

PHILLIPS VAN HEUSEN CORP /DE/
Form DEF 14A
May 06, 2009
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SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

PHILLIPS-VAN HEUSEN CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials:
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

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PHILLIPS-VAN HEUSEN CORPORATION

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

The Annual Meeting of Stockholders of PHILLIPS-VAN HEUSEN CORPORATION (the Company), a Delaware corporation, will be held at The Graduate Center - City University of New York, 365 Fifth Avenue, Proshansky Auditorium, Concourse Level, New York, New York, on Thursday, June 25, 2009, at 10:00 a.m., for the following purposes:

- (1) to elect 10 directors of the Company to serve for a term of one year;
- (2) to consider and act upon a proposal to amend the Company's 2006 Stock Incentive Plan to increase the number of shares authorized for issuance under the plan and to increase the maximum number of shares that may be granted in any calendar year to any one participant;
- (3) to consider and act upon a proposal to continue the Company's Performance Incentive Bonus Plan and to approve the material terms under the plan;
- (4) to consider and act upon a proposal to continue the Company's Long-Term Incentive Plan and to approve the material terms under the plan;
- (5) to ratify the appointment of auditors for the Company to serve for the current fiscal year; and
- (6) to consider and act upon such other matters as may properly come before the meeting.

Only stockholders of record at the close of business on April 30, 2009 are entitled to vote at the meeting.

Attendance at the meeting will be limited to holders of record as of the record date of the Company's Common Stock or their proxies, beneficial owners having evidence of ownership and guests of the Company. If you hold stock through a bank or broker, a copy of an account statement from your bank or broker as of the record date will suffice as evidence of ownership. Attendees also must present a picture ID to be admitted to the meeting.

You are requested to fill in, date and sign the enclosed proxy, which is solicited by the Board of Directors of the Company, and to mail it promptly in the enclosed envelope.

By order of the Board of Directors,

MARK D. FISCHER
Secretary

New York, New York
May 6, 2009

IMPORTANT: The prompt return of proxies will save the Company the expense of further requests for proxies. A self-addressed envelope is enclosed for your convenience. No postage is required if mailed within the United States.

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PHILLIPS-VAN HEUSEN CORPORATION

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS

June 25, 2009

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of PHILLIPS-VAN HEUSEN CORPORATION to be used at the Annual Meeting of Stockholders, which will be held at The Graduate Center - City University of New York, 365 Fifth Avenue, Proshansky Auditorium, Concourse Level, New York, New York, on Thursday, June 25, 2009, at 10:00 a.m., and at any adjournments thereof.

Our principal executive offices are located at 200 Madison Avenue, New York, New York 10016-3903. The approximate date on which this Proxy Statement and the enclosed proxy card were first sent or given to stockholders was May 6, 2009.

Disclosures in this Proxy Statement generally pertain to matters related to our most recently completed fiscal year, which ended on February 1, 2009. References herein to 2008 refer to that fiscal year, as the fiscal year commenced in calendar 2008. Similarly references to 2007, 2009, 2010 and 2011 are to our fiscal years that commenced or will commence in the referenced calendar year.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 25, 2009

Our Annual Report to Stockholders for our fiscal year ended February 1, 2009, this Proxy Statement and all other proxy materials are available at <http://www.pvhannualmeetingmaterials.com>.

VOTING INFORMATION

Stockholders who execute proxies retain the right to revoke them at any time by notice in writing to the Secretary of the Company, by revocation in person at the meeting or by presenting a later dated proxy. Beneficial owners of our Common Stock who are not holders of record and wish to

revoke their proxy should contact their bank, brokerage firm or other custodian, nominee or fiduciary to inquire about how to revoke their proxy. Unless so revoked, the shares represented by proxies will be voted at the meeting. The shares represented by the proxies solicited by the Board of Directors will be voted in accordance with the directions given therein. Shares will be voted FOR each of the matters to be voted on at the meeting, as set forth in items (1) through (5) of the notice to which this Proxy Statement is attached, if no directions are given in a valid proxy.

Stockholders vote at the meeting by casting ballots (in person or by proxy), which are tabulated by one or more inspectors of elections who are appointed by the Board of Directors and who have executed and verified an oath of office. Abstentions and broker non-votes are included in the determination of the number of shares present at the meeting for quorum purposes. Abstentions will have the same effect as negative votes, except that abstentions will have no effect on the election of directors because directors are elected by a plurality of the votes cast. Broker non-votes are not counted in the tabulations of the votes cast on proposals presented to stockholders because shares held by a broker are not considered to be entitled to vote on matters as to which broker authority is withheld. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Banks, brokers and other nominees have discretionary voting power with respect to the election of directors, the proposal to continue our Performance Incentive Bonus Plan and to approve the material terms thereunder, the proposal to continue our Long-Term Incentive Plan and to approve the material terms thereunder and the ratification of the appointment of our auditor, as the proposals are considered to be routine matters under existing New York Stock Exchange rules. Under existing New York Stock Exchange rules, brokers do not have discretionary voting power with respect to the proposal to amend our 2006 Stock Incentive Plan. In addition, in order for the proposal to amend the 2006 Stock Incentive Plan to be approved, (i) the number of shares voted on it (*i.e.*, excluding broker non-votes) must exceed 50% of the number of shares eligible to be voted at the meeting and (ii) it must receive the affirmative vote of a majority of the shares voted on it.

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Common stockholders of record at the close of business on April 30, 2009 will be entitled to one vote for each share of our Common Stock then held. There were outstanding on such date 51,551,334 shares of Common Stock. The Common Stock is the only class of voting stock outstanding as of the record date.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents certain information with respect to the persons who are known by us to be the beneficial owners of more than five percent of our Common Stock as of April 30, 2009. The persons listed below have advised us that they have sole voting and investment power with respect to the shares listed as owned by them, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount Beneficially Owned	Percent of Class
Blue Harbour Group, LP(1) 646 Steamboat Road Greenwich, Connecticut 06830	3,394,299	6.6%
Earnest Partners, LLC(2) 75 Fourteenth Street, Suite 2300 Atlanta, Georgia 30309	3,286,591	6.4%

(1) Blue Harbour Strategic Value Partners Master Fund, LP, a Cayman Islands exempted limited partnership (the Fund), is the direct owner of, and has shared voting and dispositive power over, 2,606,672 shares of Common Stock, and Blue Harbour Institutional Partners Master Fund, L.P., a Cayman Islands exempted limited partnership (BHIP and, together with the Fund, the Funds), is the direct owner of, and has shared voting and dispositive power over, 787,627 shares of Common Stock. Blue Harbour GP, LLC, a Delaware limited liability company (Fund GP), as general partner of the Funds, Blue Harbour Group, LP, a Delaware limited partnership (Manager), as the investment manager of the Funds, Blue Harbour Holdings, LLC, a Delaware limited liability company (Manager GP), as the general partner of Manager, and Clifton S. Robbins (Mr. Robbins), as controlling owner of Fund GP and Manager GP (in addition to serving as Chief Executive Officer of Manager), may be deemed to own beneficially (as that term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act)), and have shared voting and dispositive power over, the 3,394,299 shares of Common Stock owned, in the aggregate, beneficially and directly by the Funds. Each of Fund GP, Manager, Manager GP and Mr. Robbins disclaims beneficial ownership of such shares for all other purposes. The Fund and BHIP each disclaim beneficial ownership of the shares held directly by the other. Information as to the shares of Common Stock that may be deemed beneficially owned by the Fund, BHIP, Fund GP, Manager, Manager GP and Mr. Robbins (other than percentage ownership) is as of March 3, 2009, as set forth in a Schedule 13D/A dated March 4, 2009 and filed with the Securities and Exchange Commission (which we refer to as the SEC).

(2) Earnest Partners, LLC, a registered investment adviser, may be deemed to be the beneficial owner of 3,286,591 shares of Common Stock, including 1,288,466 shares with respect to which it has sole voting power, 827,825 shares

with respect to which it has shared voting power and as to all 3,286,591 of which it has sole dispositive power. Information as to the shares of Common Stock that may be deemed to be owned beneficially by Earnest Partners, LLC (other than percentage ownership) is as of December 31, 2008, as set forth in a Schedule 13G/A dated February 13, 2009 and filed with the SEC.

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The following table presents certain information with respect to the number of shares of Common Stock beneficially owned as of April 30, 2009 by the following persons:

- each of our directors;
- each of the nominees for director;
- our Chief Executive Officer, our Chief Financial Officer and our three most highly compensated executive officers with respect to our most recently completed fiscal year, other than our Chief Executive Officer and Chief Financial Officer; and
- our directors, the nominees for director and our executive officers, as a group.

Each of the persons named below has sole voting and investment power with respect to the shares listed as owned by him or her except as otherwise indicated below.

Name	Amount Beneficially Owned(1)	Percent of Class
Mary Baglivo	1,740	*
Emanuel Chirico	595,528	1.1
Edward H. Cohen	51,600	*
Francis K. Duane	134,388	*
Joseph B. Fuller	74,500	*
Margaret L. Jenkins	6,740	*
Bruce Maggin	75,989	*
V. James Marino	2,740	*
Paul Thomas Murry	48,619	*
Henry Nasella	17,500	*
Rita M. Rodriguez	19,240	*
Craig Rydin	5,740	*
Michael A. Shaffer	86,581	*
Allen E. Sirkin	329,178	*
All directors, nominees for director and executive officers as a group (14 persons)	1,450,083	2.7

* Less than 1% of class.

(1) The figures in the table are based upon information furnished to us by our directors, nominees for director and executive officers and upon company records. The figures include the shares held for the benefit of our executive officers in the Master Trust for the PVH Stock Fund. The PVH Stock Fund is one of the investment options under our Associates Investment Plan, which is an employee benefit plan under Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended. We refer to the Associates Investment Plan as the AIP. Participants in the

AIP who make investments in the PVH Stock Fund may direct the vote of shares of Common Stock held for their benefit in the Master Trust for the PVH Stock Fund.

As of April 30, 2009, the following persons have the right to cast votes equal to the following number of shares held in the Master Trust for the PVH Stock Fund (which have been rounded to the nearest full share): Emanuel Chirico, 7,731 shares; Francis K. Duane, 395 shares; Michael A. Shaffer, 6,600 shares; Allen E. Sirkin, 17,928 shares; and all of our directors, nominees for director and executive officers as a group, 32,654 shares.

The Trustee of the Master Trust has the right to vote shares in the Master Trust that are unvoted as of two days prior to the meeting in the same proportion as the vote by all other participants in the AIP who have cast votes with respect to their investment in the PVH Stock Fund. The committee that administers the AIP makes all decisions regarding the disposition of Common Stock held in the Master Trust, other than the limited right of a participant to receive a distribution of shares held for his or her benefit. As such, the committee may be deemed to be a beneficial owner of the Common Stock held in the Master Trust. Mr. Shaffer is a member of that committee. The figures in the table do not include shares in the Master Trust (other than applicable to Mr. Shaffer's investment in the PVH Stock Fund) to the extent that, as a member of the committee, he may be deemed to have beneficial ownership of the shares held in the Master Trust. There were 793,391 shares of Common Stock (1.5% of the outstanding shares) held in the Master Trust as of April 30, 2009.

The table also includes the following shares which each of the individuals and group listed on the table have the right to acquire within 60 days of April 30, 2009 upon the exercise of options granted to them: Emanuel Chirico, 572,500 shares; Edward H. Cohen, 45,500 shares; Francis K. Duane, 133,000 shares; Joseph B. Fuller, 61,500 shares; Margaret L. Jenkins, 5,000 shares; Bruce Maggin, 57,500 shares; Paul Thomas Murry, 47,000 shares; Henry Nasella, 17,500 shares; Rita M. Rodriguez, 17,500 shares; Craig Rydin, 5,000 shares; Michael A. Shaffer, 78,250 shares; Allen E. Sirkin, 288,686 shares; and all of our current directors, nominees for director and executive officers as a group, 1,328,936 shares.

The table also includes shares of Common Stock that are subject to awards of restricted stock units, the restrictions on which will lapse within 60 days of April 30, 2009. The following sets forth for each of the individuals and group listed, the number of such awards on which restrictions will lapse within 60 days of April 30, 2009: Mary Baglivo, 1,240 shares; Margaret L. Jenkins, 1,240 shares; Bruce Maggin, 500 shares; V. James Marino, 1,240 shares; Rita M. Rodriguez, 1,240 shares; Craig Rydin, 740 shares; and all of our current directors, nominees for director and executive officers as a group, 6,200 shares.

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The Board of Directors has established 10 as the number of directors constituting the entire Board.

All members of the Board of Directors elected by the stockholders at the Annual Meeting of Stockholders of the Company will serve for a term of one year or until their successors are elected and qualified. All of the nominees for director have been previously elected directors of the Company.

The election of directors requires the affirmative vote of a plurality of the votes cast in person or by proxy at the meeting. In determining whether a director nominee has received the requisite vote for election, abstentions and broker non-votes will have no effect.

At this time, the Board of Directors knows of no reason why any nominee might be unable to serve. There is no arrangement or understanding between any director or nominee and any other person pursuant to which such person was selected as a director or nominee.

The Board of Directors recommends a vote FOR the election of the 10 nominees named below. Proxies received in response to this solicitation will be voted FOR the election of the nominees unless otherwise specified in a proxy.

Name	Principal Occupation	Age	Year Became a Director
Mary Baglivo	Chairman and Chief Executive Officer, The Americas, Saatchi & Saatchi Worldwide, an advertising agency	51	2007
Emanuel Chirico	Chief Executive Officer of the Company	51	2005
Edward H. Cohen	Retired; Counsel, Katten Muchin Rosenman LLP, a law firm	70	1987
Joseph B. Fuller	Founder, Director and Vice-Chairman, Monitor Group GP, LLC, an international management consulting firm	52	1991
Margaret L. Jenkins	Founder and Owner, Margaret Jenkins & Associates, a marketing and philanthropic services consulting firm; Former Senior Vice President and Chief Marketing Officer, Denny's Corporation	57	2006
Bruce Maggin	Principal, The H.A.M. Media Group, LLC, a media investment company; Executive Vice President, Secretary and Treasurer, Media & Entertainment Holdings, Inc., a blank check company seeking acquisition opportunities, particularly in the entertainment, media and communications industries	66	1987
V. James Marino	President and Chief Executive Officer, Alberto-Culver Company, a personal care products company	58	2007
Henry Nasella	Partner and Co-Founder, LNK Partners, a private equity investment firm	62	2003

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Name	Principal Occupation	Age	Year Became a Director
Rita M. Rodriguez	Senior Fellow, Woodstock Theological Center at Georgetown University	66	2005
Craig Rydin	Chairman and Chief Executive Officer, Yankee Holding Corp. and The Yankee Candle Company, Inc., a designer, manufacturer and branded marketer of premium scented candles	57	2006

Additional Information

Several of our directors also serve as directors of other public companies:

- Mr. Chirico is a director of Dick's Sporting Goods, Inc.
- Mr. Cohen is a director of Franklin Electronic Publishers, Incorporated, Gilman Ciocia, Inc. and Merrimac Industries, Inc.
- Mr. Maggin is a director of Central European Media Enterprises, Ltd.
- Mr. Marino is a director of Alberto-Culver Company
- Dr. Rodriguez is a director of Affiliated Managers Group, Inc. and ENSCO International Incorporated

Mr. Rydin is a director of priceline.com Incorporated and Yankee Holding Corp.

Each of our directors has been engaged in the principal occupation indicated in the foregoing table for more than the past five years, except:

- Ms. Baglivo, who was President of Arnold Worldwide, an advertising agency, from April 2002 to June 2004;
- Mr. Chirico, who had been our President and Chief Operating Officer from June 2005 to February 2006 and our Chief Financial Officer from February 1999 to June 2005;
- Ms. Jenkins, who was Senior Vice President and Chief Marketing Officer of Denny's Corporation, a full service family restaurant chain, from June 2002 to August 2007;
- Mr. Marino, who was President of Alberto-Culver Consumer Products Worldwide, a division of Alberto-Culver Company, from October 2004 to November 2006, and President of Alberto Personal Care Worldwide, a division of Alberto-Culver Company, from July 2002 to October 2004;
- Mr. Nasella, who was a Venture Partner of Apex Partners, an international private equity investment group, from 2001 until 2005; and

Dr. Rodriguez, who has also been self-employed in the field of international finance since 1999 and was a full-time member of the Board of Directors of the Export-Import Bank of the United States from 1982 to 1999.

The Board of Directors has determined the independence (or lack thereof) of each of the directors and nominees for director and, as a result thereof, concluded that a majority of our directors are independent, as required under the rules of the New York Stock Exchange, on which exchange our Common Stock is listed for trading. Specifically, the Board determined that Mr. Chirico, as an officer of the Company, is not independent and that Dr. Rodriguez, Ms. Baglivo, Ms. Jenkins and each of Messrs. Cohen, Fuller, Maggin, Marino, Nasella and Rydin are independent under Section 303A(2) of the New York Stock Exchange rules. In making such determinations, the Board considered (i) whether a director had, within the last three years, any of the relationships under Section 303A(2)(b) of the New York Stock Exchange rules with us which would disqualify a director from being considered independent, (ii) whether the director had any disclosable transaction or relationship with us under Item 404 of Regulation S-K of the Exchange Act, which relates to transactions and relationships between directors and their affiliates, on the one hand, and us and our affiliates (including management), on the other, and (iii) the factors suggested in the New York Stock Exchange's Commentary to Section 303A(2), such as a commercial, consulting and other relationship, or other interactions with management that do not meet the absolute thresholds under Section 303A(2) or Item 404(a) but which, nonetheless, could reflect upon a director's independence from management. In considering the materiality of any transactions or relationships that do not require disqualification under Section 303A(2)(b), the Board considered the materiality of the transaction or relationship to the director, the director's business organization and us and whether the relationship between (i) the director's business organization and the Company, (ii) the director and the Company and (iii) the director and his business organization interfered with the director's business judgment.

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The Board of Directors considered that during 2008 and prior years we received legal services from Katten Muchin Rosenman LLP and its predecessors in making its independence decision with respect to Mr. Cohen. Mr. Cohen is a retired partner of the law firm and receives a pension and retirement benefits, as well as consulting fees from the firm. Mr. Cohen does no legal work for us and there is no relation between the amounts received by Mr. Cohen and the amounts that we pay in fees to Katten Muchin Rosenman or our engagement of the law firm to provide legal services.

The Board of Directors considered in making its independence decision with respect to Mr. Fuller that Monitor Group, LLC, of which Mr. Fuller serves as Vice-Chairman, has, in the past, provided to us market research and consulting services. No such services were performed during the past two fiscal years, nor are any expected to be used in the future, and, when services were last provided, the fees were in a *de minimis* amount that did not require disclosure under SEC rules.

The Board of Directors, in making its decision regarding the independence of Ms. Baglivo, considered that during 2008 Saatchi & Saatchi Great Wall/Zenith Optimedia China placed magazine advertisements and outdoor advertising in the Far East for our Calvin Klein subsidiary for which they received fees. These fees were in a *de minimis* amount that do not require disclosure under SEC rules. Saatchi & Saatchi Great Wall/Zenith Optimedia China is an affiliate of Saatchi & Saatchi Worldwide located in China. Ms. Baglivo serves as Chairman and Chief Executive Officer, The Americas, Saatchi & Saatchi Worldwide. No such services are expected to be provided in the future.

No family relationship exists between any director or executive officer of the Company.

Meetings

Our Corporate Governance Guidelines provide that each member of the Board of Directors is expected to use reasonable efforts to attend, in person, or by telephone, all meetings of the Board and of any committees of which they are a member, as well as the annual meeting of stockholders. All but one of the current members of the Board attended the 2008 Annual Meeting of Stockholders.

There were 10 meetings of the Board of Directors during 2008. All of the directors attended at least 75% of the aggregate number of meetings of the Board and the Committees of the Board on which they served held during the fiscal year.

Our non-management directors, all of whom are independent, meet regularly in executive sessions or in separate meetings without management or the management director. Mr. Nasella, our presiding director, presides at the executive sessions of the non-management directors.

Presiding Director

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Our Corporate Governance Guidelines provide for the independent directors to elect annually one of the independent directors to serve as presiding director. The Nominating & Governance Committee is responsible for nominating an independent director to serve in such role. The duties of the presiding director include the following:

- presiding at all meetings of the Board of Directors at which the Chairman is not present, including executive sessions of the non-management directors;
- serving as liaison between the Chairman and the non-management directors;
- discussing with management and/or approving non-routine information sent to the Board;
- reviewing and approving Board meeting agendas;
- assuring that there is sufficient time for discussion of all agenda items;
- having the authority to call meetings of the independent directors; and
- if reasonably requested by major stockholders, ensuring that he or she is available for consultation and direct communication.

Committees

The Board of Directors has a standing Audit Committee, a standing Compensation Committee, a standing Nominating & Governance Committee, a standing Performance Evaluation Committee and a standing Corporate Social Responsibility Committee.

Audit Committee. The Audit Committee is currently composed of Dr. Rodriguez and Messrs. Cohen and Maggin (Chairman), each of whom served on the Committee for the entirety of 2008. Each of Dr. Rodriguez and Messrs. Cohen and Maggin has been determined by the Board to be independent for purposes of audit committee service under the New York

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Stock Exchange's listing standards and Rule 10A-3 of the Exchange Act and an audit committee financial expert, as defined in Item 407 of Regulation S-K under the Exchange Act.

The Board of Directors has adopted a written charter for the Audit Committee. A copy of the charter is available without charge on our website, www.pvh.com, or by requesting a copy from the Secretary of the Company at the address listed on the last page of this Proxy Statement. Pursuant to its charter, the Committee is charged with providing assistance to the Board of Directors in fulfilling the Board's oversight functions relating to the quality and integrity of our financial reports, monitoring our financial reporting process and internal audit function, monitoring the outside auditing firm's qualifications, independence and performance and performing such other activities consistent with its charter and our By-laws, as the Committee or the Board deems appropriate. The Committee will also have such additional functions as are required by the New York Stock Exchange, the SEC and federal securities law. The Committee is directly responsible for the appointment, compensation and oversight of the work of the outside auditing firm.

The Audit Committee held seven meetings during 2008.

Compensation Committee. The Compensation Committee is currently composed of Ms. Baglivo and Messrs. Nasella (Chairman) and Rydin, each of whom served on the Committee for the entirety of 2008. Our Chief Executive Officer, Chief Financial Officer, Senior Vice President, Human Resources and General Counsel regularly attend and participate in meetings, although they generally excuse themselves from the meetings during discussions or votes on sensitive or personal matters.

The Board of Directors has adopted a written charter for the Compensation Committee, which is available without charge on our website, www.pvh.com, or by requesting a copy from the Secretary of the Company at the address listed on the last page of this Proxy Statement. The charter provides for the Committee to be composed of three or more directors. All Committee members must be independent under the rules of the New York Stock Exchange, and must qualify as outside directors under Section 162(m) of the Internal Revenue Code of 1986, as amended, and as non-employee directors under Rule 16b-3 under the Exchange Act. The Board has determined that all current members satisfy such requirements. The Committee is charged with discharging the Board of Director's responsibilities relating to the compensation of our Chief Executive Officer and all of our other executive officers as defined under New York Stock Exchange rules and covers both executive officers and officers under the Exchange Act. The Committee also has overall responsibility for approving or recommending to the Board approval of and/or evaluating all of our compensation plans, policies and programs and is responsible for producing the annual report on executive compensation required to be included in the proxy statement for each Annual Meeting of Stockholders.

Our Chief Executive Officer provides significant input on the compensation, including annual salary adjustments and grants of awards under our incentive plans, of the other executive officers. As discussed below in Compensation Disclosure and Analysis Administration of Compensation Programs, the Compensation Committee approves the compensation of these officers, taking into consideration the recommendations of the Chief Executive Officer.

The Compensation Committee has delegated limited authority to the Company's Chief Executive Officer to make equity awards under our 2006 Stock Incentive Plan. Pursuant to this authority, the Chief Executive Officer may grant, on an annual basis, a maximum of 100,000 shares, with each option treated as one share and each restricted stock unit granted treated as three shares, and may grant up to 5,000 options and 1,700 restricted stock units to each grantee. The authority to grant equity awards to individuals whose compensation is set by the Compensation Committee, such as Section 16 officers and employees who are, or could be, a covered employee within the meaning of Section 162(m) of the

Internal Revenue Code, however, rests with the Compensation Committee.

The Compensation Committee meets regularly throughout each year. Compensation decisions regarding the most recently completed fiscal year (*i.e.*, determination of bonuses under our Performance Incentive Bonus Plan and payouts under our Long-Term Incentive Plan, as well as discretionary bonuses) and the current fiscal year (*i.e.*, establishing base salary, setting bonus and performance share targets and granting of option and restricted stock unit awards) are generally made at the meetings during the first quarter of the year. In addition, the Committee considers and approves at these meetings any new incentive compensation plans or arrangements that need to be approved by the Board and/or our stockholders. The other meetings are typically focused on reviewing our compensation programs generally and discussing potential changes to the program, including replacement or additional incentive compensation plans, as well as specific issues that arise during the course of the year (such as the need to amend plans as a result of regulatory changes or to address compensation issues relating to changes in and promotions among the executive officers).

The Compensation Committee held nine meetings during 2008.

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Nominating & Governance Committee. The Nominating & Governance Committee currently consists of Ms. Jenkins and Messrs. Fuller (Chairman) and Marino, each of whom served on the Committee for the entirety of 2008. The Board of Directors has adopted a written charter for the Committee, which is available without charge on our website, www.pvh.com, or by requesting a copy from the Secretary of the Company at the address listed on the last page of this Proxy Statement. The charter provides for the Committee to be composed of three or more directors, all of whom must meet the independence requirement under the rules of the New York Stock Exchange. The Board has determined that all current members satisfy such requirement.

Pursuant to the charter, the Nominating & Governance Committee is charged with (1) assisting the Board of Directors by identifying individuals qualified to become Board members and recommending to the Board director nominees for the next annual meeting of stockholders, (2) recommending to the Board Corporate Governance Guidelines applicable to us, (3) overseeing the annual evaluation of the Board and management and (4) recommending to the Board director nominees for each committee.

The Nominating & Governance Committee will consider for election to the Board of Directors a nominee recommended by a stockholder if the recommendation is made in writing and includes (i) the qualifications of the proposed nominee to serve on the Board of Directors, (ii) the principal occupations and employment of the proposed nominee during the past five years, (iii) each directorship currently held by the proposed nominee and (iv) a statement that the proposed nominee has consented to the nomination. The recommendation should be addressed to our Secretary.

The Nominating & Governance Committee seeks and evaluates individuals qualified to become Board members for recommendation to the Board when and as appropriate. In evaluating potential candidates, and the need for new directors, the Committee may consider such factors, including, without limitation, professional experience and business, charitable or educational background, performance, age, service on other boards of directors and years of service on the Board, as the members deem appropriate.

The Nominating & Governance Committee held four meetings during 2008.

Performance Evaluation Committee. The Performance Evaluation Committee is currently composed of Messrs. Fuller, Maggin and Nasella.

The Board of Directors has adopted a written charter for the Performance Evaluation Committee, which is available without charge on our website, www.pvh.com, or by requesting a copy from the Secretary of the Company at the address listed on the last page of this Proxy Statement. The charter provides for the Committee to be composed of three or more directors, including the Chairman of each of the Audit, Compensation and Nominating & Governance Committees of the Board or their designees from their respective committees. All Committee members must be independent under the rules of the New York Stock Exchange. The Board has determined that all current members satisfy such requirement. The Performance Evaluation Committee is charged with discharging the Board's responsibilities under the rules of the New York Stock Exchange relating to the evaluation of our Chief Executive Officer or other person serving as the principal executive officer of the Company.

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The Performance Evaluation Committee did not meet formally during 2008 but the members did discuss amongst themselves and during executive sessions with the full Board of Directors the results of an evaluation of our Chief Executive Officer conducted by Right Associates, a management consulting firm.

Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee is currently composed of Dr. Rodriguez (Chairperson) and Messrs. Cohen and Maggin.

The Board of Directors has adopted a written charter for the Corporate Social Responsibility Committee, which is available without charge on our website, www.pvh.com, or by requesting a copy from the Secretary of the Company at the address listed on the last page of this Proxy Statement. The charter provides for the Committee to be composed of two or more directors, all of whom must meet the independence requirement under the rules of the New York Stock Exchange. The Board has determined that all current members satisfy such requirement. The Committee is charged with acting in an advisory capacity to the Board and management with respect to policies and strategies that affect the Company's role as a socially responsible organization.

The Corporate Social Responsibility Committee was established by the Board of Directors on January 29, 2009, and, as a result, did not meet during 2008.

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Other Corporate Governance Policies

Corporate Governance Guidelines

The Board of Directors has adopted Corporate Governance Guidelines applicable to us. The Nominating & Governance Committee reviews the Guidelines annually to determine whether to recommend changes to the Board to reflect new laws, rules and regulations and developing governance practices. The Guidelines address several key areas of corporate governance, including director qualifications and responsibilities, Board committees and their charters, the responsibilities of the presiding director, director independence, director access to management, director compensation, director orientation and education, evaluation of the Chief Executive Officer, management development and succession planning, and annual performance evaluations for the Board. The Guidelines are available on our website, www.pvh.com. Stockholders may also contact the Secretary of the Company at the address listed on the last page of this Proxy Statement to obtain a copy of the Guidelines without charge.

Code of Ethics; Code of Business Conduct and Ethics

We have a Code of Ethics for our Chief Executive Officer and our senior financial officers. In addition, we have a Code of Business Conduct and Ethics for our directors, officers and employees. These codes are posted on our website, www.pvh.com. Stockholders may contact the Secretary of the Company at the address listed on the last page of this Proxy Statement to obtain a copy of either of these codes without charge. We intend to disclose on our website any amendments to, or waivers of, the Code of Ethics that would otherwise be reportable on a current report on Form 8-K. Such disclosure would be posted within four days following the date of the amendment or waiver.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon our review of the filings furnished to us pursuant to Rule 16a-3(e) promulgated under the Exchange Act and on representations from our executive officers and directors, all filing requirements of Section 16(a) of the Exchange Act were complied with during the fiscal year ended February 1, 2009. However, in connection with the preparation of this Proxy Statement, it was discovered that Bruce Maggin, a director of the Company, did not file a Statement of Changes in Beneficial Ownership of Securities on Form 4 in connection with his sale of 1,386 shares of Common Stock on May 30, 2002. Mr. Maggin has now made the filing.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis section of this Proxy Statement. Based on this review and discussion, the Committee has recommended to the Board that the Compensation Discussion and Analysis section be included in this Proxy Statement.

Compensation Committee

Henry Nasella, Chairman

Mary Baglivo

Craig Rydin

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COMPENSATION DISCUSSION AND ANALYSIS

Overview

The following discussion and analysis is intended to provide you with an explanation of our current compensation program, with particular regard towards the compensation of our Chief Executive Officer, our Chief Financial Officer and our three most highly compensated executive officers, other than our Chief Executive Officer and Chief Financial Officer. We refer to these executive officers, collectively, as the "Named Executive Officers" throughout this Proxy Statement. These individuals constitute all of our current executive officers and, together with one other senior executive, comprise all of the members of our operating committee.

The discussion includes our compensation philosophy and the program's objectives, the elements of compensation used to pay our executives, and historical information regarding how our program has developed and how that relates to how our executive officers are currently compensated. We also address the particulars of the compensation we paid to our Named Executive Officers in 2008 and how our compensation program is administered. Although the discussion and analysis contained in this section is framed in terms of our (*i.e.*, management's) approach to compensation and also speaks to actions taken by the Compensation Committee of the Board of Directors, it should be noted that the entirety of our compensation program is a cooperative effort among management, the Compensation Committee and the full Board of Directors, with advice from an outside, independent compensation consultant, and the discussion and analysis is a reflection of that cooperative effort.

2008 Key Developments

The following are key developments in 2008 relating to compensation for our Named Executive Officers:

- Base salaries for our Named Executive Officers were unchanged in 2008 and, except for Mr. Sirkin, will remain the same in 2009. (Mr. Sirkin's employment agreement dictates his salary increase for 2009.)
- The value of equity awards (other than awards made to Mr. Chirico) was increased in 2008 to increase the proportion of at risk compensation to the fixed portion (base salary) of total compensation.
- No cash bonuses were earned or paid to our Named Executives for 2008, as discussed below under the heading "2008 Compensation Overview."
- Payouts of performance share awards for the two-year performance cycle ending in 2008 to two of our Named Executive Officers were between threshold (minimum) and plan (target) levels and payouts of cash Long-Term Incentive Plan awards for the three-year performance cycle ending in 2008 to the other Named Executive Officers were between plan (target) and maximum levels, as discussed under the heading

2008 Compensation Overview.

- We entered into an amendment to the employment agreement of Allen Sirkin, our President and Chief Operating Officer, in July 2008. The amendment provided for the extension of Mr. Sirkin's employment from the date of the meeting through the date of our Annual Meeting of Stockholders to be held in 2011. As part of the amendment, we agreed to annual salary increases for Mr. Sirkin, as well as to make certain equity awards to Mr. Sirkin.

- We amended the employment agreements of all of our senior executives, including those of our Chief Executive Officer and the other Named Executive Officers, principally to bring them into compliance with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the related regulations and other guidance promulgated thereunder, as well as to make miscellaneous changes, such as conforming the definition of cause in all agreements, including for all of our Named Executive Officers (and the other members of the senior executive group), expressly including our Named Executive Officers' service on our operating committee in the description of their duties under their respective agreements and eliminating the possibility that the timing of a change of control transaction could be used to improve severance payouts by providing for severance to be paid based on salary and target bonus instead of based on salary and bonuses paid or accrued for the two most recently completed fiscal years. This last change was intended to be neutral in terms of the value of the benefit delivered.

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2008 Compensation Overview

We faced a very challenging environment in 2008 and, as discussed below and disclosed in the Executive Compensation section of this Proxy Statement, this was reflected in the compensation paid to our Named Executive Officers with respect to 2008 and certain of the performance cycles that ended with 2008. We believe that the compensation paid reflects our pay for performance compensation philosophy (which is discussed further below).

We had anticipated that 2008 could be a difficult year, as our heritage outlet retail and wholesale sportswear businesses had experienced slowdowns in the second half of 2007 that were market related and not specific to us. As a result, we adjusted performance targets under our annual incentive plan to permit payouts within a somewhat broader performance range than we had in the past, lowering the minimum level of performance required for a payout, as well as lowering the payout percentage at that level. We did this both because we determined that our performance ranges and payouts were typically in a tighter range than our peers and because we felt that performance in a difficult economic environment was both more difficult to achieve and to measure.

We did not, however, anticipate the breadth, depth and length of what has become a global economic downturn. The deteriorating conditions we saw in the United States accelerated early in 2008, affecting our largely U.S.-based heritage businesses and, by the second half of the year, engulfed the rest of the world, affecting our Calvin Klein businesses, as the higher price channels and international markets in which they operate became victims of the crisis. The drop off in all of our businesses was significant enough that none of our Named Executive Officers earned bonuses under our Performance Incentive Bonus Plan. Additionally, two of our Named Executive Officers (Messrs. Shaffer and Murry) had performance share awards under our 2006 Stock Incentive Plan with two-year performance cycles that ended in 2008. Their payouts were between threshold and target levels as a result of our diminished earnings levels and were far less valuable than when granted, as the drop-off in our stock price severely affected the value of their payouts. Payouts of cash Long-Term Incentive Plan awards to the other Named Executive Officers, which were between target and maximum levels, were not as severely affected, as our strong performance in 2006 and 2007 largely offset the downturn in 2008 for the three-year performance cycle of these awards.

Compensation Committee Purpose and Function

The Compensation Committee is responsible for fulfilling its responsibilities relating to the compensation of our Chief Executive Officer and all of our other executive officers. Executive officers is defined for these purposes by a New York Stock Exchange rule as all officers and executive officers under Rule 16a-1(f) of the Exchange Act and includes all of our Named Executive Officers, as well as four other senior executives. The Committee is also the administrative committee for all of our incentive compensation plans. The Committee also has overall responsibility for approving or recommending to the Board approval of and/or evaluating all of our compensation plans, policies and programs.

Compensation Consultant

The Compensation Committee has engaged a compensation consultant, Executive Compensation Advisors, an affiliate of Korn/Ferry International, to advise it on all matters related to the compensation of our Chief Executive Officer and the other executive officers and our compensation plans. The Committee has used Executive Compensation Advisors in establishing compensation since 2007.

The Compensation Committee directs the compensation consultant. The compensation consultant meets and works with the Committee, and the Chairman of the Committee, as well as with our Chief Executive Officer and our Senior Vice President, Human Resources, in developing each year's compensation packages and any compensation plans to be considered by the Committee. The Committee identifies in advance of setting compensation for each year the aspects of the compensation program that it wishes to review and challenge in depth and instructs the compensation consultant to provide information, analysis and recommendations to the Committee. The composition and appropriateness of our peer group and the performance measures used to establish performance targets under our incentive compensation plans were the aspects of the program that were reviewed and reconsidered in depth prior to setting 2008 compensation and awards. The Senior Vice President, Human Resources reviews drafts of the materials the compensation consultant prepares for distribution to the Committee and, together with our General Counsel, provides additional guidance to the Committee regarding applicable matters such as employee perceptions and reactions, legal and disclosure developments and the like. The compensation consultant is used primarily to compile peer data, prepare tally sheets, help identify the appropriate types and terms of incentive compensation plans and address developments in executive compensation. Additionally, the consultant is used to address specific issues identified by the Committee.

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Executive Compensation Advisors also advises the Board's Nominating & Governance Committee on director compensation. We have established a policy that management will not retain Executive Compensation Advisors, Korn/Ferry International or any other affiliate of Korn/Ferry International for any purpose without first informing and obtaining the approval of the Compensation Committee. No such approval has been sought by management.

Compensation Objectives

Our compensation program is structured to incentivize our executive officers to improve our performance, grow our business and increase stockholder value and to reward them if they attain these objectives. While we include a competitive base salary as an element of our compensation program in order to compensate our executive officers on an annual basis with a stable, secure cash salary at a market competitive level to retain and motivate these individuals and to attract new executives when necessary, the bulk of each Named Executive Officer's targeted total compensation package includes short-term and long-term incentives to attain certain financial targets and to reward certain accomplishments or activities and equity awards that link compensation to long-term increases in value created for our stockholders by the efforts of these individuals. Consistent with this pay-for-performance philosophy, the incentive components comprise 55% to 85% of our Named Executive Officers' compensation packages and have historically required improved performance levels of our stock (in the case of stock options and restricted stock units) and the attainment of earnings per share, return on equity and/or divisional earnings improvement (in the case of other incentives) in order for our Named Executive Officers to earn the majority of their potential compensation.

Both objective and subjective factors are considered in making compensation decisions for individuals and in establishing compensation plans, policies and programs. These factors include, but are not limited to, compensation practices of competitors, relative compensation within our executive group, individual, business unit and corporate performance, tenure with the Company, job responsibility, potential for advancement and the recommendations of the Chief Executive Officer and Senior Vice President, Human Resources (other than for themselves). There is no specific weight assigned to these factors and no one factor nor group of factors is dispositive in establishing the compensation packages for our Named Executive Officers.

Compensation Procedure and Philosophy

The compensation of our executive officers is based upon the philosophy that executive compensation should be aligned with financial performance and stockholder value. We strive to attract and retain highly qualified talent by rewarding superior, measurable performance. The Compensation Committee annually reviews practices within our peer group and the marketplace to ensure that our practices are consistent with stockholder interests and applicable compliance requirements and enable us to recruit, retain and motivate qualified associates.

Compensation Components

Compensation for our executive officers includes the following:

- (i) short-term components consisting of base salary and annual cash bonuses, principally under our Performance Incentive Bonus Plan;

(ii) long-term components consisting of time-based stock options and restricted stock units, cash awards under our Long-Term Incentive Plan and performance share awards; and

(iii) a benefits component.

Our 2006 Stock Incentive Plan permits the granting of the equity awards identified above, as well as restricted stock, stock appreciation rights and other stock-based awards. As discussed below, the Compensation Committee began granting restricted stock units and performance share awards in 2007 in addition to stock options. In establishing future executive officer compensation packages, the Committee may utilize the other types of awards available under the Plan and/or adopt additional long-term incentive and/or annual incentive plans to meet the needs of changing employment markets and economic, accounting and tax conditions.

Our compensation program does not rely to any significant extent on pension and welfare benefits or perquisites. However, we believe that, taken as a whole, our pension and welfare benefit plans are generally competitive. We also believe that the benefits offered under these plans and programs to executive officers serve a different purpose than do the other components of compensation. In general, they are designed to provide a safety net of protection against the financial catastrophes that can result from illness, disability or death, and to provide a reasonable level of retirement

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income based on compensation and years of service. Benefits offered to executive officers are those that are offered to the general employee population, with some variation, including to promote tax efficiency and replacement of benefit opportunities lost due to regulatory limits.

Administration of Compensation Programs

Our management, the Compensation Committee, the Board of Directors and the compensation consultant work in a cooperative fashion. Annually, the Committee, with the assistance of the compensation consultant, reviews the overall compensation program covering our group of senior executives. Management reports to the Committee and the compensation consultant on executive performance, particular business issues facing an executive or his or her division, and management's views on the efficacy of and incentives behind the compensation program in order to assist in the establishment of performance goals, the adjustment of salaries, the award of discretionary bonuses and related matters. The Committee and consultant then work with management to develop specific packages for the executive officers, with particular emphasis on the Chief Executive Officer and the other Named Executive Officers, for the year. Any significant changes to the overall program would first be presented by the Committee to, and approved by, the full Board. The Board also reviews annually the proposed compensation package for our Chief Executive Officer, prior to its approval by the Committee, and approves any material changes in our Chief Executive Officer's compensation arrangements.

Our Chief Executive Officer provides input on and makes recommendations with respect to the compensation, including annual salary adjustments and grants of awards under our incentive plans, of the officers whose compensation is set by the Compensation Committee, including the other Named Executive Officers. The Committee approves the compensation of these officers taking into consideration his input and recommendations. Our Chief Executive Officer also discusses his own compensation with the Chairman of the Committee. These discussions are considered by the Committee in connection with the Committee's annual compensation decisions with respect to our Chief Executive Officer.

On a program-wide basis, the Committee considers whether our incentive plans provide appropriate means of compensating our executives (*e.g.*, cash versus stock, time-based versus performance-based incentives, etc.), the proximity of the expiration of existing plans, stock availability under existing plans and developments in the field of incentive compensation. We seek to use generally accepted and commonly used types of plans and awards that provide clear accounting treatment and that are understandable to stockholders and executives alike. We have designed our plans to be flexible in their application so that we have the tools available to develop compensation packages with the appropriate mix of fixed and at-risk components, short- and long-term incentives, and cash and equity awards with appropriate terms. In making decisions regarding changes to our compensation program and our executive officers' compensation packages, the Committee is guided by the philosophy that a significant portion of all executive officers' compensation packages, and a majority of our Named Executive Officers' compensation packages, should consist of components that are linked to business, corporate and/or stock performance.

The Compensation Committee's annual review also includes consideration of the various elements of our executive compensation packages, including whether there should be general or specific salary increases, whether potential payouts as a percentage of salary should change, and whether to alter the mix between cash and equity compensation. This review also addresses the more specific issues of setting targets under our incentive plans and whether an individual executive's performance, promotion or change in circumstances warrant changes to his or her compensation package that are different from the other executives as a group.

New plans and plan amendments are developed through an integrated process involving the Compensation Committee, our General Counsel, our Senior Vice President, Human Resources, the compensation consultant and outside counsel. The Committee then presents them to the Board for review and approval.

Industry Peer Group

The Compensation Committee considers a study compiled by the compensation consultant of compensation packages for an industry peer group, generally culled from public filings and published compensation benchmark surveys, as part of its review when considering the packages. The companies in the peer group are identified by the compensation consultant and approved by the Committee on an annual basis. The peer group is used to provide market context for compensation decisions, both because these are the companies with which we compete for executive talent and because their general similarity in size, business and economics aid the Committee in assessing the reasonableness of our compensation packages. In formulating the peer group, the consultant identifies companies with a similar business mix and of a comparable size to us. Our peer group, with two exceptions, consists of public companies in the

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wholesale apparel industry that had revenues for the most recent fiscal year that are between 40% and 250% of our annual revenue. However, we exclude from the peer group companies in the wholesale apparel industry whose business mix does not match that of ours, even if those companies fall within these revenue parameters. The peer group for 2008 consisted of:

- Burberry Limited;
- Coach, Inc.;
- Guess?, Inc.;
- Hanesbrands Inc.;
- Jones Apparel Group, Inc.;
- Kellwood Co.;
- Kenneth Cole Productions, Inc.;
- Liz Claiborne, Inc.;
- Oxford Industries, Inc.;
- Perry Ellis International, Inc.;
- Polo Ralph Lauren Corporation;
- Quicksilver, Inc.;
- The Timberland Company;
- VF Corp.; and
- Warnaco Group, Inc.

VF Corp. and Kenneth Cole Productions, Inc. are the two exceptions to the revenue parameters identified above: VF Corp. is above them while Kenneth Cole Productions, Inc. falls below them. We have, however, included them because their businesses are similar to ours, they are the first companies outside of these revenue parameters and the compensation consultant has advised us that a larger group of comparable companies is preferable for benchmarking purposes.

The peer group is reviewed annually, and companies have come into or out of the group over the years due to going public, going private, being acquired, or emerging from bankruptcy. For example, Hanesbrands Inc., which became a public company in 2006, did not have sufficient compensation data publicly available when compensation data was considered in 2007 but was added to the peer group for 2008, as there was sufficient data available as we made decisions regarding 2008 compensation.

Beginning in 2008, we compared the cash compensation of Mr. Murry, the President and Chief Executive Officer of our Calvin Klein, Inc. subsidiary, to that of comparable executives in the ICR Luxury Goods Survey in addition to the comparable peer group index position for benchmarking purposes. We do this because a significant portion of the Calvin Klein businesses for which Mr. Murry has responsibility is more comparable to the businesses operated by the group covered by this survey. However, we are unable to compare Mr. Murry's total compensation to the comparable executives in the ICR Luxury Goods Survey because the survey does not provide total compensation data. There were nine companies in the ICR Luxury Goods Survey with executives holding comparable positions to that of Mr. Murry. Although we were provided with compensation data for these executives, the identities of these executives and their companies are confidential and were not provided to us.

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Participants in the ICR Luxury Goods Survey currently include the following companies:

- Alfred Dunhill of London, Inc.;
- Bose Corporation;
- Bulgari Retail USA Srl;
- Burberry Limited;
- Carolina Herrera Ltd. Inc.;
- Chanel U.S.A., Inc.;
- Chloe, Inc.;
- Christian Dior Inc.;
- Clarins USA, Inc.;
- Coach, Inc.;
- Cole Haan Holdings, Inc.;
- Design Within Reach, Inc.;
- DFS Group, Ltd.;
- Dolce & Gabbana USA, Inc.;
- Donna Karan International, Inc.;
- Elie Tahari Ltd.;
- Ermenegildo Zegna Corporation;
- Escada (USA) Inc.;
- Fendi North America, Inc.;
- Ferragamo USA, Inc.;
- Giorgio Armani Corporation;
- Gucci America, Inc.;
- Harry Winston, Inc.;
- Hermes of Paris, Inc.;
- Hickey Freeman Co., Inc.;

- J Crew Group, Inc.;
- Karl Lagerfeld LLC;
- Kenneth Cole Productions, Inc.;
- Kohler Co.;
- Lilly Pulitzer, Inc.;
- Limited Brands Inc.;
- Liz Claiborne, Inc.;
- Loro Piana S.p.A.;
- Louis Vuitton North America, Inc.;
- LVMH Fashion Group America, Inc.;
- Marc Jacobs Inc.;
- Michael Kors (USA) Inc.;
- Montblanc, Inc.;
- Movado Group Inc.;
- Polo Ralph Lauren Corporation;
- Prada USA Corp.;
- Richemont North America, Inc.;
- Saks Fifth Avenue, Inc.;
- St. John Knits, Inc.;
- The Swatch Group, Ltd.;
- Tiffany & Co.;
- Tommy Hilfiger Corporation;
- Tumi Inc.;
- Versace USA Inc.; and
- Zale Corporation.

Use of Tally Sheets

We use tally sheets when reviewing the compensation packages for our Named Executive Officers. The tally sheets cover prior year compensation, proposed compensation for the then current year and eight different termination of employment scenarios, including termination with or without cause or for good reason, voluntary termination, normal and early retirement, death, and termination after a change in control, and 12 elements of compensation, including severance, value receivable under cash incentive, equity, pension, savings and deferred compensation plans, as well as the value of any tax gross-ups.

The tally sheets provide both a snapshot of current compensation opportunities and benefits and a quantification of payments and other value an executive would receive in various termination of employment scenarios. As such, they enable the Compensation Committee to see and evaluate the full range of executive compensation, understand the magnitude of potential payouts as a result of retirement, change in control and other events resulting in termination of employment, and consider changes to our compensation program, arrangements and plans in light of best practices and emerging trends. The Committee considers the information provided through the tally sheets, along with financial and market performance, individual performance, internal pay equity and peer and market data in making its compensation decisions.

The tally sheets, in certain circumstances, show different information than is shown on the Potential Payments Upon Termination and Change In Control Provisions table presented in the Executive Compensation section of this Proxy Statement. This is because the Compensation Committee is considering payouts in certain situations such as retirement, as to which a Named Executive Officer may not currently qualify. In such a situation, the disclosure on the table would show no payout was due, while the tally sheets will project a payout for when the executive becomes eligible to retire. The tally sheets also show the full "walk away" values, meaning that they show pension and savings plan payouts in addition to the amounts payable as a result of the termination of employment. The tally sheets may also reflect current or projected stock prices, as opposed to using year end stock prices and make other or different assumptions as compared to those used in preparing the table.

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Consideration of Wealth Accumulation and Walk Away Value

While the Compensation Committee does look at wealth accumulation calculations how much an executive is projected to earn or accrue over time through cash and equity compensation or receive through certain benefits it does not believe it to be a determinative factor on its own, but rather must be looked at considering all relevant factors. The reason for this view is two-fold. First, we believe it both necessary and appropriate to continue to compensate our executives for their on-going individual performance and our on-going performance and provide pension and other post-employment benefits that properly reflect years of service. We believe that were we to discontinue incentive compensation awards, benefit accruals or other components of compensation, there could be less of an incentive for our executives to continue to perform at the high levels at which we believe they have performed and could even cause them to seek alternative employment at a competitor who would offer a full range of incentive compensation. Reducing an executive's compensation as a result of the amount of prior compensation (which is largely dependent upon our financial and stock performance) would unfairly penalize an executive for the executive's and our past success. Moreover, because the most significant vehicle for wealth accumulation is equity awards, and the amount of the benefit of equity awards is largely dependent on creating stockholder value through increases in the price of our stock, executives receive the full benefit from equity awards only with improved company performance and the resulting improvement in share price. This is consistent with aligning stockholder and management's interests. We do, of course, consider factors such as whether the mix of compensation needs to change over time to reflect changes relative to the Company (such as a change in growth trajectory), and the individual executive (such as proximity to retirement). We also consider whether existing long-term awards already provide sufficient incentives to retain and motivate our executives, such that an additional award is not warranted with respect to an overlapping period, and whether existing awards payout as expected and produce the desired results. In addition, other adjustments will be made as the need arises, for instance as a result of changes in applicable tax or accounting rules, to encourage different desirable results.

Second, we historically have had executives with long tenures. All of our prior chief executive officers were employed with us for more than 30 years. The average tenure (including, in one case, service with a business we acquired) of our Named Executive Officers is over 16 years, and the same is true for the remaining 23 members of our senior executive team (including, in two cases, service with a business we acquired). As a result, retirement plan values are significant. The largest portion of these plan values, however, are typically from plans, such as the AIP (our 401(k) plan) and Supplemental Savings Plan (a non-qualified deferred compensation plan), that are primarily funded by the executive through payroll deductions. As such, although these plan values also include Company matching contributions and Company-funded pension plans, we believe that they should not serve to curtail on-going compensation.

As discussed later in this Compensation Discussion and Analysis, we have employment agreements with our Named Executive Officers that provide severance benefits. We did not consider the prior compensation paid to the executives when these agreements were initially entered into several years ago. The rationale behind providing these benefits regardless of the prior compensation paid to an executive is similar to that discussed above with respect to setting compensation. In addition, we believe that the decision to provide severance benefits to an executive upon a termination of employment and the amounts to be paid as severance should not be based upon the past compensation paid to an executive, but rather upon the executive's position at our company, the ability of the executive to find a similar position following a termination of employment and the value to us of the restrictive covenants to which our executives have agreed to be subjected in exchange for the severance arrangements to which we have agreed.

Targeted Compensation

The compensation levels of our Named Executive Officers are targeted to approximate the peer group median if we achieve our budget, to exceed the median and approach the 75th percentile of competitive compensation levels if we exceed our budget and to be below the competitive median if our budget is not attained. However, the Compensation Committee is not required to target compensation at these exact percentiles. Not all of our peer companies have executives with positions

comparable to that of all of our Named Executive Officers. As such, we also consider how the compensation of a Named Executive Officer compares to that of executives at companies in our peer group with the same compensation ranking (*e.g.*, we would compare our third highest paid executive to the third highest paid executive of companies in our peer group). In addition, we take into account a Named Executive Officer's seniority, relative pay, tenure in his position and the like in targeting compensation. As a result, we believe that these percentiles should be used as a guide in setting compensation but with the Committee having the flexibility to target compensation at higher or lower amounts.

We focus on the median and refer to the 25th and 75th percentiles of the peer group data to understand the market range. We use this approach, as the compensation consultant has demonstrated that it diminishes the disproportionate affect caused by the outliers that pay well above or well below the balance of the group. The benchmarking of a Named Executive Officer's compensation to that of comparable executives in the peer group is one of the factors that results in the

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differences in the compensation among our Named Executive Officers, including the differences in the percentage of base salary payable under our incentive awards. Other than these differences, our policies and decisions relating to our Named Executive Officers are not materially different among these executives.

When establishing annual compensation for our Named Executive Officers, the Compensation Committee considers the following as constituting total potential compensation:

- base salary (for the one year period that begins on June 1 of each year, which is when base salary increases generally take effect);
- potential bonus under our Performance Incentive Bonus Plan for the then current fiscal year;
- potential value to be received under cash long-term incentive awards and/or performance share awards;
- stock option grants, valued based upon the methodology provided by the compensation consultant (with the value of certain grants, such as special grants made in connection with promotions, being spread over multiple years); and
- restricted stock unit grants, valued based on the current price of our Common Stock.

Payouts under our Performance Incentive Bonus Plan and our cash-based Long-Term Incentive Plan and of performance share awards under our Stock Incentive Plan are dependent upon, and vary with, our performance. As such, the value of these awards, as well as each Named Executive Officer's total compensation, is considered at threshold, target and maximum levels.

At the beginning of each fiscal year, we compare the potential total compensation that a Named Executive Officer can earn to the comparable peer group positions to ensure that the amounts are consistent with the desired benchmarking for our Named Executive Officer's compensation.

At the end of each fiscal year, we calculate the total compensation paid or expected to be paid to our Named Executive Officers for that fiscal year. We then compare the total compensation to that of the most comparable executives at the companies in our peer group.

In considering total potential compensation, stock option grants are valued using the methodology provided by the compensation consultant, as opposed to using the grant date fair value in accordance with FASB Statement No. 123R or the compensation cost included in our financial statements in accordance with FASB Statement No. 123R. We do this in order to provide a consistent comparison to the value of stock option grants made to executives at the companies in our peer group, which the compensation consultant values using the same methodology. We spread the value of certain option grants over multiple years to reflect that these grants are being made to cover multiple years of service by a Named Executive Officer.

Internal Pay Equity

We consider internal pay equity when setting compensation for our executive officers. Although we have not established a policy regarding the ratio of total compensation of the Chief Executive Officer to that of the other executive officers, we do review compensation levels to ensure that appropriate equity exists. As discussed earlier, we target the compensation levels of our executive officers to executives in our peer group. This accounts for most of the difference in compensation among our executive officers. During the past three years, our Chief Executive Officer's compensation has been less than two times the compensation of the next highest paid executive officer. We believe that this multiple is acceptable based upon recommended standards.

Key Elements of Compensation

Allocation Among Compensation Components

Our compensation program does not provide for a specific mix of base salary, annual incentive and long-term incentive components. Generally, we would like salaries to approximate the median, while the other components would provide for annual cash compensation and total compensation to reach the levels discussed above based on short-term and long-term performance.

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Historically, base salaries had been a higher than desired percentage of our executive officers' total compensation package because we had no bonus or other incentive compensation plans, other than stock options, for most of our history. Furthermore, we were limited in our use of other equity awards, as we had relatively small equity plans and we had a long-standing practice of making equity awards to a relatively large group of our associates. Over the past several years, with the implementation of new incentive plans, we have been able to increase the use of incentive compensation and begin to shift the relative portions of total compensation away from salary and towards incentive compensation. We have not yet been able to complete this shift, as we generally have a long-tenured executive management team that we believe is highly qualified and responsible for our success, and the incentive compensation elements available to us are still somewhat limited. As a result, salary raises have, from time to time, become necessary to reward performance and achievement. This is specifically applicable to our Named Executive Officers, all but one of whom has a tenure that dates back to periods before we adopted performance incentive plans.

We instituted annual performance-based bonus plans in an effort to slow down increases of base salaries and provide for performance-based incentive compensation in addition to the long-term incentive provided through stock options (which were the only stock-based awards we could make until 2006). In addition, we instituted for certain of our executive officers a cash-based long-term incentive plan to address further the base salary issue, as well as shortfalls in total compensation (when comparing our executive officer compensation to our peer group) due, in part, to the inability to use stock-based awards. In 2007 and 2008, we made awards of performance shares under our 2006 Stock Incentive Plan, which serve the same purpose as the Long-Term Incentive Plan awards but pay out in stock in lieu of making awards under the cash-based LTIP. The performance share awards were made only to our Named Executive Officers. We may use performance shares and/or cash LTIP awards as long-term incentives in any given year based upon share constraints under the Stock Incentive Plan, compensation and performance objectives, stock price and other factors.

Our compensation program is structured so that when our performance meets or exceeds the goals set forth under our Performance Incentive Bonus Plan and our long-term incentive awards, the percentage of a Named Executive Officer's total compensation consisting of bonus and long-term incentive awards will be higher than those during periods in which our performance does not meet our goals. Set forth below is the pay mix of each Named Executive Officer's total compensation that was set by the Compensation Committee at the beginning of 2008. The bonuses and long-term incentives (which for 2008 consisted of grants of options, restricted stock units and performance share awards) presented for each Named Executive Officer are based on the target performance level. These incentive elements are a lower percentage of total compensation at threshold performance levels and a higher percentage at maximum performance levels.

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Base Salaries

Purpose. We pay base salaries to compensate our executive officers at a market competitive level to retain and motivate these individuals and to attract new executives when necessary.

Considerations. Annual salaries are determined by evaluating our overall performance, the performance of each individual executive officer, and the performance of their division for operational executives, as well as by considering market forces, peer data and other general factors believed to be relevant, including time between salary increases, promotion (and, if applicable, the base salary of the predecessor in the position), expansion of responsibilities, advancement potential, and the execution of special or difficult assignments. Additionally, the Compensation Committee takes into account the relative salaries of our Named Executive Officers and determines what it believes are appropriate compensation level distinctions between our Chief Executive Officer and the other Named Executive Officers and among each of the other Named Executive Officers. There is no specific relationship between achieving or failing to achieve budgeted estimates or our stock or financial performance and the annual salaries determined by the Committee for any of the executive officers. No specific weight is attributed to any of the factors considered by the Committee; the Committee considers all factors and makes a subjective determination, based upon the experience of its members, the information and analysis provided by the compensation consultant and the recommendations of the Chief Executive Officer and the Senior Vice President, Human Resources (other than for themselves). The information provided by the compensation consultant includes both publicly available data of the peer group and third party compensation surveys.

2008 Decisions and Analysis. As discussed above, we have made a concerted effort to hold down base salaries in recent years due to our historically high salary levels as a portion of total compensation. We have, instead, increased the opportunity for incentive compensation using both short-term and long-term performance-based cash and equity awards and time-based equity awards. While we have continued to grant salary increases to our Named Executive Officers related to promotions, expansion of responsibilities, and advancement potential, and to take into account the relative salaries of our Named Executive Officers, Mr. Chirico, our Chief Executive Officer, has not received a raise since being promoted to that position in early 2006, Mr. Duane, our Vice Chairman, Wholesale Apparel, also received his last raise in early 2006, and Mr. Murry, President and Chief Executive Officer of our Calvin Klein, Inc. subsidiary, has not received a salary increase since we acquired Calvin Klein in 2003. None of our Named Executive Officers received salary increases in 2008 and, instead, except for Mr. Chirico, the values of their equity awards were increased. We have also determined not to make salary increases for our Named Executive Officers for 2009, other than Mr. Sirkin, due to the challenging economic environment; Mr. Sirkin's employment agreement provides for an increase of his annual base salary in both 2009 and 2010. Mr. Sirkin's last salary increase was in 2006 (excluding the \$10,000 incremental increase in salary that he received in 2007 to defray the cost of certain of his perquisites that were eliminated).

Short-Term Incentives

Performance Incentive Bonus Plan

Purpose. The purpose of our Performance Incentive Bonus Plan is to provide cash compensation on an annual basis that is at-risk and contingent on the achievement of overall Company performance or divisional performance, as appropriate. The Plan allows for goals to be set based upon numerous different performance criteria, but to date the Compensation Committee has only set targets based on our earnings per share or the net earnings of our businesses during the applicable year. These goals were chosen based on the advice of the compensation consultant as to what measures of performance are used by the companies in our peer group and are accepted by investors and analysts as performance measures that contribute to stockholder value.

Considerations. Bonus awards made under our Performance Incentive Bonus Plan for our Chief Executive, Chief Operating and Chief Financial Officers are based solely on annual earnings goals for the Company as a whole. Typically, to pay out at the target level, the Company must have earnings per share that falls within the middle of the earnings per share guidance range that management provides to the financial market at the beginning of each fiscal year. Our earnings guidance is based on the budget approved by the Board of Directors. Bonus compensation in the case of the Vice Chairman, Wholesale Apparel and the President and Chief Executive Officer of Calvin Klein is principally based on the annual earnings goals for their respective divisions but also have a component based on the same annual earnings targets for the Company as are established for the other Named Executive Officers. The divisional earnings goals are the budgeted earnings included in the annual budget approved by the Board and upon which management provides earnings and revenues guidance to the financial market. The goals exclude special items identified at the time the awards are made.

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2008 Decisions and Analysis. The Compensation Committee established targets for 2008 for our Named Executive Officers in April 2008. The targets excluded special items approved by the Committee at the time the awards were made. In the case of our performance as a whole, the excluded items included restructuring activities. As a result, for 2008, the impact of the operating results and exit costs associated with our shutdown of our Geoffrey Beene outlet retail division and the costs associated with our other restructuring activities announced in the last quarter of 2008 were excluded. The targets, which are based on our annual corporate earnings guidance, were as follows:

Threshold Earnings Per Share (\$)	Decrease From Prior Year EPS (%)	Target Earnings Per Share (\$)	Increase Over Prior Year EPS (%)	Maximum Earnings Per Share (\$)	Increase Over Prior Year EPS (%)
3.02	(6)	3.40	6	3.85	20

The threshold, target and maximum earnings per share amounts in the above table reflected our expectation that 2008 would be a challenging year. Whereas, the threshold, target and maximum earnings per share goals for 2007 were 11%, 15% and 31% higher than our 2006 earnings per share (as calculated under our Performance Incentive Bonus Plan), respectively, the target and maximum earnings per share goals for 2008 represented lower increases from the our 2007 earnings per share, and the threshold earnings per share goal represented a decrease from our 2007 earnings per share. However, because we set a threshold earnings per share goal that was lower than the previous year's earnings per share, we also set the potential payout to Named Executive Officers at the threshold level at half of the percentage of base salary that threshold payouts had been set at in prior years.

The potential payouts (as percentage of base salary) were as follows with respect to Messrs. Chirico, Sirkin and Shaffer, our Named Executive Officers who were eligible to receive payouts based solely on our annual corporate earnings:

Name	Threshold (%)	Target (%)	Maximum (%)
Mr. Chirico	25	100	200
Mr. Sirkin	20	75	195
Mr. Shaffer	15	60	150

Our 2008 earnings per share was lower than the threshold earnings per share, even after excluding the special items referred to above. As a result, none of our Named Executive Officers who were eligible to receive payouts with respect to our annual corporate earnings earned bonuses with respect to this component.

Messrs. Duane and Murry were eligible to receive bonus payouts based upon our total corporate earnings and the net earnings of the businesses or divisions for which each has overall responsibility - our wholesale dress shirt and sportswear divisions for Mr. Duane and our Calvin Klein licensing, advertising, wholesale collection and retail businesses for Mr. Murry. Neither received a payout based on corporate earnings for the reasons discussed above. Similarly, neither of these Named Executive Officers received any payouts for 2008 based upon their business or division earnings because those earnings were lower than the threshold earnings that were set.

The divisional targets based on net earnings, which excludes certain corporate charges used for segment reporting, for these executives were as set forth below:

Name	Threshold (\$)	Increase/(Decrease) Over Prior Year Net Earnings (%)	Target (\$)	Increase/(Decrease) Over Prior Year Net Earnings (%)	Maximum (\$)	Increase Over Prior Year Net Earnings (%)
Mr. Duane	168,739,000	(3.7)	174,101,000	(0.7)	190,187,000	8.5
Mr. Murry	168,708,000	4.0	171,632,000	5.8	189,178,000	16.6

As was the case for the threshold amounts for our earnings per share, the threshold amount for the net earnings of Mr. Duane's division was lower than would be typical given the challenging economic environment. Accordingly, the potential payouts for the earnings component at the threshold level for Mr. Duane was set at half of the percentage of base salary

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payable in 2007. Mr. Murry's divisional threshold amount (and the percentage of salary payable for attaining the threshold) was not reduced to an amount lower than would be typical because at the time the performance goals were established, the growth trajectory of our Calvin Klein businesses was not affected by the business downturn affecting our heritage businesses and seemed unlikely to be so.

The potential payouts (as percentages of base salary) for these executives were as follows:

Name	Earnings Component	Threshold (%)	Target (%)	Maximum (%)
Mr. Duane	Company	2.5	10.0	25.0
	Division	12.5	50.0	125.0
	Total	15.0	60.0	150.0
Mr. Murry	Company	2.5	10.0	25.0
	Division	25.0	50.0	125.0
	Total	27.5	60.0	150.0

Discretionary Bonuses. The Compensation Committee has the authority to award annual bonuses to executive officers on a discretionary basis. The Committee typically awards discretionary bonuses for undertaking additional duties, accomplishing specific projects or achieving specific benefits for the Company, such as special efforts in connection with a transaction, the disposition on favorable terms of corporate assets and special efforts in connection with corporate initiatives. The Committee may also award discretionary bonuses based on other factors. The Committee has the authority to place restrictions, such as a vesting period, on any discretionary bonus it awards to an executive officer. No discretionary bonuses were awarded to any of our Named Executive Officers for 2008.

*Long-Term Incentives***Stock Options and Restricted Stock Units**

Purpose. We grant stock options and/or restricted stock units to our Named Executive Officers. These awards are made based on the fair value of the grant. These awards are granted to our Named Executive Officers in an amount such that the value of the award, when combined with base salaries, potential bonuses under our Performance Incentive Bonus Plan and potential payouts under our Long-Term Incentive Plan and/or of performance share awards, would generally provide for compensation consistent with our compensation philosophy described above.

Considerations. Stock options are designed to align the interests of grantees with those of our stockholders and their value is at-risk. Generally, the options we have granted may not be exercised until the first anniversary of the date of grant and become fully exercisable in equal annual installments through the fourth anniversary of the date of the grant.

The stock options granted to our Named Executive Officers typically remain exercisable during employment until the tenth anniversary of the date of grant. We believe that this approach provides an incentive to the executive to increase stockholder value over the long term, since the maximum benefit of the options granted cannot be realized unless stock price appreciation occurs over a number of years.

We began to issue restricted stock units in 2007. Restricted stock units represent the right to receive one share of Common Stock for each unit awarded, subject to vesting. The restricted stock unit grants generally vest in increments of 25%, 25% and 50% on the second, third and fourth anniversaries of the date of grant, respectively, and are settled by the delivery of stock as soon as practicable after the vesting date. Our decision to grant restricted stock units was based on our belief that while stock options have certain benefits, restricted stock units generally better align the interests of grantees with stockholders, as both increases and decreases in our stock price have the same effect on associates holding restricted stock units as they do on stockholders. We use a different vesting schedule for restricted stock units than we do with options because we believe the later start to the commencement of vesting of restricted stock units better aligns associates' interests with those of longer-term stockholders and provides an effective retention tool, which we believe further benefits stockholders. We believe that associates generally place more value on restricted stock units and are better incentivized to increase stockholder value because restricted stock units have a clear value market price at the time of grant and are clearly affected by the rise and fall of our stock price. This is compared to stock options, which may be perceived by some to have little or no value at the time of grant as they may never be realized as compensation unless the stock price exceeds the exercise price. We believe that the decision to make awards of restricted stock units was proven beneficial this year, as the first grants began to vest and our associates still were able to receive value in stock even though the price of our Common Stock is below that when the awards were made. Our decision to award restricted stock units also helped reinforce the Board of Directors' decision to adopt ownership guidelines for our Named Executive Officers in 2008, as

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discussed below. The decision to grant restricted stock units was made in consultation with the compensation consultant, who advised us that other companies in our peer group were granting restricted stock units in lieu of or in addition to stock options and that this was consistent with general market trends.

We targeted 60% of the overall value of stock options and restricted stock granted to Named Executive Officers to be in the form of options and 40% of the value to be in the form of restricted stock units. (The split for the other executive officers was 50:50.) We believe that the use of both options and restricted stock units is consistent with our compensation philosophy but that a majority of the value of these equity awards granted to a Named Executive Officer should be in the form of options because we believe that options better capture pay for performance by providing a reward only if our stock price increases.

2008 Decisions and Analysis. With one exception, during 2008 we granted both options and restricted stock units to our Named Executive Officers. This decision was made to obtain the benefits of both restricted stock units, which we believe better align grantees' interests to that of stockholders, and stock options, which we believe better reflect our pay for performance objective, as discussed above. We did not grant stock options to Mr. Sirkin in 2008, as was the case in 2007, as he had received an upfront three year grant of options in January 2006 in connection with his promotion to Chief Operating Officer.

During 2008, we increased the value of options and restricted stock units granted to all of our Named Executive Officers, other than Mr. Chirico, to provide total compensation at a level that was deemed appropriate based upon an assessment of each executive and peer data. The decision to increase the value of equity awards instead of raising base salaries was driven by our desire to decrease the fixed portion of the total compensation in relation to the at risk portions.

In addition to the annual grants made during 2008, as consideration for Mr. Sirkin's agreement to delay his retirement and extend his period of employment from the date of our 2009 Annual Meeting of Stockholders to the date of our 2011 Annual Meeting of Stockholders, Mr. Sirkin received a grant on July 1, 2008 of restricted stock units having a grant date value of approximately \$500,000 and will be entitled to receive grants of restricted stock units, each with a grant date value of \$500,000, on the dates of the 2009 and 2010 Annual Meetings of Stockholders, provided that Mr. Sirkin is employed in his current position on each such date. We agreed to make these awards as consideration for the extension of Mr. Sirkin's employment because we felt that equity provided a better incentive than cash for the smooth transition of Mr. Sirkin's duties and responsibilities required in connection with his retirement, as equity provides the potential for increased value if our performance improves over the transition period. These grants will be in addition to the annual grant of restricted stock units to be granted to Mr. Sirkin, discussed below.

Mr. Sirkin's amended employment agreement also provides for him to receive awards of restricted stock units, each with a fair market value on the date of grant of at least \$1,250,000, on the dates in calendar year 2009 and 2010 that annual grants of equity awards are made to the other executive officers of the Company. These grants will be on substantially the same terms and conditions as the awards of restricted stock units previously made to our executive officers and are in lieu of, and not in addition to, the annual grants of stock options and restricted stock units that Mr. Sirkin might otherwise have been granted consistent with past practice. Although we had not agreed to provide for minimum amounts of future equity grants in past employment agreements with any senior executive, we agreed to do so for Mr. Sirkin in connection with the amendment to his employment agreement discussed above in order to assure him that he would continue to receive his standard annual grant through the short transition period prior to his expected retirement; the \$1,250,000 minimum amount of the annual grant is equal to the value of his 2008 equity award. As noted above, we have not previously provided a contractual guarantee of equity awards and we would not expect to do so again, except in other unusual circumstances. Furthermore, we would only make such equity grants subject to performance-based (and not time-based) vesting.

Timing of Equity Awards. Our equity award policy provides that the annual equity grant to our senior executives, including our Named Executive Officers, and certain other participants in our 2006 Stock Incentive Plan generally will be approved by the Compensation Committee at a Committee meeting held during the period commencing two days after the public release of the prior year's earnings results and ending two weeks prior to the end of the first fiscal quarter of the current year. Equity awards may be made to our Named Executive Officers outside of the annual grant process in connection with a promotion, assumption of new or additional duties or other appropriate reason. All such grants to Named Executive Officers must be approved by the Committee and will generally be made on the first business day of the month following the effective date of the promotion or the assumption of new or additional duties or the date of the precipitating event, as applicable. The Committee retains the discretion not to make grants at the times provided in the policy if the members determine it is not appropriate to make a grant at such time. Additionally, the Committee retains the discretion to make grants, including an annual equity grant, at times other than as provided in the policy if the members determine circumstances, such as changes in accounting and tax regulations, warrant making a grant at such other times.

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The exercise price of options granted is required to be equal to the fair market value of a share of our Common Stock on the date of grant. Fair market value is currently defined as the closing price of our Common Stock on the date of grant.

Long-Term Incentive Plan Awards and Performance Share Awards

Purpose. Our Named Executive Officers are eligible to receive awards under our Long-Term Incentive Plan. The LTIP provides for cash payouts upon the achievement of goals established by the Compensation Committee at the beginning of each performance cycle. Performance cycles typically consist of three consecutive fiscal year periods, although the LTIP permits cycles of any length in excess of 12 months. The purpose of the LTIP is to provide cash compensation that is at-risk and contingent on the achievement of the selected performance criteria over an extended period. These awards also have retentive value because they only pay out if the participant remains employed for the performance cycle, subject to certain exceptions.

Our Named Executive Officers also are eligible to receive awards of performance shares under our 2006 Stock Incentive Plan. In 2007 and 2008, we used performance shares in lieu of cash awards under the Long-Term Incentive Plan. These performance share awards typically use the same cycles and performance measures as LTIP awards, but provide for payouts in shares of our Common Stock instead of cash upon the achievement of the goals established by the Compensation Committee at the beginning of each performance cycle. The purpose of performance share awards is to provide compensation in the form of Common Stock that is at-risk and contingent on the achievement of the selected performance criteria over an extended period. These awards also have retentive value because they only payout if the participant remains employed for the performance cycle, subject to certain exceptions.

We are seeking stockholder approval to continue our Long-Term Incentive Plan, as we believe it is appropriate for the Compensation Committee to have the flexibility of making long-term incentive awards that pay out in cash or stock.

Considerations. The awards made under our Long-Term Incentive Plan and the performance share awards require us to achieve both cumulative earnings growth and improvement in return on equity over the applicable performance cycle. (The LTIP and the 2006 Stock Incentive Plan allow for goals to be set based upon numerous different performance criteria, but to date the Compensation Committee has only set targets based on the criteria noted.) The goals exclude special items identified at the time the awards are made and typically would include most, if not all, of the same special items as are excluded for awards given the same year under our Performance Incentive Bonus Plan.

Payouts under our Long-Term Incentive Plan are equal to a percentage of base salary based on the achievement of the targets established by the Compensation Committee. Performance share award payouts are in the form of Common Stock and are determined by taking a percentage of the recipient's base salary and converting the dollar amount to a number of shares issuable, based on the value of our Common Stock when the award is granted. The targets provide for threshold goals (performance below which would result in no payout being made), target goals, and maximum goals (performance above which no additional payout is earned). Achievement of levels between goals is typically equal to a percentage of base salary or number of shares that is on a straight-line basis between the two goals but can be on any basis established by the Committee. The amount of a participant's payout, if any, is determined by the Committee prior to the end of the first quarter of the fiscal year immediately following the end of the performance cycle. Payouts of LTIP and performance share awards have been weighted towards the achievement of

earnings growth, while the return on equity serves as a check to ensure that the earnings are achieved while maintaining return on equity at desirable levels, thereby aligning the participant's interests with those of our stockholders. Our decision to issue performance shares was based on our belief that performance share awards have an additional link to performance; if the financial targets are not met or met only at the lower levels, recipients would be adversely affected as a result of receiving fewer or no shares and any shares received will have a lower value if our stock price falls as a result of our financial performance. Therefore, we believe that performance shares further align the interests of our Named Executive Officers with stockholder interests as compared to the cash LTIP awards. However, as discussed above, we believe cash LTIP awards also have an appropriate place in developing compensation packages and will continue to be used when appropriate.

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All of our Named Executive Officers received awards of performance shares in 2008 with respect to a performance cycle covering 2008 through 2010. The earnings per share growth targets for the performance cycle are as follows:

Threshold Cumulative Earnings Per Share (\$)	Compound Growth (%)	Target Cumulative Earnings Per Share (\$)	Compound Growth (%)	Maximum Cumulative Earnings Per Share (\$)	Compound Growth (%)
10.63	5	11.68	10	14.01	20

The average return on equity goals for the performance cycle are 14.7% at threshold, 15.9% at target and 18.5% at maximum. The earnings per share and average return on equity goals for the performance cycle are presented in the limited context of our compensation programs and should not be understood to be statements of management's estimates of results or other guidance. We specifically caution investors not to apply these goals to other contexts.

The threshold, target and maximum cumulative earnings per share amounts in the above table reflected our expectation that the growth rates achieved in prior periods could not be sustained but did not anticipate the economic downturn to be as widespread and deep as has occurred. As a result, it is unlikely that the awards for the 2008–2010 performance cycle will pay out at any performance level. The following table shows the potential payouts in shares of Common Stock (and the approximate percentage of salary used to calculate the number of shares issuable) that were established when the performance goals were set:

Name		Threshold	Target	Maximum
Mr. Chirico	Shares (#)	9,650	24,100	53,000
	% of Salary	40	100	220
Mr. Sirkin	Shares (#)	2,200	5,500	12,100
	% of Salary	10	25	55
Mr. Shaffer	Shares (#)	1,150	2,300	4,600
	% of Salary	10	20	40
Mr. Duane	Shares (#)	1,900	3,850	7,750
	% of Salary	10	20	40
Mr. Murry	Shares (#)	1,500	3,050	6,150
	% of Salary	7.5	15	30

Payouts under 2006–2008 LTIP Performance Cycle

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Messrs. Chirico, Sirkin and Duane received payouts between the target and maximum levels in the current fiscal year with respect to the three-year performance cycle ended February 1, 2009 based on our attainment of \$8.75 cumulative three year earnings per share and a return on equity of 16.1%. Messrs. Chirico, Sirkin and Duane were the only Named Executive Officers who received awards under our Long-Term Incentive Plan for this performance cycle. The earnings per share growth targets with respect to the three-year performance cycle ended February 1, 2009 were as follows:

Threshold Cumulative Earnings Per Share (\$)	Compound Growth (%)	Target Cumulative Earnings Per Share (\$)	Compound Growth (%)	Maximum Cumulative Earnings Per Share (\$)	Compound Growth (%)
6.85	10	7.51	15	8.96	25

The average return on equity goals were 12.9% at threshold, 13.1% at target and 16.2% at maximum.

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Potential payouts (as percentages of base salary) and actual payouts (as a percentage of base salary and in dollar amount) were as follows:

Name	Threshold (%)	Target (%)	Maximum (%)	Actual (%)	Actual (\$)
Mr. Chirico	50	90	200	187.4	1,874,205
Mr. Sirkin	10	25	55	51.2	466,158
Mr. Duane	10	20	40	37.5	299,873

Payouts under 2007 - 2008 Performance Share Award Cycle

Messrs. Shaffer and Murry received payouts between the minimum and target levels in the current fiscal year with respect to the two-year performance cycle ended February 1, 2009 based on our attainment of cumulative earnings per share of \$6.20 and a return on equity for the cycle of 16.0%. They are the only Named Executive Officers who were eligible to receive payouts under performance share awards with respect to that cycle. Messrs. Shaffer and Murry were added in 2007 to the group of Named Executive Officers receiving long-term incentive awards covering multiple-year periods. These individuals were included in the group to put them in a comparable position to the other Named Executive Officers and because it was determined that providing a higher percentage of long-term compensation is a desirable compensation structure for these officers to align with our compensation objectives. The awards provided to these two individuals covered the remaining portion of a performance cycle for which the other Named Executive Officers had outstanding awards under our Long-Term Incentive Plan, as described above. The awards to Messrs. Shaffer and Murry were made as performance share awards in conjunction with our decision to make performance share awards in lieu of cash LTIP awards for performance cycles that began in 2007. The earnings per share growth targets with respect to the two-year performance cycle ended February 1, 2009 were as follows:

Threshold Cumulative Earnings Per Share (\$)	Compound Growth (%)	Target Cumulative Earnings Per Share (\$)	Compound Growth (%)	Maximum Cumulative Earnings Per Share (\$)	Compound Growth (%)
6.05	10	6.49	15	7.37	25

The average return on equity goals were 14.9% at threshold, 15.8% at target and 17.7% at maximum.

Potential and actual payouts in shares of Common Stock (and the approximate percentage of salary at the time of the grant of the performance share awards to calculate the number of shares issuable) were as follows:

Name		Threshold	Target	Maximum	Actual
Mr. Shaffer	Shares (#)	900	1,800	3,600	1,366
	% of Salary	10	20	40	15.5
Mr. Murry	Shares (#)	1,200	2,400	4,800	1,822
	% of Salary	7.5	15	30	11.6

Risk Taking and Incentive Compensation

We are not required to review the incentive compensation arrangements of our Named Executive Officers to ensure that the arrangements do not encourage excessive and unnecessary risk taking, as is the case with companies receiving funds under the Emergency Economic Stabilization Act and American Recovery and Reinvestment Act. Nonetheless, because performance-based incentives play a large role in our executive compensation program, we believe that it is important to ensure that these incentives do not result in our Named Executive Officers taking actions that may conflict with our long-term best interests. We address this in several ways. First, we believe that base salaries are a sufficient component of total compensation to discourage risk taking. Second, the earnings goals under our Performance Incentive Bonus Plan are based upon budgeted earnings levels that are reviewed and approved by the Board and that we believe are attainable without the need to take inappropriate risks or make material changes to our business or strategy. Third, Long-Term Incentive Plan and performance share awards are typically based upon our earnings per share and return on equity

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over three-year periods, which mitigates against the taking of short-term risks. Fourth, because incentive compensation has a large stock component to it, the value is best realized through long-term appreciation of stockholder value, especially when coupled with our stock ownership guidelines, which expose our Named Executive Officers to the loss of the value of the retained equity if stock appreciation is jeopardized. Finally, we believe by having incentive compensation components that are paid or vest over an extended period also mitigates against unnecessary or excessive risk taking.

Other Benefits

Our Named Executive Officers are participants in our Pension Plan, Supplemental Pension Plan, Associates Investment Plan, Supplemental Savings Plan and Executive Medical Reimbursement Insurance Plan. In addition, Messrs. Chirico, Sirkin and Duane are parties to capital accumulation program agreements with the Company. See Executive Compensation Defined Benefit Plans and Executive Compensation Summary Compensation Table for a description of these programs.

Perquisites are limited and generally consist of discounts in our retail stores available to all employees and, in certain cases, clothing allowances, gym memberships, and travel, hotel and, on occasion, recreational activities of executives spouses during our off-site budget, planning and strategy meetings. Additionally, as part of certain of our marketing activities, including as the naming rights sponsor of the IZOD Center sports and entertainment arena, we have a limited number of tickets to all events at the IZOD Center and to certain professional football games at Giants Stadium, which is located in the same complex. These are provided at no cost to us and may, at times, be used personally by our Named Executive Officers, as they are available to all of our employees on a non-discriminatory basis.

Severance Provisions in Employment Agreements

We have employment agreements with our Named Executive Officers that provide them with severance benefits. These arrangements are intended to attract and retain qualified executives who could have other job alternatives that might appear to them to be less risky absent these arrangements. These agreements include restrictive covenants in favor of us in exchange for the severance benefits that we believe provide us with significant value in prohibiting our executives from competing against us, using our confidential information and hiring our best talent if they wish to leave our employment. The agreements also provide for severance payments to be made after a change in control. These change in control benefits mitigate a potential disincentive for executives when they are evaluating a potential acquisition of the Company, particularly when it appears that the services of the executive officers may not be required by the acquiring company. The change in control arrangements for our Named Executive Officers are double trigger, meaning that severance payments are not awarded upon a change in control unless the executive's employment is terminated involuntarily (other than for cause) or voluntarily for good reason within the two year period following the transaction. We believe this structure strikes a balance between the incentives and the executive hiring and retention effects described above, without providing these benefits to executives who continue to enjoy employment with an acquiring company in the event of a change in control transaction. We also believe this structure is more attractive to potential acquiring companies, who may place significant value on retaining members of our executive team and who may perceive this goal to be undermined if executives receive significant severance payments in connection with such a transaction whether or not they are offered continued employment. In connection with our entering into these agreements, the compensation consultant reviewed the severance benefits provided by other companies and determined that the agreements we provided were generally market, particularly within our industry peer group. Because our peer group is an industry peer group that consists of companies with which we compete for talent, not providing these agreements would put us at a competitive disadvantage in the ability to attract and retain qualified executives and to limit the ability of our competitors to hire away our best talent and of our former employees to compete against us. The one non-market provision identified by the consultant was the inclusion in the calculation of severance payable to Mr. Chirico if his employment is terminated in connection with a change in control of amounts, if any, paid to him under our Long-Term Incentive Plan. We do not include such amounts in any other severance arrangement and will not include it in any further employment agreements that we enter into with executive officers.

One of the other provisions in the employment agreements that we have with our senior executives, including our Named Executive Officers, provides that if any payments, entitlements or benefits received by an executive under his or her agreement or otherwise are subject to the excise tax on excess parachute payments, the executive is entitled to an additional payment to restore the executive to the after-tax position that he or she would have been in if the excise tax had not been imposed. We will not include a similar provision in any future employment agreement with an executive, except in unusual circumstances, and the provision will be limited to excise taxes triggered by the payment of severance in connection with a termination of employment as a result of a change in control and will be subject to a sunset provision limiting its duration to no more than three years.

For a detailed description of these employment agreements, please see the discussion below under Executive Compensation Employment Contracts.

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Change In Control Provisions in Equity Plans and Awards

Under the terms of stock option, restricted stock unit and performance share awards, any unvested awards would vest upon the completion of certain transactions that would result in a change in control, such as stockholder approval of a liquidation or dissolution or the consummation of a reorganization, merger, consolidation or a sale or other disposition of all or substantially all of our assets, other than where all or substantially all of the individuals and entities that were the beneficial owners of our outstanding shares and securities entitled to vote generally in the election of directors, immediately prior to such transaction, beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of our Common Stock and more than 50% of the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors. This vesting feature, approved by stockholders in 2006, is in place because we believe that utilizing a single event to vest awards provides a simple and certain approach for treatment of equity awards in a transaction that will likely result in the elimination or de-listing of our stock. This provision recognizes that such transactions have the potential to cause a significant disruption or change in employment relationships and thus treats all employees the same regardless of their employment status after the transaction. It also recognizes that because we may no longer exist after the change in control, employees should not be required to have the value of their outstanding equity awards linked to the acquiring company's future success. In addition, it provides our employee option holders with the same opportunities as our other stockholders who are free to realize the value created at the time of the transaction by selling their equity. Similar to the review undertaken in connection with the employment agreements we entered into with our Named Executive Officers, the compensation consultant reviewed the change in control provisions in the equity plans and awards of other companies and determined that the plans we provided were market, particularly within our industry peer group.

Posthumous Compensation and Benefits

There has been significant media focus on compensation and benefits paid or made available to the estate, spouse and/or other heirs of an executive after his or her death—so-called “golden coffins.” We do not provide any special benefits or compensation, such as posthumous equity awards or severance pay, that is payable upon the death of any of our Named Executive Officers. As is shown in Executive Compensation Potential Payments Upon Termination and Change In Control Provisions, the only compensation a Named Executive Officer's estate receives upon his death relates to outstanding equity awards, incentive compensation awards and deferred compensation arrangements. In the case of performance awards under our Performance Incentive Bonus Plan, Long-Term Incentive Plan and 2006 Stock Incentive Plan, payouts are on a *pro rata* basis based on the portion of the performance cycle elapsed prior to the Named Executive Officer's death.

Federal Income Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code limits the amount of compensation a publicly held corporation may deduct as a business expense for Federal income tax purposes. The deductibility limit, which applies to a company's chief executive officer and the three other most highly compensated executive officers (as defined in the Exchange Act), other than the chief financial officer, is \$1 million, subject to certain exceptions. The exceptions include the general exclusion of performance-based compensation from the calculation of an executive officer's compensation for purposes of determining whether his compensation exceeds the deductibility limit. Compensation paid or received under our Performance Incentive Bonus Plan, our Long-Term Incentive Plan, our stock option plans, and our 2006 Stock Incentive Plan (other than time-based restricted stock units) is generally intended to satisfy the requirements for full deductibility. Nonetheless, the Compensation Committee recognizes that in certain instances it may be in our best interest to provide compensation that is not fully deductible and has done so, such as with the restricted stock units granted in 2007 and 2008.

Stock Ownership

To ensure that management's interests remain aligned with stockholders' interests, we encourage our key executives to retain shares acquired pursuant to the exercise of stock options and acquired upon the vesting of restricted stock units. In addition, our associates, including our Named Executive Officers, may acquire our Common Stock through our AIP, subject to certain limitations on the amount an employee can contribute to or hold in the PVH Stock Fund. Many of our Named Executive Officers have significant investments in the PVH Stock Fund investment option under the AIPs.

We adopted stock ownership guidelines in 2008 that require our Chief Executive Officer to hold, directly or indirectly, Common Stock with a value equal to three times his annual base salary and that require the other Named Executive Officers to hold Common Stock with a value equal to their annual base salary. The stock ownership guidelines require our Named Executive Officers to meet these guidelines within five years of the adoption of these guidelines. Messrs. Sirkin and Shaffer are in compliance with the guidelines as of the date of this Proxy Statement, although compliance is not required for another four years.

Table of Contents**EXECUTIVE COMPENSATION****SUMMARY COMPENSATION TABLE**

The Summary Compensation Table includes the 2006, 2007 and 2008 compensation data for our Named Executive Officers.

Name and Principal Position	Years of Service(1)	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (2) (\$)	Option Awards (3) (\$)	Non-Equity Incentive Plan Compensation (4) (\$)	Change in Pension Value and Nonqualified Deferred Earnings (5) (\$)	All Other Compensation (6) (\$)	Total (\$)
Emanuel Chirico, age 51 Chairman and Chief Executive Officer, Phillips-Van Heusen Corporation	14									
		2008	1,000,000	0	(14,077)	1,819,115	1,874,205	100,228	90,608	4,870,079
		2007	1,000,000	0	657,058	1,744,019	3,075,000	49,076	102,708	6,627,861
		2006	992,436	0	0	1,659,629	3,500,000	400,255	126,428	6,678,748
Michael A. Shaffer, age 46 Executive Vice President and Chief Financial Officer, Phillips-Van Heusen Corporation	18									
		2008	475,000	0	86,000	337,133	0	39,960	44,485	982,578
		2007	458,333	0	173,949	288,605	628,188	28,382	46,130	1,623,587
		2006	419,712	0	0	210,150	637,500	44,751	38,389	1,350,502
Francis K. Duane, age 52 Vice Chairman, Wholesale Apparel, Phillips-Van Heusen Corporation	10									
		2008	800,000	0	85,749	408,786	299,873	164,239	63,368	1,822,015
		2007	800,000	330,000	142,343	406,209	847,000	126,551	72,750	2,724,853
		2006	794,711	0	0	420,934	1,520,000	215,868	63,608	3,015,121
Paul Thomas Murry, age 58 President and Chief Executive Officer, Calvin Klein, Inc.	6									
		2008	850,000	0	3,658	104,336	0	225,254	97,711	1,280,959
		2007	850,000	0	180,782	50,328	1,396,125	180,680	99,845	2,757,760
		2006	850,000	0	0	395,264	1,275,000	199,302	96,187	2,815,753
Allen E. Sirkin, age 66 President and Chief Operating Officer, Phillips-Van Heusen	22									
		2008	910,000	0	478,474	690,022	466,158	87,942	43,515	2,676,111
		2007	906,667	0	539,628	692,550	1,701,700	270,195	81,852	4,192,592
		2006	889,423	0	0	586,433	1,890,000	530,953	68,312	3,965,121

(1) This column represents credited service accrued by each Named Executive Officer under the terms of our Pension Plan and our Supplemental Pension Plan for benefit calculation purposes.

(2) The Stock Awards column represents the aggregate compensation costs recognized in the fiscal year listed and included in our financial statements in accordance with Financial Accounting Standards Board (FASB) Statement No. 123R for the fair value of restricted stock units and performance share awards granted to each Named Executive Officer. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service based vesting conditions. The fair value of the restricted stock units is equal to the closing price of our Common Stock on the date of grant. The compensation expense related to the fair value of an award of restricted stock units is recognized on a straight-line basis over the award's vesting period. The fair value of an award of performance shares is equal to the closing price of our Common Stock on the date of grant, reduced for the present value of any dividends expected to be paid on our Common Stock during the performance cycle, as the performance shares do not accrue dividends prior to being earned. The compensation expense related to the fair value of performance shares is recognized ratably based on the current expectations of the probable number of shares that will ultimately be issued and, in 2008, includes reversals of expense of certain awards granted in 2007, as we determined that it was unlikely that the performance criteria for vesting would be met. No restricted stock unit or performance share awards were made prior to 2007 and, therefore, this column consists of the expense related to such stock awards made in 2008 and 2007 only. The following table sets forth for each Named Executive Officer the breakdown of the expense for the restricted stock unit and performance share awards for the listed fiscal years.

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Name	Fiscal Year	Expense Related to Restricted Stock Unit Awards Granted in Listed Year (\$)	Expense Related to Performance Share Awards Granted in Listed Year (\$)	Expense Related to Restricted Stock Unit Awards Granted in the Prior Year (\$)	Expense Related to Performance Share Awards Granted in the Prior Year (\$)	Total Expense Reported in the Stock Awards Column (\$)
Emanuel Chirico	2008	197,020	0	255,454	(442,228)	(10,246)
	2007	214,830	442,228	0	0	657,058
Michael A. Shaffer	2008	61,336	0	72,987	(42,132)	92,191
	2007	61,380	112,569	0	0	173,949
Francis K. Duane	2008	70,630	0	87,584	(68,687)	89,527
	2007	73,656	68,687	0	0	142,343
Paul Thomas Murry	2008	31,597	0	36,493	(56,176)	11,914
	2007	30,690	150,092	0	0	180,782
Allen E. Sirkin	2008	584,188	0	0	(100,203)	483,985
	2007	439,425	100,203	0	0	539,628

(3) The Option Awards column represents the aggregate compensation costs recognized in the fiscal year listed and included in our financial statements in accordance with FASB Statement No. 123R for the fair value of all outstanding stock option awards granted to each Named Executive Officer. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service based vesting conditions. The following table sets forth for each Named Executive Officer the breakdown of the expense for the stock option awards granted in the listed fiscal years.

Name	Fiscal Year	Expense Related to Option Awards Granted in the Listed Year (\$)	Expense Related to Option Awards Granted in Prior Years (\$)	Total Expense Reported in the Option Awards Column (\$)
Emanuel Chirico	2008	271,895	1,547,220	1,819,115
	2007	352,293	1,391,726	1,744,019
	2006	665,141	994,488	1,659,629
Michael A. Shaffer	2008	81,568	255,565	337,133
	2007	100,655	187,950	288,605
	2006	66,514	143,636	210,150
Francis K. Duane	2008	96,399	312,387	408,786
	2007	120,786	285,423	406,209
	2006	33,257	387,677	420,934

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Paul Thomas Murry

2008	44,492	59,844	104,336
2007	50,328	0	50,328
2006	0	395,264	395,264

Allen E. Sirkin

2008	0	690,022	690,022
2007	0	692,550	692,550
2006	586,433	0	586,433

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Under FASB Statement No. 123R, the fair value of each stock option award is estimated as of the grant date using the Black-Scholes-Merton option valuation model. The compensation expense related to the fair value of an award of stock options is recognized on a straight-line basis over the award's vesting period. The following table sets forth the assumptions used in the model for option awards that were recognized as compensation expense in 2008, 2007 and 2006 in our financial statements, but were granted in 2008, 2007, 2006, 2005 and 2004:

	2008	2007	2006	2005	2004
Weighted average fair value	\$ 12.11	\$ 24.02	\$ 15.59	\$ 10.19	\$ 5.84
Weighted average risk-free interest rate	2.78%	4.68%	4.69%	4.15%	3.76%
Weighted average dividend yield	0.41%	0.26%	0.38%	0.48%	0.79%
Weighted average expected volatility	29.50%	33.30%	33.20%	25.90%	26.90%
Weighted average expected life, in years	6.3	6.3	6.1	6.0	6.0

(4) The compensation reported in this column includes payouts under our Performance Incentive Bonus Plan and payouts under our Long-Term Incentive Plan, as detailed in the table below.

Name	Fiscal Year	Performance Incentive Bonus Plan (\$)	Long-Term Incentive Plan (\$)	Total Non-Equity Incentive Plan Compensation (\$)
Emanuel Chirico	2008	0	1,874,205	1,874,205
	2007	1,475,000	1,600,000	3,075,000
	2006	2,000,000	1,500,000	3,500,000
Michael A. Shaffer	2008		N/A	
	2007	0		0
	2006	628,188	N/A	628,188
Francis K. Duane	2008	0	299,873	299,873
	2007	527,000	320,000	847,000
	2006	1,520,000	N/A	1,520,000
Paul Thomas Murry	2008	0	N/A	0
	2007	1,396,125	N/A	1,396,125
	2006	1,275,000	N/A	1,275,000
Allen E. Sirkin	2008	0	466,158	466,158
	2007	1,201,200	500,500	1,701,700
	2006	1,890,000	N/A	1,890,000

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(5) The amounts reported in this column consist of the changes in values under our Pension Plan and Supplemental Pension Plan and under our named Executive Officer's capital accumulation program agreement, if any, as follows:

Name	Fiscal Year	Change in Pension Plan Value (\$)	Change in Supplemental Pension Plan Value (\$)	Change in Capital Accumulation Program Value (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)
Emanuel Chirico	2008	15,955		(59,457)	100,228
	2007	1,008	143,730	(68,182)	49,076
	2006	15,841	275,043	109,371	400,255
Michael A. Shaffer	2008	8,937	31,023	N/A	39,960
	2007)	31,588	N/A	28,382
	2006	(3,206 10,896	33,855	N/A	44,751
Francis K. Duane	2008	15,442	94,647	54,150	164,239
	2007	4,675	83,540	38,336	126,551
	2006	14,800	119,909	81,159	215,868
Paul Thomas Murry	2008			N/A	225,254
	2007	23,956 14,093	201,298 166,587	N/A	180,680
	2006	19,711	179,591	N/A	199,302
Allen E. Sirkin	2008	21,060	372,321	(305,439)	87,942
	2007	7,302	518,749	(255,856)	270,195
	2006	56,183	394,228	80,542	530,953

Additional information regarding our Pension Plan and Supplemental Pension Plan is included in this section under the Pension Benefits table. Additional information regarding our capital accumulation program is included in this section under the heading Termination of Employment and Change In Control Arrangements.

(6) All Other Compensation includes perquisites and payments or contributions required to be made by us under our Associates Investment Plan for Salaried Associates, Supplemental Savings Plan and Executive Medical Reimbursement Insurance Plan.

In 2008, we made contributions under our AIP and our Supplemental Savings Plan in the amounts of \$76,858 for Mr. Chirico; \$30,735 for Mr. Shaffer; \$49,618 for Mr. Duane; \$63,961 for Mr. Murry; and \$29,765 for Mr. Sirkin. In 2007, the amounts of the contributions were \$88,958 for Mr. Chirico; \$32,380 for Mr. Shaffer; \$59,000 for Mr. Duane; \$63,469 for Mr. Murry; and \$68,102 for Mr. Sirkin. In 2006, the amounts of the contributions were \$114,598 for Mr. Chirico; \$26,559 for Mr. Shaffer; \$51,778 for Mr. Duane; \$57,037 for Mr. Murry; and \$56,482 for Mr. Sirkin.

Our Executive Medical Reimbursement Insurance Plan covers eligible employees, including our Named Executive Officers, for most medical charges not covered by our basic medical plan, up to a specified annual maximum. We incurred \$13,750 during 2008 and 2007 and \$11,830 during 2006 as annual premiums for coverage for each of our Named Executive Officers.

Perquisites received from time to time have included clothing allowances, gym memberships, parking and travel, hotel and recreational activities of our executive officers' spouses during off-site budget, planning and strategy meetings. (We did not hold our budget, planning and strategy meetings off-site in 2008 but did in 2007 and 2006.) These amounts are not included in the table as they do not meet the threshold for disclosure, except in the case of Mr. Murry. In 2008 and 2007, Mr. Murry received a clothing allowance for purchases at our *Calvin Klein Collection* store. In 2006, Mr. Murry received a clothing allowance for purchases at our *Calvin Klein Collection* store and additional discounts at our *Calvin Klein Collection* store above the discount provided to all other associates. In addition, Mr. Murry's spouse traveled to and had use of recreational facilities and services in connection with our off-site budget, planning and strategy meetings in 2007 and 2006. These perquisites provided him with a benefit of \$20,000 in 2008, \$22,626 in 2007 and \$27,320 in 2006, which is included in his compensation in this column.

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GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/sh)	Grant Date or Fair Value of Stock and Option Awards(1) (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)				
Emanuel Chirico								26,500			965,925 1,332,100
									110,000	36.45	
	4/9/2008(2)										1,007,380
	4/9/2008(3)	250,000	1,000,000	2,000,000							
	4/30/2008(4) 4/30/2008(5)				9,650	24,100	53,000				
Michael A. Shaffer								8,250			300,713 399,630
									33,000	36.45	
	4/9/2008(2)										96,140
	4/9/2008(3)	71,250	285,000	712,500							
	4/30/2008(4) 4/30/2008(5)				1,150	2,300	4,600				
Francis K. Duane								9,500			346,275 472,290
									39,000	36.45	
	4/9/2008(2)										160,930
	4/9/2008(3)	120,000	480,000	1,200,000							
	4/30/2008(4) 4/30/2008(5)				1,900	3,850	7,750				
Paul Thomas Murry								4,250			154,913 217,980
									18,000	36.45	
	4/9/2008(2)										127,490
	4/9/2008(3)	233,750	510,000	1,275,000							
	4/30/2008(4) 4/30/2008(5)				1,500	3,050	6,150				
Allen E. Sirkin								13,250			482,963
											229,900
	4/9/2008(2)	182,000	682,500	1,774,500							500,005
	4/30/2008(4)										
	4/30/2008(5) 7/1/2008(6)				2,200	5,500	12,100		13,510		

(1) Grant date fair values were computed in accordance with FASB Statement No. 123R. The grant date fair value of performance based stock awards was determined using the target performance level.

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- (2) These amounts represent restricted stock units granted under our 2006 Stock Incentive Plan. Restricted stock units vest in increments of 25%, 25% and 50% on the second, third and fourth anniversaries of the date of grant, respectively, and are settled by the delivery of stock as soon as practicable after the vesting date.
- (3) These amounts represent stock options granted under our 2006 Stock Incentive Plan, which have a 10-year term and vest in four substantially equal installments on each of the first, second, third and fourth anniversaries of the date of grant.
- (4) These amounts represent threshold, target and maximum cash awards under our Performance Incentive Bonus Plan with respect to 2008 performance.
- (5) These amounts represent threshold, target and maximum performance share awards under our 2006 Stock Incentive Plan for the 2008-2010 performance cycle.
- (6) These amounts represent restricted stock units granted under our 2006 Stock Incentive Plan. These restricted stock units vest 50% on each of the third and fourth anniversaries of the date of grant and are settled by the delivery of stock as soon as practicable after the vesting date.

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AND GRANTS OF PLAN-BASED AWARDS TABLE

Employment Contracts

Emanuel Chirico

Our employment agreement with Emanuel Chirico, our Chief Executive Officer, outlines the compensation and benefits to be paid to him, provides for annual review of his salary (currently \$1,000,000 per year) and permits upward adjustments of salary. In addition, the agreement sets forth his rights to severance upon termination of employment and the restrictive covenants in our favor to which he has agreed.

Generally, Mr. Chirico is entitled to severance only if his employment is terminated by us without cause or if he terminates his employment for good reason. Cause is generally defined as (1) gross negligence or willful misconduct in Mr. Chirico's performance of the material responsibilities of his position, which results in material economic harm to us or our affiliates or in reputational harm causing demonstrable injury to us or our affiliates; (2) Mr. Chirico's willful and continued failure to perform substantially his duties (other than any such failure resulting from incapacity due to physical or mental illness); (3) Mr. Chirico's conviction of, or plea of guilty or *nolo contendere* to, a felony within the meaning of U.S. Federal, state or local law (other than a traffic violation); (4) Mr. Chirico's having willfully divulged, furnished or made accessible any confidential information (as defined); or (5) any act or failure to act by Mr. Chirico, which, under the provisions of applicable law, disqualifies him from acting in his position. Good reason is generally defined as (i) the assignment to Mr. Chirico of any duties inconsistent in any material respect with his position or any other action that results in a material diminution in such position; (ii) a reduction of base salary; (iii) the taking of any action that substantially diminishes (A) the aggregate value of Mr. Chirico's total compensation opportunity, and/or (B) the aggregate value of the employee benefits provided to him; (iv) requiring that Mr. Chirico's services be rendered primarily at a location or locations more than 35 miles from the Company's principal executive offices; (v) solely after a change in control of the Company, a change in the Chairman of the Board of Directors such that neither the person holding such position nor Mr. Chirico, is serving as the Chairman at any time during the one-year period following such change in control (other than as a result of such person's cessation of service due to death or disability); or (vi) our failure to require any successor to assume expressly and agree to perform Mr. Chirico's employment agreement.

In the event of a termination of employment without cause or for good reason (other than during the two-year period after a change in control), Mr. Chirico is entitled to two times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs. All such payments are payable in accordance with our payroll schedule in 48 substantially equal installments. The agreement provides that during the two-year period following Mr. Chirico's termination of employment without cause or for good reason (other than during the two-year period after a change in control), medical, dental, life and disability insurance coverages are continued for Mr. Chirico (and his family, to the extent participating prior to termination of employment), subject to cessation if he obtains replacement coverage from another employer (although there is no duty to seek employment or mitigate damages). Mr. Chirico is required to pay the active employee rate, if any, for such insurance coverages. Mr. Chirico also is entitled to severance upon the termination of his employment by us without cause or by him for good reason within two years after a change in control of the Company (as defined in the agreement). In either such case, he will receive an aggregate amount equal to three times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs plus an amount equal to the average annual cash awards (if any) paid to and/or accrued with respect to him during our two most recently completed fiscal years preceding the date of termination under our Long-Term Incentive Plan. This amount will be paid in a lump sum, if the change in control constitutes a change in the ownership or a change in the effective control of the Company or a change in the ownership of a substantial portion of a corporation's assets (each within the meaning of Section 409A). This amount will be paid in 72 substantially equal payments, if the change in control does not constitute a change in the ownership or a change in the effective control of the

Company or a change in the ownership of a substantial portion of a corporation's assets under Section 409A. Mr. Chirico also receives comparable medical, dental, life and disability insurance coverage for himself and his family for the three years after such a termination. In addition, if any payments, entitlements or benefits received by Mr. Chirico under his agreement or otherwise are subject to the excise tax on excess parachute payments, he is entitled to an additional payment to restore him to the after-tax position that he would have been in if the excise tax had not been imposed.

The agreement with Mr. Chirico also includes certain restrictive covenants in favor of the Company. The covenants include prohibitions against his use of confidential information, competing against us or accepting employment with a competitor, interfering with our business relationships and soliciting our employees for employment by himself or anyone else.

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Michael A. Shaffer

Our employment agreement with Michael A. Shaffer, our Chief Financial Officer, outlines the compensation and benefits to be paid to him, provides for an annual review of his salary (currently \$475,000 per year) and permits upward adjustments of salary. In addition, the agreement sets forth his rights to severance upon termination of employment and the restrictive covenants in our favor to which he has agreed. Generally, Mr. Shaffer is entitled to severance only if employment is terminated by us without cause or if he terminates his employment for good reason. The definition of cause under Mr. Shaffer's agreement is substantially the same as under Mr. Chirico's employment agreement. Good reason is generally defined as (i) the assignment to Mr. Shaffer of any duties inconsistent in any material respect with his position or any other action that results in a material diminution in such position; (ii) a reduction of base salary; (iii) the taking of any action that substantially diminishes (A) the aggregate value of Mr. Shaffer's total compensation opportunity, and/or (B) the aggregate value of the employee benefits provided to him; (iv) requiring that Mr. Shaffer's services be rendered primarily at a location or locations more than 75 miles from the Company's principal executive offices; or (v) our failure to require any successor to assume expressly and agree to perform Mr. Shaffer's employment agreement.

In the event of a termination of employment without cause or for good reason (other than during the two-year period after a change in control), Mr. Shaffer is entitled to one and a half times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs. All such payments are payable in accordance with our payroll schedule in 36 substantially equal installments. The agreement provides that during the 18-month period following Mr. Shaffer's termination of employment without cause or for good reason (other than during the two-year period after a change in control), medical, dental, life and disability insurance coverage are continued for Mr. Shaffer (and his family, to the extent participating prior to termination of employment), subject to cessation if he obtains replacement coverage from another employer (although there is no duty to seek employment or mitigate damages). Mr. Shaffer is required to pay the active employee rate, if any, for such coverage. Mr. Shaffer also is entitled to severance upon the termination of his employment by us without cause or by him for good reason within two years after a change of control of the Company (as defined in the agreement). In either such case, Mr. Shaffer would receive an aggregate amount equal to two times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs. This amount will be paid in a lump sum, if the change in control constitutes a change in the ownership or a change in the effective control of the Company or a change in the ownership of a substantial portion of a corporation's assets (each within the meaning of Section 409A). This amount will be paid in 48 substantially equal payments, if the change in control does not constitute a change in the ownership or a change in the effective control of the Company or a change in the ownership of a substantial portion of a corporation's assets under Section 409A. Mr. Shaffer also receives comparable medical, dental, life and disability insurance coverage for himself and his family for a two-year period after such a termination. In addition, if any payments, entitlements or benefits received by Mr. Shaffer under his agreement are subject to the excise taxes on excess parachute payments, he is entitled to an additional payment to restore him to the after-tax position that he would have been in if the excise tax had not been imposed.

The agreement with Mr. Shaffer also includes certain restrictive covenants in favor of the Company. The covenants include a prohibition against, or limitations on, his use of confidential information, competing against us or accepting employment with a competitor, interfering with our business relationships and soliciting our employees for employment by himself or anyone else.

Allen E. Sirkin

Our employment agreement with Allen E. Sirkin, our President and Chief Operating Officer, outlines the compensation and benefits to be paid to him during his employment. The agreement expires on the date of our Annual Meeting of Stockholders in 2011. Mr. Sirkin's employment agreement provides that his annual base salary, which is currently \$910,000, will increase to \$950,000 effective June 1, 2009 and to \$1,000,000 effective June 1, 2010. Additionally, Mr. Sirkin will be granted awards of restricted stock units, each with a fair market value on the date of grant of at least \$1,250,000, on the dates in calendar year 2009 and 2010 that annual grants of equity awards are made to the other executive

officers of the Company, provided that Mr. Sirkin is employed in his current position on each such date. These grants will be on substantially the same terms and conditions as the awards of restricted stock units previously made to our executive officers and are in lieu of, and not in addition to, the annual grants of stock options and restricted stock units that Mr. Sirkin might otherwise have been granted consistent with past practice. Mr. Sirkin's employment agreement also provides for him to receive additional grants of restricted stock units, with a grant date value of \$500,000, on the dates of the 2009 and 2010 Annual Meetings of Stockholders, provided that Mr. Sirkin is employed in his current position on each such date. These grants were agreed to as consideration for Mr. Sirkin agreeing to extend his employment, delay his retirement and provide for a smooth transition of his duties and responsibilities. Mr. Sirkin's agreement also sets forth his rights to severance upon termination of employment. Generally, Mr. Sirkin is entitled to severance only if employment is

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terminated by us without cause or if he terminates his employment for good reason. The definitions of cause and good reason under Mr. Sirkin's agreement are substantially the same as under Mr. Chirico's employment agreement, other than for the exclusion of clause (v) of the good reason definition.

In the event of a termination of employment without cause or for good reason (other than during the two-year period after a change in control), Mr. Sirkin is entitled to two times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs. All such payments are payable in accordance with our payroll schedule in 48 substantially equal installments. The agreement provides that during the period in which severance is paid following Mr. Sirkin's termination of employment without cause or for good reason (other than during the two-year period after a change in control), medical, dental, life and disability insurance coverage are continued for Mr. Sirkin (and his family, to the extent participating prior to termination of employment), subject to cessation if he obtains replacement coverage from another employer (although there is no duty to seek employment or mitigate damages). Mr. Sirkin is required to pay the active employee rate, if any, for such coverage. Mr. Sirkin also is entitled to severance upon the termination of his employment by us without cause or by him for good reason within two years after a change of control of the Company (as defined in the agreement). In either such case, Mr. Sirkin will receive an aggregate amount equal to two times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs. This amount will be paid in a lump sum, if the change in control constitutes a change in the ownership or a change in the effective control of the Company or a change in the ownership of a substantial portion of a corporation's assets (each within the meaning of Section 409A). This amount will be paid in 48 substantially equal payments, if the change in control does not constitute a change in the ownership or a change in the effective control of the Company or a change in the ownership of a substantial portion of a corporation's assets under Section 409A. Mr. Sirkin also receives comparable medical, dental, life and disability insurance coverage for himself and his family for a two-year period after such a termination. In addition, if any payments, entitlements or benefits received by Mr. Sirkin under his agreement are subject to the excise taxes on excess parachute payments, he is entitled to an additional payment to restore the executive to the after-tax position that he would have been in if the excise tax had not been imposed.

The agreement with Mr. Sirkin also includes certain restrictive covenants in favor of the Company. The covenants include prohibitions against his use of confidential information, competing against us or accepting employment with a competitor, interfering with our business relationships and soliciting our employees for employment by himself or anyone else.

Francis K. Duane and Paul Thomas Murry

We have employment agreements with each of Messrs. Duane and Murry. These agreements outline the compensation and benefits to be paid to these executives during their employment. The agreements provide for an annual review of their respective salaries (currently \$800,000 per year for Mr. Duane and \$850,000 for Mr. Murry) and permit upward adjustments of salary. In addition, the agreements set forth these executives' rights to severance upon termination of employment. Generally, each of them is entitled to severance only if employment is terminated by us without cause or if he terminates his employment for good reason. The definitions of cause and good reason under these executives' agreements are substantially the same as under Mr. Chirico's employment agreement, other than for the exclusion of clause (v) of the good reason definition.

Each of these executives is entitled to one and a half times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs in the event of a termination of employment without cause or for good reason (other than during the two-year period after a change in control). All such payments are payable in accordance with our payroll schedule in 36 substantially equal installments. The agreement provides that during the 18-month period following the termination of either executive's employment without cause or for good reason (other than during the two-year period after a change in control), medical, dental, life and disability insurance coverage are continued for such executive (and his family, to the extent participating prior to termination of employment), subject to cessation if the executive obtains replacement coverage from another employer (although there is no

duty to seek employment or mitigate damages). Such executive is required to pay the active employee rate, if any, for such coverage. These executives also are entitled to severance upon the termination of their employment by us without cause or by them for good reason within two years after a change of control of the Company (as defined in the agreements). In either such case, the executive will receive an aggregate amount equal to two times the sum of his base salary plus an amount equal to the bonus that would be payable if target level performance were achieved in respect of the fiscal year during which the termination occurs (or the prior fiscal year if bonus levels have not yet been established for the year of termination). This amount will be paid in a lump sum, if the change in control constitutes a change in the ownership or a change in the effective control of the Company or a change in the ownership of a substantial portion of a corporation's assets (each within the meaning of Section 409A). This amount will

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be paid in 48 substantially equal payments, if the change in control does not constitute a change in the ownership or a change in the effective control of the Company or a change in the ownership of a substantial portion of a corporation's assets under Section 409A. These executives also receive comparable medical, dental, life and disability insurance coverage for themselves and their families for a two-year period after such a termination. In addition, if any payments, entitlements or benefits received by an executive under his agreement are subject to the excise taxes on excess parachute payments, the executive is entitled to an additional payment to restore the executive to the after-tax position that he would have been in if the excise tax had not been imposed.

The agreements also include certain restrictive covenants in favor of the Company. The covenants include prohibitions against the use of confidential information, competing against us or accepting employment with a competitor, interfering with our business relationships and soliciting our employees for employment by themselves or anyone else.

Other Arrangements

There are a number of other arrangements that would result in payments or other benefits to some or all of our Named Executive Officers upon a termination of employment or in the event of a change in control, in addition to the severance arrangements described above.

2006 Stock Incentive Plan; Stock Option Plans

Our 2006 Stock Incentive Plan, as further described in Compensation Discussion and Analysis Key Elements of Compensation Long-Term Incentives, provides for the granting of options (both incentive stock options and nonqualified stock options), restricted stock, restricted stock units, stock appreciation rights, performance shares and other stock-based awards. We have only granted nonqualified stock options, restricted stock units and performance shares under the Plan, to date. We also have stock options (consisting of both incentive and nonqualified stock options) outstanding under stock option plans that have been terminated, except with respect to the outstanding options.

The following describes the effect upon stock options, restricted stock units and performance share awards in the event of a termination of employment or change in control.

Stock Options

All outstanding stock options, whether awarded under our 2006 Stock Incentive Plan or one of the terminated stock option plans, become immediately exercisable in full upon a change in control of the Company. In addition, in the event of the death or, for options granted prior to May 3, 2007, retirement of an optionee, all outstanding options generally become immediately exercisable. Options granted on or after May 3, 2007 are forfeited immediately if the recipient retires prior to December 31 of the year in which the options were granted. If such options are not thereafter exercised, they will terminate, generally within three months after the qualification of the representative of such optionee's estate in the event of such optionee's death or three years of such optionee's retirement. In all other circumstances, all unexercisable options will terminate upon the termination of the optionee's employment. If an optionee leaves our employ prior to his or her death or retirement, for any reason other than a termination for cause, any then exercisable options previously granted to but not exercised by such optionee will terminate within 90 days

of such optionee's termination of employment. All exercisable options will terminate upon an optionee's termination of employment in the event an optionee is terminated for cause. Each of our Named Executive Officers holds options under these plans.

Restricted Stock Units

All outstanding restricted stock units vest in full in the event of the death of the recipient, as well as upon a change in control of the Company. In addition, in the event of the retirement of a recipient of restricted stock units, all restricted stock units vest in full, except that restricted stock units granted after May 3, 2007 are forfeited immediately if the recipient retires prior to December 31 of the year in which the restricted stock units were granted. When the recipient's employment terminates (except when due to retirement or death), unvested restricted stock units are forfeited immediately. Each of our Named Executive Officers holds restricted stock units.

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Performance Share Awards

The following sets forth the effect upon performance share awards of certain triggering events occurring during a performance cycle:

Death	The participant's estate will receive the target level payout, prorated to reflect the portion of the performance cycle worked by the participant.
Change in Control	The participant will receive the target level payout, prorated to reflect the portion of the performance cycle worked by the participant.
Disability	The participant will receive the payout, if any, that would have been payable to the participant for the performance cycle, prorated to reflect the portion of the performance cycle worked by the participant.
Retirement	If at least 12 months of the performance cycle has elapsed, the participant will receive the payout, if any, that would have been payable to the participant for the performance cycle, prorated to reflect the portion of the performance cycle worked by the participant.
Termination Without Cause	If less than 12 months of the performance cycle has elapsed, the participant will not receive a payout.
Termination For Good Reason (1)	

(1) Good reason is as defined under the participant's employment agreement. In the case of awards made during 2007, the Compensation Committee has the discretion whether to pay out any or all of the award.

In all other cases, a participant must be employed by us on the last day of the performance cycle in order to remain eligible to receive an award. The payout payable in the event of death or a change in control will be paid within 30 days of death or the change in control, as the case may be, unless to do so would trigger the imposition of additional taxes under Section 409A of the Internal Revenue Code, in which case payment will be delayed for six months and the amounts owed will accrue interest at a rate based on the 10-year Treasury bill. Each of our Named Executive Officers has received an award of performance shares.

Performance Incentive Bonus Plan

We pay annual cash bonuses under our Performance Incentive Bonus Plan, based upon corporate and/or divisional performance, as further described in Compensation Discussion and Analysis Key Elements of Compensation Short-Term Incentives Performance Incentive Bonus Plan. The following sets forth the effect upon Plan awards of certain triggering events occurring during a performance cycle:

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Death	The participant's estate will receive the target level bonus, prorated to reflect the portion of the performance cycle worked by the participant.
Change in Control	The participant will receive the target level bonus, prorated to reflect the portion of the performance cycle worked by the participant.
Disability	The participant will receive the bonus, if any, that would have been payable to the participant for the performance cycle, prorated to reflect the portion of the performance cycle worked by the participant.
Retirement	
Termination Without Cause	The participant will not receive any bonus.
Termination For Good Reason (1)	

(1) Good reason is as defined under the participant's employment agreement.

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In all other cases, a participant must be employed by us at the end of the performance cycle in order to remain eligible to receive an award. The bonus payable in the event of death or a change in control will be paid within 30 days of death or the change in control, as the case may be, unless to do so would trigger the imposition of additional taxes under Section 409A of the Internal Revenue Code, in which case payment will be delayed for six months and the amounts owed will accrue interest at a rate based on the 10-year Treasury bill. Each of our Named Executive Officers is a participant in our Performance Incentive Bonus Plan.

Long-Term Incentive Plan

We make cash payments under our Long-Term Incentive Plan based upon corporate performance over performance cycles in excess of 12 months, as further described in Compensation Discussion and Analysis Key Elements of Compensation Long-Term Incentives Long-Term Incentive Plan Awards and Performance Share Awards. The following sets forth the effect upon LTIP awards of certain triggering events occurring during a performance cycle:

Death	The participant's estate will receive the target level payout, prorated to reflect the portion of the performance cycle worked by the participant.
Change in Control	The participant will receive the target level payout, prorated to reflect the portion of the performance cycle worked by the participant.
Disability	The participant will receive the payout, if any, that would have been payable to the participant for the performance cycle, prorated to reflect the portion of the performance cycle worked by the participant.
Retirement	If at least 12 months of the performance cycle has elapsed, the participant will receive the payout, if any, that would have been payable to the participant for the performance cycle, prorated to reflect the portion of the performance cycle worked by the participant.
Termination Without Cause	If less than 12 months of the performance cycle has elapsed, the participant will not receive a payout.
Termination For Good Reason (1)	

(1) Good reason is as defined in the participant's employment agreement.

In all other cases, a participant must be employed by us at the end of the performance cycle. The award payable in the event of death or a change in control will be paid within 30 days of death or the change in control, as the case may be, unless to do so would trigger the imposition of additional taxes under Section 409A of the Internal Revenue Code, in which case payment will be delayed for six months and the amounts owed will accrue interest at a rate based on the 10-year Treasury bill.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Name	Date of Grant	OPTION AWARDS (1)				STOCK AWARDS			Equity Incentive Plans Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (3) (\$)
		Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (2) (#)	Market Value of Shares or Units of Stock That Have Not Vested (3) (\$)	Equity Incentive Plans Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	
Emanuel Chirico	4/22/2002	10,000	0	14.92	4/22/2012				
	4/2/2003	20,000	0	12.34	4/2/2013				
	4/29/2004	120,000	0	18.53	4/29/2014				
	3/3/2005	90,000	30,000	28.13	3/3/2015				
	1/17/2006	90,000	30,000	35.63	1/17/2016				
	3/27/2006	100,000	100,000	38.98	3/27/2016				
	4/12/2007	17,500	52,500	58.57	4/12/2017				
	4/9/2008	0	110,000	36.45	4/9/2018				
	4/12/2007					17,500	332,850		
	4/9/2008					26,500	504,030		
	5/2/2007							10,200(4)	194,004
	4/30/2008							9,650(5)	183,543
Michael A. Shaffer	4/2/2003	2,500	0	12.34	4/2/2013				
	4/27/2004	7,500	0	19.10	4/27/2014				
	5/2/2005	15,000	5,000	25.88	5/2/2015				
	1/17/2006	15,000	5,000	35.63	1/17/2016				
	3/27/2006	10,000	10,000	38.98	3/27/2016				
	4/5/2007	5,000	15,000	58.60	4/5/2017				
	4/9/2008	0	33,000	36.45	4/9/2018				
	4/5/2007					5,000	95,100		
	4/9/2008					8,250	156,915		
	5/2/2007							900(4)	17,118
	4/30/2008							1,150(5)	21,873
Francis K. Duane	4/27/2004	25,000	0	19.10	4/27/2014				
	5/2/2005	33,750	11,250	25.88	5/2/2015				
	1/17/2006	33,750	11,250	35.63	1/17/2016				
	3/27/2006	5,000	5,000	38.98	3/27/2016				
	4/5/2007	6,000	18,000	58.6	4/5/2017				
	4/9/2008	0	39,000	36.45	4/9/2018				
	4/5/2007					6,000	114,120		
	4/9/2008					9,500	180,690		
	5/2/2007							1,500(4)	28,530
	4/30/2008							1,900(5)	36,138
Paul Thomas Murry	4/2/2003	7,500	0	12.34	4/2/2013				
	4/27/2004	7,500	0	19.10	4/27/2014				
	5/2/2005	5,625	5,625	25.88	5/2/2015				
	1/17/2006	11,250	5,625	35.63	1/17/2016				
	4/5/2007	2,500	7,500	58.6	4/5/2017				
	4/9/2008	0	18,000	36.45	4/9/2018				

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	4/5/2007			2,500		47,550		
	4/9/2008			4,250		80,835		
	5/2/2007						1,200(4)	22,824
	4/30/2008						1,500(5)	28,530
Allen E. Sirkin	4/22/2002	7,500	0	14.92	4/22/2012			
	4/2/2003	12,136	0	12.34	4/2/2013			
	4/27/2004	55,300	0	19.10	4/27/2014			
	5/2/2005	33,750	11,250	25.88	5/2/2015			
	1/17/2006	33,750	11,250	35.63	1/17/2016			
	3/27/2006	75,000	60,000	38.98	3/27/2016			
	4/5/2007					7,500	142,650	
	4/9/2008					13,250	252,015	
	7/1/2008					13,510	256,960	
	5/2/2007						1,700(4)	32,334
	4/30/2008						2,200(5)	41,844

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(1) These awards consist of stock options that vest in four substantially equal installments on each of the first, second, third and fourth anniversaries of the date of grant, except for the award granted on March 27, 2006 to Mr. Sirkin, which vested in installments of 15,000 shares six months after the date of grant and 60,000 shares on each of the second and third anniversaries of the date of grant.

(2) These awards consist of restricted stock units that vest in increments of 25%, 25% and 50% on the second, third and fourth anniversaries of the date of grant, respectively, except for the award granted on July 1, 2008 to Mr. Sirkin, which vests 50% on each of the third and fourth anniversaries of the date of grant.

(3) The market value of unvested restricted stock units and unvested performance shares was calculated by multiplying the number of units or shares by \$19.02, the closing stock price of our Common Stock on January 30, 2009, the last business day of 2008.

(4) These awards consist of performance shares at the threshold award level that would vest in January 2010 if the performance criteria are satisfied.

(5) These awards consist of performance shares at the threshold award level that would vest in January 2011 if the performance criteria are satisfied.

OPTION EXERCISES AND STOCK VESTED

Name	OPTION AWARDS		STOCK AWARDS	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired Upon Vesting (#)	Value Realized Upon Vesting (1) (\$)
Emanuel Chirico	0	0	0	0
Michael A. Shaffer	0	0	1,366	25,981
Francis K. Duane	0	0	0	0
Paul Thomas Murry	0	0	1,822	34,654
Allen E. Sirkin	0	0	0	0

(1) The value realized on vesting equals the number of shares vested multiplied by \$19.02, the closing stock price on January 30, 2009, the last business day of 2008.

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PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (1) (\$)	Payments During Last Fiscal Year (\$)
Emanuel Chirico	Pension Plan (2), (3)	14	139,692	0
	Supplemental Pension Plan (2), (3)	14	1,234,375	0
	Capital Accumulation Program (4)	10	752,928	0
Michael A. Shaffer	Pension Plan (2), (3)	18	98,613	0
	Supplemental Pension Plan (2), (3)	18	146,488	0
Francis K. Duane	Pension Plan (2), (3)	10	103,707	0
	Supplemental Pension Plan (2), (3)	10	704,869	0
	Capital Accumulation Program (4)	3	351,052	0
Paul Thomas Murry	Pension Plan (2), (3)	6	105,659	0
	Supplemental Pension Plan (2), (3)	6	843,492	0
Allen E. Sirkin	Pension Plan (2), (3)	22	577,911	0
	Supplemental Pension Plan (2), (3)	22	3,335,758	0
	Capital Accumulation Program (4)	10	1,803,502	0

(1) Please see Note 10, Retirement and Benefit Plans, in the Notes to Consolidated Financial Statements included in Item 8 of our Annual Report on Form 10-K for the year ended February 1, 2009 for the assumptions used in calculating the present value of the accumulated benefit. The present value of the accumulated benefit for the capital accumulation program was calculated using a settlement rate of 2.87%, which is equal to the 10-year Treasury bill rate on January 30, 2009, the last business day of 2008.

(2) Pension Plan and Supplemental Pension Plan service credit and actuarial values are calculated as of January 30 2009, which is the pension plan measurement date that we use for financial statement reporting purposes. Retirement age is the plan's normal retirement age or the earliest time when a participant may retire without an age-based reduction.

(3) Actuarial values are based on the RP-2000 (projected to 2009) mortality table.

(4) Capital accumulation program credited service relates to the number of full years of vesting credit accrued by our named Executive Officer based on the effective date of his underlying agreement under the program. The benefit is fully vested after 10 years. Retirement age is the program's normal retirement age or the earliest time when a participant may retire without an age-based reduction.

Table of Contents**Defined Benefit Plans***Pension Plan*

Our Pension Plan is a qualified defined benefit plan. This plan is open to salaried, hourly-paid clerical and retail associates with a few exceptions. Salaried employees are eligible to participate in the Pension Plan on the first day of the calendar quarter after they have completed one year of service in which they have worked at least 1,000 hours.

The benefits under our Pension Plan are generally based on a participant's career average compensation excluding relocation pay, sign-on bonus, clothing allowance, Long-Term Incentive Plan pay and education expenses. Pre-2000 benefits for current salaried employees are based on pre-2000 last five-years' average compensation, unless the participant's career average compensation is greater than the last five-years' average.

The participant's prior service benefit and future service benefit are added together to determine the total retirement benefit from our Pension Plan. The prior service benefit is calculated by taking 1.00% of the past service compensation, plus 0.50% of the past service compensation over the Social Security average breakpoint (dollar amount determined by the year in which the participant reaches Social Security Normal Retirement Age), multiplied by the prior benefit service at January 1, 2000. The future service benefit is calculated by taking 1.00% of each year's future service compensation, plus 0.50% of each year's future service compensation over the Social Security covered compensation breakpoint for each year of benefit service, assuming that the total benefit service (including prior service) does not exceed 35 years.

The pension benefits are vested after completion of five years of service or, if earlier, when the participant becomes totally and permanently disabled, or reaches age 65. The benefits of each of our Named Executive Officers under the Pension Plan are fully vested.

If a break in service occurs due to the birth or adoption of a child, or related childcare in a plan year in which a participant is credited with less than 501 hours of service, a participant will be credited with 501 hours of service to prevent a break in service. A participant will not incur a break in service due to any leave of absence in accordance with the provisions of the Family and Medical Leave Act of 1993 or on account of military duty, provided they return to work within the period in which they are entitled to re-employment under Federal law.

Pension benefits become payable on the first of the month following retirement, which is normally at age 65. Participants who have completed 10 or more years of service are eligible for early retirement, however, they must wait until they obtain age 55 before commencement of benefit payments. Participants who terminate employment prior to age 55 and have worked 10 or more years will receive reduced benefits based on the factors in the following table:

Age at Commencement	Early Retirement Factor
55	40.00%
56	43.00%
57	46.00%

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58	50.00%
59	55.00%
60	60.00%
61	66.00%
62	73.00%
63	81.00%
64	90.00%
65	100%

Messrs. Chirico, Duane and Shaffer are eligible for reduced early retirement benefits.

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We will subsidize the early retirement benefit for participants who are at least age 55 and have 10 or more years of service when they retire as follows:

Age at Commencement	Years of Service										
	10	11	12	13	14	15	16	17	18	19	20
64	95.00%	95.15%	95.30%	95.45%	95.60%	95.75%	95.90%	96.05%	96.20%	96.35%	96.50%
63	90.00%	90.30%	90.60%	90.90%	91.20%	91.50%	91.80%	92.10%	92.40%	92.70%	93.00%
62	85.00%	85.45%	85.90%	86.35%	86.80%	87.25%	87.70%	88.15%	88.60%	89.05%	89.50%
61	80.00%	80.60%	81.20%	81.80%	82.40%	83.00%	83.60%	84.20%	84.80%	85.40%	86.00%
60	75.00%	75.75%	76.50%	77.25%	78.00%	78.75%	79.50%	80.25%	81.00%	81.75%	82.50%
59	70.00%	70.90%	71.80%	72.70%	73.60%	74.50%	75.40%	76.30%	77.20%	78.10%	79.00%
58	65.00%	66.05%	67.10%	68.15%	69.20%	70.25%	71.30%	72.35%	73.40%	74.45%	75.50%
57	60.00%	61.20%	62.40%	63.60%	64.80%	66.00%	67.20%	68.40%	69.60%	70.80%	72.00%
56	55.00%	56.35%	57.70%	59.05%	60.40%	61.75%	63.10%	64.45%	65.80%	67.15%	68.50%
55	50.00%	51.50%	53.00%	54.50%	56.00%	57.50%	59.00%	60.50%	62.00%	63.50%	65.00%

Early Retirement Factor

Age at Commencement	Years of Service									
	21	22	23	24	25	26	27	28	29	30
64	96.65%	96.80%	96.95%	97.10%	97.25%	97.40%	97.55%	97.70%	97.85%	98.00%
63	93.30%	93.60%	93.90%	94.20%	94.50%	94.80%	95.10%	95.40%	95.70%	96.00%
62	89.95%	90.40%	90.85%	91.30%	91.75%	92.20%	92.65%	93.10%	93.55%	94.00%
61	86.60%	87.20%	87.80%	88.40%	89.00%	89.60%	90.20%	90.80%	91.40%	92.00%
60	83.25%	84.00%	84.75%	85.50%	86.25%	87.00%	87.75%	88.50%	89.25%	90.00%
59	79.90%	80.80%	81.70%	82.60%	83.50%	84.40%	85.30%	86.20%	87.10%	88.00%
58	76.55%	77.60%	78.65%	79.70%	80.75%	81.80%	82.85%	83.90%	84.95%	86.00%
57	73.20%	74.40%	75.60%	76.80%	78.00%	79.20%	80.40%	81.60%	82.80%	84.00%
56	69.85%	71.20%	72.55%	73.90%	75.25%	76.60%	77.95%	79.30%	80.65%	82.00%
55	66.50%	68.00%	69.50%	71.00%	72.50%	74.00%	75.50%	77.00%	78.50%	80.00%

Early Retirement Factor

Both Messrs. Sirkin and Murry are eligible for subsidized early retirement benefits.

Benefits under the Pension Plan become payable on the first of the month following retirement, normally at age 65, absent any election by a participant to commence the payment of benefits at a different time. Benefits are payable in one of the following ways:

- **Life Only Annuity:** If a participant is not married or married less than 12 months when payments begin and does not elect an optional payment method, he or she will receive the full amount of his or her benefit in equal monthly installments for the rest of his or her life. Payments begin on the first of the month following the retirement date. After death, no additional payments are made.
- **50% Joint & Survivor Annuity:** If a participant is married for at least 12 months when payments begin, he or she will receive his or her benefit as a 50% Joint & Survivor Annuity absent election (and spousal consent) for an optional payment form. Under this option, a participant will receive a reduced monthly benefit during his or her lifetime. After the participant's death, his or her spouse receives a benefit equal to 50% of the monthly benefit the participant was receiving. If the spouse dies before the participant, but after the participant begins receiving payments, the participant will continue to receive the same benefit amount during his or her lifetime and no additional payments are made after death.

- 100% (or 75% or 66 2/3%) Joint & Survivor Annuity: A participant will receive a reduced lifetime benefit under this option. The participant names a beneficiary and chooses the percentage of his or her benefit to continue to that individual after the participant's death. After death, the beneficiary receives the percentage of benefit elected (100%, 75% or 66

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2/3%) for the remainder of his or her life. The participant's age at the date benefits commence, the beneficiary's age and the percentage elected to continue after death affect the amount of the benefit received during the participant's lifetime.

- **Life & Period Certain Annuity:** A participant will receive a reduced lifetime benefit in equal monthly installments with payments guaranteed for at least the period of time elected (between 1 and 15 years) under this option. Payments continue for the rest of the participant's life even if he or she lives longer than the period of time elected. However, if the participant receives less than the minimum number of payments before death, the same monthly benefit continues to the beneficiary until the combined total number of installment payments are made.

- **Full Refund Annuity:** A participant will receive a reduced benefit for his or her lifetime, payable in equal monthly installments under this option. If the participant dies before receiving the full single lump sum value of his or her benefit, determined at the date he or she retires, the balance will be paid to his or her beneficiary in a single lump sum payment. In addition, payments will continue to be paid for the rest of the participant's life, even if the guaranteed lump sum value is exceeded.

- **Social Security Equalization:** This option allows a participant to receive an increased monthly payment from the Plan initially if a participant retires early and begins receiving payments from the Plan before he or she is eligible for Social Security benefits. After Social Security benefits begin, the monthly payment from the Plan is reduced. This option does not provide any survivor benefits and, therefore, no benefit is payable after death.

Supplemental Pension Plan

Our Supplemental Pension Plan is a non-qualified defined benefit plan. Certain management and highly paid employees who are participants in our qualified Pension Plan, including our Named Executive Officers, are eligible for benefits under our Supplemental Pension Plan.

Our Supplemental Pension Plan was created in order to provide deferred compensation to those management or highly compensated employees in an effort to promote continuity of management and increased incentive and personal interest in the welfare of the Company by those who are or may become primarily responsible for shaping and carrying out our long range plans and securing our continued growth and financial success.

Our Supplemental Pension Plan is designed to work in conjunction with our Pension Plan. The pension benefit outlined in our Pension Plan is calculated as if there were no compensation limits under the Internal Revenue Code. The maximum benefit allowable is paid out under our Pension Plan and the balance is paid out under our Supplemental Pension Plan.

A participant in our Supplemental Pension Plan will not have any vested interest in such portion of his or her benefit under the Supplemental Pension Plan that accrues after January 1, 2007, unless the sum of his or her attained age and credited vesting years equals or exceeds 65, and while employed by us, they have reached age 50 and have completed at least 10 credited vesting years.

As part of the enrollment process, a participant may elect for benefits to be paid following termination in one of the following three ways:

- In a lump sum within 60 days of termination of employment
- In a lump sum deferred until January 1 of the year following termination of employment
- In five equal annual installments commencing January of the year following termination of employment.

Benefits under the Supplemental Pension Plan are unsecured and are generally payable from our general assets. Payments will be delayed if and to the extent payment within six months of the termination of employment will result in the imposition of additional taxes on the participant pursuant to Section 409A of the Internal Revenue Code. Payments delayed due to the regulations promulgated under Section 409A will accrue interest during the deferral period at the 10-year Treasury bill rate in effect on the first business day of the plan year in which the delayed payment period commences.

Capital Accumulation Program

Our capital accumulation program is a non-qualified defined benefit program that was created to retain a select group of senior executives. Under the program, participants are party to individual agreements under which participants remaining in our employ for a period of 10 years from the date they enter into their agreement are entitled to receive payments equaling a specified benefit after the termination of their employment with us. The benefit vests over a five-year

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period, commencing on the fifth anniversary of the execution of the underlying agreement. Interest accrues on the benefit amount once it is fully vested and the participant has reached age 55. Interest is compounded annually and is equal to the average of the 10-year Treasury bill rate on the first day of each month, until payment commences. The vested portion of the benefit (including any accrued interest) generally is paid in monthly installments over a 10-year period commencing after the participant reaches age 65.

The agreements provide that if a participant's employment with us is terminated following a change in control (as defined), the full undiscounted value of the future payments to be made to the participant thereunder become immediately payable in a lump sum. The benefits under the capital accumulation program agreements are forfeited upon a termination of a participant's employment for cause. Each participant's rights are, however, subject to non-competition and non-disclosure restrictions that automatically terminate upon a change in control of the Company. Messrs. Chirico, Sirkin and Duane are each parties to an agreement with us under the capital accumulation program that provide for benefits of \$2,000,000 each. Payments will be delayed if and to the extent payment within six months of the termination of employment will result in the imposition of additional taxes on the participant pursuant to Section 409A of the Internal Revenue Code. Payments delayed due to the regulations promulgated under Section 409A will accrue interest during the deferral period at a rate per annum, equal to the average of the 10-year Treasury bill rate in effect on the first day of each calendar month during the delay period.

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NONQUALIFIED DEFERRED COMPENSATION (1)

Name	Executive Contributions In Last Fiscal Year (\$)	Registrant Contributions In Last Fiscal Year (\$)	Aggregate Earnings In Last Fiscal Year (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance At Last Fiscal Year (\$)
Emanuel Chirico	134,700	67,350	12,672	0	2,078,015
Michael A. Shaffer	43,984	21,992	(13,904)	0	366,880
Francis K. Duane	242,750	41,385	58,051	0	2,051,323
Paul Thomas Murry	504,641	54,992	72,216	0	2,163,508
Allen E. Sirkin	218,825	20,475	(61,513)	0	3,907,161

(1) Our sole non-qualified deferred compensation plan is our Supplemental Savings Plan.

Supplemental Savings Plan

Our Supplemental Savings Plan is a non-qualified defined contribution plan that was designed to work in conjunction with the AIP to provide key management employees and certain highly compensated employees (as defined under the Internal Revenue Code) sufficient pre-tax retirement savings opportunities. The plan is available to associates with a minimum base salary of \$150,000 who are eligible for and participate in the AIP, including our Named Executive Officers.

Contributions by a participating associate are based on his or her elected deferral rate up to 25% of base pay. Deferrals are directed first to a participant's AIP account up to the maximum amount of eligible pay available under the law. Contributions not allowed under the AIP are made instead to the Supplemental Savings Plan. Eligible pay under the SSP includes all categories of pay eligible under the AIP, as well as payouts under our Performance Incentive Bonus Plan. A participant may also elect to defer up to 25% of bonus compensation into his or her SSP account.

For the Supplemental Savings Plan, we contribute an amount equal to 100% of the first 2% of total compensation contributed by an employee and an amount equal to 25% of the next 4% of total compensation contributed by such employee. For the AIP, we contribute an amount equal to 100% of the first 1% of total compensation contributed by an employee and an amount equal to 50% of the next 5% of total compensation contributed by such employee.

The Supplemental Savings Plan is an unfunded plan. Participant contributions and our matching contributions are not invested in actual securities or maintained in an independent trust for the exclusive benefit of plan participants. Instead, for technical and tax reasons, contributions to the SSP are retained as part of our general assets, a common corporate practice. Therefore, benefits are dependent on our ability to pay them when they become due.

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Participant contributions, as well as our matching contributions, are measured against the 10-year Treasury bill. These contributions accrue interest based on the rate of return for 10-year Treasury bills, as established on January 1 of each calendar year. Several of our Named Executive Officers have current grandfathered balances measured against our Common Stock. Although such balances are not invested in actual Common Stock, the balances are adjusted daily to reflect the fair market value of a share of our Common Stock.

A participant's before-tax contributions in our Supplemental Savings Plan are immediately fully vested. Our matching contributions vest ratably over the first five years of employment or, if earlier, when the participant reaches age 65, dies, or becomes totally and permanently disabled.

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POTENTIAL PAYMENTS UPON TERMINATION AND CHANGE IN CONTROL PROVISIONS

We maintain certain agreements, plans and programs that require us to provide compensation to our Named Executive Officers in the event of a termination of employment or a change in control. A description of these agreements, plans and programs is contained in this Proxy Statement under the heading Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards.

The following tables disclose the potential payments upon termination of employment or change in control with respect to each of our Named Executive Officers. The assumptions used in calculating these amounts are set forth below the last table.

Emanuel Chirico

	Voluntary Termination at February 1, 2009	Retirement at February 1, 2009	Death at February 1, 2009	Disability at February 1, 2009	Termination Without Cause or for Good Reason at February 1, 2009	Termination for Cause at February 1, 2009	Termination Without Cause or for Good Reason Upon Change in Control at February 1, 2009(1)
Severance value (2)	0	0	0	0	4,000,000		