

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended December 30, 2000

or

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

COMMISSION FILE NUMBER 001-13057

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

DELAWARE

13-2622036

(State or other jurisdiction
of incorporation or organization)

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

650 MADISON AVENUE, NEW YORK, NEW YORK

10022

(Address of principal executive offices)

(Zip Code)

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

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 registrants were required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No []

At February 8, 2001, 30,866,986 shares of the registrant's Class A Common Stock, \$.01 par value, were outstanding, 43,280,021 shares of the registrant's Class B Common Stock, \$.01 par value, were outstanding and 22,720,979 shares of the registrant's Class C Common Stock, \$.01 par value were outstanding.

POLO RALPH LAUREN CORPORATION

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POLO RALPH LAUREN CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	December 30, 2000 ----- (Unaudited)	April 1, 2000 -----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 87,014	\$ 164,571
Marketable securities	70,314	--
Accounts receivable, net of allowances of \$15,258 and \$16,631 respectively	211,669	204,447
Inventories	401,863	390,953
Deferred tax assets	37,775	40,378
Prepaid expenses and other	67,346	52,542
	-----	-----
Total current assets	875,981	852,891
Property and equipment, net	310,735	372,977
Deferred tax assets	47,692	11,068
Goodwill, net	253,261	277,822
Other assets, net	82,675	105,804
	-----	-----
	\$ 1,570,344	\$ 1,620,562
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes and acceptances payable - banks	\$ 84,709	\$ 86,131
Accounts payable	145,804	151,281
Accrued expenses and other	147,973	168,816
	-----	-----
Total current liabilities	378,486	406,228
Long-term debt	328,928	342,707
Other noncurrent liabilities	98,493	99,190
Stockholders' equity		
Common Stock		
Class A, par value \$.01 per share; 500,000,000 shares authorized; 34,523,538 and 34,381,653 shares issued, respectively	345	344
Class B, par value \$.01 per share; 100,000,000 shares authorized; 43,280,021 shares issued and outstanding	433	433
Class C, par value \$.01 per share; 70,000,000 shares authorized; 22,720,979 shares issued and outstanding	227	227
Additional paid-in-capital	452,482	450,030
Retained earnings	382,550	370,785
Treasury Stock, Class A, at cost (3,771,806 and 2,952,677 shares)	(71,179)	(57,346)
Accumulated other comprehensive income	2,853	9,655
Unearned compensation	(3,274)	(1,691)
	-----	-----
Total stockholders' equity	764,437	772,437
	-----	-----
	\$ 1,570,344	\$ 1,620,562
	=====	=====

See accompanying notes to financial statements.

POLO RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	December 30, 2000	January 1, 2000	December 30, 2000	January 1, 2000
Net sales	\$ 554,428	\$ 453,015	\$ 1,504,965	\$ 1,307,996
Licensing revenue	58,090	55,741	178,383	174,945
Other income	1,222	1,543	3,906	5,664
	-----	-----	-----	-----
Net revenues	613,740	510,299	1,687,254	1,488,605
Cost of goods sold	316,220	270,719	887,054	762,635
	-----	-----	-----	-----
Gross profit	297,520	239,580	800,200	725,970
	-----	-----	-----	-----
Selling, general and administrative expenses	208,172	181,696	633,189	521,105
Restructuring charges	--	--	128,571	--
	-----	-----	-----	-----
Total expenses	208,172	181,696	761,760	521,105
	-----	-----	-----	-----
Income from operations	89,348	57,884	38,440	204,865
Interest expense	5,704	3,422	18,992	9,597
	-----	-----	-----	-----
Income before income taxes and cumulative effect of change in accounting principle	83,644	54,462	19,448	195,268
Provision for income taxes	33,041	22,194	7,683	79,574
	-----	-----	-----	-----
Income before cumulative effect of change in accounting principle	50,603	32,268	11,765	115,694
Cumulative effect of change in accounting principle, net of taxes	--	--	--	3,967
	-----	-----	-----	-----
Net income	\$ 50,603	\$ 32,268	\$ 11,765	\$ 111,727
	=====	=====	=====	=====
Income per share before cumulative effect of change in accounting principle - Basic and Diluted	\$ 0.52	\$ 0.33	\$ 0.12	\$ 1.17
Cumulative effect of change in accounting principle, net of taxes, per share - Basic and Diluted	\$ 0.00	\$ 0.00	--	0.04
	-----	-----	-----	-----
Net income per share - Basic and Diluted	\$ 0.52	\$ 0.33	\$ 0.12	\$ 1.13
	=====	=====	=====	=====
Weighted average common shares outstanding - Basic	96,530,102	98,807,754	96,778,511	99,155,088
	=====	=====	=====	=====
Weighted average common shares outstanding - Diluted	97,347,194	98,938,341	97,245,629	99,299,695
	=====	=====	=====	=====

See accompanying notes to financial statements.

POLO RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	December 30, 2000	January 1, 2000
Cash flows from operating activities		
Net income	\$ 11,765	\$ 111,727
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	60,084	53,074
Benefit from deferred income taxes	(27,924)	--
Cumulative effect of change in accounting principle	--	3,967
Provision for restructuring charges	98,836	--
Provision for losses on accounts receivable	1,314	2,268
Other	(3,924)	1,579
Changes in assets and liabilities, net of acquisition		
Accounts receivable	(15,886)	26,420
Inventories	(15,963)	57,713
Prepaid expenses and other	(16,263)	15,943
Other assets, net	9,633	(8,672)
Accounts payable	641	(19,221)
Income taxes payable and accrued expenses and other	2,983	(11,039)
Net cash provided by operating activities	105,296	233,759
Cash flows from investing activities		
Purchases of property and equipment, net	(67,860)	(88,627)
Investments in marketable securities	(70,314)	--
Acquisition, net of cash acquired	(20,929)	(52,391)
Proceeds from release of restricted cash held for Club Monaco acquisition	--	44,217
Cash surrender value - officers' life insurance, net	(3,482)	(4,065)
Net cash used in investing activities	(162,585)	(100,866)
Cash flows from financing activities		
Repurchases of common stock	(13,833)	(20,745)
Proceeds from issuance of common stock	453	--
Proceeds from (repayments of) short-term borrowings, net	2,944	(90,500)
Repayments of long-term debt	(6,496)	(37,358)
Proceeds from long-term debt	--	319,611
Net cash (used in) provided by financing activities	(16,932)	171,008
Effect of exchange rate changes on cash	(3,336)	(3,029)
Net (decrease) increase in cash and cash equivalents	(77,557)	300,872
Cash and cash equivalents at beginning of period	164,571	44,458
Cash and cash equivalents at end of period	\$ 87,014	\$ 345,330

See accompanying notes to financial statements.

POLO RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended	
	December 30, 2000	January 1, 2000
Supplemental cash flow information		
Cash paid for interest	\$ 22,041	\$ 10,085
	=====	=====
Cash paid for income taxes	\$ 52,870	\$ 79,648
	=====	=====
Supplemental schedule of non-cash investing and financing activities		
Fair value of assets acquired, excluding cash		\$110,617
Less:		
Cash paid		51,481

Liabilities assumed		\$ 59,136
		=====

See accompanying notes to financial statements.

POLO RALPH LAUREN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(INFORMATION FOR DECEMBER 30, 2000 AND JANUARY 1, 2000 IS UNAUDITED)
(IN THOUSANDS, EXCEPT WHERE OTHERWISE INDICATED)

1 BASIS OF PRESENTATION

(a) UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and in a manner consistent with that used in the preparation of the April 1, 2000 audited consolidated financial statements of the Company. In the opinion of management, the accompanying consolidated financial statements reflect all adjustments necessary for a fair presentation of the financial position and results of operations and cash flows for the periods presented.

Operating results for the three and nine months ended December 30, 2000 and January 1, 2000 are not necessarily indicative of the results that may be expected for a full year. In addition, the unaudited interim consolidated financial statements do not include all information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles. These consolidated financial statements should be read in conjunction with the Company's fiscal 2000 audited consolidated financial statements.

(b) ACQUISITION

On January 6, 2000, the Company completed the acquisition of stock and certain assets of Poloco S.A.S. and certain of its affiliates ("Poloco"), which hold licenses to sell mens' and boys' Polo apparel, men's and women's Polo Jeans apparel, and certain Polo accessories in Europe. In addition to acquiring Poloco's wholesale business, the Company acquired one flagship store in Paris and six outlet stores located in France, the United Kingdom and Austria. The Company acquired Poloco for an aggregate cash consideration of \$209.7 million, plus the assumption of \$10.0 million in short-term debt. The Company used a portion of the net proceeds from the Eurobond Offering (as hereinafter defined) to finance this acquisition. During the quarter ended July 1, 2000, the final 10% of the acquisition price for Poloco in the amount of \$20.9 million was distributed in accordance with the terms of the agreement. This acquisition has been accounted for as a purchase. The September 30, 2000 consolidated balance sheet and January 6, 2000 combined balance sheet of Poloco have been included in the accompanying December 30, 2000 and April 1, 2000 consolidated balance sheets, respectively, and the Company has consolidated the results of operations of Poloco for the three and nine months ended September 30, 2000 in the December 30, 2000 results of operations. The purchase price has been preliminarily allocated based upon fair values at the date of acquisition, pending final determination of certain acquired balances. This preliminary allocation resulted in an excess of purchase price over the estimated fair value of net assets acquired of approximately \$202.8 million, which has been recorded as goodwill and is being amortized on a straight-line basis over an estimated useful life of 40 years.

The following table sets forth unaudited pro forma information for the three and nine months ended January 1, 2000 which present the effects on the Company's historical results as if the acquisition of Poloco occurred at the beginning of the period:

	THREE MONTHS ENDED JANUARY 1, 2000	NINE MONTHS ENDED JANUARY 1, 2000
Pro forma net revenues	\$ 575,514	\$ 1,637,189
Pro forma net income	41,636	127,191
Pro forma net income per share- Basic and Diluted	.42	1.28

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

(c) MARKETABLE SECURITIES

Management determines the appropriate classification of its investments in debt securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost. Debt securities for which the Company does not have the intent or ability to hold to maturity are classified as available-for-sale. Securities available-for-sale are carried at fair value, with the unrealized gains and losses, net of income taxes, reported as a separate component of Stockholders' Equity. The Company has no investments that qualify as trading.

The Company's investments in debt securities are diversified among high-credit quality securities in accordance with the Company's investment policy.

The following is a summary of the Company's investments in available-for-sale marketable securities at December 30, 2000:

	DECEMBER 30, 2000
Corporate debt securities	\$ 34,942
Commercial paper	13,017
Money market funds	22,355

	\$ 70,314
	=====

The amortized cost of available-for-sale securities approximated their fair value at December 30, 2000. Gross realized gains and losses on sales of available-for-sale securities were not material in the three and nine months ended December 30, 2000.

The contractual maturities of debt securities at December 30, 2000 are as follows: \$60.1 million due in one year or less; and \$10.2 million due between one and two years. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

2 Comprehensive Income

For the three and nine months ended December 30, 2000, comprehensive income was as follows:

	THREE MONTHS ENDED DECEMBER 30, 2000	NINE MONTHS ENDED DECEMBER 30, 2000
Net income	\$ 50,603	\$ 11,765
Other comprehensive loss, net of taxes:		
Foreign currency translation adjustments	10,276 -----	6,802 -----
Comprehensive income	\$ 40,327 =====	\$ 4,963 =====

Income tax benefit related to foreign currency translation adjustments was \$6.7 million and \$4.4 million in the three and nine months ended December 30, 2000, respectively.

For the three and nine months ended January 1, 2000, comprehensive income was as follows:

	THREE MONTHS ENDED JANUARY 1, 2000	NINE MONTHS ENDED JANUARY 1, 2000
Net income	\$ 32,268	\$ 111,727
Other comprehensive income, net of taxes:		
Foreign currency translation adjustments	2,425 -----	2,425 -----
Comprehensive income	\$ 34,693 =====	\$ 114,152 =====

Income tax expense related to foreign currency translation adjustments was \$1.7 million in the three and nine months ended January 1, 2000, respectively.

3 RECENTLY ISSUED PRONOUNCEMENTS

In June 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 138, Accounting for Certain Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. This statement addresses a limited number of implementation issues for entities applying SFAS No. 133. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires the recognition of all derivatives as either assets or liabilities in the

statement of financial position and measurement of those instruments at fair value. The accounting for changes in the fair value of a derivative is dependent upon the intended use of the derivative. SFAS No. 133 is effective for the Company's first quarter of its fiscal year ending March 30, 2002, and retroactive application is not permitted. The Company is currently evaluating whether the application of SFAS No. 133 will have a material impact on the Company's financial position or results of operations.

4 INVENTORIES

	DECEMBER 30, 2000	APRIL 1, 2000
Raw materials	\$ 11,968	\$ 13,649
Work-in-process	7,221	6,337
Finished goods	382,674	370,967
	-----	-----
	\$ 401,863	\$ 390,953
	=====	=====

5 RESTRUCTURING AND SPECIAL CHARGES

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

The Company will continue to refine its retail strategy by expanding the presence of its full-line luxury stores, both in North America and abroad, and by building a profitable portfolio of Club Monaco stores in key urban locations that fully emphasize and capitalize on its fashion-forward merchandising strategy. In connection with this initiative, the Company closed all 12 Polo Jeans Co. full-price retail stores and 11 under-performing Club Monaco retail stores. Costs associated with this aspect of the Operational Plan include lease and contract termination costs, store fixed asset write downs (primarily leasehold improvements) and severance and termination benefits. These costs were recorded in the second quarter of fiscal 2001 and are reflected in the restructuring charges line in the accompanying consolidated statement of income.

Additionally, as a result of changes in market conditions in certain locations in which the Company operates full-price retail stores, the Company performed an evaluation of the recoverability of the assets of certain of these stores in accordance with SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. The Company concluded from the results of this evaluation that a significant impairment of long-lived assets had occurred. Accordingly, a write-down of these assets (primarily leasehold improvements) to their estimated fair value was recorded in the second quarter of fiscal 2001 and is reflected in the restructuring charges line of the accompanying consolidated statement of income.

In connection with the implementation of the Operational Plan discussed above, the Company recorded a pre-tax restructuring charge of \$128.6 million in its second quarter of fiscal 2001. The major components of the charge and the activity through December 30, 2000 were as follows:

	SEVERANCE AND TERMINATION BENEFITS	ASSET WRITE DOWNS	LEASE AND CONTRACT TERMINATION COSTS	OTHER COSTS	TOTAL
2001 provision.....	\$ 7,947	\$ 98,835	\$ 20,655	\$ 1,134	\$128,571
2001 activity.....	(2,166)	(98,835)	(1,664)	--	(102,665)
	-----	-----	-----	-----	-----
Balance at December 30, 2000.....	\$ 5,781	\$ -	\$ 18,991	\$ 1,134	\$ 25,906
	=====	=====	=====	=====	=====

The Company's operational review also targeted its supply chain management as one of the most important areas for improvement. The development of operating efficiencies in Polo's worldwide logistics and supply chain management will better support the Company's growing and increasingly global retail operations. In connection with initiating this aspect of the Operational Plan, the Company recorded \$37.9 million of inventory write-downs in its second quarter of fiscal year 2001 associated with the planned acceleration in the reduction of aged inventory. This charge is reflected in cost of goods sold in the accompanying consolidated statement of income.

Total severance and termination benefits as a result of the Operational Plan relate to approximately 550 employees, 121 of which have been terminated as of December 30, 2000. Total cash outlays related to the Operational Plan are expected to be approximately \$29.7 million, \$3.8 million of which have been paid to date. The Company expects to complete the implementation of the Operational Plan by the end of its second quarter of fiscal 2002.

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

In connection with the implementation of the Restructuring Plan, the Company recorded a pre-tax restructuring charge of \$58.6 million in its fourth quarter of fiscal 1999. The major components of the restructuring charge and the activity through December 30, 2000 were as follows:

	SEVERANCE AND TERMINATION BENEFITS	LEASE AND CONTRACT TERMINATION COSTS	OTHER COSTS	TOTAL
Balance at April 1, 2000.....	\$ 7,265	\$ 4,878	\$ 140	\$ 12,283
2001 activity.....	(2,463)	(2,216)	--	(4,679)
	-----	-----	-----	-----
Balance at December 30, 2000.....	\$ 4,802	\$ 2,662	\$ 140	\$ 7,604
	=====	=====	=====	=====

Total severance and termination benefits as a result of the Restructuring Plan related to 280 employees, all of which have been terminated. Total cash outlays related to the Restructuring Plan are approximately \$39.5 million, \$31.9 million of which have been paid to date. The Company completed the implementation of the Restructuring Plan in fiscal 2000.

6 BORROWINGS

The Company has two Credit Facilities (as hereinafter defined) available for borrowings and the issuance of letters of credit which contain restrictive covenants requiring maintenance of net worth and leverage ratios and impose limitations on indebtedness, loans, investments and incurrences of liens, and restrictions on sales of assets and transactions with affiliates. On October 18, 2000, the Company received consent from its lenders under the Credit Facilities permitting the Company to incur the charges it recorded in connection with the Operational Plan (see Note 5) up to specified thresholds.

7 SEGMENT REPORTING

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

The Company's net revenues and income from operations for the three and nine months ended December 30, 2000 and January 1, 2000 by segment were as follows:

	THREE MONTHS ENDED	
	DECEMBER 30, 2000	JANUARY 1, 2000
NET REVENUES:		
Wholesale	\$ 269,494	\$ 197,831
Retail	286,156	256,727
Licensing	58,090	55,741
	-----	-----
	\$ 613,740	\$ 510,299
	=====	=====
INCOME FROM OPERATIONS:		
Wholesale	\$ 32,403	\$ 12,100
Retail	24,967	12,684
Licensing	31,978	33,100
	-----	-----
	\$ 89,348	\$ 57,884
	=====	=====

	NINE MONTHS ENDED	
	DECEMBER 30, 2000	JANUARY 1, 2000
NET REVENUES:		
Wholesale	\$ 758,190	\$ 643,125
Retail	750,681	670,535
Licensing	178,383	174,945
	-----	-----
	\$ 1,687,254	\$ 1,488,605
	=====	=====
INCOME FROM OPERATIONS:		
Wholesale	\$ 79,691	\$ 49,539
Retail	41,531	42,431
Licensing	101,722	106,199
	-----	-----
	222,944	198,169
Less: Unallocated restructuring and other non-recurring charges	184,504	--
Add: Cumulative effect of change in accounting principle before taxes	--	6,696
	-----	-----
	\$ 38,440	\$ 204,865
	=====	=====

The Company's total assets by segment as of December 30, 2000 and April 1, 2000 were as follows:

	DECEMBER 30, 2000	APRIL 1, 2000
SEGMENT ASSETS:		
Wholesale	\$ 507,984	\$ 524,223
Retail	510,848	596,989
Licensing	187,936	202,090
Corporate	363,576	297,260
	-----	-----
	\$ 1,570,344	\$ 1,620,562
	=====	=====

The Company's net revenues for the three and nine months ended December 30, 2000 and January 1, 2000 and its long-lived assets as of December 30, 2000 and April 1, 2000 by geographic location were as follows:

	THREE MONTHS ENDED	
	DECEMBER 30, 2000	JANUARY 1, 2000
NET REVENUES:		
United States	\$ 494,283	\$ 462,409
Foreign countries	119,457	47,890
	-----	-----
	\$ 613,740	\$ 510,299
	=====	=====
	NINE MONTHS ENDED	
	DECEMBER 30, 2000	JANUARY 1, 2000
NET REVENUES:		
United States	\$ 1,412,023	\$ 1,365,920
Foreign countries	275,231	122,685
	-----	-----
	\$ 1,687,254	\$ 1,488,605
	=====	=====
	DECEMBER 30, 2000	APRIL 1, 2000
LONG-LIVED ASSETS:		
United States	\$ 270,647	\$ 306,439
Foreign countries	40,088	66,538
	-----	-----
	\$ 310,735	\$ 372,977
	=====	=====

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AND RELATED NOTES THERETO WHICH ARE INCLUDED HEREIN. THE COMPANY UTILIZES A 52-53 WEEK FISCAL YEAR ENDING ON THE SATURDAY NEAREST MARCH 31. FISCAL YEARS 2001 AND 2000 END ON MARCH 31, 2001 AND APRIL 1, 2000, RESPECTIVELY. DUE TO THE COLLABORATIVE AND ONGOING NATURE OF THE COMPANY'S RELATIONSHIPS WITH ITS LICENSEES, SUCH LICENSEES ARE REFERRED TO HEREIN AS "LICENSING PARTNERS" AND THE RELATIONSHIPS BETWEEN THE COMPANY AND SUCH LICENSEES ARE REFERRED TO HEREIN AS "LICENSING ALLIANCES." NOTWITHSTANDING THESE REFERENCES, HOWEVER, THE LEGAL RELATIONSHIP BETWEEN THE COMPANY AND ITS LICENSEES IS ONE OF LICENSOR AND LICENSEE, AND NOT ONE OF PARTNERSHIP.

CERTAIN STATEMENTS IN THIS FORM 10-Q AND IN FUTURE FILINGS BY THE COMPANY WITH THE SECURITIES AND EXCHANGE COMMISSION, IN THE COMPANY'S PRESS RELEASES AND IN ORAL STATEMENTS MADE BY OR WITH THE APPROVAL OF AUTHORIZED PERSONNEL CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-LOOKING STATEMENTS ARE BASED ON CURRENT EXPECTATIONS AND ARE INDICATED BY WORDS OR PHRASES SUCH AS "ANTICIPATE," "ESTIMATE," "EXPECT," "PROJECT," "WE BELIEVE," "IS OR REMAINS OPTIMISTIC," "CURRENTLY ENVISIONS" AND SIMILAR WORDS OR PHRASES AND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. SUCH FACTORS INCLUDE, AMONG OTHERS, THE FOLLOWING: RISKS ASSOCIATED WITH CHANGES IN THE COMPETITIVE MARKETPLACE, INCLUDING THE INTRODUCTION OF NEW PRODUCTS OR PRICING CHANGES BY THE COMPANY'S COMPETITORS; CHANGES IN GLOBAL ECONOMIC CONDITIONS; RISKS ASSOCIATED WITH THE COMPANY'S DEPENDENCE ON SALES TO A LIMITED NUMBER OF LARGE DEPARTMENT STORE CUSTOMERS, INCLUDING RISKS RELATED TO EXTENDING CREDIT TO CUSTOMERS; RISKS ASSOCIATED WITH THE COMPANY'S DEPENDENCE ON ITS LICENSING PARTNERS FOR A SUBSTANTIAL PORTION OF ITS NET INCOME AND RISKS ASSOCIATED WITH A LACK OF OPERATIONAL AND FINANCIAL CONTROL OVER LICENSED BUSINESSES; RISKS ASSOCIATED WITH THE IMPLEMENTATION OF THE COMPANY'S OPERATIONAL PLAN; RISKS ASSOCIATED WITH CONSOLIDATIONS, RESTRUCTURINGS AND OTHER OWNERSHIP CHANGES IN THE RETAIL INDUSTRY; RISKS ASSOCIATED WITH COMPETITION IN THE SEGMENTS OF THE FASHION AND CONSUMER PRODUCT INDUSTRIES IN WHICH THE COMPANY OPERATES, INCLUDING THE COMPANY'S ABILITY TO SHAPE, STIMULATE AND RESPOND TO CHANGING CONSUMER TASTES AND DEMANDS BY PRODUCING ATTRACTIVE PRODUCTS, BRANDS AND MARKETING, AND ITS ABILITY TO REMAIN COMPETITIVE IN THE AREAS OF QUALITY AND PRICE; RISKS ASSOCIATED WITH UNCERTAINTY RELATING TO THE COMPANY'S ABILITY TO IMPLEMENT ITS GROWTH STRATEGIES; RISKS ASSOCIATED WITH THE COMPANY'S ENTRY INTO NEW MARKETS EITHER THROUGH INTERNAL DEVELOPMENT ACTIVITIES OR THROUGH ACQUISITIONS; RISKS ASSOCIATED WITH THE POSSIBLE ADVERSE IMPACT OF THE COMPANY'S UNAFFILIATED MANUFACTURERS' INABILITY TO MANUFACTURE IN A TIMELY MANNER, TO MEET QUALITY STANDARDS OR TO USE ACCEPTABLE LABOR PRACTICES; RISKS ASSOCIATED WITH CHANGES IN SOCIAL, POLITICAL, ECONOMIC AND OTHER CONDITIONS AFFECTING FOREIGN OPERATIONS AND SOURCING AND THE POSSIBLE ADVERSE IMPACT OF CHANGES IN IMPORT RESTRICTIONS; RISKS RELATED TO THE COMPANY'S ABILITY TO ESTABLISH AND PROTECT ITS TRADEMARKS AND OTHER PROPRIETARY RIGHTS; RISKS RELATED TO FLUCTUATIONS IN FOREIGN CURRENCY AFFECTING THE COMPANY'S FOREIGN SUBSIDIARIES' AND FOREIGN LICENSEES' RESULTS OF OPERATIONS AND THE RELATIVE PRICES AT WHICH THE COMPANY AND FOREIGN COMPETITORS SELL THEIR PRODUCTS IN THE SAME MARKET AND THE COMPANY'S

OPERATING AND MANUFACTURING COSTS OUTSIDE OF THE UNITED STATES; AND, RISKS ASSOCIATED WITH THE COMPANY'S CONTROL BY LAUREN FAMILY MEMBERS AND THE ANTI-TAKEOVER EFFECT OF MULTIPLE CLASSES OF STOCK. THE COMPANY UNDERTAKES NO OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

OVERVIEW

The Company began operations in 1968 as a designer and marketer of premium quality men's clothing and sportswear. Since inception, the Company, through internal operations and in conjunction with its licensing partners, has grown through increased sales of existing product lines, the introduction of new brands and products, expansion into international markets, development of its retail operations and, more recently, through the strategic acquisition of new businesses. The Company's net revenues are generated from its three integrated operations: wholesale, retail and licensing alliances.

RESULTS OF OPERATIONS

The following discussion provides information and analysis of the Company's results of operations for the three and nine months ended December 30, 2000 compared to January 1, 2000. The table below sets forth the percentage relationship to net revenues of certain items in the Company's statements of income for the three and nine months ended December 30, 2000 and January 1, 2000:

	DEC. 30, 2000		JAN. 1, 2000	
	THREE MONTHS	NINE MONTHS	THREE MONTHS	NINE MONTHS
Net sales.....	90.3%	89.2%	88.8%	87.9%
Licensing revenue	9.5	10.6	10.9	11.8
Other income	0.2	0.2	0.3	0.3
Net revenues	100.0	100.0	100.0	100.0
Gross profit	48.5	47.4	46.9	48.8
Selling, general and administrative expenses	33.9	37.5	35.6	35.0
Restructuring charges	--	7.6	--	--
Income from operations	14.6	2.3	11.3	13.8
Interest expense	1.0	1.1	0.7	0.6
Income before income taxes and change in accounting principle	13.6%	1.2%	10.6%	13.2%
	=====	=====	=====	=====

THREE MONTHS ENDED DECEMBER 30, 2000 COMPARED TO THREE MONTHS ENDED JANUARY 1, 2000

NET SALES. Net sales increased 22.4% to \$554.4 million in the three months ended December 30, 2000 from \$453.0 million in the three months ended January 1, 2000. Wholesale net sales increased 36.7% to \$268.3 million in the three months ended December 30, 2000 from \$196.3 million in the corresponding period of fiscal 2000. Wholesale increases primarily reflect the benefit of three months of operations for Poloco's wholesale division acquired on January 6, 2000 and increased unit sales of existing products and the timing of shipments to retailers. Retail sales increased by 11.5% to \$286.2 million in the three months ended December 30, 2000 from \$256.7 million in the corresponding period in fiscal 2000. This increase is primarily attributable to a \$38.8 million benefit from the following: (a) new stores opened in fiscal 2001 (19 stores, net of closures); (b) new stores opened in the second half of fiscal 2000; and (c) the inclusion of the results of one flagship and six outlet stores purchased in connection with the acquisition of Poloco. Although the Company's stores remain highly productive, comparable store sales, which represent net sales of stores open in both reporting periods for the full portion of such periods, decreased by 4.5%. The decline was due to a mature and promotionally driven outlet environment. At December 30, 2000, the Company operated 47 Polo stores, 129 outlet stores and 76 Club Monaco stores.

LICENSING REVENUE. Licensing revenue increased 4.2% to \$58.1 million in the three months ended December 30, 2000 from \$55.7 million in the corresponding period of fiscal 2000. This increase was primarily attributable to increases in sales of existing men's, women's and children's apparel, accessories and fragrance products. These gains were partially offset by decreases in sales of Home Collection products.

GROSS PROFIT. Gross profit as a percentage of net revenues increased to 48.5% in the three months ended December 30, 2000 from 46.9% in the corresponding period of fiscal 2000. Wholesale gross margins increased substantially as a result of the acquisition of Poloco, which generates higher margins than the Company's domestic wholesale operations, and a larger mix of higher margin luxury products. Retail margins also improved partly as a result of lower markdowns.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses as a percentage of net revenues decreased to 33.9% in the three months ended December 30, 2000 from 35.6% in the corresponding period of fiscal 2000. This improvement was primarily due to the implementation of cost reduction initiatives associated with the Operational Plan.

INTEREST EXPENSE. Interest expense increased to \$5.7 million in the three months ended December 30, 2000 from \$3.4 million in the comparable period in fiscal 2000. This increase was due to a higher level of borrowings during the current quarter attributable to the additional financing used for the acquisition of Poloco.

INCOME TAXES. The effective tax rate decreased to 39.5% in the three months ended December 30, 2000 from 40.8% in the corresponding period in fiscal 2000. This decline is primarily a result of the benefit of tax strategies implemented by the Company.

NINE MONTHS ENDED DECEMBER 30, 2000 COMPARED TO NINE MONTHS ENDED JANUARY 1, 2000

NET SALES. Net sales increased 15.1% to \$1.5 billion in the nine months ended December 30, 2000 from \$1.3 billion in the nine months ended January 1, 2000. Wholesale net sales increased 18.3% to \$754.3 million in the nine months ended December 30, 2000 from \$637.5 million in the corresponding period of fiscal 2000. Wholesale growth primarily reflects the benefit of nine months of operations for Poloco's wholesale division acquired on January 6, 2000. Retail sales increased by 12.0% to \$750.7 million in the nine months ended December 30, 2000 from \$670.5 million in the corresponding period in fiscal 2000. This increase is primarily attributable to a \$108.7 million benefit from the following: (a) new store openings in the nine months ended December 30, 2000 (19 stores, net of closures); (b) a full nine months of revenues from new stores opened in fiscal 2000; and (c) the inclusion of the results of one flagship and six outlet stores purchased in connection with the acquisition of Poloco. Although the Company's stores remain highly productive, comparable store sales, which represent net sales of stores open in both reporting periods for the full portion of such periods, decreased by 5.0%. The decline was due to a mature and promotionally driven outlet environment and lower sales in Club Monaco's Canadian stores.

LICENSING REVENUE. Licensing revenue increased 2.0% to \$178.4 million in the nine months ended December 30, 2000 from \$174.9 million in the corresponding period of fiscal 2000. This increase is primarily attributable to increases in sales of existing men's, women's and children's apparel, accessories and fragrance products. These gains were partially offset by decreases in sales of Home Collection products.

GROSS PROFIT. Gross profit as a percentage of net revenues decreased to 47.4% in the nine months ended December 30, 2000 from 48.8% in the corresponding period of fiscal 2000. This decrease was mainly attributable to \$37.9 million of inventory write-downs recorded in the second quarter of fiscal 2001 in connection with the implementation of the Company's Operational Plan and its decision to accelerate the disposition of aged inventory. This decrease was partially offset by increased wholesale gross margins as a result of the acquisition of Poloco, which generates higher margins than the Company's domestic wholesale operations.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses as a percentage of net revenues increased to 37.5% in the nine months ended December 30, 2000 from 35.0% in the corresponding period of fiscal 2000. This increase in SG&A expenses as a percentage of net revenues was primarily due to a charge of \$18.1 million recorded in the second quarter of fiscal 2001 relating to non-recurring charges associated with targeted opportunities for improvement and other employee-related costs. Additionally, SG&A expenses as a percentage of net revenues increased due to an increase in depreciation and amortization expense and start-up costs associated with the expansion of the Company's retail operations and the acquisition of Poloco.

INTEREST EXPENSE. Interest expense increased to \$19.0 million in the nine months ended December 30, 2000 from \$9.6 million in the comparable period in fiscal 2000. This increase was due to a higher level of borrowings during the current period attributable to the additional financing used for the acquisition of Poloco.

INCOME TAXES. The effective tax rate decreased to 39.5% in the nine months ended December 30, 2000 from 40.8% in the corresponding period in fiscal 2000. This decline is primarily a result of the benefit of tax strategies implemented by the Company. The nine months ended December 30, 2000 include a tax benefit of \$72.9 million resulting from charges recorded in connection with the Operational Plan.

LIQUIDITY AND CAPITAL RESOURCES

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

Net cash provided by operating activities decreased to \$105.3 million in the nine months ended December 30, 2000 from \$233.8 million in the comparable period in fiscal 2000. Net cash provided by operating activities was negatively impacted by charges recorded in the second quarter of fiscal 2001 in connection with the implementation of the Operational Plan. Net cash used in investing activities increased to \$162.6 million in the nine months ended December 30, 2000 from \$100.9 million in the comparable period in fiscal 2000. This increase principally reflects investments in marketable securities of \$70.3 million and the use of \$20.9 million to complete the acquisition of Poloco in fiscal 2001. Net cash used in financing activities was \$16.9 million in the nine months ended December 30, 2000 compared to net cash provided by financing activities of \$171.0 million in the comparable period in fiscal 2000. This change is primarily due to proceeds received from the Eurobond Offering in fiscal 2000.

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

On March 30, 1999, in connection with the Company's acquisition of Club Monaco, the Company entered into a \$100.0 million senior credit facility (the "1999 Credit Facility") with a syndicate of banks consisting of a \$20.0 million revolving line of credit and an \$80.0 million term loan (the "Term Loan"). The revolving line of credit is available for working capital needs and general corporate purposes and matures on June 30, 2003. The Term Loan was used to finance the acquisition of all of the outstanding common stock of Club Monaco and to repay indebtedness of Club Monaco. The Term Loan is also repayable on June 30, 2003. Borrowings under the 1999 Credit Facility bear interest, at the Company's option, at a Base Rate equal to the higher of: (i) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of one percent; and (ii) the prime commercial lending rate of The Chase Manhattan Bank in effect from time to time, or at the Eurodollar Rate plus an interest margin. On April 12, 1999, the Company entered into interest rate swap agreements with an aggregate notional amount of \$100.0 million to convert the variable interest rate on the 1999 Credit Facility to a fixed rate of 5.5%.

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

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

As of December 30, 2000, the Company had \$84.7 million outstanding in direct borrowings, \$80.0 million outstanding under the Term Loan and \$248.9 million outstanding in Eurobonds based on the quarter end exchange rate. In December 2000 the Company retired euro 7.3 million, or \$6.5 million, of the outstanding Eurobonds. The Company was also contingently liable under the Credit Facilities for \$50.2 million in outstanding letters of credit related to commitments for the purchase of inventory and in connection with its leases. The weighted average interest rate on borrowings at December 30, 2000, was 6.1%.

During the second quarter of fiscal 2001, the Company completed an internal operational review and formalized its plans to enhance the growth of its international luxury retail business, to better manage inventory and to increase its overall profitability. The major initiatives of the Operational Plan include: refining the Company's retail strategy; developing efficiencies in the Company's supply chain; and consolidating corporate strategic business functions and internal processes. Total cash outlays related to the Operational Plan are expected to be approximately \$29.7 million, \$3.8 million of which has been paid to date. On October 18, 2000, the Company received consent from its lenders under the Credit Facilities permitting the Company to incur the charges it recorded in connection with the Operational Plan (see Note 5) up to specified thresholds.

Capital expenditures were \$67.9 million and \$88.6 million in the nine months ended December 30, 2000 and January 1, 2000, respectively. Capital expenditures primarily reflect costs associated with the following: (i) the Company's expansion of its distribution facilities; (ii) the shop-within-shops development program which includes new shops, renovations and expansions; (iii) the expansion of the Company's retail operations; and (iv) additional purchases of information systems. The Company plans to invest approximately \$115.0 million, net of landlord incentives, over the current fiscal year primarily for its retail concepts, outlet and Club Monaco stores, its European expansion, the shop-within-shops development program, its information systems and other capital projects.

In March 1998, the Board of Directors authorized the repurchase, subject to market conditions, of up to \$100.0 million of the Company's Class A Common Stock. Share repurchases under this plan were made in the open market over a two-year period that commenced April 1, 1998. On March 2, 2000, the Board of Directors authorized a two-year extension of the stock repurchase program. Shares acquired under the repurchase program are for stock option programs and

for other corporate purposes. As of December 30, 2000, the Company had repurchased 3,771,806 shares of its Class A Common Stock at an aggregate cost of \$71.2 million.

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

SEASONALITY OF BUSINESS

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

NEW ACCOUNTING STANDARDS

In June 2000, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 138, Accounting for Certain Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133. This Statement addresses a limited number of implementation issues for entities applying SFAS No. 133. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires the recognition of all derivatives as either assets or liabilities in the statement of financial position and measurement of those instruments at fair value. The accounting for changes in the fair value of a derivative is dependent upon the intended use of the derivative. SFAS No. 133 is effective for the Company's first quarter of its fiscal year ending March 30, 2002, and retroactive application is not permitted. The Company is currently evaluating whether the application of SFAS No. 133 will have a material impact on its financial position or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The market risk inherent in the Company's financial instruments represents the potential loss in fair value, earnings or cash flows arising from adverse changes in interest rates or foreign currency exchange rates. The Company manages these exposures through operating and financing activities and, when appropriate, through the use of derivative financial instruments. The policy of the Company allows for the use of derivative financial instruments for identifiable market risk exposures, including interest rate and foreign currency fluctuations. The Company does not enter into derivative financial contracts for trading or other speculative purposes. Since April 1, 2000, there have been no significant changes in the Company's interest rate and foreign currency exposures, changes in the types of derivative instruments used to hedge those exposures, or significant changes in underlying market conditions.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits--

- 10.1 Amendment No. 1 to Amended and Restated Employment Agreement between Polo Ralph Lauren Corporation and F. Lance Isham, dated as of December 21, 2000.
- 10.2 Amendment No. 1 to Restricted Stock Award Agreement between Polo Ralph Lauren Corporation and F. Lance Isham, dated as of December 21, 2000.

(b) Reports on Form 8-K--

The Company filed no reports on Form 8-K in the quarter ended December 30, 2000.

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.

POLO RALPH LAUREN CORPORATION

Date: February 13, 2001

By: /s/ Gerald M. Chaney

Gerald M. Chaney
Senior Vice President of Finance
And Chief Financial Officer

AMENDMENT NO. 1 TO
AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

AMENDMENT dated as of December 21, 2000, by and between Polo Ralph Lauren Corporation, a Delaware corporation (the "Corporation"), and F. Lance Isham (the "Executive").

WHEREAS, the Corporation and the Executive are parties to an employment agreement effective as of November 10, 1998, (the "Employment Agreement"); and

WHEREAS, the Corporation and the Executive wish to amend the Employment Agreement effective as of the date hereof in order to provide for the modification of a certain provision of the agreement relating to the vesting of the Executive's restricted stock;

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

1. Subsection 4(e) of the Employment Agreement is hereby amended by replacing the second sentence of such subsection with the following:

"The restricted shares will vest with respect to one quarter (1/4) of the aggregate number of restricted shares so granted on each of the second, third, fourth and fifth anniversaries of the date of this Agreement subject to the Executive's continued employment through each vesting date."

2. The Employment Agreement remains in full force and effect and unmodified except as herein provided.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date first written above

POLO RALPH LAUREN CORPORATION

By: /s/ Roger Farah

/s/ F. Lance Isham

Executive: F. Lance Isham

AMENDMENT NO. 1 TO
POLO RALPH LAUREN CORPORATION
RESTRICTED STOCK AWARD AGREEMENT

AMENDMENT dated as of December 21, 2000, by and between Polo Ralph Lauren Corporation, a Delaware corporation (the "Corporation"), and F. Lance Isham (the "Executive").

WHEREAS, the Corporation and the Executive are parties to a restricted stock award agreement effective as of March 17, 1999, (the "Restricted Stock Award Agreement"); and

WHEREAS, the Corporation and the Executive wish to amend the Restricted Stock Award Agreement effective as of the date hereof in order to provide for the modification of a certain provision of the agreement relating to the vesting of the Executive's restricted stock;

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

1. Subsection 2(a) of the Restricted Stock Award Agreement is hereby replaced with the following:

"(a) Subject to the Participant's continued employment with the Company, the Restricted Shares shall vest and become nonforfeitable with respect to one quarter (1/4) of the Shares initially granted hereunder on each of (i) the second anniversary of November 10, 1998, being the effective date (the "Effective Date") of the Participant's Amended and Restated Employment Agreement with the Company (the "Employment Agreement"), (ii) the third anniversary of the Effective Date (iii) the fourth anniversary of the Effective Date, and (iii) the fifth anniversary of the Effective Date. Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, such fractional Shares shall not be deemed vested hereunder but shall vest and become nonforfeitable when such fractional Shares aggregate whole Shares."

2. The Restricted Stock Award Agreement remains in full force and effect and unmodified except as herein provided.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date first written above

POLO RALPH LAUREN CORPORATION

By: /s/ Roger Farah

/s/ F. Lance Isham

Executive: F. Lance Isham