

RALPH LAUREN CORP  
Form 10-K  
May 24, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K**

(Mark One)

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

**For the fiscal year ended March 31, 2012**

**or**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**Commission File Number: 001-13057**

**RALPH LAUREN CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of incorporation or organization)*

**650 Madison Avenue, New York, New York**  
*(Address of principal executive offices)*

**(212) 318-7000**

*(Registrant's telephone number, including area code)*

**13-2622036**  
*(I.R.S. Employer Identification No.)*

**10022**  
*(Zip Code)*

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

<b>Title of Each Class</b>	<b>Name of Each Exchange on Which Registered</b>
<b>Class A Common Stock, \$.01 par value</b>	<b>New York Stock Exchange</b>
<b>Securities registered pursuant to Section 12(g) of the Act: None</b>	

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

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

The aggregate market value of the registrant's voting common stock held by non-affiliates of the registrant was approximately \$7,923,722,282 as of October 2, 2011, the last business day of the registrant's most recently completed second fiscal quarter based on the closing price of the common stock on the New York Stock Exchange.

At May 18, 2012, 61,877,229 shares of the registrant's Class A common stock, \$.01 par value and 30,831,276 shares of the registrant's Class B common stock, \$.01 par value were outstanding.

Part III incorporates information from certain portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days after the fiscal year end of March 31, 2012.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

the loss of key personnel, including Mr. Ralph Lauren;

the impact of global economic conditions, including the ongoing sovereign debt crisis and the recent credit downgrades, on us, our customers, our suppliers and our vendors, and on our ability and their ability to access sources of liquidity;

our ability to successfully implement our anticipated growth strategies;

our ability to continue to expand or grow our business internationally;

our ability to secure our facilities and systems and those of our third party service providers from, among other things, cybersecurity breaches, acts of vandalism, computer viruses or similar events;

our efforts to improve the efficiency of our distribution system and to continue to enhance our global information technology systems;

our exposure to domestic and foreign currency fluctuations and risks associated with raw materials, transportation and labor costs;

the impact of fluctuations in the U.S. or global economy on consumer purchases of premium lifestyle products that we offer for sale and our ability to forecast consumer demand;

our ability to open new retail stores, concession shops and e-commerce websites, and expand our direct-to-consumer presence;

our ability to make certain strategic acquisitions of certain selected licenses held by our licensees and successfully integrate recently acquired businesses, including our operations in Asia, and certain of our operations relating to our home products;

our intention to introduce new products or enter into or renew alliances and exclusive relationships;

changes in the competitive marketplace, including the introduction of new products or pricing changes by our competitors and consolidations, liquidations, restructurings and other ownership changes in the retail industry;

changes to our anticipated effective tax rates in future years;

our ability to continue to pay dividends and repurchase Class A common stock;

our ability to continue to maintain our brand image and reputation and protect our trademarks;

changes in our relationships with department store customers and licensing partners;

our ability to maintain our credit profile and ratings with the financial community;

the potential impact on our operations and customers resulting from natural or man-made disasters;

the impact to our business of events that are currently taking place in the Middle East, as well as from any terrorist action, retaliation and the threat of further action or retaliation; and

a variety of legal, regulatory, political and economic risks, including risks related to the importation and exportation of products, tariffs and other trade barriers, to which our international operations are subject and

other risks associated with our international operations, such as violations of laws prohibiting improper payments, and the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions and related laws that may reduce the flexibility of our business.

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

#### **WEBSITE ACCESS TO COMPANY REPORTS AND OTHER INFORMATION**

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

On August 11, 2011, at the Annual Meeting of Stockholders of the Company, our stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation to change the Company's name from Polo Ralph Lauren Corporation to Ralph Lauren Corporation. The Company's name change became effective on August 15, 2011. In this Form 10-K, references to Ralph Lauren, ourselves, we, our, us and the Company refer to Ralph Lauren Corporation and its subsidiaries (RLC), unless the context indicates otherwise. Due to the collaborative and ongoing nature of our relationships with our licensees, such licensees are sometimes referred to in this Form 10-K as licensing alliances. Our fiscal year ends on the Saturday closest to March 31. All references to Fiscal 2012 represent the 52-week fiscal year ended March 31, 2012. All references to Fiscal 2011 represent the 52-week fiscal year ended April 2, 2011. All references to Fiscal 2010 represent the 53-week fiscal year ended April 3, 2010.

### **PART I**

#### **Item 1. Business.**

##### **General**

Founded in 1967 by Mr. Ralph Lauren, we are a global leader in the design, marketing and distribution of premium lifestyle products, including men's, women's and children's apparel, accessories (including footwear), fragrances and home furnishings. Our long-standing reputation and distinctive image have been consistently developed across an expanding number of products, brands and international markets. We believe that our global reach, breadth of product and multi-channel distribution are unique among luxury and apparel companies.

We operate in three distinct but integrated segments: Wholesale, Retail and Licensing. Our Wholesale business, representing approximately 47% of Fiscal 2012 net revenues, consists of wholesale-channel sales made principally to major department stores and specialty stores located throughout the U.S., Canada, Europe, Asia and South America. Our Retail business, representing approximately 50% of Fiscal 2012 net revenues, consists of retail-channel sales directly to consumers through retail stores located throughout the U.S., Canada, Europe, Asia and South America; through concessions-based shop-within-shops located primarily in Asia; and through our retail e-commerce channel, which includes our domestic and European sites. During Fiscal 2012, we expanded our e-commerce presence in Europe by launching new retail e-commerce sites in France (which also services Belgium,

Luxembourg and the Netherlands) and Germany (which also services Austria), as well as in the U.S. where we launched a new retail e-commerce site for our *Club Monaco* business. Our Licensing business, representing approximately 3% of Fiscal 2012 net revenues, consists of royalty-based arrangements under which we license the right to third parties to use our various trademarks in connection with the manufacture and sale of designated products, such as apparel, eyewear and fragrances, in specified geographical areas for specified periods. Approximately 38% of our Fiscal 2012 net revenues were earned in international regions outside of the U.S. See Note 22 to the accompanying audited consolidated financial statements for a summary of net revenues by segment and by geographic location.

Over the past five fiscal years, our sales have grown over 40% to \$6.860 billion in Fiscal 2012 from \$4.880 billion in Fiscal 2008. This growth has been largely a result of both our acquisitions and organic growth. We have diversified our business by channels of distribution, price point and target consumer, as well as by geography. Our global reach is extensive, with Ralph Lauren-branded merchandise available through our wholesale distribution channels at over 11,000 different retail locations worldwide. In addition to our wholesale distribution, we sell directly to customers throughout the world via our 379 retail stores; our 474 concessions-based shop-within-shops; and our six e-commerce sites.

We continue to invest in our business. In the past five fiscal years, we have invested approximately \$1.479 billion for acquisitions and capital improvements, primarily funded through strong operating cash flow. We intend to continue to execute our long-term strategy, which includes expanding our presence internationally, extending our direct-to-consumer reach, expanding our accessories and other product and brand offerings, and investing in our operational infrastructure. See *Objectives and Opportunities* for further discussion of our long-term strategy.

We have been controlled by the Lauren family since the founding of our Company. As of March 31, 2012, Mr. Ralph Lauren, or entities controlled by the Lauren family, owned approximately 73% of the voting power of the outstanding common stock of the Company.

### **Seasonality of Business**

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

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

### **Objectives and Opportunities**

Our core strengths include a portfolio of global luxury lifestyle brands, a strong and experienced management team, a proven ability to develop and extend our brands distributed through multiple retail channels in global markets, a disciplined investment philosophy and a solid balance sheet. Despite the various risks and uncertainties associated with the current global economic environment (as discussed further in Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations - Global Economic Developments* below, we believe our core strengths will allow us to continue to execute our strategy for long-term sustainable growth in revenue, net income and operating cash flow.

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

While balancing our long-term key strategic objectives with our near-term priorities to manage through the various risks associated with the current global economic environment, we intend to continue to pursue select opportunities for growth during the course of Fiscal 2013 and beyond. These opportunities and continued investment initiatives include:

#### International Growth Opportunities

- Ø Continued development and growth of our businesses in Asia, including the continued execution of our plans to reposition our existing distribution network by securing brand-appropriate retail locations and maximizing our distribution opportunities in conjunction with the implementation of new merchandising, marketing and advertising strategies to elevate brand perception and positioning in the region; and
- Ø Continued growth of our European businesses, including the expansion of our *Denim & Supply Ralph Lauren* and *Lauren* emerging brands, as well as the extension of our accessory product lines through existing and new channels of distribution.

#### Direct-to-Consumer Growth Opportunities

- Ø Continued global growth and expansion of our freestanding stores and concession shops and our e-commerce operations, including the growth of our recently launched Ralph Lauren sites in Europe and Club Monaco site in the U.S. in connection with the implementation of new and refined merchandising and marketing strategies, as well as the introduction of e-commerce in Asia and Canada.

#### Product Innovation and Brand Extension Growth Opportunities

- Ø Further development and broadening of our accessories product offerings, including handbags, footwear, small leathers goods and belts, eyewear and watches/jewelry, and expansion of our related distribution into new channels and geographies;
- Ø Continued expansion of our *Denim & Supply Ralph Lauren*, *Lauren*, *Club Monaco* and *RRL* product assortments across various categories on a global basis; and
- Ø Continued expansion of our Home and dresses product lines across our wholesale and other distribution channels.

#### Investment in Operational Infrastructure

- Ø Further system enhancements and implementations to standardize operating platforms and meet the expanding needs of our global organization. Such enhancements include the continued implementation of a global operating and financial reporting system as part of a multi-year initiative, the next phase of which involves the migration of certain core areas of our domestic business to the new system, including customer order-to-cash and global merchandise procurement; and

- Ø Supply chain enhancements to achieve efficiencies through the global coordination of our manufacturing and logistics operations, including in the areas of product management, merchandise alignment and planning.

Global Talent Development and Management

- Ø Continue to enhance our organizational development and talent management to support our global growth initiatives, including the refinement of succession plans for our key leadership positions.

Cash Flow Reinvestment

- Ø Continue to make disciplined reinvestments of our cash flows from operations to support our global growth, including through capital improvements and investments in new distribution channel and product opportunities, with an increased focus on our international initiatives.

**Recent Developments**

***Discontinuance of American Living***

During the fourth quarter of Fiscal 2012, we decided with our wholesale partner J.C. Penney Company, Inc. ( JCPenney ) to discontinue the majority of the products sold under the *American Living* brand created for and exclusively sold to JCPenney, effective for the Fall 2012 wholesale selling season. As a result of this decision, we recorded pretax restructuring charges of approximately \$3 million primarily related to severance actions during Fiscal 2012. The discontinuance of these American Living product lines is not expected to have a material impact on the Company's consolidated or segment results.

***Asia-Pacific Restructuring Plan***

In May 2011, we initiated a restructuring plan to reposition and upgrade our existing distribution network and merchandising operations in the Asia-Pacific region, which includes mainland China, Macau, Hong Kong, Taiwan, Malaysia, Singapore, Japan and South Korea (the Asia-Pacific Restructuring Plan ). This plan includes a reduction in workforce and the closure of certain retail stores and concession shops that do not support the new merchandising strategy. Actions related to the Asia-Pacific Restructuring Plan resulted in pretax charges of approximately \$6 million in Fiscal 2012.

***Assumption of Bedding and Bath Operations***

In May 2011, the license for our *Lauren by Ralph Lauren* bedding and bath products previously held by WestPoint Home, Inc. expired in accordance with the underlying agreement and we assumed control over this wholesale business. No significant payment or other consideration was provided related to this license expiration. WestPoint Home, Inc. will remain the exclusive licensee for our Lauren basic bedding program, which includes utility and blanket products.

***South Korea Licensed Operations Acquisition***

On January 1, 2011, in connection with the transition of the Ralph Lauren-branded apparel and accessories business in South Korea (the Ralph Lauren South Korea business ) from a licensed to a wholly owned operation, we acquired certain net assets (including inventory) and employees from Doosan Corporation ( Doosan ) in exchange for an initial payment of approximately \$25 million plus an additional aggregate payment of approximately \$22 million (the South Korea Licensed Operations Acquisition ). Doosan was our licensee for the Ralph Lauren South Korea business. We funded the South Korea Licensed Operations Acquisition with available cash on-hand. In conjunction with the South Korea Licensed Operations Acquisition, we also entered into a transition services agreement with Doosan for the provision of certain financial and information systems services, which was subsequently extended through June 30, 2012.

**Our Brands and Products**

Since 1967, our distinctive brand image has been consistently developed across an expanding number of products, price tiers and markets. Our products, which include apparel, accessories (including footwear) and fragrance collections for men and women as well as childrenswear and home furnishings, comprise one of the world's most widely recognized families of consumer brands. Reflecting a distinctive American perspective, we have been an innovator in aspirational lifestyle branding and believe that, under the direction of internationally renowned designer Mr. Ralph Lauren, we have had a considerable influence on the way people dress and the way that fashion is advertised throughout the world. We combine consumer insight with our design, marketing and imaging skills to offer, along with our licensing alliances, broad lifestyle product collections with a unified vision:

*Apparel* Products include extensive collections of men's, women's and children's clothing;

*Accessories* Products encompass a broad range, including footwear, eyewear, watches, fine jewelry, hats, belts and leathersgoods, including handbags and luggage;

*Home* Coordinated home products include bedding and bath products, furniture, fabric and wallpaper, paint, tabletop and giftware; and

*Fragrance* Fragrance products are sold under our Big Pony, Romance, Love, Polo, Lauren, Safari, Ralph and Black Label brands, among others.

Our lifestyle brand image is reinforced by our domestic internet sites, including RalphLauren.com, Rugby.com and ClubMonaco.com, as well as our Ralph Lauren e-commerce sites in Europe, which service the United Kingdom, France, Belgium, Luxembourg, the Netherlands, Germany and Austria.

#### ***Ralph Lauren Purple Label***

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

#### ***Ralph Lauren Men's Black Label***

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

#### ***Ralph Lauren Men's Black Label Denim***

Introduced in 2011, Ralph Lauren Men's Black Label Denim represents the next evolution of luxe, ultramodern denim for men, with fashion-forward fits, chic signature details and a focus on authentic innovative treatments. With a renegade edge and international appeal, Black Label Denim redefines iconic pieces in luxury and rugged fabrics, with accents that capture Ralph Lauren's unique sensibility, from utility and leather to western and automotive. Confident and masculine, Ralph Lauren combines state-of-the-art denim and superfine sportswear to create the ultimate in cool sophistication. Black Label Denim is available at select Ralph Lauren stores around the world, at select better department stores, and online at our Ralph Lauren e-commerce sites, including at RalphLauren.com.

#### ***Polo Ralph Lauren***

Authentic and iconic, Polo is the original symbol of the modern preppy lifestyle. Combining Ivy League classics and time-honored English haberdashery with downtown styles and All-American sporting looks, Polo sportswear and tailored clothing present a one-of-a-kind vision of menswear that is stylish and timeless, and appeals to all generations of men. Polo's signature aesthetic along with our renowned polo player logo is recognized worldwide as a mark of contemporary heritage excellence. Polo is available in Ralph Lauren stores around the world, better department stores, select specialty stores and online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

***Lauren for Men***

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

***Ralph by Ralph Lauren***

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

***Ralph Lauren Women's Collection***

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

***Ralph Lauren Women's Black Label***

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

***Ralph Lauren Blue Label***

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

***Lauren by Ralph Lauren***

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

### ***Pink Pony***

Established in 2000, Pink Pony is Ralph Lauren's worldwide initiative in the fight against cancer. Pink Pony supports programs for early diagnosis, education, treatment and research, and is dedicated to bringing patient navigation and quality cancer care to medically underserved communities. A percentage of sales from all Pink Pony products benefits the Pink Pony Fund of the Polo Ralph Lauren Foundation and other major cancer charities around the world. Pink Pony consists of feminine, slim-fitting women's sportswear and accessories crafted in luxurious fabrics. From hooded sweatshirts and cotton mesh polos to canvas tote bags and cashmere yoga pants, all Pink Pony items feature our iconic pink Polo Player—a symbol of our commitment to the fight against cancer. Pink Pony is available at select Ralph Lauren stores and online at our Ralph Lauren e-commerce sites, including RalphLauren.com. In October 2009, Pink Pony was first introduced at Bloomingdale's, and is available on select occasions. To learn more about Pink Pony and our Company's other philanthropic efforts, please visit [RalphLauren.com/Philanthropy](http://RalphLauren.com/Philanthropy).

### ***RRL***

RRL captures an authentic American spirit with a focus on integrity, character and timeworn charm. Founded in 1993 and named after Ralph and Ricky Lauren's Double RL ranch in Colorado, RRL offers a mix of selva denim, vintage apparel and accessories and rugged sportswear with roots in workwear and military gear. With denim at the heart of the brand, RRL is dedicated to time-honored details and the highest quality workmanship—from ring-spun long-staple cotton yarns to traditional dyeing techniques to hand-applied artisanal finishes that result in one-of-a-kind, exceptionally durable pieces. In Spring 2010, RRL launched womenswear with the same vintage heritage. RRL is available at RRL stores and select Ralph Lauren stores around the world, as well as online at our Ralph Lauren e-commerce sites, including [RalphLauren.com](http://RalphLauren.com).

### ***RLX Ralph Lauren***

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

### ***Denim & Supply Ralph Lauren***

Introduced in Fall 2011 and anchored in Ralph Lauren's authentic American heritage, Denim & Supply Ralph Lauren for men and women offers a new approach to denim and sportswear, capturing the weathered character of found vintage pieces and styling them with an eclectic, individualistic spirit. For her, unexpected mixes—feminine with utility, rough with romantic—create sexy, bohemian style. For him, American classics mix with rugged outdoorsman looks to define a new carefree tradition of denim dressing. Artisanal details—from unique treatments and slash-and-mending to metalwork and beading—complete this modern statement of free-spirited, down-to-earth denim. Denim & Supply Ralph Lauren is available domestically at Macy's, in Europe at our inaugural Denim & Supply store in Amsterdam and select specialty stores, in Canada at select specialty stores, and in Asia at select specialty stores and concession-based shop-within-shops. In addition, Denim & Supply Ralph Lauren is available online at our Ralph Lauren e-commerce sites, including [RalphLauren.com](http://RalphLauren.com).

### ***Golf***

Tested and worn by top-ranked professional golfers, Polo Golf for men and Ralph Lauren Golf for women define heritage excellence in the world of golf. With a sharpened focus on the needs of the modern player but always rooted in the rich design tradition of Ralph Lauren, the Golf collections combine state-of-the-art performance wear with luxurious finishing touches for collections that travel effortlessly between the course and the clubhouse. The RLX Golf collection is ultramodern, graphic and dedicated to performance-driven design. From progressive fits and sophisticated styles to the technologically advanced fabrics, RLX golf is the ultimate in functional luxury. Ralph Lauren is proud to sponsor Tom Watson, Davis Love III, Jonathan Byrd, Morgan Pressel,

Luke Donald, Webb Simpson, Matteo Manassero, Billy Horschel, Ben Martin and Charles Howell III. The Polo, Ralph Lauren and RLX Golf collections are available in select Ralph Lauren stores around the world, the most exclusive private clubs and resorts, and online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

### ***Rugby***

Launched in 2004, Rugby translates Ralph Lauren's legacy of authentic prep into an eclectic, irreverent collection for young men and women. Cool and rebellious, vintage varsity and heritage classics are reinvented with a chic downtown flair and playful, sexy vibe for an individualistic approach to personal style. Iconic logos, vintage patches and spirited crests give Rugby a bold, one-of-a-kind edge. The Rugby collections are available at Rugby stores throughout the U.S. and at Rugby.com, as well as at our international Rugby stores in the U.K. and Japan, including our recently opened Rugby store in Nagoya, Japan.

### ***Ralph Lauren Childrenswear***

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

### ***Accessories (including Footwear)***

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

### ***Ralph Lauren Watches***

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

### ***Ralph Lauren Fine Jewelry***

In 2010, Ralph Lauren Watch & Jewelry Co. introduced the premier collections of Ralph Lauren Fine Jewelry in celebration of Ralph Lauren's new women's flagship store in New York City. Inspired by brilliance, movement and the alluring tradition of fine jewelry, this debut unveiled several collections including the Ralph Lauren Diamond Link Collection, the Ralph Lauren Equestrian Collection, the Ralph Lauren Monogram Collection, the Ralph Lauren Chunky Chains Collection and the Ralph Lauren New Romantic Collection—all capturing the glamour and craftsmanship of Ralph Lauren's most luxurious designs. The fine jewelry collections include elegantly set *pavé* diamond links, classic equestrian motifs stylized in shimmering diamonds, romantic chandelier earrings, chic chunky chains and lustrous pearl strands with a dazzling diamond monogram. Each piece is handcrafted using precious materials and intricate finishing techniques, highlighting a unique beauty and graceful silhouette that is signature Ralph Lauren. Ralph Lauren Fine Jewelry is available exclusively at the 888 Madison Avenue flagship store in New York City, the Avenue Montaigne flagship store in Paris and the Peninsula store in Hong Kong.

### ***Fragrance***

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

### ***Ralph Lauren Home***

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

### ***Lauren Home***

Lauren Home presents a signature design sensibility that combines heritage elegance with a fresh, modern flair. Finely crafted and highly accessible for any well-appointed home, Lauren Home offers a wide array of collections that range from classic to modern, including bedding, bath, furniture, tabletop, gifts, decorative accessories, floorcovering and lighting. Lauren Home is available at select department stores, home specialty stores around the world and online at our Ralph Lauren e-commerce sites, including [RalphLauren.com](http://RalphLauren.com).

### ***Ralph Lauren Paint***

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

### ***Club Monaco***

Founded in 1985, Club Monaco is an international destination for affordable, stylish luxury. Each season, Club Monaco designs, manufactures and markets its own clothing and accessories for men and women, offering key fashion pieces with modern, urban sophistication and a selection of updated classics – from the perfect white shirt and black pencil skirt to refined suiting and Italian cashmere. The brand’s signature aesthetic is defined by clean, contemporary design and a palette of versatile neutrals infused with pops of vibrant colors. Club Monaco apparel and accessories are available at Club Monaco stores around the world, as well as online in the U.S. at the recently launched ClubMonaco.com e-commerce site. In April 2012, Club Monaco further expanded its e-commerce presence in North America by launching ClubMonaco.ca in Canada. Club Monaco is currently also available in Europe at select department stores and specialty shops.

### **Global Brand Concepts**

#### ***Chaps***

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

#### ***American Living***

Available exclusively at JCPenney and JCP.com, American Living offers classic American style with a fresh, modern spirit and authentic sensibility. During Fiscal 2012, we decided with JCPenney to discontinue the majority of the products sold under the American Living brand, effective for the Fall 2012 wholesale selling season.

### **Our Wholesale Segment**

Our Wholesale segment sells our products to leading upscale and certain mid-tier department stores, specialty stores and golf and pro shops, both domestically and internationally. We have continued to focus on elevating our brand by improving in-store product assortment and presentation, and improving full-price sell-throughs to consumers. As of the end of Fiscal 2012, our Ralph Lauren-branded products were sold through over 11,000 doors worldwide and during Fiscal 2012, we invested approximately \$84 million in related shop-within-shops primarily in domestic and international department and specialty stores. Our products are also sold through the e-commerce sites of certain of our wholesale customers.

The primary product offerings sold through our wholesale channels of distribution include menswear, womenswear, childrenswear, accessories (including footwear) and home furnishings. Our collection brands – Women’s Ralph Lauren Collection and Black Label and Men’s Purple Label and Black Label – are distributed worldwide through a limited number of premier fashion retailers. Department stores are our major wholesale customers in North America. In Europe, our wholesale sales are a varying mix of sales to both department stores and specialty shops, depending on the country. We also distribute product to certain licensed stores run by franchisees in Europe. In addition, our Club Monaco products are distributed through select department stores and specialty shops in Europe. In Japan, our wholesale products are distributed primarily through shop-within-shops at premier and top-tier department stores, and the mix of business is weighted to Women’s Blue Label. In Greater China and Southeast Asia region, which is comprised of China, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore, Taiwan and Thailand, our wholesale products are sold at mid and top-tier department stores, and the mix of business is primarily weighted to Men’s and Women’s Blue Label. We sell the majority of our excess and out-of-season products through secondary distribution channels worldwide, including our retail factory stores.

**Worldwide Distribution Channels**

The following table presents the number of doors by geographic location, in which Ralph Lauren-branded products distributed by our Wholesale segment were sold to consumers in our primary channels of distribution as of March 31, 2012:

Location	Number of Doors
The Americas	6,587
Europe	4,377
Asia	83
 Total	 11,047

In addition, American Living and Chaps-branded products distributed by our Wholesale segment were sold domestically through approximately 1,800 doors as of March 31, 2012.

We have three key wholesale customers that generate significant sales volume. For Fiscal 2012, these customers in the aggregate accounted for approximately 40% of total wholesale revenues, with Macy's, Inc. representing approximately 20% of total wholesale revenues.

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

**Shop-within-Shops.** As a critical element of our distribution to department stores, we and our licensing partners utilize shop-within-shops to enhance brand recognition, to permit more complete merchandising of our lines by the department stores and to differentiate the presentation of products. Shop-within-shop fixed assets primarily include items such as customized freestanding fixtures, wall cases and components, decorative items and flooring.

As of March 31, 2012, we had approximately 18,000 shop-within-shops dedicated to our Ralph Lauren-branded wholesale products worldwide. The size of our shop-within-shops ranges from approximately 300 to 7,400 square feet. We normally share in the cost of building-out these shop-within-shops with our wholesale customers.

**Basic Stock Replenishment Program.** Basic products such as knit shirts, chino pants, oxford cloth shirts, and selected accessories (including footwear) and Home products can be ordered at any time through our basic stock replenishment programs. We generally ship these products within two-to-five days of order receipt.

**Our Retail Segment**

As of March 31, 2012, our Retail segment consisted of 379 stores worldwide, totaling approximately 2.9 million gross square feet, 474 concessions-based shop-within-shops and six e-commerce websites. The extension of our direct-to-consumer reach is a primary long-term strategic goal.

**Ralph Lauren Retail Stores**

Our Ralph Lauren retail stores reinforce the luxury image and distinct sensibility of our brands and feature exclusive lines that are not sold in domestic department stores. We opened 10 new Ralph Lauren stores, acquired 3 previously licensed stores, and closed 16 Ralph Lauren stores in Fiscal 2012. Our retail stores are primarily situated in major upscale street locations and upscale regional malls, generally in large urban markets.

We operated the following Ralph Lauren retail stores as of March 31, 2012:

Location	Ralph Lauren Stores
The Americas	61
Europe	26
Asia	16
Total	103

Ralph Lauren stores feature the broadest range of the Ralph Lauren apparel, accessories and Home product assortments in an atmosphere reflecting the distinctive attitude and luxury positioning of the Ralph Lauren brand. Our seven flagship Ralph Lauren store locations showcase our upper-end luxury styles and products and demonstrate our most refined merchandising techniques.

In addition to generating sales of our products, our worldwide Ralph Lauren retail stores set, reinforce and capitalize on the image of our brands. Our Ralph Lauren stores range in size from approximately 800 to 38,000 square feet.

#### ***Club Monaco Retail Stores***

Our Club Monaco retail stores feature fashion apparel and accessories for both men and women. The brand's clean and contemporary signature style forms the foundation of a modern wardrobe.

As of March 31, 2012, we operated 59 Club Monaco retail stores in the U.S. and Canada. Our Club Monaco stores range in size from approximately 1,700 to 17,400 square feet.

#### ***Rugby Retail Stores***

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

As of March 31, 2012, we operated 16 Rugby retail stores, including 13 stores in the U.S., two stores in Asia and one store in Europe. Our Rugby stores range in size from approximately 900 to 7,000 square feet.

#### ***Factory Retail Stores***

We extend our reach to additional consumer groups through our 201 factory stores worldwide. Our factory stores are generally located in outlet centers. During Fiscal 2012, we added 10 new factory stores, net.

We operated the following factory retail stores as of March 31, 2012:

Location	Factory Stores
The Americas	143
Europe	35
Asia	23
Total	201

Our factory stores in *the Americas* offer selections of our menswear, womenswear, childrenswear, accessories, home furnishings and fragrances. Ranging in size from approximately 2,500 to 20,000 square feet, with an average of approximately 9,800 square feet, these stores are principally located in major outlet centers in 39 states in the U.S. and in Puerto Rico.

Our factory stores in *Europe* offer selections of our menswear, womenswear, childrenswear, accessories, home furnishings and fragrances. Ranging in size from approximately 1,400 to 19,700 square feet, with an average of approximately 6,700 square feet, these stores are located in 13 countries, principally in major outlet centers.

Our factory stores in *Asia* offer selections of our menswear, womenswear, childrenswear, accessories and fragrances. Ranging in size from approximately 2,800 to 11,800 square feet, with an average of approximately 6,600 square feet, these stores are primarily located throughout Japan and in or near other major cities within the Asia-Pacific region, principally in major outlet centers.

Factory stores obtain products from our suppliers, our product licensing partners and our retail and e-commerce stores, and serve as a secondary distribution channel for our excess and out-of-season products.

#### ***Concessions-based Shop-within-Shops***

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

As of March 31, 2012, we had 474 concessions-based shop-within-shops at 209 retail locations dedicated to our products, primarily in Asia. The size of our concessions-based shop-within-shops ranges from approximately 180 to 4,300 square feet. We share in the cost of building-out these shop-within-shops with our department store partners.

#### ***E-commerce Websites***

In addition to our stores, our Retail segment sells products online through our e-commerce channel, which includes:

Our *domestic* sites located at [www.RalphLauren.com](http://www.RalphLauren.com) and [www.Rugby.com](http://www.Rugby.com), as well as our recently launched Club Monaco site located at [www.ClubMonaco.com](http://www.ClubMonaco.com); and

Our *European* sites for the United Kingdom located at [www.RalphLauren.co.uk](http://www.RalphLauren.co.uk) and for France (which also services the surrounding countries of Belgium, Luxembourg and the Netherlands) located at [www.RalphLauren.fr](http://www.RalphLauren.fr), as well as our recently launched site for Germany (which also services Austria) located at [www.RalphLauren.de](http://www.RalphLauren.de).

Our Ralph Lauren e-commerce sites in the U.S. and Europe offer our customers access to a broad array of Ralph Lauren apparel, accessories and Home products, allow us to reach retail customers on a multi-channel basis and reinforce the luxury image of our brands. Our domestic [RalphLauren.com](http://RalphLauren.com) site averaged 4.3 million unique visitors a month and acquired approximately 600,000 new customers, resulting in over 900,000 total customers in Fiscal 2012.

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

In March 2012, we expanded our e-commerce presence with the launch of [ClubMonaco.com](http://ClubMonaco.com) in the U.S. Subsequent to the end of Fiscal 2012, in April 2012, we further expanded our e-commerce operations in the Americas by launching [ClubMonaco.ca](http://ClubMonaco.ca), our first Canadian retail e-commerce site. These sites offer our domestic and Canadian customers access to our Club Monaco's global assortment of womenswear, menswear and accessories product lines, as well as select online exclusives.

#### **Our Licensing Segment**

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

are leaders in their respective markets;

contribute the majority of the product development costs;

provide the operational infrastructure required to support the business; and

own the inventory.

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

We work closely with our licensing partners to ensure that their products are developed, marketed and distributed so as to reach the intended market opportunity and to present consistently to consumers worldwide the distinctive perspective and lifestyle associated with our brands. Virtually all aspects of the design, production quality, packaging, merchandising, distribution, advertising and promotion of Ralph Lauren products are subject to our prior approval and continuing oversight. The result is a consistent identity for Ralph Lauren products across product categories and international markets.

Approximately 40% of our licensing revenue for Fiscal 2012 was derived from four licensing partners: Luxottica Group, S.p.A. (12%), Peerless, Inc. (10%), The Warnaco Group, Inc. (9%) and L'Oréal S.A. (9%).

**Product Licenses**

The following table lists our principal product licensing agreements for men's sportswear, men's tailored clothing, men's underwear and sleepwear, eyewear and fragrances as of March 31, 2012. Except as noted in the table, these product licenses cover the U.S. or North America only.

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

**International Licenses**

We believe that international markets offer additional opportunities for our quintessential American designs and lifestyle image. We work with our international licensing partners to facilitate international growth in their respective territories. International expansion/growth opportunities may include:

the roll out of new products and brands following their launch in the U.S.;

the introduction of additional product lines;

the entrance into new international markets;

the addition of Ralph Lauren stores in these markets; and

the expansion and upgrade of shop-within-shop networks in these markets.



The following table identifies our principal international area licensing partners (excluding Ralph Lauren Home and Club Monaco licensees) as of March 31, 2012:

Licensing Partner	Territory
Oroton Group/PRL Australia P.R.L. Enterprises, S.A. <sup>(1)</sup>	Australia and New Zealand Panama, Aruba, Curacao, the Cayman Islands, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Belize, Colombia, Ecuador, Bolivia, Peru, Antigua, Barbados, the Dominican Republic, St. Lucia, Trinidad and Tobago, and Venezuela
Commercial Madison, S.A.	Chile

<sup>(1)</sup> Our international licensing agreement with P.R.L. Enterprises, S.A. is due to expire in June 2012, at which point we plan to assume control over the related product distribution.

Our international licensing partners acquire the right to sell, promote, market and/or distribute various categories of our products in a given geographic area. These rights may include the right to own and operate retail stores. The economic arrangements are similar to those of our product licensing partners. We design licensed products either alone or in collaboration with our domestic licensing partners. Our product licensees, whose territories do not include the international geographic area licensees' territories, generally provide our international licensing partners with product or patterns, piece goods, manufacturing locations and other information and assistance necessary to achieve product uniformity, for which they are often compensated by these partners.

As of March 31, 2012, our international licensing partners operated 59 Ralph Lauren stores, 27 Ralph Lauren concession shops and 58 Club Monaco stores and shops.

### ***Ralph Lauren Home***

Together with our licensing partners, we offer an extensive collection of home products that draw upon and further the design themes of our other product lines, contributing to our complete lifestyle concept. Products are sold under the *Ralph Lauren Home*, *Lauren by Ralph Lauren*, *Chaps* and *American Living* brands in three primary categories: bedding and bath, home décor and home improvement. As of March 31, 2012, we had agreements with twelve domestic and two international Home product licensing partners, and one international Home product sublicensing partner.

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

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

The *Ralph Lauren Home*, *Lauren by Ralph Lauren*, *Chaps* and *American Living Home* products offered by us and our product licensing partners as of March 31, 2012 primarily consisted of the following:

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

<sup>(1)</sup> In May 2011, the license for our *Lauren by Ralph Lauren* bedding and bath products previously held by WestPoint Home, Inc. expired in accordance with the underlying agreement and we assumed control over this wholesale business. WestPoint Home, Inc. remains the exclusive licensee for our *Lauren* basic bedding program, which includes utility and blanket products.

#### Product Design

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

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

#### Marketing and Advertising

Our marketing and advertising programs communicate the themes and images of our brands and are integral to our product offering. The majority of our advertising program is created and executed on a centralized basis through our in-house creative and advertising organization to ensure consistency of presentation, which is complemented by our marketing experts in each region who help to execute our international strategies.

We create distinctive image advertising for our brands, conveying the particular message of each one within the context of the overall Ralph Lauren aesthetic. Advertisements generally portray a lifestyle rather than a specific item and include a variety of products offered by ourselves and, in some cases, our licensing partners. Our primary advertising medium is print, with multiple page advertisements appearing regularly in a range of fashion, lifestyle and general interest magazines. Major print advertising campaigns are conducted during the fall and spring retail seasons, with additions throughout the year to coincide with product deliveries. In addition to print, we utilize television and outdoor media in certain of our marketing programs.

Our digital advertising programs focus on high impact and innovative display units, which allow us to convey our key brand messages and lifestyle positioning. We also develop digital editorial initiatives that allow for deeper education and engagement around the Ralph Lauren lifestyle, including the Ralph Lauren magazine, style guides and brand videos. We deploy these marketing and advertising initiatives through the Internet, mobile platforms and social media. Our e-commerce websites present the Ralph Lauren lifestyle on the Internet while offering a broad array of our apparel, accessories and Home product lines.

We advertise in consumer and trade print and digital media properties, and participate in cooperative advertising on a shared cost basis with some of our retailer partners. We also provide point-of-sale fixtures and



signage to our wholesale customers to enhance the presentation of our products at retail locations. In addition, when our licensing partners are required to spend an amount equal to a percent of their licensed product sales on advertising, we coordinate the advertising placement on their behalf. We expensed approximately \$213 million related to the advertising, marketing and promotion of our products in Fiscal 2012.

We market our brand through direct to consumer marketing, events and interactive digital activities. We use our consumer database and consumer knowledge to guide these activities. We believe our investments in shop-in-shop environments and retail stores, including our flagship locations worldwide, contribute to and enhance the themes of our brands to consumers.

We also conduct a variety of public relations activities. Each of our spring and fall womenswear collections are presented at major fashion shows in New York City, which typically generate extensive domestic and international media coverage. We introduce each of the spring and fall menswear collections at press presentations in major cities such as New York and Milan, Italy. In addition, we organize in-store appearances by our models and certain professional athletes.

We are the first exclusive outfitter for all on-court officials at the Wimbledon tennis tournament and are currently the official outfitter of all on-court officials at the U.S. Open tennis tournament. We are also the exclusive Official Parade Outfitter for the 2012 U.S. Olympic and Paralympic Teams and have the right to manufacture, distribute, advertise, promote and sell products in the U.S. which replicate the Parade Outfits and associated leisure wear. As part of our involvement with Team U.S.A. for the Summer 2012 London games, we have established a partnership with athletes serving as brand ambassadors, including members of the gymnastics, swimming, beach volleyball and Paralympics basketball teams, and others.

In January 2011, we entered into a five-year agreement with the United States Golf Association ( USGA ) to be the official apparel outfitter for the USGA and the U.S. Open Championships and serve as the championship s largest on-site apparel supplier. Also in 2011, we entered into a five-year agreement with The Royal & Ancient to become an Official Patron of The Open Championship that is played annually on British links golf courses. As part of this agreement, we are outfitting all officials and staff members at The Open Championship and are serving as the championship s largest on-site apparel retailer. We believe our partnerships with prestigious global tournaments reinforce our brand s sporting heritage.

### **Sourcing, Production and Quality**

We contract for the manufacture of our products and do not own or operate any production facilities. Over 600 different manufacturers worldwide produce our apparel, footwear, accessories and home products, with no one manufacturer providing more than approximately 3% of our total production during Fiscal 2012. We source both finished products and raw materials. Raw materials include fabric, buttons and other trim. Finished products consist of manufactured and fully assembled products ready for shipment to our customers. In Fiscal 2012, less than 2%, by dollar volume, of our products were produced in the U.S., and over 98%, by dollar volume, were produced outside the U.S., primarily in Asia, Europe and South America. See *Import Restrictions and other Government Regulations* and Item 1A *Risk Factors Risks Related to Our Business Our business is subject to risks associated with importing products and could suffer as a result of increases in the price of raw materials, freight or labor or a manufacturer s inability to produce our goods on time and to our specifications.*

Most of our businesses must commit to manufacture our garments before we receive customer orders. We also must commit to purchase fabric from mills well in advance of our sales. If we overestimate our primary customers demand for a particular product or the need for a particular fabric or yarn, we may sell the excess products or garments made from such fabric or yarn in our factory stores or through secondary distribution channels.

Suppliers operate under the close supervision of our global manufacturing division and buying agents headquartered in Asia, the Americas and Europe. All products are produced according to our specifications. Production and quality control staff in Asia, the Americas and Europe monitor manufacturing at supplier facilities in order to correct problems prior to shipment of the final product. Procedures have been implemented under our vendor certification and compliance programs, so that quality assurance is focused upon as early as possible in the production process, allowing merchandise to be received at the distribution facilities and shipped to customers with minimal interruption.

### Competition

Competition is very strong in the segments of the fashion and consumer product industries in which we operate. We compete with numerous designers and manufacturers of apparel and accessories, fragrances and home furnishing products, domestic and foreign. Some of our competitors may be significantly larger and have substantially greater resources than us. We compete primarily on the basis of fashion, quality, value and service, which depend on our ability to:

anticipate and respond to changing consumer demands in a timely manner;

maintain favorable brand recognition, loyalty and reputation for quality;

develop and produce high quality products that appeal to consumers;

appropriately source raw materials at cost-effective prices;

appropriately price our products;

provide strong and effective marketing support;

ensure product availability; and

obtain sufficient retail floor space and effectively present our products at retail.

See Item 1A *Risk Factors* *Risks Relating to the Industry in Which We Compete* *We face intense competition worldwide in the markets in which we operate.*

### Distribution

To facilitate global distribution, our products are shipped from manufacturers to a network of distribution centers around the world for inspection, sorting, packing and delivery to retail and wholesale customers. This network includes the following primary distribution facilities:

Geographic Region	Facility Type	Facility Location	Facility Ownership
U.S.	Wholesale and Retail distribution center	Greensboro, North Carolina	Owned
	Wholesale distribution center	High Point, North Carolina	Leased
	E-commerce distribution center <sup>(1)</sup>	High Point, North Carolina	Leased
	Distribution center	Chino Hills, California	Third-party
	Distribution center	Miami, Florida	Third-party
Canada	Distribution center	Toronto, Ontario	Third-party
Europe	Distribution center	Parma, Italy <sup>(2)</sup>	Third-party
Japan	Distribution center	Yokohama, Japan	Third-party
South Korea	Distribution center	Gasam, Korea <sup>(3)</sup>	Leased
Greater China	Distribution centers	Hong Kong; China; Singapore; Malaysia;	Third-party

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		and Taiwan	
South America	Distribution centers	Buenos Aires, Argentina; and Montevideo, Uruguay	Third-party

(1) This distribution center performs customer order fulfillment for RalphLauren.com, Rugby.com and ClubMonaco.com.

(2) This distribution center performs customer order fulfillment for our European businesses, including our e-commerce operations in Europe.

(3) Our distribution center in South Korea is in the process of being transitioned to a new leased facility in Bugok, South Korea.

All facilities are designed to allow for high density cube storage and value added services, and utilize unit and carton tracking technology to facilitate process control and inventory management. The distribution network is managed through globally integrated information technology systems.

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### Management Information Systems

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

comprehensive order processing;

production and design information;

accounting information; and

an enterprise view of information for our design, marketing, manufacturing, importing and distribution functions.

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

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

In the U.S. and Europe, we also utilize an automated allocation system, JDA Allocation, to facilitate the flow of inventory for our Retail segment.

We are in the process of implementing a new global operating and financial reporting system as part of a multi-year plan to integrate and upgrade our operational and financial systems and processes. The implementation of this global system, scheduled to occur in phases over the next several years, began with the migration of certain of our domestic human resource systems during Fiscal 2011 and continued with transition of certain of our operational and financial systems to the new global operating and financial reporting system during Fiscal 2012. The next phase of this implementation effort involves the migration of certain core areas of our domestic business to the new system, including customer order-to-cash and global merchandise procurement, during Fiscal 2013.

See Item 1A *Risk Factors Risks Related to Our Business* *Implementation of management information systems may negatively impact our business* and *Risk Factors Risks Related to Our Business* *Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.*

### Wholesale Credit Control

We manage our own credit function. We sell our merchandise principally to major department stores and extend credit based on an evaluation of the customer's financial capacity and condition, usually without requiring collateral. We monitor credit levels and the financial condition of our customers on a continuing basis to minimize credit risk. We do not factor or underwrite our accounts receivables, or maintain credit insurance to manage the risks of bad debts. Collection and deduction transactional activities are principally provided through a third party service provider. See Item 1A *Risk Factors Risks Related to Our Business* *Our business could be negatively impacted by any financial instability of our customers.*

### Wholesale Backlog

We generally receive wholesale orders for apparel products approximately three to five months prior to the time the products are delivered to stores. Such orders are generally subject to broad cancellation rights. As of March 31, 2012, our total backlog was \$1.360 billion, compared to \$1.391 billion as of April 2, 2011. We expect that substantially all of our backlog orders as of March 31, 2012 will be filled within the next fiscal year. The size of our order backlog depends upon a number of factors, including the timing of the market weeks for our particular



lines during which a significant percentage of our orders are received, and the timing of shipments which varies from year to year with consideration for holidays, consumer trends and concept plans. As a consequence, a comparison of the size of our order backlog from period to period may not be necessarily meaningful, nor may it be indicative of eventual shipments.

#### **Trademarks**

We own the RALPH LAUREN, POLO, POLO BY RALPH LAUREN DESIGN and the famous polo player astride a horse trademarks in the U.S. and approximately 100 countries worldwide. Other trademarks that we similarly own include:

LAUREN RALPH LAUREN;

LAUREN;

PURPLE LABEL;

BLUE LABEL;

BLACK LABEL;

PINK PONY;

RALPH;

RRL;

CLUB MONACO;

RUGBY;

RLX;

DENIM & SUPPLY RALPH LAUREN;

CHAPS;

AMERICAN LIVING; and

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Various trademarks pertaining to fragrances and cosmetics.

Mr. Ralph Lauren has the royalty-free right to use as trademarks RALPH LAUREN, DOUBLE RL and RRL in perpetuity in connection with, among other things, beef and living animals. The trademarks DOUBLE RL and RRL are currently used by the Double RL Company, an entity wholly owned by Mr. Lauren. In addition, Mr. Lauren has the right to engage in personal projects involving film or theatrical productions (not including or relating to our business) through RRL Productions, Inc., a company wholly owned by Mr. Lauren. Any activity by these companies has no impact on us.

Our trademarks are the subjects of registrations and pending applications throughout the world for use on a variety of items of apparel, apparel-related products, home furnishings, restaurant and café services, online services and online publications and beauty products, as well as in connection with retail services, and we continue to expand our worldwide usage and registration of related trademarks. In general, trademarks remain valid and enforceable as long as the marks are used in connection with the related products and services and the required registration renewals are filed. We regard the license to use the trademarks and our other proprietary rights in and to the trademarks as extremely valuable assets in marketing our products and, on a worldwide basis, vigorously seek to protect them against infringement. As a result of the appeal of our trademarks, our products have been the object of counterfeiting. While we have a broad enforcement program which has been generally effective in protecting our intellectual property rights and limiting the sale of counterfeit products in the U.S. and in most major markets abroad, we face greater challenges with respect to enforcing our rights against trademark infringement in certain parts of Asia.

In markets outside of the U.S., our rights to some or all of our trademarks may not be clearly established. In the course of our international expansion, we have experienced conflicts with various third parties who have acquired ownership rights in certain trademarks, including POLO and/or a representation of a Polo Player Design, which impede our use and registration of our principal trademarks. While such conflicts are common and may arise again from time to time as we continue our international expansion, we have, in general, successfully resolved such conflicts in the past through both legal action and negotiated settlements with third-party owners of the conflicting marks (see Item 1A *Risk Factors* *Risks Related to Our Business* *Our trademarks and other intellectual property rights may not be adequately protected outside the U.S.* and Item 3 *Legal Proceedings* for further discussion). Although we have not in the past suffered any material restraints or restrictions on doing business in desirable markets, we cannot assure that significant impediments will not arise in the future as we expand product offerings and introduce trademarks to new markets.

### **Import Restrictions and Other Government Regulations**

Virtually all of our merchandise imported into the Americas, Europe, and Asia is subject to duties. In addition, most of the countries to which we ship could impose safeguard quotas and duties to protect their local industries from import surges that threaten to create market disruption. The U.S. and other countries may also unilaterally impose additional duties in response to a particular product being imported (from China or other countries) at unfairly traded prices that in such increased quantities as to cause (or threaten) injury to the relevant domestic industry (generally known as anti-dumping actions). If dumping is suspected in the U.S., the U.S. Government may self-initiate a dumping case on behalf of the U.S. textile industry which could significantly affect our costs. Furthermore, additional duties, generally known as countervailing duties, can also be imposed by the U.S. Government to offset subsidies provided by a foreign government to foreign manufacturers if the importation of such subsidized merchandise injures or threatens to injure a U.S. industry. Legislative proposals have been introduced, which, if adopted, would treat a manipulation by China of the value of its currency as actionable under the anti-dumping or countervailing duty laws.

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

As almost all our products are manufactured by foreign suppliers, the enactment of new legislation or the administration of current international trade regulations, executive action affecting textile agreements, or changes in sourcing patterns resulting from the elimination of quota could adversely affect our operations. On January 1, 2005, the World Trade Organization's 148 member nations lifted all quotas on apparel and textiles. As a result, all textiles and apparel manufactured in each member nation and exported after January 1, 2005 are no longer subject to quota restrictions. Although we generally expect that the 2005 elimination of quotas will result, over the long term, in an overall reduction in the cost of apparel produced abroad, the implementation of any safeguard quota provisions, any anti-dumping or countervailing duty actions, or any other actions impacting international trade may result, over the near term, in cost increases and in disruption of the supply chain for certain products categories. See Item 1A *Risk Factors* *Risks Related to Our Business* *Our business is subject to risks associated with importing products and could suffer as a result of increases in the price of raw materials, freight or labor or a manufacturer's inability to produce our goods on time and to our specifications* and *Risk Factors* *Risks Related to Our Business* *Our ability to conduct business in international markets may be affected by legal, regulatory, political and economic risks.*

Apparel and other products sold by us are also subject to regulation in the U.S. and other countries by other governmental agencies, including, in the U.S., the Federal Trade Commission, U.S. Fish and Wildlife Service and the Consumer Products Safety Commission, including the Consumer Product Safety Improvement Act, which imposes new limitations on the permissible amounts of lead and phthalates allowed in children's products. These regulations relate principally to product labeling, licensing requirements, flammability testing, and product safety particularly with respect to products used by children. We believe that we are in substantial compliance with those regulations, as well as applicable federal, state, local, and foreign rules and regulations governing the discharge of materials hazardous to the environment. We do not estimate any significant capital expenditures for environmental control matters either in the current fiscal year or in the near future. Our licensed products, licensing partners, buying/sourcing agents, and the vendors and factories with which we contract with for the manufacture and distribution of our products are also subject to regulation. Our agreements require our licensing partners, buying/sourcing agents, vendors and factories to operate in compliance with all laws and regulations, and we are not aware of any violations which could reasonably be expected to have a material adverse effect on our business or operating results.

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

### **Employees**

As of March 31, 2012, we had approximately 25,000 employees, both full and part-time, consisting of approximately 17,000 in the U.S. and approximately 8,000 in foreign countries. Approximately 30 of our U.S. production and distribution employees in the womenswear business are members of Amalgamated Ladies Garment Cutters Union, Local 10 UNITE (which was previously known as UNITE HERE) under an industry association collective bargaining agreement, which our womenswear subsidiary has adopted. We consider our relations with both our union and non-union employees to be good.

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**Executive Officers**

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

<b>Ralph Lauren</b>	Age 72	Mr. Lauren has been Chairman, Chief Executive Officer and a director of the Company since prior to the Company's initial public offering in 1997, and was a member of the Advisory Board of the board of directors of the Company's predecessors since their organization. He founded the Company in 1967 and has provided leadership in the design, marketing, advertising and operational areas since such time.
<b>Roger N. Farah</b>	Age 59	Mr. Farah has been President, Chief Operating Officer and a director of the Company since April 2000. He was Chairman of the board of directors of Venator Group, Inc. from December 1994 to April 2000, and was Chief Executive Officer of Venator Group, Inc. from December 1994 to August 1999. Mr. Farah is a member of the board of directors of Aetna, Inc. and Progressive Corporation.
<b>Jackwyn L. Nemerov</b>	Age 60	Ms. Nemerov has been Executive Vice President of the Company since September 2004 and a director of the Company since February 2007. From 1998 to 2002, she was President and Chief Operating Officer of Jones Apparel Group, Inc.
<b>Tracey T. Travis</b>	Age 49	Ms. Travis has been Senior Vice President of Finance and Chief Financial Officer of the Company since January 2005. Ms. Travis served as Senior Vice President, Finance of Limited Brands, Inc. from April 2002 until August 2004, and Chief Financial Officer of Intimate Brands, Inc. from April 2001 to April 2002. Prior to that time, Ms. Travis was Chief Financial Officer of the Beverage Can Americas group at American National Can from 1999 to 2001, and held various finance and operations positions at Pepsi Bottling Group from 1989 to 1999. Ms. Travis is a member of the board of directors of the Lincoln Center Theater and Campbell Soup Company.
<b>Mitchell A. Kosh</b>	Age 62	Mr. Kosh has served as Senior Vice President of Human Resources of the Company since July 2000. He was Senior Vice President of Human Resources of Conseco, Inc., from February 2000 to July 2000. Prior to that time, Mr. Kosh held executive human resource positions with the Venator Group, Inc. starting in 1996.

**Item 1A. Risk Factors.**

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

**Risks Related to Our Business**

**The loss of the services of Mr. Ralph Lauren, members of our executive management or other key personnel could have a material adverse effect on our business.**

Mr. Ralph Lauren's leadership in the design, marketing and operational areas of our business has been a critical element of our success since the inception of our Company. He is instrumental to, and closely identified with, our brand that bears his name. Our ability to maintain our brand image and leverage the goodwill associated with Mr. Lauren's name may be damaged if we were to lose his services. We depend on the service and management experience of Mr. Lauren and other key executive officers, who have substantial experience and expertise in our industry and our business. The death or disability of Mr. Lauren or other extended or permanent loss of his services, or any negative market or industry perception with respect to him or arising from his loss, could have a material adverse effect on our business, financial condition and results of operations. Our other executive officers and other members of senior management have substantial experience and expertise in our business and have made significant contributions to our growth and success. The loss of the services of Roger Farah, our President and Chief Operating Officer, or one or more of our other key personnel or the concurrent loss of several of these individuals could also have a material adverse effect on our business, financial condition and results of operations. We are not protected by a material amount of key-man or similar life insurance covering Mr. Lauren, our other executive officers and certain other members of senior management. We have entered into employment agreements with Mr. Lauren and our other executive officers, but competition for experienced executives in our industry is intense and the non-compete period with respect to Mr. Lauren and certain other executive officers could, in some circumstances in the event of their termination of employment with our Company, end prior to the employment term set forth in their employment agreements.

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

We sell our wholesale merchandise primarily to major department stores across the U.S. and Canada, Europe and Asia and extend credit based on an evaluation of each customer's financial condition, usually without requiring collateral. However, the financial difficulties of a customer could cause us to curtail or eliminate business with that customer. We may also assume more credit risk relating to that customer's receivables. In the aggregate, our three largest wholesale customers constituted approximately 25% of our gross trade accounts receivable outstanding as of March 31, 2012 and contributed approximately 40% of all wholesale revenues for Fiscal 2012. Our inability to collect on our trade accounts receivable from any one of these customers could have a material adverse effect on our business, financial condition or liquidity. See Item 1 *Business Wholesale Credit Control*.

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

The uncertain state of the global economy continues to impact businesses around the world. The current political and economic global environment has resulted in continued economic unpredictability, particularly in Europe where there are concerns regarding the increased debt levels of certain countries and their ability to meet future financial obligations, as well as the overall stability of the Euro currency. Although we believe that our cash provided by operations and available borrowing capacity under our credit facilities will provide us with sufficient liquidity through the current global economic uncertainty, the impact of economic conditions on our major customers, suppliers and lenders and their ability to access global capital markets cannot be predicted and may be

quite severe. The inability of major manufacturers to ship our products could impair our ability to meet the delivery date requirements of our customers. Deterioration in global financial markets could increase the cost of any future financing or cause our lenders to be unable to meet their funding commitments under our credit facilities. A disruption in the ability of our significant customers to access liquidity could cause serious disruptions or an overall deterioration of their businesses which could lead to a significant reduction in their future orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our operating results and liquidity.

**We cannot assure the successful implementation of our growth strategy.**

As part of our growth strategy, we seek to extend our brands and merchandise categories, expand our geographic coverage and increase direct management of our brands by opening more of our own stores, strategically acquiring or integrating select businesses previously held by our licensees and enhancing our operations. Implementation of our strategy involves the continued expansion of our business in Asia, Europe and other international areas. As discussed in Item 1 *Business Recent Developments*, in Fiscal 2011, we acquired our previously licensed Ralph Lauren-branded apparel and accessories business in South Korea. In Fiscal 2010, we acquired our previously licensed Ralph Lauren-branded apparel business in the Greater China and Southeast Asia region.

We may have difficulty integrating acquired businesses into our operations, hiring and retaining qualified key employees, or otherwise successfully managing such expansion. Furthermore, we may not be able to successfully integrate the business of any licensee that we acquire into our own business or achieve any expected cost savings or synergies from such integration.

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

In Europe, we lack the large wholesale distribution channels we have in the U.S., and we may have difficulty developing and maintaining successful distribution strategies and alliances in certain of the major European countries. In Asia, our primary mode of distribution is via a network of shops located within leading department stores. As we do not yet have significant experience in operating a direct-to-consumer business in this region and face established competitors, we may have difficulty in successfully retaining this network, and expanding into alternate distribution channels. In addition, certain of the international countries in which we operate, particularly in Asia, have unique operational characteristics that vary from the U.S., including but not limited to employment and labor, transportation, logistics, real estate and legal requirements, which may pose challenges to the execution and success of our related growth strategies. Further, macroeconomic trends may not be favorable, and could limit our ability to implement our growth strategies in select geographies where we have foreign operations, such as Europe and Asia.

Achievement of our growth strategy requires investment in new capabilities, distribution channels and technologies worldwide. These investments may result in short-term costs without accompanying current revenues

and therefore, may be dilutive to our earnings in the short term. In addition, we may continue to incur costs in connection with repositioning our business in certain geographic areas, including in the Asia-Pacific region. Although we believe that our strategy will lead to long-term growth in revenue and profitability, the anticipated benefits may not be fully realized.

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

We are dependent on information technology systems and networks, including the Internet, for a significant portion of our direct-to-consumer sales, including our e-commerce operations and retail business credit card transaction authorization and processing. We are also responsible for storing data relating to our customers and employees and rely on third parties for the operation of our e-commerce websites and for the various social media tools and websites we use as part of our marketing strategy. As part of our normal course of business, we often collect, retain, and transmit certain sensitive and confidential customer information, including credit card information, over public networks. There is a significant concern by consumers and employees over the security of personal information transmitted over the Internet, consumer identity theft and user privacy. Despite the security measures we currently have in place, our facilities and systems and those of our third party service providers may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. Any electronic or physical security breach involving the misappropriation, loss or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third-party, could disrupt our business, severely damage our reputation and our relationships with our customers, expose us to risks of litigation and liability and adversely affect our business and results of operations. Since we do not control third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future, any perceived or actual unauthorized disclosure of personally identifiable information regarding our customers or website visitors could harm our reputation and credibility, reduce our e-commerce net sales, impair our ability to attract website visitors and reduce our ability to attract and retain customers. We may also incur significant costs in complying with the various applicable state, federal and foreign laws regarding unauthorized disclosure of personal information.

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

We are dependent on our computer systems to record and process transactions and manage and operate our business, including in designing, marketing, manufacturing, importing, tracking and distributing our products, processing payments, and accounting for and reporting results. We also utilize an automated replenishment system to facilitate the processing of basic replenishment orders from our Retail segment and our wholesale customers, the movement of goods through distribution channels, and the collection of information for planning and forecasting. In addition, we have e-commerce and other Internet websites in the U.S. and Europe and have plans for new e-commerce sites in Asia and other parts of the world. Given the complexity of our business and the significant number of transactions that we engage in on an annual basis, it is imperative that we maintain constant operation of our computer hardware and software systems. Despite our preventative efforts, our systems are vulnerable from time to time to damage or interruption from, among other things, security breaches, computer viruses or power outages. Any material disruptions in our information technology systems could have a material adverse effect on our business, financial condition and results of operations.

**Implementation of management information systems may negatively impact our business.**

We are continually improving and upgrading our computer systems and software. We are in the process of implementing a new global operating and financial reporting system as part of a multi-year plan to integrate and upgrade our operational and financial systems and processes. The implementation of this global system, scheduled to occur in phases over the next several years, began with the migration of certain of our domestic human resource systems during Fiscal 2011 and continued with transition of certain of our operational and financial systems to the new global operating and financial reporting system during Fiscal 2012. The next phase of this implementation effort involves the migration of certain core areas of our domestic business to the new system, including customer order-to-cash settlement and global merchandise procurement, during Fiscal 2013.

Implementation of a new management information system involves risks and uncertainties. Any disruptions, delays or deficiencies in the design or implementation of a new system, such as the new global operating and financial reporting system currently being implemented, could result in increased costs, disruptions in the sourcing and shipment of our product and delays in the collection of cash from our customers, as well as have an adverse effect on our ability to timely report our financial results, all of which could materially adversely affect our business, financial condition and results of operations.

**Our business is subject to risks associated with importing products and could suffer as a result of increases in the price of raw materials, freight or labor or a manufacturer's inability to produce our goods on time and to our specifications.**

We do not own or operate any manufacturing facilities and depend exclusively on independent third parties for the manufacture of all of our products. Our products are manufactured to our specifications through arrangements with over 600 foreign manufacturers in various countries. In Fiscal 2012, over 98%, by dollar value, of our products were produced outside the U.S., primarily in Asia, Europe and South America. Risks inherent in importing our products include:

changes in social, political and economic conditions or terrorist acts that could result in the disruption of trade from the countries in which our manufacturers or suppliers are located;

the imposition of additional regulations relating to imports or exports;

the imposition of additional duties, taxes and other charges on imports or exports;

significant fluctuations of the cost of raw materials;

increases in the cost of labor, fuel, travel and transportation;

disruptions of shipping and international trade caused by natural and man-made disasters;

significant delays in the delivery of cargo due to security considerations;

the imposition of antidumping or countervailing duty proceedings resulting in the potential assessment of special antidumping or countervailing duties; and

the imposition of sanctions in the form of additional duties either by the U.S. or its trading partners to remedy perceived illegal actions by national governments.

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

In addition, the inability of a manufacturer to ship orders of our products in a timely manner or to meet our quality standards could cause us to miss the delivery date requirements of our customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a substantial reduction in purchase prices, any of which could have a material adverse effect on our financial condition and results of operations. Prices of raw materials used to manufacture our products may also fluctuate and increases in prices of such raw materials could have a material adverse effect on our cost of sales. Furthermore, the cost of labor at many of our third-party manufacturers has been increasing significantly and, as the middle class in developing countries such as China continues to grow, it is unlikely that such cost pressure will abate. The cost of transportation has been increasing as well and it is unlikely that such cost pressure will abate if oil prices continue to rise and there is continued significant unrest in the Middle East. We may not be able to offset such increases in raw materials, freight or labor costs through pricing actions or other means.

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

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

**Our business is exposed to domestic and foreign currency fluctuations.**

We generally purchase our products in U.S. Dollars. However, we source most of our products overseas. As a result, the cost of these products may be affected by changes in the value of the relevant currencies. Changes in currency exchange rates may also affect the U.S. Dollar value of the foreign currency denominated prices at which our international businesses sell products. Furthermore, our international sales are primarily derived from sales in foreign currencies, as is a portion of our licensing revenues. These foreign currencies primarily include the Euro, the Japanese Yen, the Hong Kong Dollar, the South Korean Won, the Canadian Dollar, and the British Pound Sterling, and this revenue could be materially affected by currency fluctuations. Although we hedge certain exposures to changes in foreign currency exchange rates arising in the ordinary course of business, we cannot fully anticipate all of our currency exposures and therefore foreign currency fluctuations may have a material adverse impact on our financial condition and results of operations. In addition, factors that could impact the effectiveness of our hedging activities include the volatility of currency markets, the accuracy of forecasted transactions and the availability of hedging instruments. As such, our hedging activities may not completely mitigate the impact of foreign currency fluctuations on our results of operations. See Item 7 *Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk Management*.

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

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

We have significant undistributed earnings held by our subsidiaries outside the U.S. We currently intend to reinvest the cash and cash equivalents arising from these earnings in order to fund strategic initiatives, working capital requirements and debt repayments (both third party and intercompany) of such foreign subsidiaries. Any future repatriation of such amounts to the U.S. could result in a significant incremental tax liability in the period in which the decision to repatriate is made.

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

We have exclusive relationships with certain customers for distribution of some of our products, including with Kohl's Corporation (Kohl's) for our *Chaps* products. Our arrangement with Kohl's makes us dependent on the company's financial and operational health for such products. The loss of this relationship could have an adverse effect on our Wholesale business.

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

Several of our department store customers, including some under common ownership, account for significant portions of our wholesale net sales. A substantial portion of sales of our licensed products by our domestic licensing partners are also made to our largest department store customers. In the aggregate, our three largest wholesale customers accounted for approximately 40% of our wholesale net sales during Fiscal 2012. There can be no assurance that consolidations, restructurings, reorganizations or other ownership changes in the department store sector will not have a material adverse effect on our wholesale business.

We typically do not enter into long-term agreements with our customers. Instead, we enter into a number of purchase order commitments with our customers for each of our lines every season. A decision by the controlling owner of a group of stores or any other significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease or eliminate the amount of merchandise purchased from us or our licensing partners; or to change their manner of doing business with us or our licensing partners or their new strategic and

operational initiatives, including their continued focus on further development of their private label initiatives, could have a material adverse effect on our business or financial condition.

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

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

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

**Our ability to conduct business in international markets may be affected by legal, regulatory, political and economic risks.**

Our ability to capitalize on growth in new international markets and to maintain the current level of operations in our existing international markets is subject to risks associated with international operations. These include:

the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions;

compliance with U.S. and other country laws relating to foreign operations, including the Foreign Corrupt Practices Act, which prohibits U.S. companies from making improper payments to foreign officials for the purpose of obtaining or retaining business, and the U.K. Bribery Act, which prohibits U.K. and related companies from any form of bribery;

unexpected changes in regulatory requirements; and

new tariffs or other barriers in some international markets.

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

political instability and terrorist attacks;

changes in diplomatic and trade relationships; and

general economic fluctuations in specific countries or markets.

We cannot predict whether quotas, duties, taxes, or other similar restrictions will be imposed by the U.S., the European Union, Asia, or other countries upon the import or export of our products in the future, or what effect any of these actions would have, if any, on our business, financial condition or results of operations. Changes in regulatory, geopolitical, social or economic policies and other factors may have a material adverse effect on our business in the future or may require us to exit a particular market or significantly modify our current business practices.



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

We have operations, including retail, distribution and warehousing operations, in locations subject to natural disasters such as severe weather and geological events that could disrupt our operations. In addition, our suppliers and customers also have operations in these locations. The occurrence of natural events may result in sudden disruptions in business conditions of the local economies affected, as well as of the regional and global economies. Such disruptions could result in decreased demand for our products and disruptions in our sales channels and manufacturing and distribution networks, which could have a material adverse effect on our business, financial condition and results of operations.

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

We believe that our