing his personal investments so long as such activities do not interfere in more than an insignificant manner with the Executive's performance of his duties hereunder and do not conflict with the provisions of Section

8. Within 12 months of the execution of this Agreement, the Corporation shall take whatever commercially reasonable steps it is empowered to take that may be necessary to cause the Executive to be nominated for a seat on the Board of Directors of the Corporation.

4. Compensation and Related Matters.

(a) Salary and Incentive Bonus

(i) Salary. During the Term, Executive's annual salary shall be at the rate of \$900,000. Such salary shall be paid in substantially equal installments on a basis consistent with the Corporation's payroll practices and shall be subject to annual increases, if any, as may be determined in the sole discretion of the Corporation. Executive's salary as in effect from time to time is hereinafter referred to as the "Salary".

(ii) Incentive Bonus. Executive shall participate in the Corporation's Executive Incentive Plan (the "EIP"), and any substitute therefor, and be eligible to earn an annual cash bonus for each fiscal year during the term of this Agreement (the "Annual Incentive Bonus"). During the Term, Executive's Annual Incentive Bonus opportunity shall range, subject to achieving pre-established performance goals, from 115% of Executive's Salary (the "Target Annual Incentive Bonus") at target performance to 230% of Executive's Salary based upon the extent to which corporate or other performance goals established by the Compensation Committee (the "Compensation Committee") of the Corporation's Board of Directors (the "Board") are achieved. The Annual Incentive Bonus, if any, payable to the Executive in respect of each fiscal year will be paid at the same time that annual bonuses are paid to other executives under the EIP. Notwithstanding any provision of this Agreement to the contrary, the Executive's entitlement to payment of an Annual Incentive Bonus during any period when the compensation payable to the Executive pursuant to this Agreement is subject to the deduction limitations of section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), shall be subject to shareholder approval of a plan or arrangement evidencing such Annual Incentive Bonus opportunity that complies with the requirements of section 162(m) of the Code.

(iii) Additional Bonus. Executive shall be entitled to an additional bonus (the "Additional Bonus") in the amount of \$180,000 per year with respect to each of the first five fiscal years occurring during the Term, which shall be paid to the Executive in respect of each such fiscal year of the Corporation at the same time that annual bonuses would be paid under the EIP; provided, however, that if the Corporation reinstates or adopts any plan for the deferral of executive compensation, any such Additional Bonus may be deferred, at the election of the Executive, subject to such terms and conditions as are set forth in such plan.

(b) Expenses. During the term of the Executive's employment hereunder, the Executive shall be entitled to receive prompt reimbursement for all reasonable and customary expenses incurred by the Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the

Corporation; provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Corporation.

(c) Other Benefits. During the term of the Executive's employment hereunder, the Executive shall be entitled to participate in or receive benefits under any medical, pension, profit sharing or other employee benefit plan or arrangement generally made available by the Corporation now or in the future to its executives and key management employees (or to their family members), subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. Moreover, during such term, the Executive shall be entitled to a monthly car allowance of \$1,500. Nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the Salary, Annual Incentive Bonuses or Additional Bonuses, payable to the Executive pursuant to paragraph (a) of this Section.

(d) Vacations. The Executive shall be entitled to reasonable vacations consistent with the Corporation's past practice.

(e) Restricted Stock. The Executive shall be granted a number of restricted shares of the Corporation's Class A Common Stock with a fair market value equal to \$2 million as of the date hereof, based upon the mean between the high and low sales price per share for such stock on the date hereof as reported on the Composite tape for securities traded on the New York Stock Exchange (the "Restricted Shares"); provided that any fractional share will be paid to the Executive in cash. The Restricted Shares will vest with respect to one fourth (1/4) of the aggregate number of Restricted Shares so granted on each of the second, third, fourth and fifth anniversaries of the date hereof subject to the Executive's continued employment through each vesting date, except as otherwise provided herein.

(f) Options. As of the date hereof, the Executive will also be granted options to purchase 250,000 shares of the Corporation's Class A Common Stock pursuant to the terms of the Corporation's 1997 Long-Term Stock Incentive Plan. The Executive will also be granted with effect from the June 2000 grant additional options to purchase 100,000 shares. The Executive shall thereafter be eligible to receive grants of additional options, the determination whether to make such grants, individually and/or as a group, and the amount thereof being in the sole discretion of the Compensation Committee. Options granted to the Executive pursuant to the foregoing (hereinafter, the "Options") will vest and become exercisable ratably over three (3) years on each of the first three anniversaries of the date of grant, subject to the Executive's continued employment through each vesting date, and will have an exercise price equal to the fair market value per share as of the date of grant based upon the mean between the high and low sales price per share for such stock on the date of grant as reported on the Composite tape for securities traded on the New York Stock Exchange.

5. Termination.

(a) Termination by Corporation. The Executive's employment hereunder may be terminated at any time with or without Cause.

(b) Termination by the Executive. The Executive may

terminate his employment hereunder with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean (A) a material diminution in or adverse alteration to the Executive's title or duties as set forth in Section 3 herein, (B) a reduction in the Executive's Salary or Annual Incentive Bonus or Additional Bonus opportunities from those provided herein or the Corporation's electing to eliminate the EIP without substituting therefor a plan which provides for a reasonably comparable Annual Incentive Bonus opportunity or the Executive's ceasing to be entitled to the payment of an Annual Incentive Bonus as a result of the failure of the Corporation's shareholders to approve a plan or arrangement evidencing such Annual Incentive Bonus in a manner that complies with the requirements of section 162(m) of the Code, (C) the relocation of the Executive's principal office outside of the area which comprises a fifty (50) mile radius from New York City or (D) a failure of the Corporation to comply with any material provision of this Agreement; provided that the events described in clauses (A), (B), (C) and (D) above shall not constitute Good Reason unless and until such diminution, change, reduction or failure (as applicable) has not been cured within thirty (30) days after notice of such noncompliance has been given by the Executive to the Corporation.

(c) Any termination of the Executive's employment by the Corporation or by the Executive (other than termination pursuant to Section 6(d)(i) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 10 hereof. A "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

6. Compensation Upon Termination. The provisions of this Section 6 shall exclusively govern the Executive's rights upon termination of employment with the Corporation and its affiliates. Upon termination of the Executive's employment for any reason, the Executive agrees to resign, as of the date of such termination of employment, from the Board and any committees of the Corporation or its affiliates on which he serves.

(a) If the Corporation shall terminate the Executive's employment for any reason other than an Enumerated Reason as set forth in Section 6(d) hereof and other than due to the Corporation's election not to extend the Term of this Agreement by delivery of a NonExtension Notice as contemplated by Section 2, or if the Executive resigns for Good Reason pursuant to Section 5(b) hereof, subject to the provisions of Section 8 hereof, the Executive shall be entitled to the following:

(i) an amount equal to the sum of (I) two (2) times the Executive's Salary at the rate in effect on such date (unless employment is terminated by the Executive for Good Reason pursuant to Section 5(b) hereof as a result of a Salary reduction, in which case, at the rate in effect prior to such reduction), plus (II) two (2) times the amount of the Target Annual Incentive Bonus described herein; plus (III) a pro rata Annual Incentive Bonus for the year of termination (equal to the Target Annual Incentive Bonus times the percentage of the calendar year in which such termination occurs that shall have elapsed through the date of termination (a "Pro Rata Annual Incentive Bonus"));

Any amounts paid pursuant to this subsection (i) shall be paid in equal monthly installments from the date of termination for a period of two (2) years (such period hereinafter referred to as the "Severance Period"), except that the Pro Rata Annual Incentive Bonus shall be paid in a lump sum in cash within thirty (30) days following the date of the Executive's termination of employment.

(ii) Executive shall be entitled to exercise any vested Options during the remaining Term (determined without regard to any earlier termination or further extensions hereunder) or during the one-year period commencing on the date of such termination, whichever period is longer.

(iii) If such termination occurs before any of the Restricted Shares shall have vested, the Executive shall vest in twenty-five percent (25%) of the Restricted Shares.

(iv) Continued participation in the Corporation's health benefit plans during the Severance Period; provided that if the Executive is provided with coverage by a successor employer, any such coverage by the Corporation shall cease;

(v) Continued payment of Executive's automobile allowance until expiration of the Severance Period or until Executive secures new employment, whichever first occurs;

(vi) If a Change of Control shall have occurred prior to the date of termination, subject to Section 6(h) below, the Executive shall (A) be entitled at his option, exercisable in writing within fifteen days of the date of termination, to receive the equivalent of the Salary and Annual Incentive Bonus payments pursuant to subsection (i) above in two equal lump sum installments, the first payable within 30 days of the date of termination and the second on the first anniversary of the date of termination; and (B) immediately be 100% vested in all Options and Restricted Shares awarded to the Executive whether pursuant to this Agreement or other agreement and such Options shall be exercisable during the remaining Term (determined without regard to any earlier termination or further extensions hereunder) or during the one-year period commencing on the date of such Change of Control, whichever period is longer. As used herein, the term "Change of Control" shall mean Ralph Lauren or members of his family (or trusts or entities created for their benefit) no longer control 50% or more of the voting power of the then outstanding securities of the Corporation entitled to vote for the election of the Corporation's directors; and

(vii) Except as provided in this Section 6(a), the Corporation will have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(a). The Corporation anticipates that health benefits made available pursuant to clause (iv) above will be provided in accordance with applicable COBRA provisions. The Corporation shall waive or pay for any COBRA premiums otherwise payable by the

Executive. In the event COBRA coverage expires, the Corporation shall in lieu of such coverage either provide alternative coverage or reimburse the Executive for the actual costs incurred by the Executive for alternative coverage, for the remaining portion of the Severance Period during which the Executive would otherwise be entitled to continued health benefits.

(b) If the Executive's employment is terminated by his death or by the Corporation due to the Executive's Disability (as defined below), the Corporation shall pay any amounts due to the Executive through the date of his death or the date of his termination due to Disability, including a Pro Rata Annual Incentive Bonus for the year of termination. Except as provided in this Section 6(b), the Corporation will have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(b).

(c) If the Executive's employment shall be terminated by the Corporation pursuant to Section 6(d)(iii) for Cause or by the Executive for other than (x) Good Reason or (y) the occurrence of a "Succession Event" (as defined in Section 6(f) below), the Corporation shall pay the Executive his full Salary through the date of termination at the rate in effect prior to such termination and except as provided in this Section 6(c), the Corporation will have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(c).

(d) The term "Enumerated Reason" with respect to termination by the Corporation of the Executive's employment shall mean any one of the following reasons:

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties hereunder on a full-time basis for the entire period of six consecutive months, and within thirty (30) days after written Notice of Termination is given (which Notice of Termination may be given before or after the end of such six month period; provided that the termination would not be effective until the end of such six month period) shall not have returned to the performance of his duties hereunder on a full-time basis (a "Disability"), the Corporation may terminate the Executive's employment hereunder.

(iii) Cause. The Corporation shall have "Cause" to terminate the Executive's employment hereunder upon (1) the willful and continued failure by the Executive to substantially perform his duties hereunder after demand for substantial performance is delivered to him by the Corporation that specifically identifies the manner in which the Corporation believes the Executive has not substantially performed his duties, or (2) Executive's conviction of, or plea of nolo contendere to, a crime (whether or not involving the Corporation) constituting any felony or (3) the willful engaging by the Executive in gross misconduct relating to the Executive's

employment that is materially injurious to the Corporation, monetarily or otherwise (including, but not limited to, conduct that constitutes competitive activity, in violation of Section 8) or which subjects, or if generally known would subject, the Corporation to public ridicule. For purposes of this paragraph, no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Corporation. Notwithstanding the foregoing, the Executive's employment may be terminated for Cause only by act of the Board of Directors of the Corporation and, in any event, the Executive's employment shall not be deemed to have been terminated for Cause without (x) reasonable written notice to the Executive setting forth the reasons for the Corporation's intention to terminate for Cause, (y) the opportunity to cure (if curable) within 30 days of such written notice of the event(s) giving rise to such notice, and (z) an opportunity for the Executive, together with his counsel, to be heard by the Board of Directors of the Corporation.

(e) If the Executive's employment with the Corporation shall terminate due to either the Corporation's or Executive's election not to extend the Term of this Agreement by delivery of a NonExtension Notice as contemplated by Section 2, then Executive shall be entitled to receive his full Salary through the date of termination plus the Annual Incentive Bonus, if any, that Executive would have been entitled to receive had he remained in the Corporation's employment through the end of its fiscal year, prorated to the date of termination. Such prorated Annual Incentive Bonus shall be payable at the same time as the Corporation pays annual bonuses to other executives under the EIP. In addition, if the Corporation was the party that so elected not to extend the Term of this Agreement as described above, then the Executive shall also be entitled to receive an amount, payable in equal monthly installments over a one year period, equal to the sum of (x) one times his Salary, plus (y) one times the Target Annual Incentive Bonus. Except as provided in this Section 6(e), the Corporation shall have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(e).

(f) If the Executive's employment with the Corporation shall terminate due to Executive's resignation within 30 days following a Succession Event, then the Executive shall receive an amount equal to the sum of (x) one (1) times the Executive's Salary and (ii) one (1) times the Target Annual Incentive Bonus. Such amount shall be paid in two equal payments, one on the date of such termination and the second on the first anniversary of the date of termination. For purposes of this Agreement, "Succession Event" shall mean the appointment of a person other than Ralph Lauren, Lance Isham or the Executive to the position of chief executive officer of the Corporation. Except as provided in this Section 6(f), the Corporation will have no further obligations to the Executive under this Agreement following the Executive's resignation under the circumstances described in this Section 6(f).

(g) As a condition precedent to receipt of the payments provided for Sections 6(a), 6(e) and 6(f), Executive shall be required to execute a general release in favor of the Corporation, excluding only the payments remaining to be made pursuant to such Sections.

(h) Notwithstanding the foregoing, (A) in the event the Corporation (or its successor) and the Executive both determine, based upon the advice of the independent public accountants for the Corporation, that part or all of the consideration, compensation or benefits to be paid to the Executive under this Agreement constitute "parachute payments" under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then, if the aggregate present value of such parachute payments, singularly or together with the aggregate present value of any consideration, compensation or benefits to be paid to the Executive under any other plan, arrangement or agreement which constitute "parachute payments" (collectively, the "Parachute Amount") exceeds 2.99 times the Executive's "base amount", as defined in Section 280G(b)(3) of the Code (the "Executive Base Amount"), the amounts constituting "parachute payments" which would otherwise be payable to or for the benefit of the Executive shall be reduced to the extent necessary so that the Parachute Amount is equal to 2.99 times the Executive Base Amount (the "Reduced Amount"); provided that such amounts shall not be so reduced if the Executive determines, based upon the advice of an independent nationally recognized public accounting firm (which may, but need not be the independent public accountants of the Corporation), that without such reduction the Executive would be entitled to receive and retain, on a net after tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount which is greater than the amount, on a net after tax basis, that the Executive would be entitled to retain upon his receipt of the Reduced Amount.

(B) If the determination made pursuant to clause (A) above results in a reduction of the payments that would otherwise be paid to the Executive except for the application of this Section 6(h), then the Executive may then elect, in his sole discretion, which and how much of any particular entitlement shall be eliminated or reduced and shall advise the Corporation in writing of his election within ten days of the determination of the reduction in payments. If no such election is made by the Executive within such ten-day period, the Corporation may elect which and how much of any entitlement shall be eliminated or reduced and shall notify the Executive promptly of such election. Within ten days following such determination and the elections hereunder, the Corporation shall pay or distribute to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or distribute to or for the benefit of the Executive in the future such amounts as become due to the Executive under this Agreement.

(C) As a result of the uncertainty in the application of Section 280G of the Code at the time of a determination hereunder, it is possible that payments will be made by the Corporation which should not have been made under clause (A) of this Section 6(h) ("Overpayment") or that additional payments which are not made by the Corporation pursuant to clause (A) of this Section 6(h) should have been made ("Underpayment"). In the event that there is a final determination by the Internal Revenue Service, a final determination by a court of competent jurisdiction or a change in the provisions of the Code or regulations pursuant to which an Overpayment arises, any such Overpayment shall be treated for all purposes as a loan to the Executive which the Executive shall repay to the Corporation together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code. In the event that there is a final determination by the

Internal Revenue Service, a final determination by a court of competent jurisdiction or a change in the provisions of the Code or regulations pursuant to which an Underpayment arises under this Agreement, any such Underpayment shall be promptly paid by the Corporation to or for the benefit of the Executive, together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

7. Mitigation. The Executive shall have no duty to mitigate the payments provided for in Section 6 by seeking other employment or otherwise and such payment shall not be subject to reduction for any compensation received by the Executive from employment in any capacity following the termination of the Executive's employment with the Corporation.

8. Noncompetition.

(a) The Executive agrees that for the duration of his employment and for a period two (2) years from the date of termination thereof and during any Severance Period, he will not, on his own behalf or on behalf of any other person or entity, hire, solicit, or encourage to leave the employ of the Corporation or its subsidiaries, affiliates or licensees any person who is an employee of any of such companies.

(b) The Executive agrees that for the duration of his employment and for a period of two (2) years from the date of termination thereof and during any Severance Period, the Executive will take no action which is intended, or would reasonably be expected, to harm (e.g. making public derogatory statements or misusing confidential Corporation information, it being acknowledged that the Executive's employment with a competitor in and of itself shall not be deemed to be harmful to the Corporation for purposes of this Section 8(b)) the Corporation or any of its subsidiaries, affiliates or licensees or their reputation.

(c) The Executive agrees that during the duration of his employment and for twelve (12) months from the date of any termination of employment, the Executive shall not, directly or indirectly, (A) engage in any "Competitive Business" (as defined below) for his own account, (B) enter into the employ of, or render any services to, any person engaged in a Competitive Business, or (C) become interested in any entity engaged in a Competitive Business, directly or indirectly as an individual, partner, shareholder, officer, director, principal, agent, employee, trustee, consultant, or in any other relationship or capacity; provided that the Executive may own, solely as an investment, securities of any entity which are traded on a national securities exchange if the Executive is not a controlling person of, or a member of a group that controls such entity and does not, directly or indirectly, own 2% or more of any class of securities of such entity.

For purposes of this Agreement the term "Competitive Business" shall mean a business which competes in any material respects with the Corporation or its subsidiaries, affiliates or licensees, and shall include, without limitation, those brands and companies that the Corporation and the Executive have jointly designated in writing on the date hereof as being in competition with the Corporation as of the date hereof. The term Competitive Business is not intended to include the business of a competitor of a licensee whose business does not involve or compete with the licensed businesses of the Corporation or its subsidiaries and affiliates.

(d) The Executive will not at any time (whether during or after his employment with the Corporation) disclose or use for his own benefit or purposes or the benefit or purposes of any other person, entity or enterprise, other than the Corporation or any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Corporation generally, or any subsidiary, affiliate or licensee of the Corporation; provided that the foregoing shall not apply to information which is not unique to the Corporation or which is generally known to the industry or the public other than as a result of the Executive's breach of this covenant. The Executive agrees that upon termination of his employment with the Corporation for any reason, he will return to the Corporation immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Corporation or its subsidiaries or affiliates or licensees.

(e) If the Executive breaches, or threatens to commit a breach of, any of the provisions of this Section 8 (the "Restrictive Covenants"), the Corporation shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Corporation under law or equity:

(i) The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach of such Restrictive Covenants will cause irreparable injury to the Corporation and that money damages will not provide an adequate remedy to the Corporation; and

(ii) The right to discontinue the payment of any amounts owing to the Executive under the Agreement; provided that the Corporation shall have secured a reasoned opinion of counsel that the Executive's activities constitute a material breach of the Restrictive Covenants and which shall have been provided to the Executive, the delivery of which shall not be deemed to be a waiver of any applicable privilege. To the extent Executive, by notice hereunder, disputes the discontinuance of any payments hereunder, such payments shall be segregated and deposited in an interest bearing account at a major financial center bank in New York City pending resolution of the dispute.

(f) If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portion. In addition, if any court construes any of the Restrictive Covenants, or any part thereof, to be unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

9. Successors; Binding Agreement.

(a) The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are payable to him hereunder all such amounts unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

10. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered with receipt acknowledged or five business days after having been mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Roger Farah
35 Beverly Road
Purchase, New York 10577

with a copy to:

John M. Callagy, Esq.
Kelley Drye & Warren LLP
101 Park Avenue
New York, N.Y. 10178

If to the Corporation:

Polo Ralph Lauren Corporation
650 Madison Avenue
New York, New York 10022
Attention: General Counsel

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only

upon receipt.

11. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer of the Corporation as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of law principles.

12. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Arbitration. Any dispute or controversy arising under or in connection with this Agreement and its enforcement shall be settled exclusively by arbitration in the City of New York before a single arbitrator who shall be a retired federal judge having sat in the United States District Court for the Southern District of New York in accordance with the then obtaining National Rules for the Resolution of Employment Disputes or, if such rules are no longer in effect the then obtaining employment rules of the American Arbitration Association. The arbitrator shall be required to permit reasonable discovery, including document production, deposition, contention interrogatories, damages interrogatories, and requests to admit. Judgment may be entered on the arbitrator's award in any New York court; provided, however, that the Corporation shall be entitled to seek a restraining order or injunction in arbitration or in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of Section 8 of this Agreement and the Executive hereby consents that such restraining order or injunction be granted without the necessity of the Corporation's posting any bond; and provided, further that, notwithstanding Section 8(e)(ii), the Executive shall be entitled to seek specific performance in arbitration or in any court of competent jurisdiction of his right to be paid during the pendency of any dispute or controversy arising under or in connection with this Agreement. Fees and expenses payable to the American Arbitration Association and the arbitrator shall be shared equally by the Corporation and by the Executive, but the parties shall otherwise bear their own costs in connection with the arbitration; provided that the arbitrator must determine who is the prevailing party and include as part of the award to the prevailing party the reasonable legal fees and expenses incurred by such party.

15. Withholding. The Corporation may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to applicable law or regulation.

16. Entire Agreement. This Agreement sets forth the entire

agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

17. Executive Representation. The Executive hereby represents to the Corporation that the execution and delivery of this Agreement by the Executive and the Corporation and the performance by the Executive of his duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be duly executed and the Executive has hereunto set his hand, effective as of the first day written above.

POLO RALPH LAUREN CORPORATION

By: /s/ Ralph Lauren

Name: Ralph Lauren
Title: Chairman and CEO

Date: April 12, 2000

/s/ Roger N. Farah

Executive: ROGER N. FARAH

Date: April 12, 2000

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") made effective as of the 1st day of April, 2000, by and between Polo Ralph Lauren Corporation, a Delaware corporation (the "Corporation"), and Victor Cohen (the "Executive").

WHEREAS, the Executive has been employed by the Corporation as its Executive Vice President, General Counsel, Secretary and Chief Legal Officer;

WHEREAS, the Corporation would like to continue the Executive in such positions, and Executive wishes to remain employed in such positions; and

WHEREAS, the Corporation and the Executive wish to enter into an employment agreement effective as of the date hereof and intend this Agreement to supersede all prior agreements between the Corporation and Executive;

NOW, THEREFORE, intending to be bound the parties hereby agree as follows with effect from the date first above written.

1. Employment/Prior Agreement. The Corporation hereby agrees to employ the Executive, and the Executive hereby agrees to serve the Corporation, on the terms and conditions set forth herein. From and after the date hereof, the terms of this Agreement shall supersede in all respects the terms of any prior arrangement or agreement, if any, dealing with the matters herein.

2. Term. The employment of the Executive by the Corporation as provided in Section 1 pursuant to this Agreement will be effective on the date hereof. The term of the Executive's employment under this Employment Agreement shall continue until the close of business of the third anniversary of the date of this Agreement, subject to earlier termination in accordance with the terms of this Agreement (the "Term"). The Term shall be automatically extended for successive one-year periods thereafter unless either party notifies the other in writing of its intention not to so extend the Term at least 180 days prior to the commencement of the next scheduled one year extension (a "NonExtension Notice").

3. Position and Duties. The Executive shall serve as the Corporation's Executive Vice President, General Counsel, Secretary and Chief Legal Officer. The Executive shall report to the Office of the Chairman, and shall have such responsibilities and duties as may be assigned to Executive from time to time, which are not inconsistent with Executive's positions. The Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Corporation.

4. Compensation and Related Matters.

(a) Salary and Incentive Bonus

(i) Salary. During the Term, Executive's annual

salary shall be determined prior to the beginning of each year by the Compensation Committee of the Corporation; provided that such salary may not be decreased from the level set at any time by the Compensation Committee. Such salary shall be paid in substantially equal installments on a basis consistent with the Corporation's payroll practices. Executive's salary as in effect from time to time is hereinafter referred to as the "Salary".

(ii) Incentive Bonus. Executive shall participate in the Corporation's Executive Incentive Plan (the "EIP"), and any substitute therefor, and be eligible to earn an annual cash bonus for each fiscal year during the term of this Agreement (the "Annual Incentive Bonus"). During the Term, Executive's Annual Incentive Bonus opportunity shall range, subject to achieving pre-established performance goals, from 50% of Executive's Salary (the "Target Bonus Opportunity") at target performance to 100% of Executive's Salary based upon the extent to which corporate or other performance goals established by the Compensation Committee (the "Compensation Committee") of the Corporation's Board of Directors (the "Board") are achieved. The Annual Incentive Bonus, if any, payable to the Executive in respect of each fiscal year will be paid at the same time that annual bonuses are paid to other executives under the EIP. Notwithstanding any provision of this Agreement to the contrary, Executive's entitlement to payment of an Annual Incentive Bonus during any period when the compensation payable to the Executive pursuant to this Agreement is subject to the deduction limitations of section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), shall be subject to shareholder approval of a plan or arrangement evidencing such Annual Incentive Bonus opportunity that complies with the requirements of section 162(m) of the Code.

(b) Expenses. During the term of the Executive's employment hereunder, the Executive shall be entitled to receive prompt reimbursement for all reasonable and customary expenses incurred by the Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Corporation, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Corporation.

(c) Other Benefits. During the term of the Executive's employment hereunder, the Executive shall be entitled to participate in or receive benefits under any medical, pension, profit sharing or other employee benefit plan or arrangement generally made available by the Corporation now or in the future to its executives and key management employees (or to their family members), subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. Nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the Salary or Annual Incentive Bonuses payable to the Executive pursuant to paragraph (a) of this Section.

(d) Vacations. The Executive shall be entitled to reasonable vacations consistent with the Corporation's past practice.

(e) Options. Executive shall be entitled to annual grants of stock options to purchase shares of the Corporation's Class A Common Stock,

pursuant to the terms of the Corporation's 1997 Long-Term Stock Incentive Plan, on the same basis as grants generally are made available to the Corporation's executives at the level of Group President/President. The determination whether to make such grants, individually and/or as a group, and the amount thereof shall be in the sole discretion of the Compensation Committee. Options granted to the Executive pursuant to the foregoing will vest and become exercisable ratably over three (3) years on each of the first three anniversaries of the date of grant, subject to the Executive's continued employment through each vesting date, and will have an exercise price equal to the fair market value per share as of the date of grant.

5. Termination.

(a) Termination by Corporation. The Executive's employment hereunder may be terminated at any time with or without Cause.

(b) Termination by the Executive. The Executive may terminate his employment hereunder with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean (A) a material diminution in or adverse alteration to Executive's title, positions or duties as set forth in Section 3 herein, (B) a reduction in the Executive's Salary or Annual Incentive Bonus opportunity or the Corporation's electing to eliminate the EIP without substituting therefor a plan which provides for a reasonably comparable Annual Incentive Bonus opportunity or the Executive's ceasing to be entitled to the payment of an Annual Incentive Bonus as a result of the failure of the Corporation's shareholders to approve a plan or arrangement evidencing such Annual Incentive Bonus in a manner that complies with the requirements of section 162(m) of the Code, (C) the relocation of Executive's principal office outside of the area which comprises a fifty (50) mile radius from New York City or (D) a failure of the Corporation to comply with any material provision of this Agreement; provided that the events described in clauses (A), (B), (C) and (D) above shall not constitute Good Reason unless and until such diminution, change, reduction or failure (as applicable) has not been cured within thirty (30) days after notice of such noncompliance has been given by the Executive to the Corporation.

(c) Any termination of the Executive's employment by the Corporation or by the Executive (other than termination pursuant to Section 6(d)(i) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 10 hereof. A "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

6. Compensation Upon Termination. The provisions of this Section 6 shall exclusively govern the Executive's rights hereunder upon termination of employment with the Corporation and its affiliates; provided that the nothing in this Agreement shall adversely affect the Executive's rights, if any, following such termination of employment under the Corporation's employee benefit plans and policies.

(a) If the Corporation shall terminate the Executive's employment for any reason other than an Enumerated Reason as set forth in Section

6(d) hereof and other than due to the Corporation's election not to extend the Term of this Agreement by delivery of a NonExtension Notice as contemplated by Section 2, or if the Executive resigns for Good Reason pursuant to Section 5(b) hereof, then so long as the Executive complies with Section 8 hereof the Executive shall be entitled to the following:

(i) an amount equal to the greater of:

(A) the sum of (I) two (2) times the Executive's Salary at the rate in effect on such date (unless employment is terminated by the Executive for Good Reason pursuant to Section 5(b) hereof as a result of a Salary reduction, in which case, at the rate in effect prior to such reduction), plus (II) one (1) times the "Average Annual Incentive Bonus" (which term shall mean the average of the Annual Incentive Bonuses paid to the Executive over the preceding two fiscal years or, if the Executive was not eligible to earn an Annual Incentive Bonus hereunder during one or both of the preceding two fiscal years, then based on the Annual Incentive Bonus paid in the prior fiscal year, if the Executive was so eligible, or if the Executive was not so eligible, then based on the Target Bonus Opportunity); plus (III) a pro rata Average Annual Incentive Bonus for the fiscal year of termination and based upon the percentage of the fiscal year in which such termination occurs that shall have elapsed through the date of termination (a "Pro Rata Annual Incentive Bonus")); and

(B) the sum of (I) three (3) minus the number of years (including fractions thereof) that shall have elapsed from the date of this Agreement times the Executive's Salary at the rate in effect on such date (unless employment is terminated by the Executive for Good Reason pursuant to Section 5(b) hereof as a result of a Salary reduction, in which case, at the rate in effect prior to such reduction), plus (II) one (1) times the Average Annual Incentive Bonus; plus (III) a Pro Rata Annual Incentive Bonus for the year of termination.

Any amounts paid pursuant to either clause (A) or clause (B) above shall be paid in equal monthly installments from the date of termination for a period of two (2) years in the case of clause (A) above and for a period of up to three (3) years less the number of years (including fractions thereof) which shall have elapsed from the date of this Agreement in the case of clause (B) above (such periods, whichever is applicable, hereinafter referred to as the "Severance Period"), except that the Pro Rata Annual Incentive Bonus shall be paid in a lump sum in cash within thirty (30) days following the date of the Executive's termination of employment.

(ii) Continued participation in the Corporation's health benefit plans during the Severance Period; provided that if the Executive is provided with coverage by a successor employer, any such coverage by the Corporation shall cease;

(iii) Continued use of the Corporation automobile or payment of Executive's automobile allowance, as applicable, until expiration of the Severance Period or until Executive secures new

employment, whichever first occurs;

(iv) Waiver of collateral interest securing return to the Corporation of premiums paid by the Corporation for the Executive's existing split dollar life insurance policy;

(v) If a Change of Control shall have occurred prior to the date of termination, the Executive shall be entitled at his option, exercisable in writing within fifteen days of the date of termination, to receive the equivalent of the Salary and Annual Incentive Bonus payments pursuant to subsection (i) above in two equal lump sum installments, the first payable within 30 days of the date of termination and the second on the first anniversary of the date of termination. As used herein, the term "Change of Control" shall mean Ralph Lauren or members of his family (or trusts or entities created for their benefit) no longer control 50% or more of the voting power of the then outstanding securities of the Corporation entitled to vote for the election of the Corporation's directors; and

(vi) Except as provided in this Section 6(a), the Corporation will have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(a). In addition to the foregoing, the Corporation will provide to the Executive, at the Executive's request, reasonable outplacement services consistent with the Corporation's past practices for other former executives (the "Outplacement Benefit"). The Corporation anticipates that health benefits made available pursuant to clause (ii) above will be provided in accordance with applicable COBRA provisions. The Corporation shall waive or pay for any COBRA premiums otherwise payable by the Executive. In the event COBRA coverage expires, Corporation shall in lieu of such coverage at its option provide alternative coverage or reimburse the Executive for the actual costs incurred by Executive for alternative coverage, for the remaining portion of the Severance Period during which Executive would otherwise be entitled to continued health benefits.

(b) If the Executive's employment is terminated by his death or by the Corporation due to the Executive's Disability (as defined below), the Corporation shall pay any amounts due to the Executive through the date of his death or the date of his termination due to Disability, including a Pro Rata Annual Incentive Bonus for the year of termination. Except as provided in this Section 6(b), the Corporation will have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(b).

(c) If the Executive's employment shall be terminated by the Corporation pursuant to Section 6(d)(iii) for Cause or by the Executive for other than Good Reason, the Corporation shall pay the Executive his full Salary through the date of termination at the rate in effect prior to such termination and, except as provided in this Section 6(c), the Corporation shall have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(c).

(d) The term "Enumerated Reason" with respect to termination by the Corporation of the Executive's employment shall mean any one of the following reasons:

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties hereunder on a full-time basis for the entire period of six consecutive months, and within thirty (30) days after written Notice of Termination is given (which Notice of Termination may be given before or after the end of such six-month period; provided that the termination would not be effective until the end of such six-month period) shall not have returned to the performance of his duties hereunder on a full-time basis (a "Disability"), the Corporation may terminate the Executive's employment hereunder.

(iii) Cause. The Corporation shall have "Cause" to terminate the Executive's employment hereunder upon (1) the willful and continued failure by the Executive to substantially perform his duties hereunder after demand for substantial performance is delivered to him by the Corporation that specifically identifies the manner in which the Corporation believes the Executive has not substantially performed his duties, or (2) Executive's conviction of, or plea of nolo contendere to, a crime (whether or not involving the Corporation) constituting any felony or (3) the willful engaging by the Executive in gross misconduct relating to the Executive's employment that is materially injurious to the Corporation, monetarily or otherwise (including, but not limited to, conduct that constitutes competitive activity, in violation of Section 8) or which subjects, or if generally known, would subject the Corporation to public ridicule or embarrassment. For purposes of this paragraph, no act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Corporation. Notwithstanding the foregoing, the Executive's employment may be terminated for Cause only by act of the Board of Directors of the Corporation and, in any event, the Executive's employment shall not be deemed to have been terminated for Cause without (x) reasonable written notice to the Executive setting forth the reasons for the Corporation's intention to terminate for Cause, (y) the opportunity to cure (if curable) within 10 days of such written notice of the event(s) giving rise to such notice, and (z) an opportunity for the Executive, together with his counsel, to be heard by the Board of Directors of the Corporation.

(e) If the Executive's employment with the Corporation shall terminate due to the Corporation's or the Executive's election not to extend the Term of this Agreement by delivery of a NonExtension Notice as contemplated by Section 2, then the Executive shall be entitled to receive his full Salary through the date of termination plus the Annual Incentive Bonus, if any, that Executive would have been entitled to receive had he remained in the Corporation's employment

through the end of its fiscal year, prorated to the date of termination. Such prorated Annual Incentive Bonus shall be payable at the same time as the Corporation pays annual bonuses to other executives under the EIP. In addition, if the Corporation was the party that so elected not to extend the Term of this Agreement as described above, then the Executive shall be entitled to receive the Outplacement Benefit and an amount, payable in equal monthly installments over a one-year period, equal to the sum of (x) his Salary, plus (y) one (1) times the Average Annual Incentive Bonus. Except as provided in this Section 6(e), the Corporation shall have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(e).

(f) As a condition precedent to receipt of the payments provided for Sections 6(a) and 6(e), Executive shall be required to execute a general release in favor of the Corporation, excluding only the payments remaining to be made pursuant to such Sections.

(g) Notwithstanding the foregoing, (A) in the event the Corporation (or its successor) and the Executive both determine, based upon the advice of the independent public accountants for the Corporation, that part or all of the consideration, compensation or benefits to be paid to the Executive under this Agreement constitute "parachute payments" under Section 280G(b)(2) of the Internal Revenue Code of 1986, as amended, then, if the aggregate present value of such parachute payments, singularly or together with the aggregate present value of any consideration, compensation or benefits to be paid to the Executive under any other plan, arrangement or agreement which constitute "parachute payments" (collectively, the "Parachute Amount") exceeds 2.99 times the Executive's "base amount", as defined in Section 280G(b)(3) of the Code (the "Executive Base Amount"), the amounts constituting "parachute payments" which would otherwise be payable to or for the benefit of the Executive shall be reduced to the extent necessary so that the Parachute Amount is equal to 2.99 times the Executive Base Amount (the "Reduced Amount"); provided that such amounts shall not be so reduced if the Executive determines, based upon the advice of an independent nationally recognized public accounting firm (which may, but need not be the independent public accountants of the Corporation), that without such reduction the Executive would be entitled to receive and retain, on a net after tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount which is greater than the amount, on a net after tax basis, that the Executive would be entitled to retain upon his receipt of the Reduced Amount.

(B) If the determination made pursuant to clause (A) above results in a reduction of the payments that would otherwise be paid to the Executive except for the application of this Section 6(g), then the Executive may then elect, in his sole discretion, which and how much of any particular entitlement shall be eliminated or reduced and shall advise the Corporation in writing of his election within ten days of the determination of the reduction in payments. If no such election is made by the Executive within such ten-day period, the Corporation may elect which and how much of any entitlement shall be eliminated or reduced and shall notify the Executive promptly of such election. Within ten days following such determination and the elections hereunder, the Corporation shall pay or distribute to or for the benefit of the Executive such amounts as are then due to the Executive under this Agreement and shall promptly pay or distribute to or for the benefit of the

Executive in the future such amounts as become due to the Executive under this Agreement.

(C) As a result of the uncertainty in the application of Section 280G of the Code at the time of a determination hereunder, it is possible that payments will be made by the Corporation which should not have been made under clause (A) of this Section 6(g) ("Overpayment") or that additional payments which are not made by the Corporation pursuant to clause (A) of this Section 6(g) should have been made ("Underpayment"). In the event that there is a final determination by the Internal Revenue Service, a final determination by a court of competent jurisdiction or a change in the provisions of the Code or regulations pursuant to which an Overpayment arises, any such Overpayment shall be treated for all purposes as a loan to the Executive which the Executive shall repay to the Corporation together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code. In the event that there is a final determination by the Internal Revenue Service, a final determination by a court of competent jurisdiction or a change in the provisions of the Code or regulations pursuant to which an Underpayment arises under this Agreement, any such Underpayment shall be promptly paid by the Corporation to or for the benefit of the Executive, together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

7. Mitigation. The Executive shall have no duty to mitigate the payments provided for in Section 6 by seeking other employment or otherwise and such payment shall not be subject to reduction for any compensation received by the Executive from employment in any capacity following the termination of the Executive's employment with the Corporation.

8. Noncompetition.

(a) The Executive agrees that for the duration of his employment and for a period two (2) years from the date of termination thereof and during any Severance Period, he will not, on his own behalf or on behalf of any other person or entity, hire, solicit, or encourage to leave the employ of the Corporation or its subsidiaries, affiliates or licensees any person who is an employee of any of such companies.

(b) The Executive agrees that for the duration of his employment and for a period of two (2) years from the date of termination thereof and during any Severance Period, the Executive will take no action which is intended, or would reasonably be expected, to harm (e.g. making public derogatory statements or misusing confidential Corporation information, it being acknowledged that the Executive's employment with a competitor in and of itself shall not be deemed to be harmful to the Corporation for purposes of this Section 8(b)) the Corporation or any of its subsidiaries, affiliates or licensees or their reputation.

(c) The Executive agrees that during the duration of his employment and;

(i) in the event of the Executive's termination of employment due to the Executive's resignation without Good Reason, until the later of (x) three (3) years from the date of this Agreement and (y) twelve

(12) months from the date of such termination of employment;
and

(ii) in the event of the Executive's termination of employment by the Corporation without Cause or the Executive's resignation for Good Reason pursuant to Section 5(b), for twelve (12) months from the date of such termination of employment; and

(iii) in the event of the Executive's termination of employment by the Corporation for Cause, at the election of the Corporation in consideration for the payment to the Executive of an amount equal to one twelfth (1/12) the Executive's Salary and Annual Incentive Bonus (equal to the average of the Annual Incentive Bonuses paid to the Executive over the preceding two years) for each month within such period, for a period of up to twelve (12) months from the date of such termination of employment,

then, during the period specified in clause (i), (ii) or (iii) above, as applicable, the Executive shall not, directly or indirectly, (A) engage in any "Competitive Business" (as defined below) for his own account, (B) enter into the employ of, or render any services to, any person engaged in a Competitive Business, or (C) become interested in any entity engaged in a Competitive Business, directly or indirectly as an individual, partner, shareholder, officer, director, principal, agent, employee, trustee, consultant, or in any other relationship or capacity; provided that nothing shall prevent the Executive from providing legal services in private practice; provided, further, that the Executive may own, solely as an investment, securities of any entity which are traded on a national securities exchange if the Executive is not a controlling person of, or a member of a group that controls such entity and does not, directly or indirectly, own 2% or more of any class of securities of such entity.

For purposes of this Agreement the term "Competitive Business" shall mean a business which competes with the Corporation or its subsidiaries, affiliates or licensees, and shall include, without limitation, those brands and companies that the Corporation and the Executive have jointly designated in writing on the date hereof as being in competition with the Corporation as of the date hereof. The term Competitive Business is not intended to include the business of a competitor of a licensee whose business does not involve or compete with the licensed businesses of the Corporation or its subsidiaries and affiliates.

(d) The Executive will not at any time (whether during or after his employment with the Corporation) disclose or use for his own benefit or purposes or the benefit or purposes of any other person, entity or enterprise, other than the Corporation or any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Corporation generally, or any subsidiary, affiliate or licensee of the Corporation; provided that the foregoing shall not apply to information which is not unique to the Corporation or which is generally known to the industry or the public other than as a result of the Executive's breach of this covenant. The Executive agrees that upon termination of his employment with the Corporation for any reason, he will return to the Corporation immediately all memoranda, books, papers, plans, information, letters and other data, and all copies

thereof or therefrom, in any way relating to the business of the Corporation or its subsidiaries or affiliates or licensees.

(e) If the Executive breaches, or threatens to commit a breach of, any of the provisions of this Section 8 (the "Restrictive Covenants"), the Corporation shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Corporation under law or equity:

(i) The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Corporation and that money damages will not provide an adequate remedy to the Corporation;

(ii) The right and remedy to require the Executive to account for and pay over to the Corporation all compensation, profits, monies, accruals, increments or other benefits (collectively, "Benefits") derived or received by the Executive as the result of any transactions constituting a breach of any of the Restrictive Covenants, and the Executive shall account for and pay over such Benefits to the Corporation; and

(iii) The right to discontinue the payment of any amounts owing to the Executive under the Agreement. To the extent Executive disputes the discontinuance of any payments hereunder, such payments shall be segregated and deposited in an interest bearing account pending resolution of the dispute.

(f) If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portion. In addition, if any court construes any of the Restrictive Covenants, or any part thereof, to be unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

9. Successors; Binding Agreement.

(a) The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are payable to him hereunder all such amounts unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

10. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered with receipt acknowledged or five business days after having been mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Victor Cohen
1195 The Strand
Teaneck, NJ 07666

If to the Corporation:

Polo Ralph Lauren Corporation
650 Madison Avenue
New York, New York 10022
Attention: President

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer of the Corporation as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of law principles.

12. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the City of New York before a single arbitrator who shall be a retired federal judge in accordance with the then obtaining National Rules for the Resolution of Employment Disputes or, if such rules are no longer in effect the then obtaining employment rules of the American Arbitration Association. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Corporation shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of Section 8 of this Agreement and the Executive hereby consents that such restraining order or injunction be granted without the necessity of the Corporation's posting any bond, and provided further that the Executive shall be entitled to seek specific performance of his right to be paid during the pendency of any dispute or controversy arising under or in connection with this Agreement. Fees and expenses payable to the American Arbitration Association and the arbitrator shall be shared equally by the Corporation and by the Executive, but the parties shall otherwise bear their own costs in connection with the arbitration; provided that the arbitrator shall be entitled to include as part of the award to the prevailing party the reasonable legal fees and expenses incurred by such party in an amount not to exceed \$50,000.

15. Withholding. The Corporation may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to applicable law or regulation.

16. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be duly executed and the Executive has hereunto set his hand, effective as of the first day written above.

POLO RALPH LAUREN CORPORATION

By: /s/ Lance Isham

Name: Lance Isham
Title: President and Chief Operating Officer
Date: April 1, 2000

/s/ Victor Cohen

Executive: VICTOR COHEN
Date: April 1, 2000

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (the "Agreement") made effective as of the 1st day of January, 2000, by and between Polo Ralph Lauren Corporation, a Delaware corporation (the "Corporation"), and Douglas L. Williams (the "Executive").

WHEREAS, the Executive has been employed by the Corporation as its President, Global Licensing and New Business Development;

WHEREAS, the Company has offered to Executive the position of Group President, Global Business Development, and Executive wishes to accept such position; and

WHEREAS, the Corporation and the Executive wish to enter into an employment agreement effective as of the date hereof and intend this Agreement to supersede all prior agreements between the Corporation and Executive;

NOW, THEREFORE, intending to be bound the parties hereby agree as follows with effect from the date first above written.

1. Employment/Prior Agreement. The Corporation hereby agrees to employ the Executive, and the Executive hereby agrees to serve the Corporation, on the terms and conditions set forth herein. From and after the date hereof, the terms of this Agreement shall supersede in all respects the terms of any prior arrangement or agreement, if any, dealing with the matters herein.

2. Term. The employment of the Executive by the Corporation as provided in Section 1 pursuant to this Agreement will be effective on the date hereof. The term of the Executive's employment under this Employment Agreement shall continue until the close of business of the fifth anniversary of the date of this Agreement, subject to earlier termination in accordance with the terms of this Agreement (the "Term"). The Term shall be automatically extended for successive one year periods thereafter unless either party notifies the other in writing of its intention not to so extend the Term at least 180 days prior to the commencement of the next scheduled one year extension.

3. Position and Duties. The Executive shall serve as Group President, Global Business Development, with oversight responsibility for the Corporation's European operations, its product and international licensing group and for development of strategic business initiatives, along with such other responsibilities and duties as may be assigned to Executive from time to time. The Executive shall devote substantially all of Executive's working time and efforts to the business and affairs of the Corporation.

4. Compensation and Related Matters.

(a) Salary and Incentive Bonus

(i) Salary. For fiscal 2000, Executive's annual salary shall be at the rate of \$500,000 until September 13, 1999 and thereafter during the term of this Agreement at a rate of not less than \$700,000. Such salary shall be paid in substantially equal installments on a basis consistent with the Corporation's payroll practices and shall be subject to annual increases, if any, as may be determined in the sole discretion of the Corporation.

(ii) Incentive Bonus. Executive shall participate in the Corporation's Executive Incentive Plan (the "EIP"), and any substitute therefor, and be eligible to earn an annual cash bonus for each fiscal year during the term of this Agreement (the "Bonus"). For fiscal year 2000 Executive's Bonus opportunity shall range from 50% to 100% of Executive's annual salary based upon the extent to which corporate performance goals (and those of the product licensing/international division) established by the Compensation Committee (the "Compensation Committee") of the Corporation's Board of Directors (the "Board") are achieved. For fiscal 2001 and for each fiscal year thereafter Executive's Bonus opportunity shall range from 75% to 150% of Executive's annual salary. Executive's bonus in each year shall be subject to upward or downward adjustment based upon achievement of any strategic goals set or approved by the Compensation Committee for Executive's operating unit in accordance with the EIP. The Bonus, if any, payable to the Executive in respect of each fiscal year will be paid at the same time that bonuses are paid to other executives under the EIP. Notwithstanding any provision of this Agreement to the contrary, Executive's entitlement to payment of an annual incentive bonus during any period when the compensation payable to the Executive pursuant to this Agreement is subject to the deduction limitations of section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), shall be subject to shareholder approval of a plan or arrangement evidencing such annual incentive bonus opportunity that complies with the requirements of section 162(m) of the Code.

(b) Expenses. During the term of the Executive's employment hereunder, the Executive shall be entitled to receive prompt reimbursement for all reasonable and customary expenses incurred by the Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Corporation, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Corporation.

(c) Other Benefits. During the term of the Executive's employment hereunder, the Executive shall be entitled to participate in or receive benefits under any medical, pension, profit sharing or other employee benefit plan or arrangement generally made available by the Corporation now or in the future to its executives and key management employees (or to their family members), subject to and on a basis consistent with the terms, conditions and overall administration of such plans and arrangements. Nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be deemed to be in lieu of the salary payable to the Executive pursuant to paragraph (a) of this Section.

(d) Vacations. The Executive shall be entitled to reasonable vacations consistent with past practice.

(e) Options. For fiscal 2000, Executive has been granted in June 1999 options to purchase 142,000 shares of the Corporation's Class A Common Stock pursuant to the terms of the Corporation's 1997 Long-Term Stock Incentive Plan. Executive was also granted with effect from October 1, 1999 additional options to purchase 58,000 shares. Executive shall thereafter, during at least fiscal year 2001, be eligible to receive grants of additional options at the level of a Group President, the determination whether to make such grants, individually and/or as a group, and the amount thereof being in the sole discretion of the Compensation Committee. Options granted to the Executive pursuant to the foregoing will vest and become exercisable ratably over three (3) years on each of the first three anniversaries of the date of grant, subject to the Executive's continued employment through each vesting date, and will have an exercise price equal to the fair market value per share as of the date of grant.

5. Termination.

(a) Termination by Corporation. The Executive's employment hereunder may be terminated at any time with or without Cause.

(b) Termination by the Executive. The Executive may terminate his employment hereunder with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean (A) a material diminution in or adverse alteration to Executive's title, position or duties, (B) a reduction in the Executive's salary or annual incentive bonus opportunity or the Corporation's electing to eliminate the EIP without substituting therefor a plan which provides for a reasonably comparable annual incentive bonus opportunity or the Executives ceasing to be entitled to the payment of an annual incentive bonus as a result of the failure of the Corporation's shareholders to approve a plan or arrangement evidencing such annual incentive bonus in a manner that complies with the requirements of section 162(m) of the Code, (C) the relocation of Executive's principal office outside of the area which comprises a fifty (50) mile radius from New York City or (D) a failure of the Corporation to comply with any material provision of this Agreement; provided that the events described in clauses (A), (B), (C) and (D) above shall not constitute Good Reason unless and until such diminution, change, reduction or failure (as applicable) has not been cured within thirty (30) days after notice of such noncompliance has been given by the Executive to the Corporation.

(c) Any termination of the Executive's employment by the Corporation or by the Executive (other than termination pursuant to Section 6(d)(i) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 10 hereof. If termination is pursuant to Sections 6(d)(ii)-(iii) or 5(b) hereof, the "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

6. Compensation Upon Termination.

(a) If the Corporation shall terminate the Executive's

employment for any reason other than an Enumerated Reason as set forth in Section 6(d) hereof and other than due to the Corporation's election not to extend the Term of this Agreement as contemplated by Section 2, or if the Executive resigns for Good Reason pursuant to Section 5(b) hereof, then so long as the Executive complies with Section 8 hereof the Executive shall be entitled to the following:

(i) an amount equal to the greater of:

(A) the sum of (I) two (2) times the Executive's salary at the rate in effect on such date (unless employment is terminated by the Executive for Good Reason pursuant to Section 5(b) hereof as a result of a salary reduction, in which case, at the rate in effect prior to such reduction), plus (II) the average of the annual incentive bonuses paid to the Executive over the preceding two years; plus a pro rata annual incentive bonus for the year of termination (based on the average of the annual incentive bonuses paid to the Executive over the preceding two years and based upon the percentage of the calendar year in which such termination occurs that shall have elapsed through the date of termination (a "Pro Rata Annual Incentive Bonus")); and

(B) the sum of (I) (five (5) minus the number of years (including fractions thereof) that shall have elapsed from the date of this Agreement times the Executive's salary at the rate in effect on such date (unless employment is terminated by the Executive for Good Reason pursuant to Section 5(b) hereof as a result of a salary reduction, in which case, at the rate in effect prior to such reduction), plus (II) the average of the annual incentive bonuses paid to the Executive over the preceding two (2) years; plus a Pro Rata Annual Incentive Bonus for the year of termination.

Any amounts paid pursuant to either clause (A) or clause (B) above shall be paid in equal monthly installments from the date of termination for a period two (2) years in the case of clause (A) above and for a period of up to five (5) years less the fraction of a year which shall have elapsed from the date of this Agreement in the case of clause (B) above (such periods, whichever is applicable, hereinafter referred to as the "Severance Period"), except that the Pro Rata Annual Incentive Bonus shall be paid in a lump sum in cash within thirty (30) days following the date of the Executive's termination of employment.

(ii) Continued participation in the Corporation's health benefit plans during the Severance Period; provided that if the Executive is provided with coverage by a successor employer, any such coverage by the Corporation shall cease;

(iii) Continued use of the Corporation automobile or payment of Executive's automobile allowance, as applicable, until expiration of the Severance Period or until Executive secures new employment, whichever first occurs;

(iv) Waiver of collateral interest securing return to the Corporation of premiums paid by the Corporation for the Executive's

existing split dollar life insurance policy;

(v) If a Change of Control shall have occurred prior to the date of termination, the Executive shall be entitled at his option, exercisable in writing within fifteen days of the date of termination, to receive the equivalent of the salary and bonus payments pursuant to subsection (i) above in two equal lump sum installments, the first payable within 30 days of the date of termination and the second on the first anniversary of the date of termination. As used herein, the term "Change of Control" shall mean Ralph Lauren or members of his family (or trusts or entities created for their benefit) no longer control 50% or more of the voting power of the then outstanding securities of the Corporation entitled to vote for the election of the Corporation's directors; and

(vi) Except as provided above, the Corporation will have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(a). The Corporation anticipates that health benefits made available pursuant to clause (ii) above will be provided in accordance with applicable COBRA provisions. The Corporation shall waive or pay for any COBRA premiums otherwise payable by Executive. In the event COBRA coverage expires, Corporation shall in lieu of such coverage at its option provide alternative coverage or reimburse Executive for the actual costs incurred by Executive for alternative coverage, for the remaining portion of the Severance Period during which Executive would otherwise be entitled to continued health benefits.

(b) If the Executive's employment is terminated by his death or by the Corporation due to the Executive's Disability (as defined below), the Corporation shall pay any amounts due to the Executive through the date of his death or the date of his termination due to Disability, including a Pro Rata Annual Incentive Bonus for the year of termination. The Corporation will have no further obligations to the Executive under this Agreement.

(c) If the Executive's employment shall be terminated by the Corporation pursuant to Section 6(d) (iii) for Cause or by the Executive for other than Good Reason, the Corporation shall pay the Executive his full salary through the date of termination at the rate in effect prior to such termination and the Corporation shall have no further obligations to the Executive under Section 6 of this Agreement or otherwise but the Executive shall be bound by Section 8 hereof as applicable.

(d) The term "Enumerated Reason" with respect to termination by the Corporation of the Executive's employment shall mean any one of the following reasons:

(i) Death. The Executive's employment hereunder shall terminate upon his death.

(ii) Disability. If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his duties hereunder on a full-time basis for the entire period of

six consecutive months, and within thirty (30) days after written Notice of Termination is given (which may occur before or after the end of such six month period) shall not have returned to the performance of his duties hereunder on a full-time basis (a "Disability"), the Corporation may terminate the Executive's employment hereunder.

(iii) Cause. The Corporation shall have "Cause" to terminate the Executive's employment hereunder upon (1) the willful and continued failure by the Executive to substantially perform his duties hereunder after demand for substantial performance is delivered by the Corporation that specifically identifies the manner in which the Corporation believes the Executive has not substantially performed his duties, or (2) Executive's conviction of, or plea of nolo contendere to, a crime (whether or not involving the Corporation) constituting any felony or (3) the willful engaging by the Executive in gross misconduct relating to the Executive's employment that is materially injurious to the Corporation, monetarily or otherwise (including, but not limited to, conduct that constitutes competitive activity, in violation of Section 8) or which subjects, or if generally known, would subject the Corporation to public ridicule or embarrassment. For purposes of this paragraph, no act, or failure to act, on the Executive's part shall be considered willful unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Corporation. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause without (x) reasonable written notice to the Executive setting forth the reasons for the Corporation's intention to terminate for Cause, (y) the opportunity to cure (if curable) within 10 days of such written notice of the event(s) giving rise to such notice, and (z) an opportunity for the Executive, together with his counsel, to be heard.

(e) If the Executive's employment with the Corporation shall terminate due to the Corporation's election not to extend the Term of this Agreement as contemplated by Section 2, Executive shall be entitled to receive an amount, payable in equal monthly installments over a one year period, equal to the sum of (x) his annual salary, plus (y) the average of the annual incentive bonuses paid to Executive over the two years preceding the date of termination. Except as provided in the foregoing sentence and in Section 6(f), the Corporation shall have no further obligations to the Executive under this Agreement following the Executive's termination of employment under the circumstances described in this Section 6(e).

(f) If the Executive's employment with the Corporation shall terminate due to either the Corporation's or Executive's election not to extend the Term of this Agreement as contemplated by Section 2, Executive shall be entitled to receive his full salary through the date of termination plus the Bonus, if any, that Executive would have been entitled to receive had he remained in the Corporation's employment through the end of its fiscal year, prorated to the date of termination. Such prorated Bonus shall be payable at the same time as the Corporation pays bonuses to other executives under the EIP.

(g) As a condition precedent to receipt of the payments provided for in Sections 6(a) and 6(e), Executive shall be required to execute a

general release in favor of the Corporation, excluding only the payments remaining to be made pursuant to such Sections.

7. Mitigation. The Executive shall have no duty to mitigate the payments provided for in Section 6(a) or 6(e) by seeking other employment or otherwise and such payment shall not be subject to reduction for any compensation received by the Executive from employment in any capacity following the termination of the Executive's employment with the Corporation.

8. Noncompetition.

(a) The Executive agrees that for the duration of his employment and for a period two (2) years from the date of termination thereof and during any Severance Period, he will not, on his own behalf or on behalf of any other person or entity, hire, solicit, or encourage to leave the employ of the Corporation or its subsidiaries, affiliates or licensees any person who is an employee of any of such companies.

(b) The Executive agrees that for the duration of his employment and for a period of two (2) years from the date of termination thereof and during any Severance Period, the Executive will take no action which is intended, or would reasonably be expected, to harm (e.g. making public derogatory statements or misusing confidential Corporation information, it being acknowledged that the Executive's employment with a competitor in and of itself shall not be deemed to be harmful to the Corporation for purposes of this Section 8(b)) the Corporation or any of its subsidiaries, affiliates or licensees or their reputation.

(c) The Executive agrees that during the duration of his employment and;

(i) in the event of the Executive's termination of employment due to the Executive's resignation without Good Reason, until the later of (x) three (3) years from the date of this Agreement and (y) twelve (12) months from the date of such termination of employment; and

(ii) in the event of the Executive's termination of employment by the Corporation without Cause or the Executive's resignation for Good Reason pursuant to Section 5(b), for twelve (12) months from the date of such termination of employment; and

(iii) in the event of the Executive's termination of employment by the Corporation for Cause, at the election of the Corporation in consideration for the payment to the Executive of an amount equal to one twelfth (1/12) the Executive's annual salary and annual incentive bonus (equal to the average of the annual incentive bonuses paid to the Executive over the preceding two years) for each month within such period, for a period of up to twelve (12) months from the date of such termination of employment,

then, during the period specified in clause (i), (ii) or (iii) above, as applicable, the Executive shall not, directly or indirectly, (A) engage in any "Competitive Business" (as defined below) for his own account, (B) enter into the employ of, or render any services to, any person engaged in a Competitive Business, or (C) become interested in any entity engaged in a Competitive Business, directly or indirectly as an individual, partner, shareholder, officer, director, principal, agent, employee, trustee, consultant, or in any other relationship or capacity; provided that the Executive may own, solely as an investment, securities of any entity which are traded on a national securities exchange if the Executive is not a controlling person of, or a member of a group that controls such entity and does not, directly or indirectly, own 2% or more of any class of securities of such entity.

For purposes of this Agreement the term "Competitive Business" shall mean a business which competes with the Corporation or its subsidiaries, affiliates or licensees, and shall include, without limitation, those brands and companies that the Corporation and the Executive have jointly designated in writing on the date hereof as being in competition with the Corporation as of the date hereof. The term Competitive Business is not intended to include the business of a competitor of a licensee whose business does not involve or compete with the licensed businesses of the Corporation or its subsidiaries and affiliates.

(d) The Executive will not at any time (whether during or after his employment with the Corporation) disclose or use for his own benefit or purposes or the benefit or purposes of any other person, entity or enterprise, other than the Corporation or any of its subsidiaries or affiliates, any trade secrets, information, data, or other confidential information relating to customers, development programs, costs, marketing, trading, investment, sales activities, promotion, credit and financial data, manufacturing processes, financing methods, plans or the business and affairs of the Corporation generally, or any subsidiary, affiliate or licensee of the Corporation; provided that the foregoing shall not apply to information which is not unique to the Corporation or which is generally known to the industry or the public other than as a result of the Executive's breach of this covenant. The Executive agrees that upon termination of his employment with the Corporation for any reason, he will return to the Corporation immediately all memoranda, books, papers, plans, information, letters and other data, and all copies thereof or therefrom, in any way relating to the business of the Corporation or its subsidiaries or affiliates or licensees.

(e) If the Executive breaches, or threatens to commit a breach of, any of the provisions of this Section 8 (the "Restrictive Covenants"), the Corporation shall have the following rights and remedies, each of which rights and remedies shall be independent of the other and severally enforceable, and all of which rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Corporation under law or equity:

(i) The right and remedy to have the Restrictive Covenants specifically enforced by any court having equity jurisdiction, it being acknowledged and agreed that any such breach or threatened breach will cause irreparable injury to the Corporation and that money damages will not provide an adequate remedy to the Corporation;

(ii) The right and remedy to require the Executive to account for and pay over to the Corporation all compensation, profits, monies, accruals, increments or other benefits (collectively, "Benefits") derived or received by the Executive as the result of any transactions constituting a breach of any of the Restrictive Covenants, and the Executive shall account for and pay over such Benefits to the Corporation; and

(iii) The right to discontinue the payment of any amounts owing to the Executive under the Agreement. To the extent Executive disputes the discontinuance of any payments hereunder, such payments shall be segregated and deposited in an interest bearing account pending resolution of the dispute.

(f) If any court determines that any of the Restrictive Covenants, or any part thereof, is invalid or unenforceable, the remainder of the Restrictive Covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portion. In addition, if any court construes any of the Restrictive Covenants, or any part thereof, to be unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

9. Successors; Binding Agreement.

(a) The Corporation will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Corporation to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Corporation would be required to perform it if no such succession had taken place. As used in this Agreement, "Corporation" shall mean the Corporation as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 9 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

(b) This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts are payable to him hereunder all such amounts unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

10. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered with receipt acknowledged or five business days after having been mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Douglas L. Williams
42 Pheasant Run Road
Wilton, Connecticut 06897

with a copy to:

Morrison Cohen Singer & Weinstein, LLP
750 Lexington Avenue
New York, New York 10022
Attention: Jeffrey P. Englander, Esq.

If to the Corporation:

Polo Ralph Lauren Corporation
650 Madison Avenue
New York, New York 10022
Attention: General Counsel

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

11. Miscellaneous. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer of the Corporation as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York without regard to its conflicts of law principles.

12. Validity. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

14. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in the City of New York before a single arbitrator who shall be a retired federal judge in accordance with the then obtaining National Rules for the Resolution of Employment Disputes or, if such rules are no longer in effect the then obtaining employment rules of the American Arbitration Association. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that the Corporation shall

be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of the provisions of Section 8 of this Agreement and the Executive hereby consents that such restraining order or injunction be granted without the necessity of the Corporation's posting any bond, and provided further that the Executive shall be entitled to seek specific performance of his right to be paid during the pendency of any dispute or controversy arising under or in connection with this Agreement. Fees and expenses payable to the American Arbitration Association and the arbitrator shall be shared equally by the Corporation and by the Executive, but the parties shall otherwise bear their own costs in connection with the arbitration; provided that the arbitrator shall be entitled to include as part of the award to the prevailing party the reasonable legal fees and expenses incurred by such party in an amount not to exceed \$50,000.

15. Withholding. The Corporation may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to applicable law or regulation.

16. Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be duly executed and the Executive has hereunto set his hand, effective as of the first day written above.

POLO RALPH LAUREN CORPORATION

By: /s/ Lance Isham

Name: Lance Isham
Title: President and Chief Operating Officer
Date: February 2, 2000

/s/ Douglas L. Williams

Executive: Douglas L. Williams
Date: February 1, 2000_____

POLO RALPH LAUREN CORPORATION
SIGNIFICANT SUBSIDIARIES

All the significant subsidiaries are wholly-owned by Polo Ralph Lauren Corporation and/or one or more of its wholly-owned subsidiaries.

Name	Jurisdiction in which Organized
Fashions Outlet of America, Inc.	Delaware
PRL USA Holdings, Inc.	Delaware
PRL International, Inc.	Delaware
Acqui Polo, C.V.	Netherlands

YEAR
APR-01-2000
APR-01-2000
164,571
0
221,078
16,631
390,953
852,891
605,904
232,927
1,620,562
406,228
262,707
0
0
1,004
771,433
1,620,562
1,712,375
1,955,528
1,002,390
1,002,390
689,227
0
15,025
248,886
101,422
147,464
0
0
3,967
143,497
1.45
1.45