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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 29, 2012

or

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

Commission File Number: 001-13057

Ralph Lauren Corporation
(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

At October 26, 2012, 60,653,730 shares of the registrant's Class A common stock, $.01 par value, and 30,831,276 shares of the registrant's Class B common stock, $.01 par value, were outstanding.

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RALPH LAUREN CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 29, 2012	March 31, 2012
	(millions) (unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 543.7	$ 671.6
Short-term investments	469.1	515.7
Accounts receivable, net of allowances of $267.6 million and $262.7 million	606.8	547.2
Inventories	1,060.2	841.6
Income tax receivable	22.2	17.2
Deferred tax assets	123.5	125.6
Prepaid expenses and other	177.5	181.0
Total current assets	3,003.0	2,899.9
Non-current investments	84.9	99.9
Property and equipment, net	911.9	884.1
Deferred tax assets	34.8	39.8
Goodwill	1,014.0	1,004.0
Intangible assets, net	349.7	359.0
Other assets	125.2	129.7
Total assets	$ 5,523.5	$ 5,416.4
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 224.4	$ 180.6
Income tax payable	35.1	71.9
Accrued expenses and other	698.6	693.7
Total current liabilities	958.1	946.2
Long-term debt	265.8	274.4
Non-current liability for unrecognized tax benefits	186.5	168.0
Other non-current liabilities	376.7	375.3
Commitments and contingencies (Note 12)		
Total liabilities	1,787.1	1,763.9
Equity:		
Class A common stock, par value $.01 per share; 92.3 million and 91.1 million shares issued; 60.7 million and 61.9 million shares outstanding	0.9	0.9
Class B common stock, par value $.01 per share; 30.8 million shares issued and outstanding	0.3	0.3
Additional paid-in-capital	1,719.6	1,624.0
Retained earnings	4,376.5	4,042.4
Treasury stock, Class A, at cost (31.6 million and 29.2 million shares)	(2,558.4)	(2,211.7)
Accumulated other comprehensive income	197.5	196.6
Total equity	3,736.4	3,652.5
Total liabilities and equity	$ 5,523.5	$ 5,416.4

See accompanying notes.

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RALPH LAUREN CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions, except per share data) (unaudited)			
Net sales	$ 1,815.4	$ 1,856.8	$ 3,366.8	$ 3,343.3
Licensing revenue	46.6	47.8	88.6	87.7
Net revenues	1,862.0	1,904.6	3,455.4	3,431.0
Cost of goods sold[(a)]	(766.7)	(826.0)	(1,368.0)	(1,390.9)
Gross profit	1,095.3	1,078.6	2,087.4	2,040.1
Other costs and expenses:				
Selling, general and administrative expenses[(a)]	(740.2)	(720.3)	(1,433.6)	(1,392.6)
Amortization of intangible assets	(6.8)	(7.5)	(13.5)	(14.6)
Total other costs and expenses	(747.0)	(727.8)	(1,447.1)	(1,407.2)
Operating income	348.3	350.8	640.3	632.9
Foreign currency gains (losses)	(0.5)	1.8	(3.1)	(2.0)
Interest expense	(5.4)	(6.4)	(10.9)	(12.5)
Interest and other income, net	1.3	2.4	2.6	6.6
Equity in income (loss) of equity-method investees	(1.5)	(1.1)	(2.8)	(3.0)
Income before provision for income taxes	342.2	347.5	626.1	622.0
Provision for income taxes	(128.5)	(114.0)	(219.0)	(204.4)
Net income attributable to RLC	$ 213.7	$ 233.5	$ 407.1	$ 417.6
Net income per common share attributable to RLC:				
Basic	$ 2.34	$ 2.53	$ 4.44	$ 4.49
Diluted	$ 2.29	$ 2.46	$ 4.32	$ 4.35
Weighted average common shares outstanding:				
Basic	91.3	92.2	91.7	93.1
Diluted	93.4	94.9	94.2	95.9
Dividends declared per share	$ 0.40	$ 0.20	$ 0.80	$ 0.40
[(a)] Includes total depreciation expense of:	$ (50.5)	$ (48.5)	$ (99.9)	$ (96.8)

See accompanying notes.

RALPH LAUREN CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions) (unaudited)			
Net income attributable to RLC	$ 213.7	$ 233.5	$ 407.1	$ 417.6
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	42.2	(25.7)	0.9	6.7
Net realized and unrealized gains (losses) on derivatives	(9.2)	33.5	(3.3)	25.4
Net realized and unrealized gains (losses) on available-for-sale investments	3.5	(0.1)	3.6	(0.1)
Net realized and unrealized gains (losses) on defined benefit plans	(0.4)	(0.3)	(0.3)	(0.4)
Other comprehensive income, net of tax	36.1	7.4	0.9	31.6
Total comprehensive income attributable to RLC	$ 249.8	$ 240.9	$ 408.0	$ 449.2

See accompanying notes.

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RALPH LAUREN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended	
	September 29, 2012	October 1, 2011
	(millions) (unaudited)	
Cash flows from operating activities:		
Net income	$ 407.1	$ 417.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	113.4	111.4
Deferred income tax expense (benefit)	5.3	(13.7)
Equity in loss of equity-method investees, net of dividends received	2.8	3.0
Non-cash stock-based compensation expense	42.8	34.0
Excess tax benefits from stock-based compensation arrangements	(26.4)	(21.2)
Other non-cash charges (benefits), net	(1.4)	0.6
Changes in operating assets and liabilities:		
Accounts receivable	(55.8)	(195.8)
Inventories	(215.8)	(284.4)
Accounts payable and accrued liabilities	36.6	32.7
Income tax receivables and payables	(10.3)	184.9
Deferred income	(15.8)	(8.6)
Other balance sheet changes	24.2	23.0
Net cash provided by operating activities	306.7	283.5
Cash flows from investing activities:		
Acquisitions and ventures, net of cash acquired and purchase price settlements	(9.9)	(7.9)
Purchases of investments	(609.1)	(792.9)
Proceeds from sales and maturities of investments	647.6	880.3
Capital expenditures	(117.3)	(92.4)
Change in restricted cash deposits	7.1	0.3
Net cash used in investing activities	(81.6)	(12.6)
Cash flows from financing activities:		
Proceeds from credit facilities	—	107.7
Repayments of borrowings on credit facilities	—	(7.7)
Payments of capital lease obligations	(4.6)	(4.2)
Payments of dividends	(55.0)	(37.4)
Repurchases of common stock, including shares surrendered for tax withholdings	(346.7)	(417.8)
Proceeds from exercise of stock options	26.4	29.5
Excess tax benefits from stock-based compensation arrangements	26.4	21.2
Payment on interest rate swap termination	—	(7.6)
Other financing activities	—	0.2
Net cash used in financing activities	(353.5)	(316.1)
Effect of exchange rate changes on cash and cash equivalents	0.5	(0.1)
Net decrease in cash and cash equivalents	(127.9)	(45.3)
Cash and cash equivalents at beginning of period	671.6	453.0
Cash and cash equivalents at end of period	$ 543.7	$ 407.7

See accompanying notes.

RALPH LAUREN CORPORATION

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

1. Description of Business

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

The Company classifies its businesses into three segments: Wholesale, Retail and Licensing. The Company's wholesale sales are made principally to major department stores and specialty stores located throughout North America, Europe, Asia and South America. The Company also sells directly to consumers through retail stores located throughout North America, Europe, Asia and South America; through concessions-based shop-within-shops located primarily in Asia and Europe; and through its retail e-commerce channel in North America, Europe and Asia. The Company also licenses the right to unrelated third parties to operate retail stores and to use its various trademarks in connection with the manufacture and sale of designated products, such as apparel, eyewear and fragrances, in specified geographical areas for specified periods.

2. Basis of Presentation

Interim Financial Statements

The interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). The interim consolidated financial statements are unaudited. In the opinion of management, however, such consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the consolidated financial condition, results of operations, comprehensive income and changes in cash flows of the Company for the interim periods presented. In addition, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the U.S. ("US GAAP") have been condensed or omitted from this report as is permitted by the SEC's rules and regulations. However, the Company believes that the disclosures herein are adequate to make the information presented not misleading.

The consolidated balance sheet data as of March 31, 2012 is derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K filed with the SEC for the fiscal year ended March 31, 2012 (the "Fiscal 2012 10-K"), which should be read in conjunction with these unaudited interim consolidated financial statements. Reference is made to the Fiscal 2012 10-K for a complete set of financial statements.

Basis of Consolidation

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

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fiscal Year

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, fiscal year 2013 will end on March 30, 2013 and will be a 52-week period ("Fiscal 2013"). Fiscal year 2012 ended on March 31, 2012 and also reflected a 52-week period ("Fiscal 2012"). Accordingly, the second quarter of Fiscal 2013 ended on September 29, 2012 and was a 13-week period. The second quarter of Fiscal 2012 ended on October 1, 2011 and was also a 13-week period.

Use of Estimates

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

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

Reclassifications

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

Seasonality of Business

The Company's business is typically affected by seasonal trends, with higher levels of wholesale sales generated in its second and fourth quarters and higher retail sales generated in its second and third quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school and holiday shopping periods in the Retail segment. In addition, fluctuations in sales, operating income and cash flows in any fiscal quarter may be influenced by other events affecting retail sales, such as changes in weather patterns. Accordingly, the Company's operating results and cash flows for the three-month and six-month periods ended September 29, 2012 are not necessarily indicative of the results and cash flows that may be expected for the full Fiscal 2013.

3. Summary of Significant Accounting Policies

Revenue Recognition

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

Revenue within the Company's Wholesale segment is recognized at the time title passes and risk of loss is transferred to customers. Wholesale revenue is recorded net of estimates of returns, discounts, end-of-season markdown allowances, operational chargebacks and certain cooperative advertising allowances. Returns and allowances require pre-approval from management and discounts are based on trade terms. Estimates for end-of-season markdown reserves are based on historical trends, actual and forecasted seasonal results, an

evaluation of current economic and market conditions, retailer performance and, in certain cases, contractual terms. Estimates for operational chargebacks are based on actual notifications of order fulfillment discrepancies and historical trends. The Company reviews and refines these estimates on at least a quarterly basis. The Company's historical estimates of these costs have not differed materially from actual results.

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

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

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

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

Shipping and Handling Costs

The costs associated with shipping goods to customers are reflected as a component of selling, general and administrative ("SG&A") expenses in the consolidated statements of operations. Shipping costs were $9.6 million and $17.2 million during the three-month and six-month periods ended September 29, 2012, respectively, and $10.1 million and $18.3 million during the three-month and six-month periods ended October 1, 2011, respectively. The costs of preparing merchandise for sale, such as picking, packing, warehousing and order charges ("handling costs") are also included in SG&A expenses. Handling costs were $38.4 million and $74.2 million during the three-month and six-month periods ended September 29, 2012, respectively, and $35.0 million and $65.5 million during the three-month and six-month periods ended October 1, 2011, respectively. Shipping and handling costs billed to customers are included in revenue.

Net Income per Common Share

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

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RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Basic	91.3	92.2	91.7	93.1
Dilutive effect of stock options, restricted stock and restricted stock units	2.1	2.7	2.5	2.8
Diluted shares	93.4	94.9	94.2	95.9

Options to purchase shares of common stock at an exercise price greater than the average market price of the common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income per common share. In addition, the Company has outstanding restricted stock units that are issuable only upon the achievement of certain service and/or performance goals. Performance-based restricted stock units are included in the computation of diluted shares only to the extent that the underlying performance conditions (a) are satisfied as of the end of the reporting period or (b) would be satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive under the treasury stock method. As of September 29, 2012 and October 1, 2011, there was an aggregate of approximately 1.3 million and 0.7 million, respectively, of additional shares issuable as of the end of each period upon the exercise of anti-dilutive options and the contingent vesting of performance-based restricted stock units that were excluded from the diluted share calculations.

Accounts Receivable

In the normal course of business, the Company extends credit to wholesale customers that satisfy defined credit criteria. Accounts receivable, net, is recorded at carrying value which approximates fair value, and is presented in the Company's consolidated balance sheets net of certain reserves and allowances. These reserves and allowances consist of (a) reserves for returns, discounts, end-of-season markdowns and operational chargebacks (see *Revenue Recognition* for further discussion of related accounting policies) and (b) allowances for doubtful accounts.

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

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Beginning reserve balance	$ 227.7	$ 197.1	$ 246.7	$ 213.2
Amount charged against revenue to increase reserve	191.3	169.1	329.3	282.1
Amount credited against customer accounts to decrease reserve	(172.1)	(129.9)	(323.4)	(261.7)
Foreign currency translation	4.2	(5.3)	(1.5)	(2.6)
Ending reserve balance	$ 251.1	$ 231.0	$ 251.1	$ 231.0

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Beginning reserve balance	$ 15.8	$ 17.7	$ 16.0	$ 17.7
Amount recorded to expense to increase reserve[a]	0.8	0.6	1.8	0.9
Amount written off against customer accounts to decrease reserve	(0.5)	(0.5)	(1.1)	(1.1)
Foreign currency translation	0.4	(0.6)	(0.2)	(0.3)
Ending reserve balance	$ 16.5	$ 17.2	$ 16.5	$ 17.2

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

Concentration of Credit Risk

The Company sells its wholesale merchandise primarily to major department and specialty stores across North America, Europe, Asia and South America, and extends credit based on an evaluation of each customer's financial capacity and condition, usually without requiring collateral. In the Company's wholesale business, concentration of credit risk is relatively limited due to the large number of customers and their dispersion across many geographic areas. However, the Company has three key wholesale customers that generate significant sales volume. For Fiscal 2012, these customers in the aggregate contributed approximately 40% of all Wholesale revenues. Further, as of September 29, 2012, the Company's three key wholesale customers represented approximately 30% of gross accounts receivable.

Derivative Financial Instruments

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

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

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

As a result of the use of derivative instruments, the Company is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, the Company has a policy of only entering into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings and certain other financial factors, adhering to established limits for credit exposure. The Company's established policies and procedures for mitigating credit risk from derivative transactions include continually reviewing and assessing the creditworthiness of counterparties. The Company also enters into master netting arrangements with counterparties when possible to mitigate credit risk associated with its derivative instruments, which in certain instances allow the Company to net settle amounts owed under multiple derivative transactions with the same counterparty. However, the fair values of the Company's derivative instruments are recorded on its consolidated balance sheets on a gross basis.

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

Forward Foreign Currency Exchange Contracts

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

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

Hedge of a Net Investment in a Foreign Operation

Changes in the fair value of a derivative instrument or a non-derivative financial instrument (such as debt) that is designated as a hedge of a net investment in a foreign operation are reported in the same manner as a translation adjustment to the extent it is effective as a hedge. In assessing the effectiveness of a non-derivative

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

Undesignated Hedges

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

See Note 11 for further discussion of the Company's derivative financial instruments.

For a summary of all of the Company's significant accounting policies, refer to Note 3 to the audited consolidated financial statements included in the Company's Fiscal 2012 10-K.

4. Recently Issued Accounting Standards

Disclosure of Offsetting Assets and Liabilities

In December 2011, the Financial Accounting Standards Board ("FASB") issued new, expanded disclosure requirements for financial instruments surrounding an entity's rights of offset and related counterparty arrangements as Accounting Standards Update ("ASU") No. 2011-11, "Disclosures about Offsetting Assets and Liabilities" ("ASU 2011-11"). ASU 2011-11 requires disclosure of both "gross" and "net" information for recognized financial instruments (including derivatives) that are (i) eligible for offset and presented "net" in the balance sheet or (ii) subject to enforceable master netting agreements, irrespective of whether an entity actually offsets and "net presents" such instruments in the balance sheet. ASU 2011-11 also requires disclosure of any collateral received or posted in connection with master netting agreements or similar arrangements. ASU 2011-11 requires retrospective application, and is effective for the Company as of the beginning of Fiscal 2014. The application of ASU 2011-11 is expected to expand the Company's quarterly and annual financial instrument disclosures, but will not have an impact on its consolidated financial statements.

Goodwill Impairment Testing

In September 2011, the FASB issued revised guidance for goodwill impairment testing as ASU No. 2011-08, "Testing Goodwill for Impairment" ("ASU 2011-08"). ASU 2011-08 simplifies goodwill impairment testing by providing entities with the option of performing a qualitative assessment to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. The results of such assessment may be used as a basis for determining whether it is necessary to perform the two-step quantitative impairment test required under Accounting Standards Codification ("ASC") topic 350, "Intangibles — Goodwill and Other." ASU 2011-08 is effective for the Company's Fiscal 2013 annual goodwill impairment testing, which was performed during the second fiscal quarter using the qualitative assessment approach prescribed by the standard. The application of ASU 2011-08 did not have an impact on the Company's consolidated financial statements.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Presentation of Comprehensive Income

In June 2011, the FASB issued revised guidance on the presentation of comprehensive income as ASU No. 2011-05, “Comprehensive Income: Presentation of Comprehensive Income” (“ASU 2011-05”). ASU 2011-05 eliminates the option to present the components of other comprehensive income (“OCI”) as part of the consolidated statement of equity and provides two alternatives for presenting the components of net income and OCI, either: (i) in a single continuous statement of comprehensive income or (ii) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of comprehensive income. Additionally, this guidance requires items that are reclassified from AOCI to net income to be presented on the face of the financial statements. However, in December 2011, the FASB issued ASU No. 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05,” which deferred this requirement until the conclusion of further deliberations. The Company adopted the provisions of ASU 2011-05 during Fiscal 2013, which resulted in the inclusion of separate statements of comprehensive income for all periods presented within its consolidated financial statements beginning in the first quarter.

Proposed Amendments to Current Accounting Standards

The FASB is currently working on amendments to existing accounting standards governing a number of areas including, but not limited to, accounting for leases. In August 2010, the FASB issued an exposure draft, “Leases” (the “Exposure Draft”), which would replace the existing guidance in ASC topic 840, “Leases.” Under the Exposure Draft, among other changes in practice, a lessee’s rights and obligations under all leases, including existing and new arrangements, would be recognized as assets and liabilities, respectively, on the balance sheet. Subsequent to the end of the related comment period, the FASB made several amendments to the Exposure Draft, including (i) revising the definition of the “lease term” to include the non-cancelable lease term plus only those option periods for which there is significant economic incentive for the lessee to extend or not terminate the lease; (ii) redefining the initial lease liability to be recorded on the Company’s balance sheet to contemplate only those variable lease payments that are in substance “fixed”; and (iii) developing a principle to determine whether lease expense will be recognized on a straight-line or accelerated basis, which considers the nature of the underlying leased asset. The FASB continues to deliberate on this matter and currently plans to issue a revised exposure draft for comment in the first half of calendar 2013. If effective as currently planned, this proposed standard will likely have a significant impact on the Company’s consolidated financial statements. However, as the standard-setting process is still ongoing, the Company is unable at this time to determine the impact this proposed change in accounting will have on its consolidated financial statements.

5. Inventories

Inventories consist of the following:

	September 29, 2012	March 31, 2012	October 1, 2011
		(millions)	
Raw materials	$ 5.2	$ 5.1	$ 6.1
Work-in-process	1.1	1.1	1.1
Finished goods	1,053.9	835.4	981.2
Total inventories	$ 1,060.2	$ 841.6	$ 988.4

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RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Property and Equipment

Property and equipment, net, consists of the following:

	September 29, 2012	March 31, 2012
	(millions)	
Land and improvements	$ 9.9	$ 9.9
Buildings and improvements	117.6	115.9
Furniture and fixtures	590.7	561.8
Machinery and equipment	174.8	157.4
Capitalized software	242.2	213.6
Leasehold improvements	945.6	915.0
Construction in progress	94.9	84.9
	2,175.7	2,058.5
Less: accumulated depreciation	(1,263.8)	(1,174.4)
Property and equipment, net	$ 911.9	$ 884.1

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	September 29, 2012	March 31, 2012
	(millions)	
Accrued operating expenses	$ 172.4	$ 175.7
Accrued payroll and benefits	145.6	227.7
Accrued inventory	152.8	108.0
Accrued capital expenditures	56.7	45.4
Deferred income	44.9	50.3
Other taxes payable	62.0	47.1
Other accrued expenses and current liabilities	64.2	39.5
Total accrued expenses and other current liabilities	$ 698.6	$ 693.7

8. Income Taxes

Uncertain Income Tax Benefits

A reconciliation of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, for the three-month and six-month periods ended September 29, 2012 and October 1, 2011 is presented below:

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
		(millions)		
Unrecognized tax benefits beginning balance	$ 126.1	$ 127.0	$ 129.0	$ 125.0
Additions related to current period tax positions	0.8	0.9	1.6	1.9
Additions related to prior period tax positions	1.4	0.1	1.6	0.2
Reductions related to prior period tax positions	(0.3)	(0.3)	(1.5)	(0.7)
Additions (reductions) related to foreign currency translation	1.5	(2.9)	(1.2)	(1.6)
Unrecognized tax benefits ending balance	$ 129.5	$ 124.8	$ 129.5	$ 124.8

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company classifies interest and penalties related to unrecognized tax benefits as part of its provision for income taxes. A reconciliation of the beginning and ending amounts of accrued interest and penalties related to unrecognized tax benefits for the three-month and six-month periods ended September 29, 2012 and October 1, 2011 is presented below:

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Accrued interest and penalties beginning balance	$ 38.1	$ 33.8	$ 39.0	$ 31.4
Net additions charged to expense	18.5[(a)]	2.1	20.0[(a)]	4.1
Reductions related to prior period tax positions	—	—	(2.1)	—
Additions (reductions) related to foreign currency translation	0.4	(0.5)	0.1	(0.1)
Accrued interest and penalties ending balance	$ 57.0	$ 35.4	$ 57.0	$ 35.4

(a) Includes a reserve of $16.8 million for an interest assessment on a prior year withholding tax. No underlying tax exposure exists. The interest assessed was not material to the Company's consolidated financial statements in any prior or current fiscal period, and is not expected to be material for the full Fiscal 2013.

The total amount of unrecognized tax benefits, including interest and penalties, was $186.5 million as of September 29, 2012 and $168.0 million as of March 31, 2012, and is included within non-current liability for unrecognized tax benefits in the consolidated balance sheets. The total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate was $136.9 million as of September 29, 2012.

Future Changes in Unrecognized Tax Benefits

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, the settlements of ongoing tax audits and assessments, and the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, it is reasonably possible that the balance of gross unrecognized tax benefits, excluding interest and penalties, could potentially be reduced by up to approximately $30 million during the next 12 months. However, changes in the occurrence, expected outcomes and timing of those events could cause the Company's current estimate to change materially in the future.

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

See Note 17 for a description of a tax audit settlement that occurred subsequent to the end of the second quarter of Fiscal 2013, in October 2012.

9. Debt

Euro Debt

As of September 29, 2012, the Company had outstanding €209.2 million principal amount of 4.5% notes due October 4, 2013 (the "Euro Debt"). The Company has the option to redeem all of the outstanding Euro Debt at any time at a redemption price equal to the principal amount plus a premium. The Company also has the option to redeem all of the outstanding Euro Debt at any time at par plus accrued interest in the event of certain

developments involving U.S. tax law. Partial redemption of the Euro Debt is not permitted in either instance. In the event of a change of control of the Company, each holder of the Euro Debt has the option to require the Company to redeem the Euro Debt at its principal amount plus accrued interest. The indenture governing the Euro Debt (the "Indenture") contains certain limited covenants that restrict the Company's ability, subject to specified exceptions, to incur liens or enter into a sale and leaseback transaction for any principal property. The Indenture does not contain any financial covenants.

As of September 29, 2012, the carrying value of the Euro Debt was $265.8 million, compared to $274.4 million as of March 31, 2012.

Revolving Credit Facilities

Global Credit Facility

The Company has a credit facility that provides for a $500 million senior unsecured revolving line of credit through March 2016, also used to support the issuance of letters of credit (the "Global Credit Facility"). Borrowings under the Global Credit Facility may be denominated in U.S. Dollars and other currencies, including Euros, Hong Kong Dollars and Japanese Yen. The Company has the ability to expand its borrowing availability to $750 million, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility.

As of September 29, 2012, there were no borrowings outstanding under the Global Credit Facility and the Company was contingently liable for $14.3 million of outstanding letters of credit.

The Global Credit Facility contains a number of covenants that, among other things, restrict the Company's ability, subject to specified exceptions, to incur additional debt; incur liens, sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve itself; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make investments. The Global Credit Facility also requires the Company to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus 8 times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense and (iv) consolidated rent expense. As of September 29, 2012, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under the Company's Global Credit Facility.

Chinese Credit Facility

On April 11, 2012, Ralph Lauren Trading (Shanghai) Co., Ltd., a subsidiary of the Company, entered into a new uncommitted credit facility with JPMorgan Chase Bank (China) Company Limited, Shanghai Branch (the "Bank") that provides for a revolving line of credit of up to 100 million Chinese Renminbi (approximately $16 million) through April 10, 2013 (the "Chinese Credit Facility"). The Chinese Credit Facility replaced the Company's previous credit facility, which provided for a revolving line of credit of up to 70 million Chinese Renminbi (approximately $11 million) (the "Prior Chinese Credit Facility"). Consistent with the Prior Chinese Credit Facility, the Chinese Credit Facility will be used to fund general working capital needs of the Company's operations in China. The Chinese Credit Facility may also be used to support bank guarantees. As of September 29, 2012, there were no borrowings outstanding under the Chinese Credit Facility.

The borrowing availability under the Chinese Credit Facility is determined at the sole discretion of the Bank and is subject to availability of the Bank's funds and satisfaction of certain regulatory requirements. Borrowings under the Chinese Credit Facility are guaranteed by the Company and bear interest at either (i) at least 95% of the

short-term interest rate published by the People's Bank of China or (ii) a rate determined by the Bank at its discretion based on prevailing market conditions. The Chinese Credit Facility does not contain any financial covenants.

Refer to Note 14 of the Fiscal 2012 10-K for detailed disclosure of the terms and conditions of the Company's debt and credit facilities.

10. Fair Value Measurements

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

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

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

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

	September 29, 2012	March 31, 2012
	(millions)	
Financial assets recorded at fair value[(a)]:		
Government bonds — U.S.	$ 37.3	$ 59.4
Government bonds — non-U.S.	114.1	96.0
Corporate bonds — non-U.S.	70.6	99.0
Variable rate municipal securities — U.S.	23.8	69.2
Auction rate securities	2.3	2.3
Other securities	0.4	0.5
Derivative financial instruments	20.3	32.5
Total	$ 268.8	$ 358.9
Financial liabilities recorded at fair value[(b)]:		
Derivative financial instruments	$ 10.6	$ 2.6
Total	$ 10.6	$ 2.6

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

(b) Based on Level 2 measurements.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

The Company's cash and cash equivalents, restricted cash and held-to-maturity investments are recorded at carrying value, which approximates fair value, based on Level 1 measurements.

The Company's Euro Debt is recorded at carrying value in the Company's consolidated balance sheets, adjusted for foreign currency fluctuations, any unamortized discount, and changes in the fair value of any outstanding interest rate swaps and unamortized gains (losses) incurred upon the termination of such swaps (see Note 11), which may differ from its fair value. The fair value of the Euro Debt is estimated based on external pricing data, including available quoted market prices of the Euro Debt and of comparable European debt instruments with similar interest rates, credit ratings and trading frequency, among other factors. The following table summarizes the carrying value and the estimated fair value of the Company's Euro Debt:

	September 29, 2012		March 31, 2012	
	Carrying Value	Fair Value[(a)]	Carrying Value	Fair Value[(a)]
	(millions)			
Euro Debt	$ 265.8	$278.5	$ 274.4	$289.4

(a) Based on Level 2 measurements.

Unrealized gains or losses on the Company's Euro Debt do not result in the realization or expenditure of cash, unless the debt is retired prior to its maturity.

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

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11. Financial Instruments

Derivative Financial Instruments

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

The following table summarizes the Company's outstanding derivative instruments on a gross basis as recorded in the consolidated balance sheets as of September 29, 2012 and March 31, 2012:

Derivative Instrument[a]	Notional Amounts		Derivative Assets				Derivative Liabilities			
	September 29, 2012	March 31, 2012	September 29, 2012		March 31, 2012		September 29, 2012		March 31, 2012	
			Balance Sheet Line[b]	Fair Value	Balance Sheet Line[b]	Fair Value	Balance Sheet Line[b]	Fair Value	Balance Sheet Line[b]	Fair Value
			(millions)							
Designated Hedges:										
FC — Inventory purchases	$ 352.9	$ 482.2	PP	$ 18.5	PP	$ 26.6	[c]	$ (4.3)	AE	$ (1.4)
FC — I/C royalty payments	80.9	70.0	PP	0.4	PP	4.8	AE	(1.7)	—	—
FC — Interest payments	12.6	12.6	—	—	—	—	AE	(0.5)	AE	—[d]
FC — Other	28.2	8.3	PP	0.4	—	—	AE	(0.2)	AE	(0.3)
NI — Euro Debt	265.8	274.4	—	—	—	—	LTD	(278.5)[e]	LTD	(289.4)[e]
Total Designated Hedges	$ 740.4	$ 847.5		$ 19.3		$ 31.4		$(285.2)		$(291.1)
Undesignated Hedges:										
FC — Other[f]	$ 187.2	$ 158.1	[g]	$ 1.0	[h]	$ 1.1	[i]	$ (3.9)	[j]	$ (0.9)
Total Hedges	$ 927.6	$ 1,005.6		$ 20.3		$ 32.5		$(289.1)		$(292.0)

(a) FC = Forward exchange contracts for the sale or purchase of foreign currencies; NI = Net Investment Hedge; Euro Debt = Euro-denominated 4.5% notes due October 4, 2013.

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

(c) $3.8 million included within AE and $0.5 million included within ONCL.

(d) The fair value of the interest payment-related derivative instrument was less than $0.1 million as of March 31, 2012.

(e) The Company's Euro Debt is reported at carrying value in the Company's consolidated balance sheets. The carrying value of the Euro Debt was $265.8 million as of September 29, 2012 and $274.4 million as of March 31, 2012.

(f) Primarily related to undesignated hedges of foreign currency-denominated revenues, intercompany loans, and other net operational exposures.

(g) $0.8 million included within PP and $0.2 million included within OA.

(h) $0.7 million included within PP and $0.4 million included within OA.

(i) $3.4 million included within AE and $0.5 million included within ONCL.

(j) $0.8 million included within AE and $0.1 million included within ONCL.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables summarize the impact of the Company's derivative instruments on its unaudited interim consolidated financial statements for the three-month and six-month periods ended September 29, 2012 and October 1, 2011:

Derivative Instrument[a]	Gains (Losses) Recognized in OCI[b]			
	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Designated Cash Flow Hedges:				
FC — Inventory purchases	$ (9.0)	$ 32.5	$ (3.3)	$ 23.8
FC — I/C royalty payments	(1.3)	3.2	(5.9)	4.1
FC — Interest payments	(0.1)	—	(0.4)	(0.4)
FC — Other	0.2	(0.6)	0.6	(1.0)
	$ (10.2)	$ 35.1	$ (9.0)	$ 26.5
Designated Hedge of Net Investment:				
Euro Debt	$ (4.1)	$ 23.7	$ 10.1	$ 15.4
Other	0.1	—	—	—
	$ (4.0)	$ 23.7	$ 10.1	$ 15.4
Total Designated Hedges	$ (14.2)	$ 58.8	$ 1.1	$ 41.9

Derivative Instrument[a]	Gains (Losses) Reclassified from AOCI[b] to Earnings				Location of Gains (Losses) Reclassified from AOCI[b] to Earnings
	Three Months Ended		Six Months Ended		
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011	
	(millions)				
Designated Cash Flow Hedges:					
FC — Inventory purchases	$ 7.8	$ (2.3)	$ 10.8	$ 0.9	Cost of goods sold
FC — I/C royalty payments	0.2	(1.0)	2.5	(3.5)	Foreign currency gains (losses)
FC — Interest payments	0.2	(1.0)	(0.1)	(0.4)	Foreign currency gains (losses)
FC — Other	(0.2)	0.6	(0.5)	0.9	Foreign currency gains (losses)
Total Designated Hedges	$ 8.0	$ (3.7)	$ 12.7	$ (2.1)	

Derivative Instrument[a]	Gains (Losses) Recognized in Earnings				Location of Gains (Losses) Recognized in Earnings
	Three Months Ended		Six Months Ended		
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011	
	(millions)				
Undesignated Hedges:					
FC — Other	$ (2.7)	$ 2.7	$ (4.9)	$ 2.6	Foreign currency gains (losses)
Total Undesignated Hedges	$ (2.7)	$ 2.7	$ (4.9)	$ 2.6	

(a) FC = Forward exchange contracts for the sale or purchase of foreign currencies; Euro Debt = Euro-denominated 4.5% notes due October 4, 2013.

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

Over the next twelve months, it is expected that approximately $23 million of net gains deferred in AOCI related to derivative financial instruments as of September 29, 2012 will be recognized in earnings. No material gains or losses relating to ineffective hedges were recognized during any of the fiscal periods presented.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Foreign Currency Risk Management

Forward Foreign Currency Exchange Contracts

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

Hedge of a Net Investment in Certain European Subsidiaries

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

Interest Rate Risk Management

Interest Rate Swap Contracts

During the first quarter of Fiscal 2011, the Company entered into a fixed-to-floating interest rate swap with an aggregate notional value of €209.2 million, which was designated as a fair value hedge to mitigate its exposure to changes in the fair value of its Euro Debt due to changes in the benchmark interest rate. The interest rate swap was executed to swap the 4.5% fixed interest rate on the Company’s Euro Debt for a variable interest rate. On April 11, 2011, the interest rate swap agreement was terminated by the Company at a loss of $7.6 million. This loss was recorded as an adjustment to the carrying value of the Company’s Euro Debt and is being recognized within interest expense over the remaining term of the debt, through October 4, 2013. During each of the three-month and six-month periods ended September 29, 2012 and October 1, 2011, $0.7 million and $1.5 million, respectively, of this loss was recognized as interest expense within the Company’s consolidated statements of operations.

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

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RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Investments

The following table summarizes the Company's short-term and non-current investments recorded in the consolidated balance sheets as of September 29, 2012 and March 31, 2012:

Type of Investment	September 29, 2012			March 31, 2012		
	Short-term < 1 year	Non-current 1 - 3 years	Total	Short-term < 1 year	Non-current 1 - 3 years	Total
	(millions)					
Held-to-Maturity:						
Government bonds — U.S.	$ 1.5	$ —	$ 1.5	$ 3.2	$ —	$ 3.2
Total held-to-maturity investments	$ 1.5	$ —	$ 1.5	$ 3.2	$ —	$ 3.2
Available-for-Sale:						
Government bonds — U.S.	$ 28.8	$ 8.5	$ 37.3	$ 52.1	$ 7.3	$ 59.4
Government bonds — non-U.S.	71.9	42.2	114.1	40.4	55.6	96.0
Corporate bonds — non-U.S.	38.7	31.9	70.6	64.8	34.2	99.0
Variable rate municipal securities — U.S.	23.8	—	23.8	69.2	—	69.2
Auction rate securities	—	2.3	2.3	—	2.3	2.3
Other securities	0.4	—	0.4	—	0.5	0.5
Total available-for-sale investments	$ 163.6	$ 84.9	$248.5	$ 226.5	$ 99.9	$326.4
Other:						
Time deposits	$ 304.0	$ —	$304.0	$ 286.0	$ —	$286.0
Total Investments	$ 469.1	$ 84.9	$554.0	$ 515.7	$ 99.9	$615.6

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

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

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

See Note 3 to the Company's Fiscal 2012 10-K for further discussion of the Company's accounting policies relating to its investments.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Commitments and Contingencies

Wathne Imports Litigation

On August 19, 2005, Wathne Imports, Ltd. ("Wathne"), the Company's then domestic licensee for luggage and handbags, filed a complaint in the U.S. District Court in the Southern District of New York against the Company and Mr. Ralph Lauren, its Chairman and Chief Executive Officer, asserting, among other things, federal trademark law violations, breach of contract, breach of obligations of good faith and fair dealing, fraud and negligent misrepresentation. The complaint sought, among other relief, injunctive relief, compensatory damages in excess of $250 million and punitive damages of not less than $750 million. On September 13, 2005, Wathne withdrew this complaint from the U.S. District Court and filed a complaint in the Supreme Court of the State of New York, New York County, making substantially the same allegations and claims (excluding the federal trademark claims), and seeking similar relief. On February 1, 2006, the Court granted the Company's motion to dismiss all of the causes of action, including the cause of action against Mr. Lauren, except for breach of contract related claims, and denied Wathne's motion for a preliminary injunction. Following some discovery, the Company moved for summary judgment on the remaining claims. Wathne cross-moved for partial summary judgment. In an April 11, 2008 Decision and Order, the Court granted the Company's summary judgment motion to dismiss most of the claims against the Company, and denied Wathne's cross-motion for summary judgment. Wathne appealed the dismissal of its claims to the Appellate Division of the Supreme Court. Following a hearing on May 19, 2009, the Appellate Division issued a Decision and Order on June 9, 2009 which, in large part, affirmed the lower Court's ruling. We subsequently made a motion to exclude Wathne's proposed expert's damages report and, on January 23, 2012, the Court granted the Company's motion. Wathne appealed the ruling to the Appellate Division and, on October 18, 2012, the Appellate Division reversed the order of the lower Court. At this time, a trial date has not yet been scheduled. The Company intends to continue to contest the claims in this lawsuit vigorously. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on the Company's consolidated financial statements.

Other Matters

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

13. Equity

Summary of Changes in Equity

	Six Months Ended	
	September 29, 2012	October 1, 2011
	(millions)	
Balance at beginning of period	$ 3,652.5	$3,304.7
Comprehensive income	408.0	449.2
Cash dividends declared	(73.0)	(36.9)
Repurchases of common stock	(346.7)	(417.8)
Shares issued and equity grants made pursuant to stock-based compensation plans	95.6	84.7
Balance at end of period	$ 3,736.4	$3,383.9

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Common Stock Repurchase Program

On August 9, 2012, the Company's Board of Directors approved an expansion of the Company's existing stock repurchase program that allows it to repurchase up to an additional $500 million of Class A common stock. Repurchases of shares of Class A common stock are subject to overall business and market conditions.

During the six months ended September 29, 2012, 2.0 million shares of Class A common stock were repurchased by the Company at a cost of $300.0 million under its repurchase program. The remaining availability under the Company's common stock repurchase program was approximately $777 million as of September 29, 2012. In addition, 0.4 million shares of Class A common stock at a cost of $46.7 million were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards under the Company's 1997 Long-Term Stock Incentive Plan, as amended (the "1997 Incentive Plan") and its 2010 Long-Term Stock Incentive Plan (the "2010 Incentive Plan").

During the six months ended October 1, 2011, 3.2 million shares of Class A common stock were repurchased by the Company at a cost of $393.5 million under its repurchase program. In addition, 0.2 million shares of Class A common stock at a cost of $24.3 million were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards under the 1997 Incentive Plan and the 2010 Incentive Plan.

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

Dividends

Since 2003, the Company has maintained a regular quarterly cash dividend program on its common stock. On May 21, 2012, the Company's Board of Directors approved an increase to the Company's quarterly cash dividend on its common stock from $0.20 per share to $0.40 per share. The second quarter Fiscal 2013 dividend of $0.40 per share was declared on September 17, 2012, was payable to stockholders of record at the close of business on September 28, 2012, and was paid on October 12, 2012. Dividends paid amounted to $55.0 million during the six months ended September 29, 2012 and $37.4 million during the six months ended October 1, 2011.

14. Stock-based Compensation

Long-term Stock Incentive Plans

On August 5, 2010, the Company's stockholders approved the 2010 Incentive Plan, which replaced the Company's 1997 Incentive Plan. The 2010 Incentive Plan provides for up to 3.0 million of new shares authorized for issuance to participants, in addition to the shares that remained available for issuance under the 1997 Incentive Plan as of August 5, 2010 that are not subject to outstanding awards under the 1997 Incentive Plan. In addition, any outstanding awards under the 1997 Incentive Plan that expire, are forfeited, or are surrendered to the Company in satisfaction of taxes, will be transferred to the 2010 Incentive Plan and be available for issuance. Any new grants are being issued under the 2010 Incentive Plan. However, awards that were outstanding as of August 5, 2010 continue to remain subject to the terms of the 1997 Incentive Plan.

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

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Impact on Results

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

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Compensation expense	$ 21.2	$ 16.1	$ 42.8	$ 34.0
Income tax benefit	$ (7.2)	$ (5.5)	$ (14.3)	$ (11.9)

The Company issues its annual grant of stock-based compensation awards in the second quarter of its fiscal year. Due to the timing of the annual grant, stock-based compensation expense recognized during the three-month and six-month periods ended September 29, 2012 is not indicative of the level of compensation expense expected to be incurred for the full Fiscal 2013.

Stock Options

Stock options are granted to employees and non-employee directors with exercise prices equal to the fair market value of the Company's Class A common stock on the date of grant. Generally, options become exercisable ratably (graded-vesting schedule) over a three-year vesting period. Stock options generally expire seven years from the date of grant. The Company recognizes compensation expense for share-based awards that have graded vesting and no performance conditions on an accelerated basis.

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options granted, which requires the input of both subjective and objective assumptions. The Company develops its assumptions by analyzing the historical exercise behavior of employees and nonemployee directors. The Company's weighted average assumptions used to estimate the fair value of stock options granted during the six months ended September 29, 2012 and October 1, 2011 were as follows:

	Six Months Ended	
	September 29, 2012	October 1, 2011
Expected term (years)	4.6	4.7
Expected volatility	44.5%	44.7%
Expected dividend yield	1.05%	0.73%
Risk-free interest rate	0.6%	1.3%
Weighted-average option grant date fair value	$ 48.09	$ 49.06

A summary of stock option activity under all plans during the six months ended September 29, 2012 is as follows:

	Number of Shares
	(thousands)
Options outstanding at March 31, 2012	3,178
Granted	608
Exercised	(403)
Cancelled/Forfeited	(27)
Options outstanding at September 29, 2012	3,356

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Restricted Stock and Service-based RSUs

The Company grants restricted shares of Class A common stock and service-based RSUs to certain of its senior executives and non-employee directors. Restricted stock shares granted to non-employee directors vest over a three-year period of time. Service-based RSUs granted to executives generally vest over a three to five-year period of time, subject to the executive's continuing employment. The fair values of restricted stock shares and service-based RSUs are based on the fair value of the Company's Class A common stock on the date of grant, as adjusted to reflect the absence of dividends for those restricted securities that are not entitled to dividend equivalents. The weighted-average grant date fair values of restricted stock shares and service-based RSUs granted during the six months ended September 29, 2012 were $173.33 and $150.17, respectively. There were no restricted stock shares or service-based RSUs granted in the comparable prior year period.

A summary of restricted stock and service-based RSU activity during the six months ended September 29, 2012 is as follows:

	Restricted Stock	Service-based RSUs
	Number of Shares	Number of Shares
	(thousands)	
Nonvested at March 31, 2012	8	235
Granted	2	9
Vested	(5)	(105)
Forfeited	—	—
Nonvested at September 29, 2012	5	139

Performance-based RSUs

The Company grants performance-based RSUs to senior executives and other key executives, as well as certain of its other employees. Performance-based RSUs generally vest (a) upon the completion of a three-year period of time (cliff vesting), subject to the employee's continuing employment and the Company's achievement of certain performance goals over the three-year period or (b) ratably, over a three-year period of time (graded vesting), subject to the employee's continuing employment during the applicable vesting period and the achievement by the Company of certain performance goals in the initial year of the three-year vesting period. In addition, beginning in the second quarter of Fiscal 2013, the Company granted a new type of performance-based RSU subject to an additional market condition in the form of a total shareholder return ("TSR") modifier to certain members of senior management, as discussed further below.

Performance-based RSUs — without TSR Modifier

The fair values of the Company's performance-based RSU awards that do not contain a TSR modifier are based on the fair value of the Company's Class A common stock on the date of grant, as adjusted to reflect the absence of dividends for those securities that are not entitled to dividend equivalents. The weighted-average grant date fair values of such performance-based RSUs granted during the six months ended September 29, 2012 and October 1, 2011 were $137.40 and $124.62, respectively.

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of performance-based RSU without TSR Modifier activity during the six months ended September 29, 2012 is as follows:

	Number of Shares (thousands)
Nonvested at March 31, 2012	1,302
Granted	348
Change due to performance condition achievement	164
Vested	(754)
Forfeited	(21)
Nonvested at September 29, 2012	1,039

Performance-based RSUs — with TSR Modifier

In July 2012, the Company granted a new type of cliff vesting performance-based RSU award which, in addition to being subject to continuing employment requirements and the Company's performance goals noted above, is also subject to a market condition in the form of a TSR modifier. The actual number of shares that vest at the end of the respective three-year period is determined based on the Company's achievement of certain performance goals, as well as its TSR relative to the S&P 500 over the related three-year performance period. Depending on the level of achievement, the actual number of shares that vest may range from 0% to 187.5% of the awards originally granted.

The performance goals are established at or near the beginning of the three-year performance period. The number of shares to be earned ranges between 0% (if the specified threshold performance level is not attained) and 150% (if performance meets or exceeds the maximum achievement level) of the awards originally granted. If actual performance exceeds the pre-established threshold, the number of shares earned is calculated based on the relative performance between specified levels of achievement. At the end of the three-year performance period, if the performance condition is achieved at or above threshold, the number of shares earned is further adjusted by a TSR modifier payout percentage, which ranges between 75% and 125%, based on the Company's TSR level relative to the performance of the S&P 500 index over the respective three-year period.

The Company estimates the fair value of its performance-based RSUs with a TSR modifier on the date of grant using a Monte Carlo simulation valuation model. This pricing model uses multiple simulations to evaluate the probability of the Company achieving various stock price levels to determine its expected TSR performance ranking. Expense is only recorded for awards that are expected to vest, net of estimated forfeitures. The assumptions used to estimate the fair value of performance-based RSUs with a TSR modifier granted during the six months ended September 29, 2012 were as follows:

	Six Months Ended September 29, 2012
Expected term (years)	3.0
Expected volatility	34.0%
Expected dividend yield	1.13%
Risk-free interest rate	0.3%
Weighted-average grant date fair value	$ 136.16

RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of the performance-based RSU with TSR Modifier activity during the six months ended September 29, 2012 is as follows:

	Number of Shares (thousands)
Nonvested at March 31, 2012	—
Granted	73
Change due to performance or market conditions achievement	—
Vested	—
Forfeited	—
Nonvested at September 29, 2012	73

15. Segment Information

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

The accounting policies of the Company's segments are consistent with those described in Notes 2 and 3 to the Company's consolidated financial statements included in the Fiscal 2012 10-K. Sales and transfers between segments are generally recorded at cost and treated as transfers of inventory. All intercompany revenues, including such sales between segments, are eliminated in consolidation and are not reviewed when evaluating segment performance. Each segment's performance is evaluated based upon operating income before restructuring charges and certain other one-time items, such as legal charges, if any. Corporate overhead expenses (exclusive of certain expenses for senior management, overall branding-related expenses and certain other corporate-related expenses) are allocated to the segments based upon specific usage or other allocation methods.

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

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Net revenues:				
Wholesale	$ 914.5	$ 995.5	$ 1,608.6	$1,668.5
Retail	900.9	861.3	1,758.2	1,674.8
Licensing	46.6	47.8	88.6	87.7
Total net revenues	$ 1,862.0	$1,904.6	$ 3,455.4	$3,431.0

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	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Operating income:				
Wholesale	$ 232.8	$ 241.9	$ 386.4	$ 391.3
Retail	156.7	144.8	336.0	317.0
Licensing	34.9	35.5	64.3	63.3
	424.4	422.2	786.7	771.6
Unallocated corporate expenses	(76.1)	(71.4)	(146.4)	(138.7)
Total operating income	$ 348.3	$ 350.8	$ 640.3	$ 632.9

Depreciation and amortization expense for each of the Company’s segments is as follows:

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Depreciation and amortization:				
Wholesale	$ 16.9	$ 16.3	$ 34.0	$ 31.8
Retail	28.7	28.2	55.8	56.5
Licensing	0.2	0.2	0.5	0.6
Unallocated corporate expenses	11.5	11.3	23.1	22.5
Total depreciation and amortization	$ 57.3	$ 56.0	$ 113.4	$ 111.4

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

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Net revenues:				
The Americas[a]	$ 1,221.3	$1,190.2	$ 2,296.5	$2,163.1
Europe[a]	410.7	461.5	710.5	783.3
Asia	230.0	252.9	448.4	484.6
Total net revenues	$ 1,862.0	$1,904.6	$ 3,455.4	$3,431.0

[a] Net revenues for certain of the Company’s licensed operations are included within the geographic location of the reporting subsidiary which holds the respective license.

16. Additional Financial Information

Cash Interest and Taxes

	Three Months Ended		Six Months Ended	
	September 29, 2012	October 1, 2011	September 29, 2012	October 1, 2011
	(millions)			
Cash paid for interest	$ 0.9	$ 2.2	$ 2.7	$ 7.1
Cash paid for income taxes	$ 128.8	$ 13.9	$ 206.9	$ 25.3

Non-cash Transactions

Significant non-cash investing activities included the capitalization of fixed assets and recognition of related obligations in the net amount of $56.7 million for the six months ended September 29, 2012 and $60.3 million for the six months ended October 1, 2011.

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

17. Subsequent Events

Discontinuance of Rugby

Subsequent to the end of the second quarter of Fiscal 2013, on October 30, 2012, the Company approved a plan to discontinue its *Rugby* brand operations (the “Rugby Closure Plan”). This decision was primarily based on the results of an analysis of the brand concept including an opportunity for the Company to reallocate resources related to these operations to support other high growth business opportunities and initiatives. The Rugby Closure Plan will result in the closure of all of the Company’s 14 global freestanding retail Rugby stores, and its related domestic retail e-commerce site, located at Rugby.com, expected to occur by the end of Fiscal 2013. It will also result in a related reduction in workforce. In connection with the Rugby Closure Plan, the Company expects to record pretax charges of $20 million – $30 million, primarily comprised of severance costs ($5 million – $10 million), lease-related expenses ($5 million – $15 million) and fixed asset write-down costs ($5 million – $10 million), during the second half of Fiscal 2013. A majority of the total estimated cash-related costs of $10 million – $20 million are expected to be paid in the fourth quarter of Fiscal 2013.

Tax Audit Settlement

Subsequent to the end of the second quarter of Fiscal 2013, on October 23, 2012, the Company reached a preliminary settlement agreement with the Internal Revenue Service with respect to its federal income tax examination for the taxable years ended March 29, 2008 through April 3, 2010. In connection with this agreement, the Company expects to recognize an income tax benefit ranging between $12 million and $15 million during the third quarter of Fiscal 2013. The Company’s unrecognized tax benefits will decline by approximately $30 million, excluding interest and penalties, as a result of this settlement.

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

Special Note Regarding Forward-Looking Statements

Various statements in this Form 10-Q or incorporated by reference into this Form 10-Q, in future filings by us with the Securities and Exchange Commission (the "SEC"), in our press releases and in oral statements made from time to time by us or on our behalf constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as "anticipate," "estimate," "expect," "project," "we believe," "is or remains optimistic," "currently envisions" and similar words or phrases and involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from the future results, performance or achievements expressed in or implied by such forward-looking statements. These risks, uncertainties, and other factors include, among others:

- the loss of key personnel, including Mr. Ralph Lauren;
- the impact of global economic conditions, including the ongoing sovereign debt crisis and credit downgrades, on us, our customers, our suppliers and our vendors, and on our ability and their ability to access sources of liquidity;
- our ability to successfully implement our anticipated growth strategies;
- our ability to continue to expand or grow our business internationally, and the impact of related changes in our geographic sales mix as a result;
- our ability to secure our facilities and systems and those of our third party service providers from, among other things, cybersecurity breaches, acts of vandalism, computer viruses or similar Internet or email events;
- our efforts to improve the efficiency of our distribution system and to continue to enhance our global information technology systems;
- our exposure to domestic and foreign currency fluctuations and risks associated with raw materials, transportation and labor costs;
- the impact of fluctuations in the U.S. or global economy on consumer purchases of premium lifestyle products that we offer for sale and our ability to forecast consumer demand;
- our ability to open new retail stores, concession shops and e-commerce websites, and expand our direct-to-consumer presence;
- our ability to make certain strategic acquisitions of certain selected licenses held by our licensees and successfully integrate acquired businesses, including our operations in Asia and South America;
- our intention to introduce new products or enter into or renew alliances and exclusive relationships;
- our ability to continue to pay dividends and repurchase Class A common stock;
- changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors and consolidations, liquidations, restructurings and other ownership changes in the retail industry;
- changes to our anticipated effective tax rates in future years;
- our ability to continue to maintain our brand image and reputation and protect our trademarks;
- changes in our relationships with department store customers and licensing partners;
- our ability to maintain our credit profile and ratings with the financial community;
- the potential impact on our operations and customers resulting from natural or man-made disasters, including the potential impact of Hurricane Sandy;

- the impact to our business of events that are currently taking place in the Middle East, as well as from any terrorist action, retaliation and the threat of further action or retaliation; and
- a variety of legal, regulatory, tax, political and economic risks, including risks related to the importation and exportation of products, tariffs and other trade barriers, to which our international operations are subject and other risks associated with our international operations, such as violations of laws prohibiting improper payments, and the burdens of complying with a variety of foreign laws and regulations, including tax laws, trade and labor restrictions and related laws that may reduce the flexibility of our business.

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012 (the "Fiscal 2012 10-K"). There are no material changes to such risk factors, nor are there any identifiable previously undisclosed risks as set forth in Part II, Item 1A — "*Risk Factors*" of this Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In this Form 10-Q, references to "Ralph Lauren," "ourselves," "we," "our," "us" and the "Company" refer to Ralph Lauren Corporation and its subsidiaries ("RLC"), unless the context indicates otherwise. We utilize a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, fiscal year 2013 will end on March 30, 2013 and will be a 52-week period ("Fiscal 2013"). Fiscal year 2012 ended on March 31, 2012 and also reflected a 52-week period ("Fiscal 2012"). The second quarter of Fiscal 2013 ended on September 29, 2012 and was a 13-week period. The second quarter of Fiscal 2012 ended on October 1, 2011 and was also a 13-week period.

INTRODUCTION

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

- *Overview.* This section provides a general description of our business, global economic developments, and a summary of our financial performance for the three-month and six-month periods ended September 29, 2012. In addition, this section includes a discussion of recent developments and transactions affecting comparability that we believe are important in understanding our results of operations and financial condition, and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for the three-month and six-month periods ended September 29, 2012 and October 1, 2011.
- *Financial condition and liquidity.* This section provides an analysis of our cash flows for the six-month periods ended September 29, 2012 and October 1, 2011, as well as a discussion of our financial condition and liquidity as of September 29, 2012 as compared to the end of Fiscal 2012. The discussion of our financial condition and liquidity includes (i) a discussion of our financial position compared to the end of Fiscal 2012, (ii) the available financial capacity under our credit facilities, (iii) a summary of our key debt compliance measures, and (iv) any material changes in our financial condition and contractual obligations since the end of Fiscal 2012.
- *Market risk management.* This section discusses any significant changes in our interest rate, foreign currency and investment risk exposures, the types of derivative instruments used to hedge those exposures, and/or underlying market conditions since the end of Fiscal 2012.
- *Critical accounting policies.* This section discusses any significant changes in our accounting policies since the end of Fiscal 2012. Significant changes include those considered to be important to our

financial condition and results of operations and which require significant judgment and estimation on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 3 to our audited consolidated financial statements as included in our Fiscal 2012 10-K.

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

OVERVIEW

Our Business

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

We classify our businesses into three segments: Wholesale, Retail and Licensing. Our Wholesale business, representing approximately 47% of Fiscal 2012 net revenues, consists of wholesale-channel sales made principally to major department stores and specialty stores located throughout North America, Europe, Asia and South America. Our Retail business, representing approximately 50% of Fiscal 2012 net revenues, consists of retail-channel sales directly to consumers through retail stores located throughout North America, Europe, Asia and South America; through concessions-based shop-within-shops located primarily in Asia and Europe; and through our retail e-commerce channel in North America, Europe and Asia. Our Licensing business, representing approximately 3% of Fiscal 2012 net revenues, consists of royalty-based arrangements under which we license the right to third parties to use our various trademarks in connection with the manufacture and sale of designated products, such as apparel, eyewear and fragrances, in specified geographical areas for specified periods. Approximately 38% of our Fiscal 2012 net revenues were earned in international regions outside of the U.S.

Our business is typically affected by seasonal trends, with higher levels of wholesale sales in our second and fourth quarters and higher retail sales in our second and third quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school and holiday shopping periods in the Retail segment. In addition, fluctuations in sales, operating income and cash flows in any fiscal quarter may be influenced by other events affecting retail sales, such as changes in weather patterns. Accordingly, our operating results for the three-month and six-month periods ended September 29, 2012, and cash flows for the six-month period ended September 29, 2012 are not necessarily indicative of the results and cash flows that may be expected for the full Fiscal 2013.

Global Economic Developments

As discussed in our Fiscal 2012 Form 10-K, the state of the global economy continues to influence the level of consumer spending for discretionary items. This affects our business as it is highly dependent on consumer demand for our products. The current political and economic global environments, most notably in the U.S., Europe and Asia, have resulted in significant macroeconomic risks including high rates of unemployment, currency volatility and continued global economic uncertainty driven in part by the European debt crisis and the slowdown in economic growth in the U.S. and Asia, among other factors. These risks, combined with expectations of slower global economic growth and increased austerity measures, have adversely affected consumer and business sentiment resulting in a highly promotional global retail environment.

As a result of the current economic environment and fluctuating consumer confidence worldwide, current trends show continued softness in our European wholesale businesses. In addition, during the second quarter of Fiscal 2013, certain of our retail operations continued to exhibit the declining comparable store sales trends that began in the first quarter of the fiscal year, including the majority of our retail businesses in Asia. If the global macroeconomic environment, including the economic situations in the U.S., Europe and Asia, continues to be weak or worsens, the related constrained level of worldwide consumer spending and modified consumption behavior we expect will have a negative effect on our sales and operating margin for at least the remainder of the fiscal year.

We continue to monitor these risks and evaluate our operating strategies in order to adjust to changes in economic conditions, including fluctuations in global labor rates and commodity pricing.

For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, see Part I, Item 1A — “Risk Factors” in our Fiscal 2012 10-K.

Summary of Financial Performance

Operating Results

Three Months Ended September 29, 2012 Compared to Three Months Ended October 1, 2011

During the second quarter of Fiscal 2013, we reported revenues of $1.862 billion, net income attributable to RLC of $213.7 million and net income per diluted share attributable to RLC of $2.29. This compares to revenues of $1.905 billion, net income attributable to RLC of $233.5 million and net income per diluted share attributable to RLC of $2.46 during the second quarter of Fiscal 2012.

Our operating performance for the three months ended September 29, 2012 reflected a 2.2% decline in net revenues, primarily due to lower revenues from our wholesale businesses and net unfavorable foreign currency effects, which were partially offset by increased revenues from our retail businesses. Excluding the effect of foreign currency, net revenues increased by 0.2%. Our gross margin percentage increased by 220 basis points to 58.8% during the second quarter of Fiscal 2013, reflecting lower sourcing costs compared to higher cost benchmarks in the prior year period and a favorable product mix across most of our wholesale businesses, which more than offset a less favorable geographic and customer mix driven by our European wholesale business. These increases were partially offset by elevated promotional activity across certain of our retail businesses in North America and Asia. Selling, general and administrative (“SG&A”) expenses increased largely due to higher advertising, marketing and promotional, selling and compensation-related costs, as well as additional expenses to support our growth and new business initiatives.

Net income attributable to RLC declined during the second quarter of Fiscal 2013 as compared to the second quarter of Fiscal 2012, primarily due to the increase in our reported effective tax rate of 480 basis points. Net income per diluted share attributable to RLC also decreased due to the effect of lower net income, partially offset by lower weighted-average diluted shares outstanding during the second quarter of Fiscal 2013.

Six Months Ended September 29, 2012 Compared to Six Months Ended October 1, 2011

During the six months ended September 29, 2012, we reported revenues of $3.455 billion, net income attributable to RLC of $407.1 million and net income per diluted share attributable to RLC of $4.32. This compares to revenues of $3.431 billion, net income attributable to RLC of $417.6 million and net income per diluted share attributable to RLC of $4.35 during the six months ended October 1, 2011.

Our operating performance for the six months ended September 29, 2012 reflected revenue growth of 0.7%, primarily due to increased revenues from our retail businesses, which were largely offset by lower revenues from our wholesale businesses and net unfavorable foreign currency effects. Excluding the effect of foreign currency,

net revenues increased by 3.0%. Our gross margin percentage increased by 90 basis points to 60.4% during the six months ended September 29, 2012, reflecting lower sourcing costs compared to higher cost benchmarks in the prior year period across most of our wholesale businesses and a favorable product mix in our North American wholesale business, which more than offset a less favorable geographic and customer mix driven by our European wholesale business. This increase was partially offset by elevated promotional activity across certain of our North American retail businesses, as well as sourcing cost pressures across most of our global retail businesses. SG&A expenses increased largely due to higher compensation-related costs, marketing, advertising and promotional costs and additional expenses to support our growth and new business initiatives.

Net income attributable to RLC declined during the six months ended September 29, 2012 as compared to the six months ended October 1, 2011 due to an increase in our reported effective tax rate of 210 basis points, partially offset by a $7.4 million increase in operating income. Net income per diluted share attributable to RLC also declined due to the effect of lower net income, partially offset by lower weighted-average diluted shares outstanding during the six months ended September 29, 2012.

Financial Condition and Liquidity

Our financial position reflects the overall relative strength of our business results. We ended the second quarter of Fiscal 2013 in a net cash and investments position (cash and cash equivalents plus short-term and non-current investments, less total debt) of $831.9 million, compared to $1.013 billion as of March 31, 2012. The decrease in our net cash and investments position was primarily due to our treasury stock repurchases, capital expenditures and dividend payments, partially offset by our operating cash flows during the six months ended September 29, 2012. Our equity increased to $3.736 billion as of September 29, 2012 compared to $3.653 billion as of March 31, 2012, primarily due to our net income and equity issuances made pursuant to stock-based compensation arrangements, partially offset by our share repurchase activity and dividends declared during the six months ended September 29, 2012.

We generated $306.7 million of cash from operations during the six months ended September 29, 2012, compared to $283.5 million during the six months ended October 1, 2011. The increase in operating cash flows primarily relates to changes in working capital, including cash flow increases related to accounts receivable and inventories, partially offset by higher income tax payments during the six months ended September 29, 2012. We used some of our available cash to support our common stock repurchase program, to reinvest in our business through capital spending and to pay dividends on our common stock. In particular, we used $346.7 million to repurchase 2.4 million shares of Class A common stock, including shares surrendered for tax withholdings. We also used $117.3 million for capital expenditures primarily associated with our global retail store expansion, construction and renovation of department store shop-within-shops, and investments in our facilities and technological infrastructure, and made cash dividend payments of $55.0 million.

Transactions Affecting Comparability of Results of Operations and Financial Condition

The comparability of our operating results for the three-month and six-month periods ended September 29, 2012 and October 1, 2011 has been affected by certain transactions, including:

- the restructuring plan initiated in May 2011 to reposition and upgrade our existing distribution network and merchandising operations in the Asia-Pacific region, which includes mainland China, Macau, Hong Kong, Taiwan, Malaysia, Singapore, Japan and South Korea (the "Asia-Pacific Restructuring Plan"). This plan included the closure of approximately 95 stores and concession shops in the Greater China and Southeast Asia region that do not support the new merchandising strategy, primarily during the fourth quarter of Fiscal 2012;
- the discontinuance of the majority of products sold under the American Living brand effective for the Fall 2012 selling season (see "*Recent Developments*"); and
- the inclusion of a reserve of approximately $15.5 million for an interest assessment on a prior year withholding tax within our provision for income taxes during the second quarter of Fiscal 2013.

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

Recent Developments

Discontinuance of Rugby

Subsequent to the end of the second quarter of Fiscal 2013, on October 30, 2012, we approved a plan to discontinue our *Rugby* brand operations (the "Rugby Closure Plan"). This decision was primarily based on the results of an analysis of the brand concept including an opportunity to reallocate our resources related to these operations to support other high growth business opportunities and initiatives. The Rugby Closure Plan will result in the closure of all of our 14 global freestanding retail Rugby stores, and our related domestic retail e-commerce site, located at Rugby.com, expected to occur by the end of Fiscal 2013. It will also result in a related reduction in our workforce. In connection with the Rugby Closure Plan, we expect to record pretax charges of $20 million – $30 million, primarily comprised of severance costs ($5 million – $10 million), lease-related expenses ($5 million – $15 million) and fixed asset write-down costs ($5 million – $10 million), during the second half of Fiscal 2013.

Discontinuance of American Living

During the fourth quarter of Fiscal 2012, we decided along with our wholesale partner J.C. Penney Company, Inc. ("JCPenney") to discontinue the majority of the products sold under the *American Living* brand created for and exclusively sold to JCPenney, effective for the Fall 2012 wholesale selling season. The discontinuance of these American Living product lines did not have a material impact on the Company's consolidated or segment results.

Suspension of Argentina Operations

During the second quarter of Fiscal 2013, we suspended our business operations in Argentina, as previously announced. The suspension of these operations did not have a material impact on the Company's consolidated or segment results.

E-Commerce Expansion

During the first quarter of Fiscal 2013, we launched a new retail e-commerce site for our *Club Monaco* business in Canada located at www.ClubMonaco.ca. During the second quarter of Fiscal 2013, we further expanded our e-commerce presence by launching a new retail e-commerce website for our *Ralph Lauren* business in Japan located at www.RalphLauren.co.jp.

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RESULTS OF OPERATIONS

Three Months Ended September 29, 2012 Compared to Three Months Ended October 1, 2011

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

	Three Months Ended			
	September 29, 2012	October 1, 2011	$ Change	% / bps Change
	(millions, except per share data)			
Net revenues	$ 1,862.0	$1,904.6	$(42.6)	(2.2%)
Cost of goods sold[(a)]	(766.7)	(826.0)	59.3	(7.2%)
Gross profit	1,095.3	1,078.6	16.7	1.5%
Gross profit as % of net revenues	*58.8%*	*56.6%*		*220 bps*
Selling, general and administrative expenses[(a)]	(740.2)	(720.3)	(19.9)	2.8%
SG&A expenses as % of net revenues	*39.8%*	*37.8%*		*200 bps*
Amortization of intangible assets	(6.8)	(7.5)	0.7	(9.3%)
Operating income	348.3	350.8	(2.5)	(0.7%)
Operating income as % of net revenues	*18.7%*	*18.4%*		*30 bps*
Foreign currency gains (losses)	(0.5)	1.8	(2.3)	NM
Interest expense	(5.4)	(6.4)	1.0	(15.6%)
Interest and other income, net	1.3	2.4	(1.1)	(45.8%)
Equity in income (loss) of equity-method investees	(1.5)	(1.1)	(0.4)	36.4%
Income before provision for income taxes	342.2	347.5	(5.3)	(1.5%)
Provision for income taxes	(128.5)	(114.0)	(14.5)	12.7%
Effective tax rate[(b)]	*37.6%*	*32.8%*		*480 bps*
Net income attributable to RLC	$ 213.7	$ 233.5	$(19.8)	(8.5%)
Net income per common share attributable to RLC:				
Basic	$ 2.34	$ 2.53	$(0.19)	(7.5%)
Diluted	$ 2.29	$ 2.46	$(0.17)	(6.9%)

(a) Includes total depreciation expense of $50.5 million and $48.5 million for the three-month periods ended September 29, 2012 and October 1, 2011, respectively.

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

NM Not meaningful.

Net Revenues. Net revenues declined by $42.6 million, or 2.2%, to $1.862 billion in the second quarter of Fiscal 2013 from $1.905 billion in the second quarter of Fiscal 2012. The decrease was primarily due to lower revenues from our wholesale businesses and net unfavorable foreign currency effects, partially offset by higher revenues from our retail businesses. Excluding the effect of foreign currency, net revenues increased by $4.2 million, or 0.2%.

Net revenues for our three business segments are provided below:

	Three Months Ended			
	September 29, 2012	October 1, 2011	$ Change	% Change
		(millions)		
Net Revenues:				
Wholesale	$ 914.5	$ 995.5	$ (81.0)	(8.1%)
Retail	900.9	861.3	39.6	4.6%
Licensing	46.6	47.8	(1.2)	(2.5%)
Total net revenues	$ 1,862.0	$1,904.6	$ (42.6)	(2.2%)

Wholesale net revenues — The net decrease primarily reflects:

- a $38 million net decrease related to our European businesses on a constant currency basis driven by reduced shipments across our core menswear, womenswear and childrenswear product lines due to timing and also reflecting the challenging European retail environment and continued softening in the specialty store business, particularly in Southern Europe. These decreases were partially offset by increased sales from our accessories product lines (including footwear), driven by new product offerings and an increased department store presence;
- a $28 million net decrease in revenues due to net unfavorable foreign currency effects primarily related to the weakening of the Euro against the U.S. Dollar during the second quarter of Fiscal 2013, compared to the related prior fiscal year period;
- a $9 million net decrease related to our businesses in the Americas, primarily due to the discontinuance of the majority of the product categories sold under the *American Living* brand sold to JCPenney and lower sales from our denim product lines due in part to higher prior period sales associated with the initial launch of the *Denim & Supply Ralph Lauren* product line during the second quarter of Fiscal 2012. Excluding these effects, revenues from our core menswear and womenswear product lines increased compared to prior year, due in part to our increased presence at department store locations (including our business in Canada);
- a $4 million net decrease related to our businesses in the Greater China and Southeast Asia region on a constant currency basis, primarily due to the elimination of certain third-party distribution in connection with our repositioning efforts in the region as part of the Asia-Pacific Restructuring Plan, largely during the fourth quarter of Fiscal 2012; and
- a $3 million net decrease related to our Japanese businesses on a constant currency basis, primarily due to the effect of a business model shift to the retail concessions-based channel.

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

Beginning in Fiscal 2013, we have presented our comparable store sales growth as a single, consolidated metric. We believe this combined measure is better aligned with the integrated, multi-channel approach that we employ in managing our Retail business on a global basis. This change has no effect on our total comparable store sales.

The net increase in Retail net revenues primarily reflects:

- a $25 million, or 3%, aggregate net increase in consolidated comparable store sales, primarily driven by increases from our North American and European factory stores and our Ralph Lauren e-commerce operations, partially offset by decreases in comparable store sales from our North American and European Ralph Lauren brick and mortar stores and concession shops in Asia. Our consolidated comparable store sales included a net aggregate unfavorable foreign currency effect of approximately $13 million, primarily due to the weakening of the Euro and the South Korean Won against the U.S. Dollar during the second quarter of Fiscal 2013 as compared to the related prior fiscal year period. Excluding the effect of foreign currency, our consolidated comparable store sales increased by 5% during the second quarter of Fiscal 2013 as compared to the second quarter of Fiscal 2012; and
- a $15 million, or 11%, aggregate net increase in non-comparable store sales driven by a number of new brick and mortar store openings over the past twelve months, as well as our recently launched Ralph Lauren e-commerce sites in Germany and Japan and *Club Monaco* e-commerce sites in North America, which more than offset the impact of store closings in the Asia-Pacific region due to our network repositioning initiative. This increase is net of an aggregate unfavorable foreign currency effect of approximately $5 million, primarily related to the weakening of the Euro and the South Korean Won against the U.S. Dollar during the second quarter of Fiscal 2013 as compared to the related prior fiscal year period.

Our global brick and mortar average store count declined by 23 stores and concession shops during the second quarter of Fiscal 2013 as compared to the second quarter of Fiscal 2012, reflecting the impact of prior year store closings in the Asia-Pacific region. The following table details our Retail brick and mortar store and e-commerce presence as of September 29, 2012:

	September 29, 2012
Brick and Mortar Stores:	
Freestanding stores	385
Concession shops	488
Total brick and mortar stores	873
E-commerce Sites:	
North American sites[a]	4
European sites[b]	3
Asian site[c]	1
Total e-commerce sites	8

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

(b) Servicing the U.K., France, Belgium, Luxembourg, the Netherlands, Germany and Austria.

(c) Servicing Japan.

Licensing revenues — The $1 million net decrease in revenues primarily reflects a decline in international licensing revenues, largely due to the discontinuance of certain licensing arrangements.

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

Gross profit increased by $16.7 million, or 1.5%, to $1.095 billion in the second quarter of Fiscal 2013 from $1.079 billion in the second quarter of Fiscal 2012. Gross profit as a percentage of net revenues increased by 220 basis points to 58.8% in the second quarter of Fiscal 2013 from 56.6% in the second quarter of Fiscal 2012,

reflecting lower sourcing costs compared to higher cost benchmarks in the prior year period and a favorable product mix across most of our wholesale businesses, which more than offset a less favorable geographic and customer mix driven by our European wholesale business. The improvement in our gross profit margin also reflected the shift in channel mix to a greater Retail concentration. These increases were partially offset by elevated promotional activity across certain of our retail businesses in North America and Asia.

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

Selling, General and Administrative Expenses. SG&A expenses primarily include compensation and benefits, marketing, distribution, bad debts, information technology, facilities, legal and other costs associated with finance and administration. SG&A expenses increased by $19.9 million, or 2.8%, to $740.2 million in the second quarter of Fiscal 2013 from $720.3 million in the second quarter of Fiscal 2012. This increase included a net favorable foreign currency effect of approximately $19 million, primarily related to the weakening of the Euro and the South Korean Won against the U.S. Dollar during the second quarter of Fiscal 2013 as compared to the related prior fiscal year period. Excluding the effect of foreign currency, SG&A expenses increased by $38.6 million, or 5.4%. SG&A expenses as a percentage of net revenues increased to 39.8% in the second quarter of Fiscal 2013 from 37.8% in the second quarter of Fiscal 2012. The 200 basis point increase was primarily due to operating deleverage on lower net revenues and an increase in operating expenses to support the growth of our retail business, our new business initiatives, and our repositioning efforts in the Asia-Pacific region. The $19.9 million increase in SG&A expenses was primarily driven by:

- increased brand-related marketing, advertising and promotional costs of approximately $6 million;
- higher selling costs of approximately $4 million to support our business growth;
- higher compensation-related costs of approximately $3 million primarily related to higher salaries associated with the increase in retail sales and increased stock-based compensation costs, partially offset by lower incentive-based compensation costs;
- severance and lease termination costs of approximately $3 million associated with the suspension of our operations in Argentina; and
- higher shipping, warehousing and distribution expenses of approximately $3 million to support increased Retail sales.

Amortization of Intangible Assets. Amortization of intangible assets decreased by $0.7 million, or 9.3%, to $6.8 million in the second quarter of Fiscal 2013 from $7.5 million in the second quarter of Fiscal 2012. This decrease reflected the absence of expense in the current fiscal quarter for certain customer relationship intangible assets that were fully amortized as of the end of Fiscal 2012.

Operating Income. Operating income declined slightly by $2.5 million, or 0.7%, to $348.3 million in the second quarter of Fiscal 2013 from $350.8 million in the second quarter of Fiscal 2012. Operating income as a percentage of net revenues increased 30 basis points, to 18.7% in the second quarter of Fiscal 2013 from 18.4% in the second quarter of Fiscal 2012. The increase in operating income as a percentage of net revenues primarily reflected the increase in gross profit margin, partially offset by the increase in SG&A expenses as a percentage of net revenues, both as previously discussed.

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

	Three Months Ended					
	September 29, 2012		October 1, 2011			
	Operating Income (millions)	Operating Margin	Operating Income (millions)	Operating Margin	$ Change (millions)	Margin Change
Segment:						
Wholesale	$ 232.8	25.5%	$ 241.9	24.3%	$ (9.1)	120 bps
Retail	156.7	17.4%	144.8	16.8%	11.9	60 bps
Licensing	34.9	74.9%	35.5	74.3%	(0.6)	60 bps
	424.4		422.2		2.2	
Unallocated corporate expenses	(76.1)		(71.4)		(4.7)	
Total operating income	$ 348.3	18.7%	$ 350.8	18.4%	$ (2.5)	30 bps

Wholesale operating margin increased by 120 basis points, primarily due to higher global gross profit margins reflecting lower sourcing costs compared to higher cost benchmarks in the prior year period and a favorable product mix across most of our wholesale businesses. This increase in Wholesale operating margin was partially offset by an increase in SG&A expenses as a percentage of net revenues, primarily as a result of reduced operating leverage of fixed costs, including rent and occupancy expenses, on lower global Wholesale revenues.

Retail operating margin increased by 60 basis points, primarily due to an improvement in SG&A expenses as a percentage of net revenues as a result of improved operating leverage of fixed costs, including rent and occupancy and compensation-related expenses, on higher North American and European retail revenues, which more than offset additional operating expenses to support the ongoing growth of our international retail businesses, including e-commerce. The overall increase in Retail operating margin was partially offset by lower gross profit margins reflecting elevated promotional activity across certain of our retail businesses in North America and Asia.

Licensing operating margin increased by 60 basis points, primarily as a result of improved operating expense leverage due in part to the discontinuance of certain licensing arrangements, partially offset by lower revenues.

Unallocated corporate expenses increased by $4.7 million, primarily due to expenses related to suspension of our operations in Argentina and increased compensation-related and marketing, advertising and promotional costs.

Foreign Currency Gains (Losses). The effect of foreign currency exchange rate fluctuations resulted in losses of $0.5 million in the second quarter of Fiscal 2013, compared to related gains of $1.8 million in the second quarter of Fiscal 2012. The year-over-year variance was primarily attributable to higher losses of $3.8 million relating to foreign currency hedge contacts, partially offset by foreign currency gains due to the timing of the settlement of foreign currency-denominated third party and intercompany receivables and payables (that were not of a long-term investment nature). Foreign currency gains and losses are unrelated to the impact of changes in the value of the U.S. Dollar when operating results of our foreign subsidiaries are translated to U.S. Dollars.

Interest Expense. Interest expense includes the borrowing costs of our outstanding debt, including amortization of debt issuance costs, interest related to our capital lease obligations and amortization of certain deferred gains or losses on derivative instruments. Interest expense decreased by $1.0 million, or 15.6%, to $5.4 million in the second quarter of Fiscal 2013 from $6.4 million in the second quarter of Fiscal 2012. The decrease in interest expense was primarily due to favorable foreign currency effects resulting from the weakening of the Euro during the three months ended September 29, 2012 as compared to the three months ended October 1, 2011, which reduced the interest expense related to our Euro Debt during the current fiscal quarter.

Interest and Other Income, net. Interest and other income, net, decreased by $1.1 million, or 45.8%, to $1.3 million in the second quarter of Fiscal 2013 from $2.4 million in the second quarter of Fiscal 2012. The decrease was principally due to lower rates of interest and lower investment balances associated with our investment portfolio.

Equity in Income (Loss) of Equity-Method Investees. The equity in losses of equity-method investees of $1.5 million and $1.1 million recognized in the second quarters of Fiscal 2013 and Fiscal 2012, respectively, related to our share of losses from our joint venture, the Ralph Lauren Watch and Jewelry Company, S.A.R.L., which is accounted for under the equity method of accounting.

Provision for Income Taxes. The provision for income taxes represents federal, foreign, state and local income taxes. The provision for income taxes increased by $14.5 million, or 12.7%, to $128.5 million in the second quarter of Fiscal 2013 from $114.0 million in the second quarter of Fiscal 2012. The increase in the provision for income taxes was primarily due to the increase in our reported effective tax rate of 480 basis points, to 37.6% for the second quarter of Fiscal 2013 from 32.8% for the second quarter of Fiscal 2012. The higher effective tax rate during the second quarter of Fiscal 2013 was primarily due to the inclusion of a reserve for an interest assessment on a prior year withholding tax, partially offset by a greater proportion of earnings generated in lower-taxed jurisdictions. The effective tax rate differs from statutory rates due to the effect of state and local taxes, tax rates in foreign jurisdictions and certain nondeductible expenses. Our effective tax rate will change from period to period based on various factors including, but not limited to, the geographic mix of earnings, the timing and amount of foreign dividends, enacted tax legislation, state and local taxes, tax audit findings and settlements, and the interaction of various global tax strategies.

Net Income Attributable to RLC. Net income declined by $19.8 million, or 8.5%, to $213.7 million in the second quarter of Fiscal 2013 from $233.5 million in the second quarter of Fiscal 2012. The lower net income was primarily driven by the increase in our effective tax rate of 480 basis points and the slight decline in operating income, both as previously discussed.

Net Income per Diluted Share Attributable to RLC. Net income per diluted share decreased by $0.17, or 6.9%, to $2.29 per share in the second quarter of Fiscal 2013 from $2.46 per share in the second quarter of Fiscal 2012. The decrease in diluted per share results was due to the lower level of net income, as previously discussed, partially offset by lower weighted-average diluted shares outstanding during the second quarter of Fiscal 2013 driven by our share repurchases over the past twelve months.

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RESULTS OF OPERATIONS

Six Months Ended September 29, 2012 Compared to Six Months Ended October 1, 2011

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

	Six Months Ended			
	September 29, 2012	October 1, 2011	$ Change	% / bps Change
	(millions, except per share data)			
Net revenues	$ 3,455.4	$ 3,431.0	$ 24.4	0.7%
Cost of goods sold[a]	(1,368.0)	(1,390.9)	22.9	(1.6%)
Gross profit	2,087.4	2,040.1	47.3	2.3%
Gross profit as % of net revenues	*60.4%*	*59.5%*		*90 bps*
Selling, general and administrative expenses[a]	(1,433.6)	(1,392.6)	(41.0)	2.9%
SG&A expenses as % of net revenues	*41.5%*	*40.6%*		*90 bps*
Amortization of intangible assets	(13.5)	(14.6)	1.1	(7.5%)
Operating income	640.3	632.9	7.4	1.2%
Operating income as % of net revenues	*18.5%*	*18.4%*		*10 bps*
Foreign currency gains (losses)	(3.1)	(2.0)	(1.1)	55.0%
Interest expense	(10.9)	(12.5)	1.6	(12.8%)
Interest and other income, net	2.6	6.6	(4.0)	(60.6%)
Equity in income (loss) of equity-method investees	(2.8)	(3.0)	0.2	(6.7%)
Income before provision for income taxes	626.1	622.0	4.1	0.7%
Provision for income taxes	(219.0)	(204.4)	(14.6)	7.1%
Effective tax rate[b]	*35.0%*	*32.9%*		*210 bps*
Net income attributable to RLC	$ 407.1	$ 417.6	$(10.5)	(2.5%)
Net income per common share attributable to RLC:				
Basic	$ 4.44	$ 4.49	$(0.05)	(1.1%)
Diluted	$ 4.32	$ 4.35	$(0.03)	(0.7%)

(a) Includes total depreciation expense of $99.9 million and $96.8 million for the six-month periods ended September 29, 2012 and October 1, 2011, respectively.

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

Net Revenues. Net revenues increased by $24.4 million, or 0.7%, to $3.455 billion for the six months ended September 29, 2012 from $3.431 billion for the six months ended October 1, 2011. The increase was primarily due to higher revenues from our retail businesses, which were partially offset by lower revenues from our wholesale businesses and net unfavorable foreign currency effects. Excluding the effect of foreign currency, net revenues increased by $101.3 million, or 3.0%.

Net revenues for our three business segments are provided below:

	Six Months Ended			
	September 29, 2012	October 1, 2011	$ Change	% Change
		(millions)		
Net Revenues:				
Wholesale	$ 1,608.6	$1,668.5	$(59.9)	(3.6%)
Retail	1,758.2	1,674.8	83.4	5.0%
Licensing	88.6	87.7	0.9	1.0%
Total net revenues	$ 3,455.4	$3,431.0	$ 24.4	0.7%

Wholesale net revenues — The net decrease primarily reflects:

- a $56 million net decrease related to our European businesses on a constant currency basis driven by reduced shipments across our core menswear, womenswear and childrenswear product lines due to timing and also reflecting the challenging European retail environment and continued softening in the specialty store business, particularly in Southern Europe. These decreases were partially offset by increased sales from our accessories product lines (including footwear), driven by new product offerings and an increased department store presence;
- a $43 million net decrease in revenues due to net unfavorable foreign currency effects primarily related to the weakening of the Euro against the U.S. Dollar during the six months ended September 29, 2012, compared to the related prior fiscal year period;
- a $9 million net decrease related to our Japanese businesses on a constant currency basis, primarily due to the effect of a business model shift to the Retail concessions-based channel; and
- a $7 million net decrease related to our businesses in the Greater China and Southeast Asia region on a constant currency basis, primarily due to the elimination of certain third-party distribution in connection with our repositioning efforts in the region as part of the Asia-Pacific Restructuring Plan, largely during the fourth quarter of Fiscal 2012.

These decreases were partially offset by:

- a $54 million net increase related to our businesses in the Americas due in part to incremental Home product revenues related to our assumption of control over the distribution of the previously licensed bedding and bath business on May 1, 2011. The increase was also driven by higher menswear revenues reflecting an increased presence at department store locations (including our business in Canada) and additional product line offerings (including the *Denim & Supply Ralph Lauren* product line launched during the second quarter of Fiscal 2012), partially offset by declines due to the discontinuance of the majority of the product categories sold under the *American Living* brand sold to JCPenney.

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

- a $50 million, or 23%, aggregate net increase in non-comparable store sales driven by a number of new brick and mortar store openings over the past twelve months, as well as our recently launched Ralph Lauren e-commerce sites in Germany and Japan and *Club Monaco* e-commerce sites in North America, which more than offset the impact of store closings in the Asia-Pacific region due to our network repositioning initiative. This increase is net of an aggregate unfavorable foreign currency effect of approximately $6 million, primarily related to the weakening of the Euro and the South Korean Won against the U.S. Dollar during the six months ended September 29, 2012 as compared to the related prior fiscal year period.

  Our global brick and mortar average store count declined by 21 stores and concession shops during the six months ended September 29, 2012 as compared to the six months ended October 1, 2011, reflecting the impact of prior year store closings in the Asia-Pacific region. As of September 29, 2012, our store count included 873 brick and mortar stores and 8 e-commerce sites, as further detailed within our quarter-to-date *Results of Operations* discussion above; and
- a $33 million, or 2%, aggregate net increase in consolidated comparable store sales, primarily driven by increases from our North American and European factory stores and our Ralph Lauren e-commerce operations, largely offset by decreases in comparable store sales from our North American and European Ralph Lauren brick and mortar stores and concession shops in Asia. Our consolidated comparable store sales included a net aggregate unfavorable foreign currency effect of approximately $27 million, primarily due to the weakening of the Euro and the South Korean Won against the U.S. Dollar during the six months ended September 29, 2012 as compared to the related prior fiscal year period. Excluding the effect of foreign currency, our consolidated comparable store sales increased by 4% during the six months ended September 29, 2012 as compared to the six months ended October 1, 2011.

Licensing revenues — The $1 million net increase in revenues primarily reflects a $2 million increase in product licensing royalties driven by higher apparel and fragrance-related royalties, partially offset by a $1 million decrease in international licensing revenues largely due to the discontinuance of certain licensing arrangements.

Gross Profit. Gross profit increased by $47.3 million, or 2.3%, to $2.087 billion for the six months ended September 29, 2012 from $2.040 billion for the six months ended October 1, 2011. Gross profit as a percentage of net revenues increased by 90 basis points to 60.4% for the six months ended September 29, 2012 from 59.5% for the six months ended October 1, 2011, reflecting lower sourcing costs compared to higher cost benchmarks in the prior year period across most of our wholesale businesses and a favorable product mix in our North American wholesale business, which more than offset a less favorable geographic and customer mix driven by our European wholesale business. The improvement in our gross profit margin also reflected the shift in channel mix to a greater Retail concentration. These increases were partially offset by elevated promotional activity across certain of our North American retail businesses and sourcing cost pressures across most of our global retail businesses, offset in part by improved gross margins from our retail operations in Asia primarily due to a favorable product mix.

Selling, General and Administrative Expenses. SG&A expenses increased by $41.0 million, or 2.9%, to $1.434 billion for the six months ended September 29, 2012 from $1.393 billion for the six months ended October 1, 2011. This increase included a net favorable foreign currency effect of approximately $31 million, primarily related to the weakening of the Euro and the South Korean Won against the U.S. Dollar during the six months ended September 29, 2012 as compared to the related prior fiscal year period. Excluding the effect of foreign currency, SG&A expenses increased by $72.0 million, or 5.2%. SG&A expenses as a percentage of net revenues increased to 41.5% in the six months ended September 29, 2012 from 40.6% in the six months ended October 1, 2011. The 90 basis point increase was primarily due to an increase in operating expenses to support the growth in our retail business, our new business initiatives and our repositioning efforts in the Asia-Pacific region, partially offset by operating leverage on higher net revenues. The $41.0 million increase in SG&A expenses was primarily driven by:

- higher compensation-related costs of approximately $14 million primarily related to higher salaries associated with the increase in retail sales and higher stock-based compensation costs;
- increased brand-related marketing, advertising and promotional costs of approximately $8 million;
- higher shipping, warehousing and distribution expenses of approximately $8 million to support increased sales; and
- higher selling costs of approximately $6 million to support our retail business growth.

Amortization of Intangible Assets. Amortization of intangible assets decreased by $1.1 million, or 7.5%, to $13.5 million for the six months ended September 29, 2012 from $14.6 million for the six months ended October 1, 2011. This decrease reflected the absence of expense in the current fiscal year-to-date period for certain customer relationship intangible assets that were fully amortized as of the end of Fiscal 2012.

Operating Income. Operating income increased by $7.4 million, or 1.2%, to $640.3 million for the six months ended September 29, 2012 from $632.9 million for the six months ended October 1, 2011. Operating income as a percentage of net revenues increased 10 basis points, to 18.5% for the six months ended September 29, 2012 from 18.4% for the six months ended October 1, 2011. The increase in operating income as a percentage of net revenues primarily reflected the increase in gross profit margin, largely offset by the increase in SG&A expenses as a percentage of net revenues, both as previously discussed.

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

	Six Months Ended					
	September 29, 2012		October 1, 2011			
	Operating Income (millions)	Operating Margin	Operating Income (millions)	Operating Margin	$ Change (millions)	Margin Change
Segment:						
Wholesale	$ 386.4	24.0%	$ 391.3	23.5%	$ (4.9)	50 bps
Retail	336.0	19.1%	317.0	18.9%	19.0	20 bps
Licensing	64.3	72.6%	63.3	72.2%	1.0	40 bps
	786.7		771.6		15.1	
Unallocated corporate expenses	(146.4)		(138.7)		(7.7)	
Total operating income	$ 640.3	18.5%	$ 632.9	18.4%	$ 7.4	10 bps

Wholesale operating margin increased by 50 basis points, primarily due to increased global gross profit margins reflecting lower sourcing costs compared to higher cost benchmarks in the prior year period across most of our wholesale businesses and a favorable product mix in our North American wholesale businesses, partially offset by a less favorable geographic and customer mix driven by our European business. This increase in Wholesale operating margin was partially offset by an increase in SG&A expenses as a percentage of net revenues, primarily as a result of reduced operating leverage of fixed costs, including rent and occupancy expenses, on lower global Wholesale revenues.

Retail operating margin increased by 20 basis points, primarily due to an improvement in SG&A expenses as a percentage of net revenues as a result of improved operating leverage of fixed costs, including rent and occupancy costs, which more than offset the additional operating expenses incurred to support the ongoing growth of our international retail businesses, including e-commerce. This increase was partially offset by lower overall retail gross margins reflecting elevated promotional activity across certain of our North American retail businesses, as well as sourcing cost pressures across most of our global retail businesses.

Licensing operating margin increased by 40 basis points, primarily as a result of higher revenues.

Unallocated corporate expenses increased by $7.7 million, primarily due to increased compensation-related costs, including stock-based compensation, increased advertising, marketing and promotional costs, and information technology related costs.

Foreign Currency Gains (Losses). The effect of foreign currency exchange rate fluctuations resulted in losses of $3.1 million for the six months ended September 29, 2012, compared to related losses of $2.0 million for the six months ended October 1, 2011. The year-over-year variance was primarily attributable to higher losses of $2.6 million relating to foreign currency hedge contacts, partially offset by foreign currency gains due to the timing of the settlement of foreign currency-denominated third party and intercompany receivables and payables (that were not of a long-term investment nature). Foreign currency gains and losses are unrelated to the impact of changes in the value of the U.S. Dollar when operating results of our foreign subsidiaries are translated to U.S. Dollars.

Interest Expense. Interest expense decreased by $1.6 million, or 12.8%, to $10.9 million for the six months ended September 29, 2012 from $12.5 million for the six months ended October 1, 2011. The decrease in interest expense was primarily due to the favorable foreign currency effects resulting from the weakening of the Euro during the six months ended September 29, 2012 as compared to the six months ended October 1, 2011, which reduced the interest expense related to our Euro Debt during the current fiscal period.

Interest and Other Income, net. Interest and other income, net, decreased by $4.0 million, or 60.6%, to $2.6 million for the six months ended September 29, 2012 from $6.6 million for the six months ended October 1, 2011. The decrease was principally due to lower rates of interest and lower investment balances associated with our investment portfolio, as well as the inclusion of pre-tax income of approximately $1.0 million in the prior year related to the change in fiscal year of the Company's Japanese subsidiary to conform to our consolidated fiscal-year basis.

Equity in Income (Loss) of Equity-Method Investees. The equity in losses of equity-method investees of $2.8 million and $3.0 million for the six months ended September 29, 2012 and October 1, 2011, respectively, related to our share of losses from our joint venture, the Ralph Lauren Watch and Jewelry Company, S.A.R.L., which is accounted for under the equity method of accounting.

Provision for Income Taxes. The provision for income taxes increased by $14.6 million, or 7.1%, to $219.0 million for the six months ended September 29, 2012 from $204.4 million for the six months ended October 1, 2011. The increase in the provision for income taxes was primarily due to the increase in our reported effective tax rate of 210 basis points, to 35.0% for the six months ended September 29, 2012 from 32.9% for the six months ended October 1, 2011, as well as the slightly higher overall level of pretax income. The higher effective tax rate for the six months ended September 29, 2012 was primarily due to the inclusion of a reserve for an interest assessment on a prior year withholding tax, partially offset by a greater proportion of earnings generated in lower-taxed jurisdictions. The effective tax rate differs from statutory rates due to the effect of state and local taxes, tax rates in foreign jurisdictions and certain nondeductible expenses. Our effective tax rate will change from period to period based on various factors including, but not limited to, the geographic mix of earnings, the timing and amount of foreign dividends, enacted tax legislation, state and local taxes, tax audit findings and settlements, and the interaction of various global tax strategies.

Net Income Attributable to RLC. Net income declined by $10.5 million, or 2.5%, to $407.1 million for the six months ended September 29, 2012 from $417.6 million for the six months ended October 1, 2011. The lower net income was primarily driven by the increase in our effective tax rate of 210 basis points, partially offset by the $7.4 million increase in operating income, both as previously discussed.

Net Income per Diluted Share Attributable to RLC. Net income per diluted share declined by $0.03, or 0.7%, to $4.32 per share for the six months ended September 29, 2012 from $4.35 per share for the six months ended October 1, 2011. The decline in diluted per share results was due to the lower level of net income, as previously discussed, partially offset by lower weighted-average diluted shares outstanding during the six months ended September 29, 2012 driven by our share repurchases over the last twelve months.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

	September 29, 2012	March 31, 2012	$ Change
		(millions)	
Cash and cash equivalents	$ 543.7	$ 671.6	$(127.9)
Short-term investments	469.1	515.7	(46.6)
Non-current investments	84.9	99.9	(15.0)
Long-term debt	(265.8)	(274.4)	8.6
Net cash and investments[a]	$ 831.9	$1,012.8	$(180.9)
Equity	$ 3,736.4	$3,652.5	$ 83.9

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

The decrease in our net cash and investments position at September 29, 2012 as compared to March 31, 2012 was primarily due to our use of cash to support treasury stock repurchases, capital expenditures and dividend payments, partially offset by our operating cash flows during the six months ended September 29, 2012. Particularly, during the six months ended September 29, 2012, we used $346.7 million to repurchase 2.4 million shares of Class A common stock, including shares surrendered for tax withholdings, spent $117.3 million for capital expenditures, and made cash dividend payments of $55.0 million.

The increase in equity was primarily attributable to our net income and equity issuances made pursuant to stock-based compensation arrangements, partially offset by our share repurchase activity and dividends declared during the six months ended September 29, 2012.

Cash Flows

	Six Months Ended		
	September 29, 2012	October 1, 2011	$ Change
		(millions)	
Net cash provided by operating activities	$ 306.7	$ 283.5	$ 23.2
Net cash used in investing activities	(81.6)	(12.6)	(69.0)
Net cash used in financing activities	(353.5)	(316.1)	(37.4)
Effect of exchange rate changes on cash and cash equivalents	0.5	(0.1)	0.6
Net decrease in cash and cash equivalents	$ (127.9)	$ (45.3)	$(82.6)

Net Cash Provided by Operating Activities. Net cash provided by operating activities increased to $306.7 million during the six months ended September 29, 2012, as compared to $283.5 million during the six months ended October 1, 2011. This net increase in operating cash flow was primarily driven by:

- an increase related to accounts receivable primarily due to higher cash collections during the six months ended September 29, 2012;
- an increase related to inventories primarily attributable to the timing of inventory receipts; and
- an increase in net income before depreciation, amortization, stock-based compensation and other non-cash items.

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

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

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

Net Cash Used in Investing Activities. Net cash used in investing activities was $81.6 million during the six months ended September 29, 2012, as compared to $12.6 million during the six months ended October 1, 2011. The net increase in cash used in investing activities was primarily driven by:

- a decrease in proceeds from sales and maturities of investments, less cash used to purchase investments. During the six months ended September 29, 2012, we received $647.6 million of proceeds from sales and maturities of investments and used $609.1 million to purchase investments. On a comparative basis, during the six months ended October 1, 2011, we received $880.3 million of proceeds from sales and maturities of investments and used $792.9 million to purchase investments; and
- an increase in cash used in connection with capital expenditures. During the six months ended September 29, 2012, we spent $117.3 million for capital expenditures as compared to $92.4 million

during the six months ended October 1, 2011. Our capital expenditures were primarily associated with global retail store expansion, store renovations, investments in our facilities and enhancements to our global information technology systems.

Net Cash Used in Financing Activities. Net cash used in financing activities was $353.5 million during the six months ended September 29, 2012, as compared to $316.1 million during the six months ended October 1, 2011. The increase in net cash used in financing activities was primarily driven by:

- a decrease in net proceeds from credit facilities. During the six months ended October 1, 2011, we borrowed $100 million under our Global Credit Facility and also borrowed and subsequently repaid $7.7 million under our Prior Chinese Credit Facility (as defined within *Liquidity* below). There were no borrowings or repayments under any of our credit facilities during the six months ended September 29, 2012; and
- an increase in cash used to pay dividends. During the six months ended September 29, 2012, we used $55.0 million to pay dividends as compared to $37.4 million during the six months ended October 1, 2011.

These increases in cash used in financing activities were partially offset by:

- a decrease in cash used in connection with repurchases of our Class A common stock. During the six months ended September 29, 2012, 2.0 million shares of Class A common stock at a cost of $300.0 million were repurchased pursuant to our common stock repurchase program and 0.4 million shares of Class A common stock at a cost of $46.7 million were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards under our 1997 Long-Term Stock Incentive Plan, as amended (the “1997 Incentive Plan”), and our 2010 Long-Term Stock Incentive Plan (the “2010 Incentive Plan”). On a comparative basis, during the six months ended October 1, 2011, 3.2 million shares of Class A common stock at a cost of $393.5 million were repurchased pursuant to our common stock repurchase program and 0.2 million shares of Class A common stock at a cost of $24.3 million were surrendered or withheld for taxes.

Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, the $500 million of availability under our Global Credit Facility (as defined below), our available cash and cash equivalents and short-term investments (most of which is considered permanently reinvested outside the U.S.), our other investments, and our other available financing options. These sources of liquidity are used to fund our ongoing cash requirements, including working capital requirements, global retail store expansion and renovation, construction and renovation of shop-within-shops, investment in technological infrastructure, acquisitions, joint ventures, dividends, debt repayment/repurchase, stock repurchases, contingent liabilities (including uncertain tax positions) and other corporate activities. Management believes that our existing sources of cash, as well as our ability to access capital markets, will be sufficient to support our operating, capital and debt service requirements for the foreseeable future, including the ongoing development of our recently acquired businesses and our plans for further business expansion.

As discussed in the *“Debt and Covenant Compliance”* section below, we had no revolving credit borrowings outstanding under our Global Credit Facility as of September 29, 2012. As discussed further below, we may elect to draw on our Global Credit Facility or other potential sources of financing for, among other things, a material acquisition, settlement of a material contingency (including uncertain tax positions) or a material adverse business or macroeconomic development, as well as for other general corporate business purposes. We believe that our Global Credit Facility is adequately diversified with no undue concentrations in any one financial institution. In particular, as of September 29, 2012, there were nine financial institutions participating in the Global Credit Facility, with no one participant maintaining a maximum commitment percentage in excess of approximately 16%. Management has no reason at this time to believe that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the Global Credit Facility in the event of our election to draw funds in the foreseeable future.

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Common Stock Repurchase Program

On August 9, 2012, our Board of Directors approved an expansion of our existing stock repurchase program that will allow us to repurchase up to an additional $500 million of Class A common stock. Repurchases of shares of Class A common stock are subject to overall business and market conditions.

During the six months ended September 29, 2012, we repurchased 2.0 million shares of Class A common stock at a cost of $300.0 million under our share repurchase program. The remaining availability under our common stock repurchase program was approximately $777 million as of September 29, 2012. In addition, during the six months ended September 29, 2012, 0.4 million shares of Class A common stock at a cost of $46.7 million were surrendered to, or withheld by, us in satisfaction of taxes in connection with the vesting of awards under the 1997 Incentive Plan and the 2010 Incentive Plan.

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

Dividends

Since 2003, we have maintained a regular quarterly cash dividend program on our common stock. On May 21, 2012, our Board of Directors approved an increase to the quarterly cash dividend on our common stock from $0.20 per share to $0.40 per share. The second quarter Fiscal 2013 dividend of $0.40 per share was declared on September 17, 2012, was payable to stockholders of record at the close of business on September 28, 2012, and was paid on October 12, 2012. Dividends paid amounted to $55.0 million during the six months ended September 29, 2012 and $37.4 million during the six months ended October 1, 2011.

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

Debt and Covenant Compliance

Euro Debt

As of September 29, 2012, we had outstanding €209.2 million principal amount of 4.5% notes due October 4, 2013 (the “Euro Debt”). We have the option to redeem all of the outstanding Euro Debt at any time at a redemption price equal to the principal amount plus a premium. We also have the option to redeem all of the outstanding Euro Debt at any time at par plus accrued interest in the event of certain developments involving U.S. tax law. Partial redemption of the Euro Debt is not permitted in either instance. In the event of a change of control, each holder of the Euro Debt has the option to require us to redeem the Euro Debt at its principal amount plus accrued interest. The indenture governing the Euro Debt (the “Indenture”) contains certain limited covenants that restrict our ability, subject to specified exceptions, to incur liens or enter into a sale and leaseback transaction for any principal property. The Indenture does not contain any financial covenants.

As of September 29, 2012, the carrying value of our Euro Debt was $265.8 million, compared to $274.4 million as of March 31, 2012.

Revolving Credit Facilities

Global Credit Facility

We have a credit facility that provides for a $500 million senior unsecured revolving line of credit through March 2016, also used to support the issuance of letters of credit (the “Global Credit Facility”). Borrowings

under the Global Credit Facility may be denominated in U.S. Dollars and other currencies, including Euros, Hong Kong Dollars and Japanese Yen. We have the ability to expand the borrowing availability to $750 million, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility. As of September 29, 2012, there were no borrowings outstanding under the Global Credit Facility and we were contingently liable for $14.3 million of outstanding letters of credit.

The Global Credit Facility contains a number of covenants that, among other things, restrict our ability, subject to specified exceptions, to incur additional debt; incur liens, sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make investments. The Global Credit Facility also requires us to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus 8 times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense and (iv) consolidated rent expense. As of September 29, 2012, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under our Global Credit Facility.

Chinese Credit Facility

On April 11, 2012, Ralph Lauren Trading (Shanghai) Co., Ltd., one of our subsidiaries, entered into a new uncommitted credit facility with JPMorgan Chase Bank (China) Company Limited, Shanghai Branch (the "Bank") that provides for a revolving line of credit of up to 100 million Chinese Renminbi (approximately $16 million) through April 10, 2013 (the "Chinese Credit Facility"). The Chinese Credit Facility replaced our previous credit facility, which provided for a revolving line of credit of up to 70 million Chinese Renminbi (approximately $11 million) (the "Prior Chinese Credit Facility"). Consistent with the Prior Chinese Credit Facility, the Chinese Credit Facility will be used to fund general working capital needs of our operations in China. The Chinese Credit Facility may also be used to support bank guarantees. As of September 29, 2012, there were no borrowings outstanding under the Chinese Credit Facility.

The borrowing availability under the Chinese Credit Facility is determined at the sole discretion of the Bank and is subject to availability of the Bank's funds and satisfaction of certain regulatory requirements. Borrowings under the Chinese Credit Facility are guaranteed by RLC and bear interest at either (i) at least 95% of the short-term interest rate published by the People's Bank of China or (ii) a rate determined by the Bank at its discretion based on prevailing market conditions. The Chinese Credit Facility does not contain any financial covenants.

Refer to Note 14 of the Fiscal 2012 10-K for detailed disclosure of the terms and conditions of our debt and our credit facilities.

MARKET RISK MANAGEMENT

As discussed in Note 16 to our audited consolidated financial statements included in our Fiscal 2012 10-K and Note 11 to the accompanying unaudited interim consolidated financial statements, we are exposed to a variety of risks, including changes in foreign currency exchange rates relating to certain anticipated cash flows from our international operations and possible declines in the value of reported net assets of certain of our foreign operations, as well as changes in the fair value of our fixed-rate debt relating to changes in interest rates. Consequently, in the normal course of business we employ established policies and procedures, including the use of derivative financial instruments, to manage such risks. We do not enter into derivative transactions for speculative or trading purposes.

As a result of the use of derivative instruments, we are exposed to the risk that counterparties to our derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we

have a policy of only entering into contracts with carefully selected financial institutions based upon evaluation of their credit ratings and other financial factors. Our established policies and procedures for mitigating credit risk on derivative transactions include reviewing and assessing the creditworthiness of counterparties. We also enter into master netting arrangements with counterparties when possible to mitigate credit risk associated with our derivative instruments. As a result of the above considerations, we do not believe that we are exposed to any undue concentration of counterparty risk with respect to our derivative contracts as of September 29, 2012. However, we do have in aggregate approximately $16 million of derivative instruments in net asset positions placed across three creditworthy financial institutions.

Foreign Currency Risk Management

We manage our exposure to changes in foreign currency exchange rates through the use of foreign currency exchange contracts. See Note 11 to the accompanying unaudited interim consolidated financial statements for a summarization of the notional amounts and fair values of our foreign currency exchange contracts outstanding as of September 29, 2012.

Forward Foreign Currency Exchange Contracts

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

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

Hedge of a Net Investment in Certain European Subsidiaries

We designate the entire principal amount of our outstanding Euro Debt as a hedge of our net investment in certain of our European subsidiaries. To the extent this hedge remains effective, changes in the carrying value of the Euro Debt resulting from fluctuations in the Euro exchange rate are reported in equity as a component of accumulated other comprehensive income.

Interest Rate Risk Management

During the first quarter of Fiscal 2011, we entered into a fixed-to-floating interest rate swap with an aggregate notional value of €209.2 million, which was designated as a fair value hedge to mitigate our exposure to changes in the fair value of our Euro Debt due to changes in the benchmark interest rate. The interest rate swap was executed to swap the 4.5% fixed interest rate on our Euro Debt for a variable interest rate. On April 11, 2011, we terminated the interest rate swap agreement at a loss of $7.6 million. This loss was recorded as an

adjustment to the carrying value of our Euro Debt and is being recognized within interest expense over the remaining term of the debt, through October 4, 2013. During each of the three-month and six-month periods ended September 29, 2012 and October 1, 2011, $0.7 million and $1.5 million, respectively, of this loss was recognized as interest expense within our consolidated statements of operations.

As of September 29, 2012, there have been no other significant changes in our interest rate and foreign currency exposures or in the types of derivative instruments used to hedge those exposures.

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

Investment Risk Management

As of September 29, 2012, we had cash and cash equivalents on-hand of $543.7 million, primarily invested in money market funds, time deposits and treasury bills with original maturities of 90 days or less. Our other significant investments included $469.1 million of short-term investments, primarily in time deposits, government bonds, corporate bonds and variable rate municipal securities with original maturities greater than 90 days; $39.8 million of restricted cash placed in escrow with certain banks as collateral primarily to secure guarantees in connection with certain international tax matters; $82.6 million of investments with maturities greater than one year; and $2.3 million of auction rate securities issued through a municipality.

We actively monitor our exposure to changes in the fair value of our global investment portfolio in accordance with our established policies and procedures, which include monitoring both general and issuer-specific economic conditions, as discussed further below. As of September 29, 2012, we do not hold any investments in sovereign debt securities issued by Greece, Ireland, Portugal, Spain or Italy. See Note 11 to the accompanying unaudited interim consolidated financial statements for further detail of the composition of our investment portfolio as of September 29, 2012.

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

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are described in Note 3 to the audited consolidated financial statements included in our Fiscal 2012 10-K. Our estimates are often based on complex judgments, probabilities and assumptions that our management believes to be reasonable, but that are inherently uncertain and unpredictable. It is also possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts. For a complete discussion of our critical accounting policies, see the “Critical Accounting Policies” section of the MD&A in our Fiscal 2012 10-K. The following discussion is only intended to update our critical accounting policies for any significant changes in policy implemented during the six months ended September 29, 2012.

There have been no significant changes in the application of our critical accounting policies since March 31, 2012.

Goodwill Impairment Assessment

We performed our annual goodwill impairment assessment as of the beginning of the second quarter of Fiscal 2013, using a qualitative approach as permitted under Accounting Standards Update No. 2011-08, “Testing Goodwill for Impairment.” In performing the assessment, we identified and considered the significance of relevant key factors, events and circumstances that affected the fair value and/or carrying amounts of our reporting units. These factors included external factors such as macroeconomic, industry and market conditions, as well as entity-specific factors, such as our actual and planned financial performance. Based on the results of the impairment assessment performed as of July 1, 2012, we concluded that the fair values of our reporting units significantly exceeded their respective carrying values and there are no reporting units at risk of impairment.

RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

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

Item 4. *Controls and Procedures.*

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company files or submits under the Securities and Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

The Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to Rules 13(a)-15(e) and 15(d)-15(e) of the Securities and Exchange Act of 1934. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective at the reasonable assurance level as of September 29, 2012. Except as discussed below, there has been no change in the Company’s internal control over financial reporting during the fiscal quarter ended September 29, 2012, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Global Operating and Financial Reporting System Implementation

We are in the process of implementing a new global operating and financial reporting system as part of a multi-year plan to integrate and upgrade our operational and financial systems and processes. The implementation of this global system is scheduled to occur in phases over the next several years. During the second quarter of Fiscal 2013, we continued to develop and enhance those operational and financial systems previously transitioned to the new global operating and financial reporting system. The next phase of this implementation effort involves the migration of certain core areas of our domestic business to the new system, including customer order-to-cash settlement and global merchandise procurement to payment processing, in fiscal year 2014. As the phased implementation of this new system occurs, we are experiencing certain changes

to our processes and procedures which, in turn, result in changes in internal control over financial reporting. While we expect this new system to strengthen our internal financial controls by automating manual processes and standardizing business processes across our organization, management will continue to evaluate and monitor our internal controls as processes and procedures in each of the affected areas evolve. For a discussion of risks related to the implementation of new systems, see Item 1A — *"Risk Factors — Risks Related to Our Business — Implementation of management information systems may negatively impact our business"* in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings.***

Reference is made to the information disclosed under Item 3 — "LEGAL PROCEEDINGS" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012. The following is a summary of recent litigation developments.

Derivative Action

On November 22, 2011, a shareholder derivative action was filed by City Pension Fund for Firefighters and Police Officers in the City of Pembroke Pines (the "Plaintiff"), an alleged shareholder purportedly acting on behalf of the Company, in the Supreme Court of the State of New York, County of New York, naming the Company, as a nominal defendant, and naming members of the Board of Directors and certain members of Company management as defendants. The complaint alleges, among other claims, breaches of fiduciary duty and waste of corporate assets by the Company's directors for permitting excessive compensation to, and alleged related party transactions with, the Company's Chairman and Chief Executive Officer and certain other executives, and unjust enrichment by these executives. The Plaintiff seeks damages on behalf of the Company in an unspecified amount sustained from the alleged breaches of fiduciary duty and waste of corporate assets and seeks disgorgement of excessive compensation and benefits of related party transactions. The Plaintiff also demands it be awarded the costs and disbursements of the derivative action, including reasonable attorneys' fees. On January 12, 2012, the Company and all defendants moved to dismiss the complaint. On June 19, 2012, the Court entered an order dismissing the action due to the Plaintiff's failure to make a pre-suit demand on the Company's Board of Directors. On July 5, 2012, the Plaintiff made a demand on the Company's Board of Directors to investigate and take action to remedy the alleged wrongdoing detailed in the complaint.

Wathne Imports Litigation

On August 19, 2005, Wathne Imports, Ltd. ("Wathne"), Ralph Lauren's then domestic licensee for luggage and handbags, filed a complaint in the U.S. District Court in the Southern District of New York against our Company and Mr. Ralph Lauren, our Chairman and Chief Executive Officer, asserting, among other things, federal trademark law violations, breach of contract, breach of obligations of good faith and fair dealing, fraud and negligent misrepresentation. The complaint sought, among other relief, injunctive relief, compensatory damages in excess of $250 million and punitive damages of not less than $750 million. On September 13, 2005, Wathne withdrew this complaint from the U.S. District Court and filed a complaint in the Supreme Court of the State of New York, New York County, making substantially the same allegations and claims (excluding the federal trademark claims), and seeking similar relief. On February 1, 2006, the Court granted our motion to dismiss all of the causes of action, including the cause of action against Mr. Lauren, except for breach of contract related claims, and denied Wathne's motion for a preliminary injunction. Following some discovery, we moved for summary judgment on the remaining claims. Wathne cross-moved for partial summary judgment. In an April 11, 2008 Decision and Order, the Court granted the Company's summary judgment motion to dismiss most of the claims against our Company, and denied Wathne's cross-motion for summary judgment. Wathne appealed the dismissal of its claims to the Appellate Division of the Supreme Court. Following a hearing on May 19, 2009, the Appellate Division issued a Decision and Order on June 9, 2009 which, in large part, affirmed the lower Court's ruling. We subsequently made a motion to exclude Wathne's proposed expert's damages report and, on January 23, 2012, the Court granted our motion. Wathne appealed the ruling to the Appellate Division and, on October 18, 2012, the Appellate Division reversed the order of the lower Court. At this time, a trial date has not yet been scheduled. We intend to continue to contest the claims in this lawsuit vigorously. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on our consolidated financial statements.

Other Matters

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

Item 1A. ***Risk Factors.***

The Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2012 contains a detailed discussion of certain risk factors that could materially adversely affect the Company's business, operating results and/or financial condition. There are no material changes to the risk factors previously disclosed, nor has the Company identified any previously undisclosed risks that could materially adversely affect the Company's business, operating results and/or financial condition.

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

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

(c) Stock Repurchases

The following table sets forth the repurchases of shares of the Company's Class A common stock during the fiscal quarter ended September 29, 2012:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
				(millions)
July 1, 2012 to July 28, 2012	—	$ —	—	$ 277
July 29, 2012 to August 25, 2012	1,839[(1)]	148.48	—	777[(2)]
August 26, 2012 to September 29, 2012	—	—	—	777
	1,839		—	

[(1)] Represents shares surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards issued under the 2010 Long-Term Stock Incentive Plan.

[(2)] On August 9, 2012, the Company's Board of Directors approved an expansion of the Company's existing common stock repurchase program that will allow it to repurchase up to an additional $500 million of Class A common stock.

Item 5. ***Other Information***

(a) Discontinuance of Rugby

Subsequent to the end of the second quarter of Fiscal 2013, on October 30, 2012, the Company approved a plan to discontinue its Rugby brand operations. The information required to be disclosed under this item is set forth in Note 17 to the accompanying unaudited interim consolidated financial statements and in the *Overview* section of the Management's Discussion and Analysis of Financial Condition and Results of Operations.

Item 6. ***Exhibits.***

10.1	Employment Agreement, made effective as of September 24, 2012, between Ralph Lauren Corporation and Christopher H. Peterson.
10.2	Separation Agreement, made effective as of July 30, 2012, between Ralph Lauren Corporation and Tracey T. Travis.
31.1	Certification of Ralph Lauren, Chairman and Chief Executive Officer, pursuant to 17 CFR 240.13a-14(a).
31.2	Certification of Christopher H. Peterson, Senior Vice President and Chief Financial Officer, pursuant to 17 CFR 240.13a-14(a).
32.1	Certification of Ralph Lauren, Chairman and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Christopher H. Peterson, Senior Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets at September 29, 2012 and March 31, 2012, (ii) the Consolidated Statements of Operations for the three-month and six-month periods ended September 29, 2012 and October 1, 2011, (iii) the Consolidated Statements of Comprehensive Income for the three-month and six-month periods ended September 29, 2012 and October 1, 2011, (iv) the Consolidated Statements of Cash Flows for the six-month periods ended September 29, 2012 and October 1, 2011 and (v) the Notes to Consolidated Financial Statements.

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

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SIGNATURES

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

RALPH LAUREN CORPORATION

By: /s/ CHRISTOPHER H. PETERSON
Christopher H. Peterson
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: November 2, 2012

Exhibit 10.1

RALPH LAUREN CORPORATION

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made effective as of the 24th day of September, 2012 (the "Effective Date"), by and between Ralph Lauren Corporation, a Delaware corporation (the "Corporation"), and Christopher Peterson (the "Executive").

WHEREAS, the Corporation has presented Executive with an offer letter dated August 22, 2012 ("Offer Letter"), which, along with its attachments, is attached to and incorporated into this Agreement as Exhibit 1;

NOW THEREFORE, in consideration of the mutual covenants and premises contained herein, the parties hereby agree as follows:

ARTICLE I
EMPLOYMENT

1.1 Employment Term. 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 and pursuant to the terms of the Offer Letter. The employment of the Executive by the Corporation shall be effective as of the date hereof and continue until April 2, 2016 (the "Term"), unless terminated earlier in accordance with Article II hereof.

1.2 Position and Duties. During the Term the Executive shall faithfully, and in conformity with the directions of the Board of Directors of the Corporation and any Committee thereof (the "Board") or the management of the Corporation ("Management"), perform the duties of his employment, and shall devote to the performance of such duties his full time and attention. During the Term the Executive shall serve in such position as the Board or Management may from time to time direct. During the Term, the Executive may engage in outside activities provided those activities do not conflict with the duties and responsibilities enumerated hereunder, and provided further that the Executive receives written approval in advance from Management for any outside business activity that may require significant expenditure of the Executive's time in which the Executive plans to become involved, whether or not such activity is pursued for profit. The Executive shall be excused from performing any services hereunder during periods of temporary incapacity and during vacations in accordance with the Corporation's disability and vacation policies.

1.3 Place of Performance. The Executive shall be employed at the principal offices of the Corporation located in New York, New York, except for required travel on the Corporation's business.

1.4 Compensation and Related Matters.

(a) Base Compensation. In consideration of his services during the Term, the Corporation shall pay the Executive cash compensation at an annual rate of not less than

eight hundred thousand dollars ($800,000) (“Base Compensation”), less applicable withholdings. Executive’s Base Compensation shall be subject to such increases as may be approved by the Board or Management. The Base Compensation shall be payable as current salary, in installments not less frequently than monthly, and at the same rate for any fraction of a month unexpired at the end of the Term.

(b) Bonus. During the Term, the Executive shall have the opportunity to earn an annual bonus in accordance with any annual bonus program the Corporation maintains that would be applicable to the Executive and consistent with the provisions of the Offer Letter.

(c) Stock Awards. During the Term, the Executive shall be eligible to participate in the Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan (the “Incentive Plan”). All grants to the Executive of stock options and restricted performance share units (“RPSUs”), if any, are governed by the terms of the Incentive Plan and are subject, in all cases, to approval by the Compensation & Organizational Development Committee of the Board of Directors in its sole discretion.

(d) During the Term, the Corporation shall pay Executive a car allowance in the amount of one thousand five hundred dollars ($1,500) per month, less applicable withholdings.

(e) Expenses. During the Term, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in performing services hereunder, including all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Corporation.

(f) Vacations. During the Term, the Executive shall be entitled to the number of vacation days in each fiscal year, and to compensation in respect of earned but unused vacation days, determined in accordance with the Corporation’s vacation program. The Executive shall also be entitled to all paid holidays given by the Corporation to its employees.

(g) Other Benefits. The Executive shall be entitled to participate in all of the Corporation’s employee benefit plans and programs in effect during the Term as would by their terms be applicable to the Executive, including, without limitation, any life insurance plan, medical insurance plan, dental care plan, accidental death and disability plan, and sick/personal leave program. The Corporation shall not make any changes in such plans or programs that would adversely affect the Executive’s benefits thereunder, unless such change occurs pursuant to a plan or program applicable to other similarly situated employees of the Corporation and does not result in a proportionately greater reduction in the rights or benefits of the Executive as compared with other similarly situated employees of the Corporation. Except as otherwise specifically provided herein, nothing paid to the Executive under any plan or program presently in effect or made available in the future shall be in lieu of the Base Compensation or any bonus payable under Sections 1.4(a) and 1.4(b) hereof.

ARTICLE II
TERMINATION OF EMPLOYMENT

2.1 Termination of Employment. The Executive's employment may terminate prior to the expiration of the Term under the following circumstances:

(a) Without Cause. The Executive's employment shall terminate upon the Corporation notifying the Executive that his services will no longer be required.

(b) Death. The Executive's employment shall terminate upon the Executive's death.

(c) Disability. If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent and unable to perform the duties hereunder on a full-time basis for an entire period of six consecutive months, the Executive's employment may be terminated by the Corporation following such six-month period.

(d) Cause. The Corporation may terminate the Executive's employment for Cause. For purposes hereof, "Cause" shall mean:

(i) failure by the Executive to perform the duties of the Executive hereunder (other than due to disability as defined in 2.1(c)), provided that the conduct described in this Section 2.1(d)(i) shall not constitute Cause unless and until such failure by Executive to perform his duties hereunder has not been cured to the satisfaction of the Corporation, in its sole discretion, within fifteen (15) days after notice of such failure has been given by the Corporation to Executive; or

(ii) an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by the Executive; or

(iii) any action by the Executive causing damage to or misappropriation of Corporation assets; or

(iv) the Executive's wrongful disclosure of confidential information of the Corporation or any of its affiliates; or

(v) the Executive's breach of Section 5.7 herein or the Executive's engagement in any competitive activity which would constitute a breach of this Agreement and/or of the Executive's duty of loyalty; or

(vi) the Executive's breach of any employment policy of the Corporation, including, but not limited to, conduct relating to falsification of business records, violation of the Corporation's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Corporation's policy on drug & alcohol use, or violent acts or threats of violence; or

(vii) performance by the Executive of his employment duties in a manner deemed by the Corporation, in its sole discretion, to be grossly negligent; or

(viii) the commission of any act by the Executive, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Corporation to public ridicule or embarrassment, or would likely be detrimental or damaging to the Corporation's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

(e) Voluntary Termination. The Executive may voluntarily terminate the Executive's employment with the Corporation at any time, with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean a termination of employment by the Executive within sixty (60) days following the occurrence of (A) a material diminution in or adverse alteration to Executive's title, base salary, position or duties, (B) the relocation of the Executive's principal office outside the area which comprises a fifty (50) mile radius from New York City, or (C) a failure of the Corporation to comply with any material provision of this Agreement provided that the events described in clauses (A), (B), and (C) above shall not constitute Good Reason (1) until the Executive provides written notice to the Corporation of the existence of such diminution, change, reduction, relocation or failure within thirty (30) days of its occurrence and (2) unless such diminution, change, reduction or failure (as applicable) has not been cured within thirty (30) days after written notice of such noncompliance has been given by the Executive to the Corporation.

2.2 Date of Termination. The date of termination shall be:

(a) if the Executive's employment is terminated by the Executive's death, the date of the Executive's death;

(b) if the Executive's employment is terminated by reason of Executive's disability pursuant to Section 2.1(c) or by the Corporation pursuant to Sections 2.1(a) or 2.1(d), the date specified by the Corporation; and

(c) if the Executive's employment is terminated by the Executive, the date on which the Executive notifies the Corporation of his termination.

2.3 Effect of Termination of Employment.

(a) If the Executive's employment is terminated by the Corporation pursuant to Section 2.1(a), or if the Executive resigns for Good Reason pursuant to Section 2.1(e), the Executive shall only be entitled to the following:

(i) Severance. Subject to Section 2.3(a)(v) and Section 4.1(a) hereof, the Corporation shall: (a) beginning with the first payroll period following the 30th day following the date of termination of Executive's employment, continue to pay the Executive, in accordance with the Corporation's normal payroll practice, his Base Compensation, as in effect immediately prior to such termination of employment, for the one-year period commencing on the date of such termination (the "Severance Period"), provided that the initial payment shall include Base Compensation amounts for all payroll periods from the date of termination through the date of such initial payment; and (b) pay to the Executive, on the last business day of the Severance Period, an amount equal to the Executive's target bonus as determined by the terms of the Corporation's Executive Incentive Plan as in effect at the time of termination of Executive's

employment. Under no circumstances shall the Executive be entitled to any bonus payment for the fiscal year in which his employment is terminated. Notwithstanding the foregoing, in order to receive any severance benefits under this Section 2.3(a)(i), the Executive must sign and not timely revoke a release and waiver of claims against the Corporation, its successors, affiliates, and assigns, in a form acceptable to the Corporation on or prior to the 30th day following the date of termination of Executive's employment.

(ii) Stock Awards. The Executive's rights with respect to any stock options and RPSUs provided to the Executive by the Corporation shall be governed by the provisions of the Corporation's Incentive Plan and the respective award agreements, if any, under which such awards were granted, except as provided in Section 4.1(a).

(iii) Welfare Plan Coverages. The Executive shall continue to participate during the Severance Period in any group medical or dental insurance plan he participated in prior to the date of his termination, under substantially similar terms and conditions as an active employee; provided that participation in such group medical or dental insurance plan shall only continue for as long as permitted under COBRA and further, shall correspondingly cease at such time as the Executive (a) becomes eligible for a future employer's medical and/or dental insurance coverage (or would become eligible if the Executive did not waive coverage) or (b) violates any of the provisions of Article III as determined by the Corporation in its sole discretion. Notwithstanding the foregoing, the Executive may not continue to participate in such plans on a pre-tax or tax-favored basis.

(iv) Retirement Plans. Without limiting the generality of the foregoing, it is specifically provided that the Executive shall not accrue additional benefits under any pension plan of the Corporation (whether or not qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended) during the Severance Period.

(v) Section 409A. Notwithstanding any provision in this Agreement to the contrary, no amounts shall be payable pursuant to Section 2.3(a) or Section 4.1(a) unless the Executive's termination of employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations. If the Executive is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Internal Revenue Code, as amended, and the rules and regulations issued thereunder (the "Code"), then no payment that is payable under Sections 2.3(a)(i) or 4.1(a) hereof (the "Severance Payment") on account of Executive's "separation from service" shall be made before the date that is at least six months after the Executive's "separation from service" (or if earlier, the date of the Executive's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period, if and to the extent that the Severance Payment constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A of the Code and such deferral is required to comply with the requirements of Section 409A of the Code. For the avoidance of doubt, no portion of the Severance Payment shall be delayed for six months after the Executive's "separation from service" if such portion (x) constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations, or (y) (A) it is being paid due to the Corporation's termination of the Executive's employment without Cause or the Executive's termination of employment for Good Reason; (B) it does not exceed two times the lesser of (1)

the Executive's annualized compensation from the Corporation for the calendar year prior to the calendar year in which the termination of the Executive's employment occurs, or (2) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Executive's employment terminates; and (C) the payment is required under this Agreement to be paid no later than the last day of the second calendar year following the calendar year in which the Executive incurs a "separation from service." For purposes of Section 409A of the Code, the Executive's right to receive installment payments pursuant to Section 2.3(a) shall be treated as a right to receive a series of separate and distinct payments. To the extent that any reimbursement of any expense under Section 1.4(e) or in-kind benefits provided under this Agreement are deemed to constitute taxable compensation to the Executive, such amounts will be reimbursed or provided no later than December 31 of the year following the year in which the expense was incurred. The amount of any such expenses reimbursed or in-kind benefits provided in one year shall not affect the expenses or in-kind benefits eligible for reimbursement or payment in any subsequent year, and the Executive's right to such reimbursement or payment of any such expenses will not be subject to liquidation or exchange for any other benefit. The determination of whether the Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of the Executive's separation from service shall be made by the Corporation in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(b) If the Executive's employment is terminated by reason of the Executive's death or disability, pursuant to Sections 2.1(b) or 2.1(c), the Executive (or the Executive's designee or estate) shall only be entitled to whatever welfare plans benefits are available to the Executive pursuant to the welfare plans the Executive participated in prior to such termination, and whatever stock awards may have been provided to the Executive by the Corporation the terms of which shall be governed by the provisions of the Corporation's Incentive Plan and the respective award agreements, if any, under which such stock awards were provided.

(c) If the Executive's employment is terminated by the Corporation for Cause or by the Executive without Good Reason (as defined in Section 2.1(e)), the Executive shall receive only that portion of the Executive's then current Base Compensation payable through the Executive's termination date. The Executive's rights with respect to any stock awards provided to the Executive by the Corporation shall be governed by the provisions of the Corporation's Incentive Plan and the respective award agreements, if any, under which such stock awards were provided.

ARTICLE III
COVENANTS OF THE EXECUTIVE

3.1 Non-Compete.

(a) The Corporation and the Executive acknowledge that: (i) the Corporation has a special interest in and derives significant benefit from the unique skills and

experience of the Executive; (ii) the Executive will use and have access to proprietary and valuable Confidential Information (as defined in Section 3.2 hereof) during the course of the Executive's employment; and (iii) the agreements and covenants contained herein are essential to protect the business and goodwill of the Corporation or any of its subsidiaries, affiliates or licensees. Accordingly, except as hereinafter noted, the Executive covenants and agrees that during the Term, and for the remainder of such Term following the termination of Executive's employment, the Executive shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Corporation or any of 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, which is incorporated herein by reference and which is attached as Schedule A, as being in competition with the Corporation or any of its subsidiaries, affiliates or licensees as of the date hereof. Thus, Executive specifically acknowledges that Executive understands that, except as provided in Section 3.1(b) he may not become employed by any Competing Business in any capacity during the Term.

(b) The non-compete provisions of this Section shall no longer be applicable to Executive if he has been notified pursuant to Section 2.1(a) hereof that his services will no longer be required during the Term or if the Executive has terminated his employment for Good Reason pursuant to Section 2.1(e) or if the Corporation elects in its sole discretion not to extend the Term for any reason other than for Cause.

(c) It is acknowledged by the Executive that the Corporation has determined to relieve the Executive from any obligation of non-competition for periods after the Term, and/or if the Corporation terminates the Executive's employment under Section 2.1(a) or if the Executive has terminated his employment for Good Reason pursuant to Section 2.1(e) or if the Corporation elects in its sole discretion not to extend the Term for any reason other than for Cause. In consideration of that, and in consideration of all of the compensation provisions in this Agreement (including the potential for the award of stock options and/or RPSUs that may be made to the Executive), Executive agrees to the provisions of Section 3.1 and also agrees that the non-competition obligations imposed herein are fair and reasonable under all the circumstances.

3.2 Confidential Information.

(a) The Corporation owns and has developed and compiled, and will own, develop and compile, certain proprietary techniques and confidential information as described below which have great value to its business (referred to in this Agreement, collectively, as "Confidential Information"). Confidential Information includes not only information disclosed by the Corporation and/or its affiliates, subsidiaries and licensees to Executive, but also information developed or learned by Executive during the course of, or as a result of, employment hereunder, which information Executive acknowledges is and shall be the sole and exclusive property of the Corporation. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the

Corporation is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Corporation. Whether or not such information is specifically labeled as Confidential Information by the Corporation is not determinative. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Corporation and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, innovations, discoveries, improvements, research, development, test results, reports, specifications, data, formats, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Notwithstanding the foregoing, Confidential Information shall not in any event include (A) Executive's personal knowledge and know-how relating to merchandising and business techniques which Executive has developed over his career in the apparel business and of which Executive was aware prior to his employment, or (B) information which (i) was generally known or generally available to the public prior to its disclosure to Executive; (ii) becomes generally known or generally available to the public subsequent to disclosure to Executive through no wrongful act of any person or (iii) which Executive is required to disclose by applicable law or regulation (provided that Executive provides the Corporation with prior notice of the contemplated disclosure and reasonably cooperates with the Corporation at the Corporation's expense in seeking a protective order or other appropriate protection of such information).

(b) Executive acknowledges and agrees that in the performance of his duties hereunder the Corporation will from time to time disclose to Executive and entrust Executive with Confidential Information. Executive also acknowledges and agrees that the unauthorized disclosure of Confidential Information, among other things, may be prejudicial to the Corporation's interests, and an improper disclosure of trade secrets. Executive agrees that he shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any corporation, partnership, individual or other third party, other than in the course of his assigned duties and for the benefit of the Corporation, any Confidential Information, either during his Term of employment or thereafter.

(c) The Executive agrees that upon leaving the Corporation's employ, the Executive shall not take with the Executive any software, computer programs, disks, tapes, research, development, strategies, designs, reports, study, memoranda, books, papers, plans, information, letters, e-mails, or other documents or data reflecting any Confidential Information of the Corporation, its subsidiaries, affiliates or licensees.

(d) During the Term, Executive shall disclose to the Corporation all designs, inventions and business strategies or plans developed for the Corporation, including without limitation any process, operation, product or improvement. Executive agrees that all of the foregoing are and shall be the sole and exclusive property of the Corporation and that Executive shall at the Corporation's request and cost do whatever is necessary to secure the rights thereto, by patent, copyright or otherwise, to the Corporation.

3.3 Non-Solicitation of Employees. The Executive covenants and agrees that during the Term, and for the remainder of such Term following the termination of Executive's employment for any reason whatsoever hereunder, the Executive shall not directly or indirectly solicit or influence any other employee of the Corporation, or any of its subsidiaries, affiliates or licensees, to terminate such employee's employment with the Corporation, or any of its subsidiaries, affiliates or licensees, as the case may be, or to become employed by a Competing Business. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

3.4 Nondisparagement. The Executive agrees that during the Term and thereafter whether or not he is receiving any amounts pursuant to Sections 2.3 and 4.1, the Executive shall not make any statements or comments that reasonably could be considered to shed an adverse light on the business or reputation of the Corporation or any of its subsidiaries, affiliates or licensees, the Board or any officer of the Corporation or any of its subsidiaries, affiliates or licensees; provided, however, the foregoing limitation shall not apply to (i) compliance with legal process or subpoena, or (ii) statements in response to an inquiry from a court or regulatory body.

3.5 Remedies.

(a) The Executive acknowledges and agrees that in the event the Corporation reasonably determines that the Executive has breached any provision of this Article III, that such conduct will constitute a failure of the consideration for which stock awards had been previously granted to the Executive or could be awarded in the future to Executive, and notwithstanding the terms of any stock award agreement, plan document, or other provision of this Agreement to the contrary, the Corporation may in its sole discretion notify the Executive that all unexercised stock options, RPSUs and restricted stock units that Executive has are forfeited. Further, the Executive shall immediately forfeit the right to receive any further grants of or vest any further in any unvested stock options, unvested restricted stock units or unvested RPSUs of the Corporation at the time of such notice and Executive waives any right to assert that any such conduct by the Corporation violates any federal or state statute, case law or policy.

(b) If the Corporation reasonably determines that the Executive has breached any provision contained in this Article III, the Corporation shall have no further obligation to make any payment or provide any benefit whatsoever to the Executive pursuant to this Agreement, and may also recover from the Executive all such damages as it may be entitled to at law or in equity. In addition, the Executive acknowledges that any such breach is likely to result in immediate and irreparable harm to the Corporation for which money damages are likely to be inadequate. Accordingly, the Executive consents to injunctive and other appropriate equitable relief upon the institution of proceedings therefor by the Corporation in order to protect the Corporation's rights hereunder. Such relief may include, without limitation, an injunction to prevent: (i) the breach or continuation of Executive's breach; (ii) the Executive from disclosing any trade secrets or Confidential Information (as defined in Section 3.2); (iii) any Competing Business from receiving from the Executive or using any such trade secrets or Confidential Information; and/or (iv) any such Competing Business from retaining or seeking to retain any employees of the Corporation.

3.6 The provisions of this Article III shall survive the termination of this Agreement and Executive's Term of employment.

ARTICLE IV
CHANGE IN CONTROL

4.1 Change in Control.

(a) Effect of a Change in Control. Notwithstanding anything contained herein to the contrary, if the Executive's employment is terminated within twelve (12) months following a Change in Control (as defined in Section 4.1(b) hereof) during the Term by the Corporation for any reason other than Cause, or by the Executive for Good Reason, then:

(i) Severance. The Corporation shall pay to the Executive, in lieu of any amounts otherwise due to him under Section 2.3(a) hereof, within fifteen (15) days of the Executive's termination of employment, or within the timeframe required by Section 2.3(a)(v) hereof if applicable, a lump sum amount equal to two (2) times the sum of: (A) the Executive's Base Compensation, as in effect immediately prior to such termination of employment; and (B) the bonus paid to the Executive for the most recently completed fiscal year prior to the fiscal year in which his employment is terminated. Notwithstanding the foregoing, solely to the extent necessary to comply with Section 409A of the Code, a portion of such lump sum payment will not be payable at such time if the duration of the Severance Period that would have otherwise applied under Section 2.3(a)(i) (had a Change in Control not occurred during the twelve-month period prior to such termination of employment) would have extended beyond the end of the second calendar year following the calendar year in which such termination of employment occurs (any such period beyond the end of such second calendar year is the "Extended Severance Payment Period"). In addition, such other amounts that otherwise would have been payable to the Executive under Section 2.3(a)(i) had a Change in Control not occurred during the twelve (12) month period prior to such termination of employment, and that would have constituted nonqualified deferred compensation subject to Section 409A of the Code, will also not be included as part of such lump sum payment. In such event, an amount equal to the aggregate installment payments that would have been payable during the Extended Severance Payment Period, and the amounts described in the preceding sentence, shall be deducted from the amount otherwise payable in a lump sum in accordance with the first sentence hereof. Such deducted amount shall, instead, be payable at the same time that, and in the same manner as, such payments would have been paid if the Executive's employment had been terminated pursuant to Section 2.3(a) hereof rather than within a twelve-month period following a Change in Control.

(ii) Stock Awards. Subject to Section 2.3(a)(v), the Executive shall immediately become vested in any unvested stock options granted to the Executive by the Corporation prior to the Change in Control and Executive will have six (6) months from the date of termination under this circumstance to exercise all vested options (but in no event later than the expiration date of such options). In addition, subject to Section 2.3(a)(v), any awards of RPSUs and restricted shares which are unvested shall be deemed vested immediately prior to such Change in Control.

(b) Definition. For purposes hereof, a “Change in Control” shall mean the occurrence of any of the following:

(i) the sale, lease, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Corporation to any “person” or “group” (as such terms are used in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934 (“Act”)) other than Permitted Holders;

(ii) any person or group is or becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Act, except that a person shall be deemed to have “beneficial ownership” of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50 percent of the total voting power of the voting stock of the Corporation, including by way of merger, consolidation or otherwise; provided, however, that for purposes of this Agreement, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Corporation or any affiliate, (II) any acquisition by any employee benefit plan sponsored or maintained by the Corporation or any affiliate, (III) any acquisition by one or more of the Permitted Holders, or (IV) any acquisition which complies with clauses (A), (B) and (C) of subsection (v) below;

(iii) during any period of twelve (12) consecutive months, Present and/or New Directors cease for any reason to constitute a majority of the Board;

(iv) the Permitted Holders’ beneficial ownership of the total voting power of the voting stock of the Corporation falls below 30 percent and either Ralph Lauren is not nominated for a position on the Board of Directors, or he stands for election to the Board of Directors and is not elected;

(v) the consummation of a reorganization, recapitalization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Corporation that requires the approval of the Corporation’s stockholders, whether for such transaction or the issuance of securities in the transaction (a “Business Combination”), unless immediately following such Business Combination: (A) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the “Surviving Company”), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the members of the board of directors (or the analogous governing body) of the Surviving Company (the “Parent Company”), is represented by the shares of voting stock of the Corporation that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the shares of voting stock of the Corporation were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power was among the holders of the shares of voting stock of the Corporation that were outstanding immediately prior to the Business Combination, (B) no person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company, or one or more Permitted Holders), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect members of the board of directors of the Parent Company (or the analogous

governing body) (or, if there is no Parent Company, the Surviving Company) and (C) at least a majority of the members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination; or

(vi) the stockholders of the Corporation approve a plan of complete liquidation or dissolution of the Corporation.

For purposes of this Section 4.1(b), the following terms have the meanings indicated: "Permitted Holders" shall mean, as of the date of determination: (A) any and all of Ralph Lauren, his spouse, his siblings and their spouses, and descendants of them (whether natural or adopted) (collectively, the "Lauren Group"); and (B) any trust established and maintained primarily for the benefit of any member of the Lauren Group and any entity controlled by any member of the Lauren Group. "Present Directors" shall mean individuals who at the beginning of any one year period were members of the Board. "New Directors" shall mean any directors whose election by the Board or whose nomination for election by the shareholders of the Corporation was approved by a vote of a majority of the directors of the Corporation who, at the time of such vote, were either Present Directors or New Directors but excluding any such individual whose initial assumption of office occurs solely as a result of an actual or threatened proxy contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

ARTICLE V
MISCELLANEOUS

5.1 Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or by facsimile or mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Christopher Peterson
7805 Hartford Hill Lane
Cincinnati, Ohio 45242

If to the Corporation: Ralph Lauren Corporation
650 Madison Avenue
New York, New York 10022
Attn: Mitchell A. Kosh
Senior Vice President - Human Resources
Fax: (212) 318-7277

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.

5.2 Modification or Waiver; Entire Agreement; End of Term. No provision of this Agreement may be modified or waived except in a document signed by the Executive and the Corporation. This Agreement, along with any documents incorporated herein by reference, including but not limited to the Offer Letter, constitutes the entire agreement between the parties regarding their employment relationship and supersedes all prior agreements, amendments, promises, covenants, representations or warranties. To the extent that this Agreement is in any way inconsistent with any prior or contemporaneous stock award agreements between the parties, and to the extent that this Agreement is inconsistent with the Offer Letter, this Agreement shall control. No agreements or representations, oral or otherwise, with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement. Any extensions or renewals of this Agreement must be in writing and must be agreed to by both the Corporation and the Executive. Absent such extensions or renewals, this Agreement and all of its terms and conditions, except for those provisions in Article III as specified therein, shall expire upon the end of the Term. If Executive continues to be employed by the Corporation beyond the Term, such employment shall be "at will."

5.3 Governing Law. The validity, interpretation, construction, performance, and enforcement of this Agreement shall be governed by the laws of the State of New York without reference to New York's choice of law rules. In the event of any dispute, the Executive agrees to submit to the jurisdiction of any court sitting in Manhattan in New York State.

5.4 No Mitigation or Offset. In the event the Executive's employment with the Corporation terminates for any reason, the Executive shall not be obligated to seek other employment following such termination and there shall be no offset of the payments or benefits set forth herein.

5.5 Withholding. All payments required to be made by the Corporation hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts as the Corporation may reasonably determine it should withhold pursuant to any applicable law.

5.6 Attorney's Fees. Each party shall bear its own attorney's fees and costs incurred in any action or dispute arising out of this Agreement and/or the employment relationship.

5.7 No Conflict. Executive represents and warrants that he is not party to any agreement, contract, understanding, covenant, judgment or decree or under any obligation, contractual or otherwise, with any other party that in any way restricts or adversely affects his ability to act for the Corporation in all of the respects contemplated hereby, including but not limited to any obligations to comply with any non-compete or non-solicitation provisions.

5.8 Enforceability. Each of the covenants and agreements set forth in this Agreement are separate and independent covenants, each of which has been separately bargained for and the parties hereto intend that the provisions of each such covenant shall be enforced to the fullest extent permissible. Should the whole or any part or provision of any such separate covenant be held or declared invalid, such invalidity shall not in any way affect the validity of any other such covenant or of any part or provision of the same covenant not also held or

declared invalid. If any covenant shall be found to be invalid but would be valid if some part thereof were deleted or the period or area of application reduced, then such covenant shall apply with such minimum modification as may be necessary to make it valid and effective. The failure of either party at any time to require performance by the other party of any provision hereunder will in no way affect the right of that party thereafter to enforce the same, nor will it affect any other party's right to enforce the same, or to enforce any of the other provisions in this Agreement; nor will the waiver by either party of the breach of any provision hereof be taken or held to be a waiver of any prior or subsequent breach of such provision or as a waiver of the provision itself.

5.9 Miscellaneous. No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that this provision shall not preclude the Executive from designating in writing one or more beneficiaries to receive any amount that may be payable after the Executive's death and shall not preclude the legal representative of the Executive's estate from assigning any right hereunder to the person or persons entitled thereto. If the Executive should die while any amounts would still be payable to the Executive hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's written designee or, if there be no such designee, to the Executive's estate. This Agreement shall be binding upon and shall inure to the benefit of, and shall be enforceable by, the Executive, the Executive's heirs and legal representatives and the Corporation and its successors. The section headings shall not be taken into account for purposes of the construction of any provision of this Agreement.

5.10 Meaning of Signing This Agreement. By signing this Agreement, Executive expressly acknowledges and agrees that (a) he has carefully read it and fully understands what it means; (b) he has been advised in writing to discuss this Agreement with an independent attorney of his own choosing before signing it and has had a reasonable opportunity to confer with his attorney and has discussed and reviewed this Agreement with his attorney prior to executing it and delivering it to the Corporation; (c) he has had answered to his satisfaction any questions he has with regard to the meaning and significance of any of the provisions of this Agreement; and (d) he has agreed to this Agreement knowingly and voluntarily of his own free will and was not subjected to any undue influence or duress, and assents to all the terms and conditions contained herein with the intent to be bound hereby.

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

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date and year first above written.

Date: 8/26/12

RALPH LAUREN CORPORATION

/s/ MITCHELL KOSH

By: Mitchell Kosh

Title: Senior Vice President – Human Resources

Date: 8/24/12

/s/ CHRISTOPHER H. PETERSON

Christopher Peterson

SCHEDULE A

Abercrombie & Fitch Co.
Ann Taylor Stores Corp.
Brooks Brothers
Burberry Limited
Campagnie Financiere Richemont SA
Chanel S.A.
Coach, Inc.
Crate & Barrel (aka Euromarket Designs, Inc.)
Dillard's Inc.
Dolce & Gabbana
Gap Inc.
Giorgio Armani Corp.
Hermes International
Hugo Boss AG
J. Crew Group, Inc.
Jones Apparel Group, Inc.
Limited Brands, Inc.
LVMH Moet Hennessy Louis Vuitton S.A.
Macy's Inc.
Michael Kors, Inc.
Neiman Marcus Group, Inc.
Nordstrom, Inc.
Phillips-Van Heusen Corp.
PPR Group
Prada (aka I Pellettieri d'Italia S.P.A.)
Saks Inc.
Salvatore Ferragamo Italia S.P.A.
TJX Companies, Inc.
Williams-Sonoma, Inc.

August 22, 2012

Christopher Peterson
7805 Hartford Hill Lane
Cincinnati, Ohio 45242

Dear Chris:

We are very pleased to have you join Ralph Lauren Corporation (the "Company") and extend our congratulations along with a warm welcome. This letter is a confirmation of our offer to you to join the Company. The details of this offer are outlined below. As you know, this letter constitutes confirmation of an offer of employment only and is not to be construed in any way as an employment contract. This letter shall be attached as an exhibit to a definitive Employment Agreement to be executed by the parties.

Title:	Senior Vice President and Chief Financial Officer
Start Date:	To be determined but no later than September 30, 2012
Reports to:	Roger Farah, President and Chief Operating Officer
Base Salary:	$800,000 annually less all applicable taxes and other deductions. You will regularly receive your pay bi-weekly on Fridays.
Executive Officer Annual Incentive Plan:	You are eligible to participate in the Executive Officer Annual Incentive Plan (EOAIP) for fiscal 2013, which began April 1, 2012, and eligible to earn a bonus which will be prorated based on your Start Date.

Bonus

- Under the EOAIP, you are eligible for a bonus opportunity with a target of 150% of your fiscal year salary earnings.
- Your total bonus opportunity will be based 100% on total Company performance.
- Calculation can flex up or down by -10% to +10% based on achievement of the Strategic Goal established for the EOAIP.
- The maximum bonus payable (including Strategic Goal adjustment) is capped at 330% of your fiscal year salary earnings.

(At all times your bonus opportunity will be governed by the terms of the Company's EOAIP and nothing contained herein restricts the Company's rights to alter, amend or terminate the EOAIP at any time.)

Annual Equity Award:	You are also eligible to participate in the Company stock award program. Stock awards are subject to ratification by the Compensation and Organizational Development Committee of the Board of Directors ("the Compensation Committee"). In accordance with the terms of the Company Long-Term Stock Incentive Plan, beginning with fiscal 2014, you will be eligible to receive an annual award with a value of $1,000,000 on the same date that annual grants are made to other senior executives, normally with a portion of the award in each of April and July but may be earlier or later.

One-Time Stock Award:	You will receive a one-time stock award with a value of approximately $2,500,000 to be granted 1) with $1,500,000 in the form of time-based Restricted Stock Units vesting in three equal installments on the anniversary date of the grant in 2013, 2014 and 2015, subject to continued service to each vesting date, pursuant to the terms of the Plan, and each such vested share shall be settled as soon as practicable but not more than 30 days after the vesting date; and 2) $1,000,000 in the form of stock options vesting in three equal installments on the anniversary date of the grant in 2013, 2014, and 2015, subject to continued service to each vesting date, pursuant to the terms of the Plan. The One-Time Stock Award will be granted as soon as practicable following your employment date, subject to approval by the Compensation Committee. You shall immediately vest in any unvested restricted stock units or any unvested stock options granted as part of this One-Time Stock Award on the date of your termination unless your employment is terminated by the Company for Cause or by you without Good Reason, as defined in the Employment Agreement. Any stock options vested in accordance with the preceding sentence can be exercised for up to three months from your termination date in accordance with the terms of the Plan. For all equity awards, conversion of values to be based on the Company's standard procedure of using the Fair Market Value 10 days before the applicable grant date, as approved by the Compensation Committee.
One-Time Payment	You will receive a one-time payment of $50,000 ("One-Time Payment"), less applicable deductions, within 30 days of your Start Date. If you terminate your employment for any reason, or if the Company terminates your employment for Cause within 24 months of your Start Date, then you shall repay the One-Time Payment to the Company within 15 days of the date of termination of your employment. If you do not repay the One-Time Payment within this time period, the Company has the right to immediately recover the One-Time Payment from you.
Car Allowance:	You will receive a car allowance of $18,000 annually ($1,500 per month) less all applicable deductions.
Relocation:	You are eligible for relocation assistance as outlined in the attached Relocation Letter and Relocation Agreement.
Vacation:	You are eligible for four (4) weeks of vacation annually.
Benefits:	You are eligible to participate in the Company's medical, dental, life, short and long-term disability insurance programs beginning on the first day of the pay period following thirty (30) days of service. Information regarding Company benefits will be sent to you under separate cover.
Merchandise Discount:	You will receive merchandise discounts applicable to employees of the Company.
Commuter Benefits Program:	Commuter participants will be eligible to participate in a tax-free Commuter Benefit Program to pay for transit passes and tickets.
401(k):	You are eligible to participate in the 401(k) Retirement Savings Plan upon hire. Following completion of 1,000 hours and one (1) year of service you will become eligible to receive the Company match. Information regarding the Company 401(k) plan will be sent to you under separate cover.
Financial Counseling:	You will be eligible for one-on-one financial counseling. You may choose from two organizations designated by the Company to provide this service. The annual fee is paid by the Company but will be treated as imputed income to you.
Release from Non-Compete:	By signing this letter below, you confirm that you are not subject in any way to any non-competition or non-solicitation obligations or other restrictions with any other company that restricts or adversely affects your ability to perform services for the Company.

Please feel free to contact me if you have any questions or require additional information.

Very truly yours,

/s/ ROGER N. FARAH
Roger N. Farah
President and Chief Operating Officer

Agreed to:

/s/ CHRISTOPHER H. PETERSON	8/24/12
Christopher Peterson	Date

August 22, 2012

Christopher Peterson
7805 Hartford Hill Lane
Cincinnati, Ohio 45242

Dear Chris:

Congratulations on your new position with Ralph Lauren Corporation. The Company is offering the following relocation package to assist you in your move to the New York City area. Please review the parameters at your earliest convenience and return the enclosed repayment agreement.

Please note that the relocation benefits described below are contingent upon your relocating to the New York metropolitan area within eighteen (18) months of your start date and are intended to cover reasonable and customary expenses only. If you do not relocate within such time period, the Company shall not have any obligation to provide the following relocation payments and reimbursements.

Relocation Allowance:

A one-time payment of $100,000 less all applicable taxes will be paid to you within 30 days of your start date. This payment is intended to cover various expenses incurred during your move that are not otherwise covered by the Company's relocation policy.

Temporary Living:

The Company will pay for temporary housing in New York through no later than June 2013. Housing will be arranged for you by our Relocation Department consistent with your position and the size of your family.

Household Goods:

The Company will pay for the packing, transportation and unpacking of household goods and personal effects. In addition, storage for a period of up to 60 days will be provided if necessary.

Home-Finding Trip:

The Company will cover customary expenses for up to two house-hunting trips for you and your family. These trips also include reasonable living expenses. All travel arrangements for these trips will be made through the Ralph Lauren Travel Department.

Home Sale/Purchase Assistance:

The Company agrees to pay for reasonable and customary expenses that you are required to pay as a seller or purchaser, respectively, associated with the sale of your current residence and the same for the purchase of your new residence (except as noted below). These amounts will be based on your final US. Department of Housing and Urban Development Statement (HUD closing statement) for each property involved. Please note this assistance is provided for the sale and purchase of primary residences only. This does not include rental properties, home businesses (including farms or ranches), vacation homes, mobile homes, etc.

- Expenses not covered: Mortgage "points" or "buydown," mortgage origination fees, and pre-paid expenses that would normally be your responsibility on an ongoing basis (such as pre-paid taxes or interest) are not covered by this policy and will not be reimbursed by the Company.

The Company may, at its discretion, use the services of a relocation assistance firm to manage your move and buy/sell transactions. It is expected that you will cooperate with the firm and reasonably assist them in the marketing and sale of your current home and purchase of your new residence.

Tax Information:

Some relocation assistance the Company pays on your behalf, or directly to you, is considered as compensation to be included in your gross annual income. Except as otherwise noted in this letter, any expense subject to tax will be delivered to you on a grossed-up basis using the Company’s standard gross-up formula for the expected tax liability. This gross-up amount is an estimate and may not reflect your actual tax liability.

To the extent that reimbursement of any expense or relocation benefits provided in this letter are deemed to constitute taxable compensation to you, such amounts will be reimbursed on or before the last day of the calendar year following the calendar year in which the expense is incurred.

Please contact Helene Pliner, Vice President, Benefits and HR Administration (201-531-6864) to review the detailed parameters of your relocation package or to discuss in advance any expenses anticipated to be above reasonable and customary. Upon receipt of your signed Relocation Agreement, we will expedite the package offered.

Very truly yours,

/s/ ROGER N. FARAH

Roger N. Farah
President and Chief Operating Officer

Relocation Agreement

I, Christopher Peterson, understand that any relocation benefits that I receive from Ralph Lauren Corporation (the “Company”) are paid by the Company on the condition that I remain with the Company for at least twenty-four (24) months from the start date of my new position. Relocation benefits include all reasonable and customary relocation expenses paid to me, including direct reimbursements or to a third party on my behalf.

I hereby acknowledge and agree that if, for any reason, I terminate my employment within twenty-four (24) months from my start date, other than for Good Reason, as defined in my employment agreement with the Company dated 9/24/12 (“Employment Agreement”), or if the Company terminates my employment for Cause as defined in my Employment Agreement, I shall reimburse the Company for the full amount of the relocation expenses, paid in accordance with the below described schedule. This repayment includes the one-time payment of $50,000 and the relocation allowance of $100,000 set forth in the Company’s Offer Letter and Relocation Letter to me dated August 22, 2012, addressing relocation benefits (“Relocation Letter”) as well as all other relocation expenses.

I hereby consent to the deduction of all or part of such reimbursements due to the Company under this Agreement from any amount owed to me by the Company on the termination date (i.e., vacation pay, final pay, expense settlements) in accordance with applicable law. I will be responsible for all subsequent tax consequences. If these deductions are insufficient, I agree to fully reimburse the Company within fifteen (15) days of my termination date for the balance of such relocation expenses owed under this Agreement.

This Agreement, along with any documents incorporated herein by reference, including but not limited to the Employment Agreement, the Offer Letter and the Relocation Letter, constitutes the entire agreement between the parties regarding any relocation benefits that I receive from the Company and supersedes all prior agreements, amendments, promises, covenants, representations or warranties addressing such relocation benefits.

In the event the Company commences legal proceedings to enforce its rights under this Agreement and the Company is the prevailing party in such proceedings, it shall be entitled to recover all costs and expenses incurred, including attorney’s fees and costs.

The validity, interpretation, construction, performance, and enforcement of this Agreement shall be governed by the laws of the State of New York without reference to New York’s choice of law rules. In the event of any dispute, I agree to submit to the jurisdiction of any court sitting in Manhattan in New York State.

/s/ CHRISTOPHER H. PETERSON	8/24/12
Christopher Peterson	Date

RALPH LAUREN CORPORATION

/s/ ROGER N. FARAH	Aug. 22, 2012
Roger N. Farah President and Chief Operating Officer	Date

Exhibit 10.2

EMPLOYMENT SEPARATION
AGREEMENT AND RELEASE

This Employment Separation Agreement and Release (the "Agreement") is made and entered into as of this 17th day of July, 2012 ("Effective Date") by and between Ralph Lauren Corporation, a Delaware corporation (the "Corporation") and Tracey Travis (the "Executive").

W I T N E S S E T H:

WHEREAS, Executive and the Corporation had entered into an employment agreement effective September 28, 2009 (the "Employment Agreement");

WHEREAS, the Corporation and Executive wish to set forth certain promises, agreements, and understandings in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the legal sufficiency of which is hereby acknowledged (and is in addition to what Executive is legally entitled to), the Corporation and Executive do hereby agree as follows:

1. Payments to Executive by the Corporation. In exchange for agreeing to and complying with the terms of this Agreement (including, without limitation, the release it contains in Section 6), Executive shall receive the following consideration (which Executive acknowledges is sufficient and in addition to what Executive would be legally entitled to) and be treated in the following manner:

(a) Executive will remain on the Corporation's payroll as an employee until July 30, 2012 (the "Termination Date"). Executive will receive Executive's regular base salary, less applicable withholdings, in bi-weekly installments pursuant to the normal payroll practices of the Corporation until the Termination Date.

(b) Subject to the Executive not revoking this Agreement pursuant to Section 17, the Corporation shall pay to Executive the following:

(i) the amount of seven hundred and fifty thousand dollars ($750,000), less applicable withholdings, equivalent to fifty-two (52) weeks of Executive's base salary, (the "Severance Payment") with payments commencing on the Corporation's first payroll date following the 30th day after the Termination Date and continuing in bi-weekly installments pursuant to the normal payroll practices of the Corporation (the "Severance Period"), provided that the initial payment shall include the base salary amounts for all payroll periods from the Termination Date through the date of such initial payment (for purposes of Section 409A (as defined in Section 19), Executive's right to receive installment payments pursuant to this Section 1 shall be treated as a right to receive a series of separate and distinct payments); and

(ii) the amount of eight hundred eighty thousand dollars ($880,000), less applicable withholdings, equivalent to Executive's bonus for the Corporation's 2012 fiscal year, payable on or prior to the last business day of the Severance Period.

(c) Executive's eligibility for participation in all benefit plans of the Corporation will cease as of the Termination Date, except for Executive's right to group medical and dental coverage pursuant to COBRA. In this regard, during the Severance Period, subject to the Executive's timely election of COBRA, the Corporation shall pay the employer's share of the monthly premium for Executive's group medical and dental coverage, while Executive will be responsible for paying the employee's share of such monthly premium. After the Severance Period, Executive will be solely responsible for paying the full cost of the monthly premium in order to continue receiving group medical and dental coverage pursuant to COBRA. Executive's participation in the Corporation's group medical or dental insurance plan and the Corporation's obligation to pay the employer's share of the premium shall immediately cease at such time as the Executive is covered by a future employer's medical and/or dental insurance coverage.

(d) Executive acknowledges and agrees that Executive's unvested stock options and unvested restricted performance share units ("RPSUs") shall be cancelled in their entirety without any payment as of the Termination Date, in accordance with the terms of the Corporation's 1997 Long-Term Stock Incentive Plan and the 2010 Long-Term Stock Incentive Plan, as applicable (collectively, the "Stock Award Plan"). Executive understands that she shall have three months from the Termination Date to exercise her vested stock options in accordance with the terms of the Stock Award Plan. Further, pursuant to the terms of the Stock Award Plan, Executive hereby acknowledges and agrees that as of the Termination Date, Executive shall not be entitled to any further grants of stock options or RPSUs from the Corporation on and after the Termination Date.

(e) Other than the payments and benefits specifically set forth in this Agreement, the Executive agrees that the Corporation and its subsidiaries, affiliates and licensees do not owe the Executive any additional payments, compensation, remuneration, bonuses, incentive payments, benefits, stock options, warrants, restricted stock units, severance, reimbursement of expenses, or commissions of any kind whatsoever, or other similar compensation, including any obligations owed to Executive under any employment agreement, offer letter or otherwise.

2. Return of Property. On or prior to the Termination Date, Executive agrees to return to the Corporation any and all files or other property of the Corporation and its subsidiaries, affiliates and licensees (said property includes, but is not limited to, purchase orders, financial reports and statements, projections, forecasts, balance sheets, income statements, budgets, actual or prospective purchaser or customer lists, written proposals and studies, plans, drawings, specifications, investor reports, books, reports to directors, minutes, resolutions, certificates, bank account numbers, passwords, credit cards, computers, laptops, cellular or other telephones, blackberrys, calculators, identification and security cards, beepers, keys, deeds, contracts, office equipment and supplies, records, computer discs, etc.) without retaining any copies or extracts thereof.

3. Confidentiality of this Agreement. Executive, Executive's agents, attorneys, heirs, executors, administrators, affiliates and assigns agree that this Agreement, and any and all matters concerning Executive's separation from the Corporation, will be regarded as privileged communications between the parties, and that they will not reveal, disseminate by publication of any sort, or release in any manner or means this Agreement or any matters, factual or legal,

concerning this Agreement or Executive's separation to any other person or entity, except as required by legal process (in which case, Executive agrees to forthwith provide written notice of said legal process as set forth below prior to the production of the requested information). Notwithstanding the foregoing, Executive may reveal the relevant terms of this Agreement to the Executive's spouse, accountants and attorneys, provided that such parties agree to be bound by the confidentiality provisions herein. Nothing in this paragraph shall prohibit the Corporation from disclosing this Agreement in its sole discretion or as required by law.

4. Obligations.

(a) In exchange for the payments and benefits set forth in paragraph 1 herein, Executive agrees that during the Severance Period, Executive shall for no additional compensation or benefits whatsoever be available if requested by the Corporation upon reasonable notice to assist in transitioning Executive's former duties and responsibilities for the Corporation.

(b) With the exception of the duties and responsibilities set forth in this paragraph 4, Executive acknowledges and agrees that Executive is relieved of all duties and responsibilities for the Corporation and its subsidiaries, affiliates and licensees as of the Termination Date, that Executive does not have the authority to bind the Corporation or any of its subsidiaries, affiliates or licensees, and that Executive shall not contact any past, current, or prospective customers, distributors, manufacturers, partners or suppliers of the Corporation or any of its subsidiaries, affiliates or licensees (i) on behalf of the Corporation or (ii) with the intent of reducing, interfering or ceasing the relationship between the Corporation and any of the parties referred to in this sentence. Effective as of the Termination Date, Executive shall cease and be deemed to have resigned from any and all titles, positions and appointments the Executive holds with the Corporation and any of its affiliates, whether as an officer, director, employee, trustee, committee member or otherwise. Executive agrees to execute any documents reasonably requested by the Corporation in accordance with the preceding sentence.

(c) The Executive, on behalf of the Executive, the Executive's agents, attorneys, heirs, executors, administrators, affiliates and assigns, agrees that the Executive shall not at any time from and after the Effective Date engage in any form of conduct, or make any statements or representations (whether written or oral), that is reasonably likely to disparage or otherwise impair the reputation, goodwill or commercial interests of the Corporation, its management, stockholders, directors, employees, subsidiaries, affiliates or licensees. The Corporation agrees that it will cause its current directors and SEC named executive officers to not disparage Executive or make any comments relating to Executive which are defamatory or which would materially injure her employment prospects or reputation. The foregoing limitations shall not apply to (i) compliance with legal process or subpoena, or (ii) statements in response to inquiry from a court or regulatory body. In response to any request received by the Corporation from prospective employers for information about the Executive, the Corporation shall not be required to provide any information concerning Executive's employment, unless required by law.

(d) Executive further agrees that Executive will cooperate fully with the Corporation in connection with any existing or future litigation involving the Corporation,

whether administrative, civil or criminal in nature, in which and to the extent the Corporation deems Executive's cooperation necessary, unless Executive is instructed by a court, law enforcement agency, or regulatory body not to so cooperate. The Corporation shall pay all reasonable travel and other expenses incurred by the Executive in connection therewith as long as such expenses and costs are approved in advance in writing by the Corporation.

(e) Executive agrees that until the Termination Date and for a period of twelve (12) months after the Termination Date, Executive will not solicit or hire any employee, contractor, consultant, or customer of the Corporation or any of its subsidiaries, affiliates or licensees thereof away from employment, consultancy or retention by any such entities or to reduce or cease doing business with any such entities. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

(f) Executive agrees that until the Termination Date and for a period of twelve (12) months after the Termination Date, the Executive shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall have the same meaning as it does in Section 3.1 of the Employment Agreement, except that the phrase "premium apparel, home, accessories and/or fragrance products," shall instead read "apparel, accessories, leather goods, and/or home products." Notwithstanding the foregoing, 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.

(g) Executive represents and warrants that, as of the Termination Date, Executive does not have any personal expenses, loans or other obligations due to the Corporation or any of its subsidiaries, affiliates or licensees and agrees that if any such amounts are owed to the Corporation or any of its subsidiaries, affiliates or licensees, the Corporation may deduct such amounts from the payments to be made to Executive under the terms of this Agreement; provided, however, that the maximum amount that the Corporation may deduct from any payments to be made to Executive under the terms of this Agreement that are subject to Section 409A (as defined in Section 19) is $5,000 (and Executive shall repay to the Corporation any such amounts in excess of $5,000).

5. Nondisclosure of Confidential Information. Executive agrees not to disclose or cause to be disclosed in any way to any person or entity in any fashion any confidential, trade secret, or proprietary information or documents relating to the Corporation or any of its subsidiaries, licensees or affiliates or the Executive's employment with the Corporation, including, but not limited to, the operations of the Corporation and its affiliates, licensees and subsidiaries, strategies, financial information, financial statements, budgets, products, marketing data, business plans, technology, research and development, client, and client lists, price and cost information, merchandising opportunities, expansion plans, designs, store plans, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information ("Confidential Information").

6. Release.

(a) In consideration for the payments and benefits to be provided to the Executive under this Agreement, the Executive, with the intention of binding the Executive, the Executive's agents, attorneys, representatives, heirs, issue, executors, affiliates, successors, administrators and assigns, does hereby irrevocably and unconditionally forever release and discharge the Corporation, and its subsidiaries, affiliates, divisions and licensees, as well as each of their respective stockholders, managers, members, partners, heirs, executors, administrators, agents, employees, officers, directors, predecessors, successors, insurers, assigns, representatives and attorneys, of and from any and all manner of actions, causes of action, suits, complaints, debts, sums of money, costs, damages, losses, interests, attorneys' fees, expenses, liabilities, charges, claims, obligations, promises, agreements, counterclaims and demands, whatsoever, in law or in equity or otherwise, that Executive now has or may have, whether mature, direct, derivative, subrogated, personal, assigned, both known and unknown, foreseen or unforeseen, contingent or actual, liquidated or unliquidated, arising from the beginning of the world until the Effective Date, including, but not limited to, any claims arising in any way out of Executive's employment with the Corporation or the termination of Executive's employment with the Corporation. The foregoing release of claims by Executive includes, but is not limited to, any and all claims under the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621 et seq., the Americans with Disabilities Act ("ADA"), 42 U.S.C. § 12101 et seq., the Civil Rights Act of 1991, 42 U.S.C. § 1981a et seq., the Executive Retirement Income Security Act ("ERISA"), 29 U.S.C. § 1001 et seq., the Fair Labor Standards Act ("FLSA"), 29 U.S.C. § 201 et seq., the Family and Medical Leave Act ("FMLA"), Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., the United States Constitution, the Constitution of the State of New York, the Constitution of the State of New Jersey, the New York State Human Rights Law, N.Y. Exec. Law § 291 et seq., the New York City Human Rights Law, N.Y.C. Admin. Code, § 8-107 et seq., the New Jersey Law Against Discrimination, N.J.S.A. § 10:5-1 et seq., the Conscientious Executive Protection Act ("CEPA"), N.J.S.A. § 34:19-1-8, the Sarbanes-Oxley Act of 2002, et seq., (each as amended) and all other similar federal, state, or municipal statutes or ordinances, including any whistle blower or any other local, state or federal law, regulation or ordinance prohibiting discrimination or pertaining to employment, and any contract, tort, or common law theories with respect to Executive's hiring by the Corporation, the terms and conditions of Executive's employment with the Corporation, and/or the termination of Executive's employment with the Corporation. Executive does not waive Executive's rights to any claims which may not be released as a matter of law.

(b) The Corporation and Executive understand and agree that the release set forth in Section 6(a) above does not in any way affect the rights and obligations of the parties created under this Agreement and the rights of either party to take whatever steps may be necessary to enforce the terms of this Agreement or to obtain appropriate relief in the event of any breach of the terms of this Agreement. Executive acknowledges that Executive has not filed any complaint, charge, claim or proceeding, if any, against any of the Releasees before any local, state or federal agency, court or other body (each individually a "Proceeding"). Executive represents that Executive is not aware of any basis on which such a Proceeding could reasonably be instituted. Further, the release set forth in Section 6(a) does not prohibit the Executive from (i) initiating or causing to be initiated on Executive's behalf any, complaint, charge, claim or proceeding against the Corporation before any local, state or federal agency, court or other body challenging the validity of the waiver of Executive's claims under the ADEA as contained in

Section 6(a) of this Agreement (but no other portion of such waiver) or (ii) filing a charge or participating in any investigation or proceeding conducted by the EEOC, the NLRB, or a comparable state or local agency, but Executive agrees to waive any and all rights to recover monetary damages in any charge, complaint, or lawsuit filed by Executive or by anyone else on Executive's behalf.

7. Certain Forfeitures in Event of Breach. Executive acknowledges and agrees that, notwithstanding any other provision of this Agreement, in the event that Executive breaches or has breached any obligation under this Agreement, Executive will forfeit immediately Executive's right to receive any unpaid payments and benefits set forth in paragraph 1 herein, and to the extent any payments have been made by the Corporation, upon written demand by the Corporation Executive shall immediately return such payments to the Corporation. The Executive shall also reimburse the Corporation for any reasonable attorney's fees and expenses incurred by the Corporation to recover such payments. If the Corporation breaches the terms of this Agreement, than the Corporation will reimburse Executive for any reasonable expenses or damages incurred by Executive as a result of the breach, including reasonable attorney's fees.

8. No Admission of Liability. Executive acknowledges and agrees that any payments or benefits provided to Executive under the terms of this Agreement do not constitute an admission by the Corporation or any of its subsidiaries, affiliates or licensees that they have violated any law or legal obligation with respect to any aspect of Executive's employment with the Corporation.

9. Entire Agreement. The Corporation and Executive each represent and warrant that no promise or inducement has been offered or made except as herein set forth and that the consideration stated herein is the sole consideration for this Agreement. This Agreement is a complete and entire agreement and states fully all agreements, understandings, promises and commitments as between the Corporation and Executive and as to the termination of their relationship; this Agreement supersedes and cancels any and all other negotiations, understandings and agreements, oral or written, respecting the subject matter hereof, including any prior employment agreements (including the Employment Agreement), between the Corporation and the Executive; and this Agreement may not be modified except by an instrument in writing signed by the party against whom the enforcement of any waiver, change, modification, or discharge is sought.

10. No Transfer. Executive represents and warrants that Executive has not sold, assigned, transferred, conveyed or otherwise disposed of to any third party, by operation of law or otherwise, any action, cause of action, suit, debt, obligations, account, contract, agreement, covenant, guarantee, controversy, judgment, damage, claim, counterclaim, liability or demand of any nature whatsoever relating to any matter covered by this Agreement.

11. Assignability, Choice of Law, Jurisdiction, Venue. This Agreement is personal to Executive and the Executive may not assign, pledge, delegate or otherwise transfer to any person or entity any of Executive's rights, obligations or duties under this Agreement. This Agreement shall be governed by, construed in accordance with, and enforced pursuant to the laws of the State of New York without regard to principles of conflict of laws. The parties hereto waive any defense of lack of jurisdiction or venue regarding a party not being a resident of New York and

hereby specifically authorize any action brought by either party to this Agreement to be instituted and prosecuted in any state or federal court located in the State of New York, County of New York. Further, the parties hereto hereby waive any right to a jury trial of any claim or cause of action based upon or arising out of this Agreement.

12. Enforceability. Each of the covenants and agreements set forth in this Agreement are separate and independent covenants, each of which has been separately bargained for and the parties hereto intend that the provisions of each such covenant shall be enforced to the fullest extent permissible. Should the whole or any part or provision of any such separate covenant be held or declared invalid, such invalidity shall not in any way affect the validity of any other such covenant or of any part or provision of the same covenant not also held or declared invalid. If any covenant shall be found to be invalid but would be valid if some part thereof were deleted or the period or area of application reduced, then such covenant shall apply with such minimum modification as may be necessary to make it valid and effective. The failure of either party at any time to require performance by the other party of any provision hereunder will in no way affect the right of that party thereafter to enforce the same, nor will it affect any other party's right to enforce the same, or to enforce any of the other provisions in this Agreement; nor will the waiver by either party of the breach of any provision hereof be taken or held to be a waiver of any prior or subsequent breach of such provision or as a waiver of the provision itself.

13. Counterparts. This Agreement may be executed in counterparts, each of which together constitute one and the same instrument.

14. Notices. For the purpose of this Agreement, notices, demands, and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given by hand or by facsimile or mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:	Tracey Travis 185 Saxon Woods Road Scarsdale, New York 10583
If to the Corporation	Ralph Lauren Corporation 650 Madison Avenue New York, New York 10022 Attn: Mitchell A. Kosh Senior Vice President - Human Resources Fax: (212) 318-7277

15. Nonadmissibility. To the extent permitted by applicable law, nothing contained in this Agreement, or the fact of its submission to the Executive, shall be admissible evidence against the Corporation in any judicial, administrative, or other legal proceeding (other than in an action for breach of this Agreement).

16. Revocation. This Agreement, including all of the payment and benefit provisions set forth in Section 1 above, shall not become effective unless the Agreement is executed, dated and delivered to the Corporation within 21 days following the Effective Date and is not revoked, as provided for in Section 17 herein, prior to the eighth day after this Agreement is signed by Executive.

17. Meaning of Signing This Agreement. By signing this Agreement, Executive expressly acknowledges and agrees that (a) Executive has carefully read it and fully understands what it means; (b) Executive has been advised in writing to discuss this Agreement with an independent attorney of Executive's own choosing before signing it and has had a reasonable opportunity to confer with Executive's attorney and has discussed and reviewed this Agreement with Executive's attorney prior to executing it and delivering it to the Corporation; (c) Executive has been given twenty-one (21) calendar days to consider this Agreement; (d) Executive has had answered to Executive's satisfaction any questions Executive has with regard to the meaning and significance of any of the provisions of this Agreement; (e) Executive has agreed to this Agreement knowingly and voluntarily of Executive's own free will and was not subjected to any undue influence or duress, and assents to all the terms and conditions contained herein with the intent to be bound hereby; and (f) Executive may revoke Executive's acceptance of this Agreement within seven (7) calendar days after Executive signs it by sending a written Notice of Revocation to the address of the Corporation as set forth in paragraph 14 above.

18. No Construction Against Drafter. No provision of this Agreement or any related document will be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or drafted such provision.

19. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Corporation determines that any compensation or benefits payable or provided hereunder may be subject to Section 409A, the Corporation reserves the right (without any obligation to do so or to indemnify the Executive for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Corporation reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (b) comply with the requirements of Section 409A. The reimbursement of any expense under this Agreement shall be made no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of any in-kind benefits provided in any other year. For the avoidance of doubt, the Corporation shall have no obligation to indemnify or otherwise hold the Executive harmless from any taxes or penalties under Section 409A.

20. Taxes. Notwithstanding any other provision of this Agreement to the contrary, the Corporation may withhold from all amounts payable under this Agreement all federal, state,

local and foreign taxes that are required to be withheld pursuant to any applicable laws and regulations. Executive shall be responsible for the payment of Executive's portion of any and all required federal, state, local and foreign taxes incurred, or to be incurred, in connection with any amounts payable to Executive under this Agreement.

21. Counterparts. The 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. Signatures delivered by facsimile shall be effective for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Employment Separation Agreement and Release as of the day and year set forth below.

RALPH LAUREN CORPORATION

Dated: 7/19/12 By: /s/ MITCHELL KOSH
Name:
Title:

Dated: 7/18/2012 By: /s/ TRACEY TRAVIS
TRACEY TRAVIS

EXHIBIT 31.1

CERTIFICATION

I, Ralph Lauren, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ralph Lauren Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RALPH LAUREN

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

Date: November 2, 2012

CERTIFICATION

I, Christopher H. Peterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Ralph Lauren Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER H. PETERSON

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

Date: November 2, 2012

EXHIBIT 32.1

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

In connection with the Quarterly Report of Ralph Lauren Corporation (the “Company”) on Form 10-Q for the period ended September 29, 2012, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ralph Lauren, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ RALPH LAUREN
Ralph Lauren

November 2, 2012

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

EXHIBIT 32.2

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

In connection with the Quarterly Report of Ralph Lauren Corporation (the "Company") on Form 10-Q for the period ended September 29, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher H. Peterson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ CHRISTOPHER H. PETERSON

Christopher H. Peterson

November 2, 2012

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