

**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 28, 2015**

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)

13-2622036

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

10022

(Zip Code)

(212) 318-7000

(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock, \$.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark 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 \$10,107,662,712 as of September 26, 2014, 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 8, 2015, 60,392,090 shares of the registrant's Class A common stock, \$.01 par value and 25,881,276 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 ended March 28, 2015.

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," "currently envisions," and similar words or phrases and involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed in or implied by such forward-looking statements. These risks, uncertainties, and other factors include, among others:

- the loss of key personnel, including Mr. Ralph Lauren;
- our ability to achieve anticipated operating enhancements and/or cost reductions from our restructuring plans, including our planned transition to a global brand-based operating structure;
- our ability to successfully implement our anticipated growth strategies and to capitalize on our repositioning initiatives in certain regions and merchandise categories;
- our exposure to currency exchange rate fluctuations from both a transactional and translational perspective, and risks associated with increases in the costs of raw materials, transportation, and labor;
- our ability to secure our facilities and systems and those of our third-party service providers from, among other things, cybersecurity breaches, acts of vandalism, computer viruses, or similar Internet or email events;
- our ability to continue to maintain our brand image and reputation and protect our trademarks;
- the impact of global economic conditions on us, our customers, our suppliers, and our vendors and on our ability and their ability to access sources of liquidity;
- the impact of the volatile state of the global economy or consumer preferences on purchases of premium lifestyle products that we offer for sale and our ability to forecast consumer demand, which could result in a build-up of inventory;
- 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;
- a variety of legal, regulatory, tax, political, and economic risks, including risks related to the importation and exportation of products, tariffs, and other trade barriers which our international operations are subject to and other risks associated with our international operations, such as compliance with the Foreign Corrupt Practices Act or violations of other anti-bribery and corruption laws prohibiting improper payments, and the burdens of complying with a variety of foreign laws and regulations, including tax laws, trade and labor restrictions, and related laws that may reduce the flexibility of our business;
- the impact to our business of events of unrest and instability that are currently taking place in certain parts of the world, as well as from any terrorist action, retaliation, and the threat of further action or retaliation;
- our ability to continue to expand or grow our business internationally and the impact of related changes in our customer, channel, and geographic sales mix as a result;
- changes to our effective tax rates;
- changes in our relationships with department store customers and licensing partners;
- our efforts to improve the efficiency of our distribution system and to continue to enhance and upgrade our global information technology systems and our global e-commerce platform;
- our intention to introduce new products or enter into or renew alliances and exclusive relationships;
- our ability to access sources of liquidity to provide for our cash needs, including our debt obligations, payment of dividends, capital expenditures, and potential repurchase of our Class A common stock;

- our ability to open new retail stores, concession shops, and e-commerce sites in an effort to expand our direct-to-consumer presence;
- our ability to make certain strategic acquisitions and successfully integrate the acquired businesses into our existing operations;
- the impact to our business resulting from potential costs and obligations related to the early termination of our long-term, non-cancellable leases;
- the potential impact to the trading prices of our securities if our Class A common stock share repurchase activity and/or cash dividend rate differs from investors' expectations;
- our ability to maintain our credit profile and ratings within the financial community; and
- the potential impact on our operations and on our customers resulting from natural or man-made disasters.

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 involving Ralph Lauren Corporation securities by directors and executive officers are 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.

In this Form 10-K, references to "Ralph Lauren," "ourselves," "we," "our," "us," and the "Company" refer to Ralph Lauren Corporation and its subsidiaries, 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 2016" represent the 53-week fiscal year ending April 2, 2016. All references to "Fiscal 2015" represent the 52-week fiscal year ended March 28, 2015. All references to "Fiscal 2014" represent the 52-week fiscal year ended March 29, 2014. All references to "Fiscal 2013" represent the 52-week fiscal year ended March 30, 2013.

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 apparel, accessories, home furnishings, and other licensed product categories. Our long-standing reputation and distinctive image have been consistently developed across an expanding number of products, brands, sales channels, and international markets. We believe that our global reach, breadth of product offerings, 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 46% of our Fiscal 2015 net revenues, consists of sales made principally to major department stores and specialty stores around the world. Our Retail business, representing approximately 52% of our Fiscal 2015 net revenues, consists of sales made directly to consumers through our integrated retail channel, which includes our retail stores, concession-based shop-within-shops, and e-commerce operations around the world. Our Licensing business, representing approximately 2% of our Fiscal 2015 net revenues, consists of royalty-based arrangements under which we license to unrelated third parties for specified periods the right to operate retail stores and/or to use our various trademarks in connection with the manufacture and sale of designated products, such as certain apparel, eyewear, and fragrances. Approximately 37% of our Fiscal 2015 net revenues were earned outside of the U.S. See Note 22 to the accompanying audited consolidated financial statements for a summary of net revenues, operating income, and total assets by reportable segment, as well as net revenues and long-lived assets by geographic location.

Over the past five fiscal years, our sales have grown by approximately 35% to \$7.620 billion in Fiscal 2015 from \$5.660 billion in the fiscal year ended April 2, 2011. This growth has been attributable to 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 merchandise available through our wholesale distribution channels at approximately 13,000 different retail locations worldwide. We also sell directly to customers throughout the world via our 466 retail stores, our 536 concession-based shop-within-shops, and our 10 e-commerce sites. In addition to our directly-operated stores and shops, our international licensing partners operate 72 Ralph Lauren stores, 23 Ralph Lauren concession shops, and 119 Club Monaco stores and shops.

We continue to invest in our business. Over the past five fiscal years, we have invested approximately \$1.741 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 also continue to return value to our shareholders through our common stock share repurchases and payment of quarterly cash dividends. Over the past five fiscal years, the cost of shares of Class A common stock repurchased pursuant to our common stock repurchase program was approximately \$2.471 billion and dividends paid amounted to approximately \$548 million.

We have been controlled by the Lauren family since the founding of our Company. As of March 28, 2015, Mr. Ralph Lauren, or entities controlled by the Lauren family, held approximately 81% of the voting power of the Company's outstanding common stock.

Seasonality of Business

Our business is typically affected by seasonal trends, with higher levels of wholesale sales in our second and fourth fiscal quarters and higher retail sales in our second and third fiscal quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school, and holiday shopping periods impacting our Retail segment. As a result of 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 our future performance. In addition, fluctuations in sales, operating income, and cash flows in any fiscal quarter may be affected by 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 premium lifestyle brands, a proven ability to develop and extend the distribution of our brands through multiple channels in global markets, a disciplined investment philosophy supported by a strong balance sheet, and an experienced management team. 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 — Current Trends and Outlook*," we believe our core strengths will allow us the opportunity 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 have 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, allowing us to offer our customers a range of products, price points, and channels of distribution. We operate our retail business using an omni-channel retailing strategy to deliver a seamless and integrated shopping experience to our customers. We believe that our size and the global scope of our operations favorably position us to take advantage of synergies in design, sourcing, and distribution across our different businesses.

While balancing our key long-term strategic objectives with our near-term priorities, we intend to continue to pursue select opportunities for growth during the course of Fiscal 2016 and beyond. These opportunities and continued investment initiatives include:

- International Growth;
- Direct-to-Consumer Growth;
- Product Innovation and Brand Extension Growth;
- Investment in Operational Infrastructure;
- Global Talent Development and Management; and
- Strong Financial Management and Cash Flow Reinvestment.

Recent Developments

Global Reorganization Plan

On May 12, 2015, our Board of Directors approved a reorganization and restructuring plan comprised of the following major actions: (i) the reorganization of the Company from its current channel and regional structure to an integrated global brand-based operating structure, which will streamline our business processes to better align our cost structure with our long-term growth strategy; (ii) a strategic store and shop-within-shop performance review conducted by region and brand; (iii) a targeted corporate functional area review; and (iv) the consolidation of certain of our luxury lines (collectively, the "Global Reorganization Plan"). The Global Reorganization Plan will result in a reduction in workforce and, once a performance review is complete, the closure of certain stores and shop-within-shops. When substantially implemented by the end of Fiscal 2016, the Global Reorganization Plan is expected to result in improved operational efficiencies by reducing annual operating expenses by approximately \$100 million.

In connection with the Global Reorganization Plan, we expect to incur total estimated charges of \$70 million to \$100 million, comprised of restructuring charges totaling \$55 million to \$80 million, to be settled in cash, and non-cash charges totaling \$15 million to \$20 million. We anticipate that these restructuring and non-cash charges will be incurred over the course of Fiscal 2016, primarily during the first half of the year.

Australia and New Zealand Licensed Operations Acquisition

In July 2013, in connection with the transition of the Ralph Lauren-branded apparel and accessories business in Australia and New Zealand (the "Australia and New Zealand Business") from a licensed to a wholly-owned operation, we acquired certain net assets from Oron Group/PRL Australia ("Oron") in exchange for an aggregate payment of approximately \$15 million (the "Australia and New Zealand Licensed Operations Acquisition"). Oron was our licensee for the Australia and New Zealand Business. The operating results of the Australia and New Zealand Business have been consolidated in our operating results beginning on July 1, 2013.

Chaps Menswear License Acquisition

In April 2013, in connection with the transition of the North American Chaps-branded men's sportswear business (the "Chaps Menswear Business") from a licensed to a wholly-owned operation, we entered into an agreement with The Wamaco Group, Inc. ("Wamaco"), a subsidiary of PVH Corp., to acquire certain net assets in exchange for an aggregate payment of approximately \$18 million (the "Chaps Menswear License Acquisition"). Wamaco was our licensee for the Chaps Menswear Business. The operating results of the Chaps Menswear Business have been consolidated in our operating results beginning on April 10, 2013.

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, 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, which are sold under various brand names, including Ralph Lauren Women's Collection, Purple Label, Black Label, Polo Ralph Lauren, Polo Sport, Double RL, RLX Ralph Lauren, Lauren Ralph Lauren, Ralph by Ralph Lauren, Polo and RLX Golf, Ralph Lauren Childrenswear, Denim & Supply Ralph Lauren, Chaps, Club Monaco, and American Living, among others;
- *Accessories* — Products encompass a broad range for both men and women, including footwear, eyewear, watches, fine jewelry, hats, belts, and leathersgoods, including handbags and luggage, which are sold under various brand names, including Lauren Ralph Lauren, Double RL, and Club Monaco, among others;
- *Home* — Coordinated home products include bedding and bath products, furniture, fabric and wallpaper, lighting, paint, tabletop, and giftware; and
- *Fragrance* — Women's fragrance products are sold under our Safari, Ralph Lauren Blue, Lauren, Romance, Midnight Romance, RALPH collection, and Big Pony collection brands. Men's fragrances include Safari, Polo Sport, Polo Green, Polo Blue, Polo Blue Sport, Purple Label, Polo Black, Double Black, Big Pony collection, Polo Red collection, and Polo Supreme Oud.

Our lifestyle brand image is reinforced by our distribution through our stores and concession-based shop-within-shops, our wholesale channels of distribution, our global e-commerce sites, and our Ralph Lauren restaurants.

Ralph Lauren Women's Collection and Ralph Lauren Purple Label

Each season, the runway sets the stage for the Ralph Lauren Women's Collection designs which includes handmade evening gowns with exquisite detail to refined hand-tailored suitings. For men, Ralph Lauren Purple Label offers refined suitings, custom tailored made-to-measure suits and sophisticated sportswear, as well as benchmarked footwear and made-to-order dress furnishings, accessories, and luggage. Ralph Lauren Women's Collection and Ralph Lauren Purple Label are available in Ralph Lauren stores around the world, an exclusive selection of the finest specialty stores, and online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

Ralph Lauren Watches and Fine Jewelry

In 2008, Ralph Lauren, together with internationally renowned luxury group Compagnie Financière Richemont SA, launched a premier collection of timepieces through the Ralph Lauren Watch & Jewelry Co. The four pillar collections — the iconic Ralph Lauren Stirrup, the refined Ralph Lauren Slim Classique, the Ralph Lauren Sporting, and the 867 Collection — embody Mr. Lauren's passion for impeccable quality and exquisite design. In 2010, the Ralph Lauren Watch & Jewelry Co. also introduced premier collections of fine jewelry, including the Ralph Lauren Diamond Link Collection, the Ralph Lauren Equestrian Collection, and the Ralph Lauren Chunky Chains Collection, all capturing the glamour and craftsmanship of Ralph Lauren's most luxurious designs. Ralph Lauren watches and fine jewelry are available at select Ralph Lauren stores and flagship locations around the world. A selection of watches is also available online at RalphLauren.com and the finest watch retailers.

Ralph Lauren Black Label

Black Label is Ralph Lauren's ultramodern statement of sleek and sophisticated apparel for men and women. Black Label for women and men are 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.

Polo Ralph Lauren

Women's Polo is targeted towards the young modern girl and mixes romantic bohemian with cool sportiness. Men's Polo combines Ivy League classics and time-honored English haberdashery with downtown styles and all-American sporting looks in sportswear and tailored clothing. Men's and Women's Polo signature aesthetic includes our renowned polo player logo. Men's and Women's Polo apparel and accessories are available in Polo stores around the world, better department stores, and online at our Ralph Lauren e-commerce sites, including RalphLauren.com. Men's Polo is also available at Ralph Lauren stores around the world and select specialty stores.

Polo Sport

Polo Sport is our next evolution of modern active wear for men, women, and children for today's active lifestyle. In 2014, we debuted the Polo Tech Shirt, which featured groundbreaking smart fabric technology that captures robust biometrics from the wearer. We expect to launch Polo Sport in the Summer of 2015 at select Ralph Lauren stores, better department stores, and online at our e-commerce sites, including RalphLauren.com.

Double RL

Founded in 1993 and named after Ralph Lauren and his wife Ricky's "RRL" ranch in Colorado, Double RL for men and women offers a mix of selvedge denim, vintage apparel, sportswear and accessories, with roots in workwear and military gear. Double RL is available at Double RL stores, at select Ralph Lauren stores, and an exclusive selection of the finest specialty stores around the world, as well as online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

RLX Ralph Lauren

RLX Ralph Lauren for men and women unites high standards of luxury, technology, and style with its offerings of luxe lifestyle athletic apparel. The RLX Ralph Lauren line is available at select Ralph Lauren stores around the world, top specialty and department stores, and online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

Lauren Ralph Lauren

Lauren for women offers sportswear, denim, dresses, Lauren Activewear, and a wide array of accessories and footwear at a more accessible price point. Lauren for women is available in select department stores around the world and online at our Ralph Lauren e-commerce sites, including RalphLauren.com. Lauren for men offers a complete collection of men's tailored clothing, including suits, sport coats, dress shirts, dress pants, tuxedos, topcoats, and ties at a more accessible price point. Lauren for men is available at select department stores in North America and Europe.

Ralph by Ralph Lauren

Ralph by Ralph Lauren offers suit separates, sport coats, vests, and topcoats with refined luxury at an excellent value. Ralph by Ralph Lauren is available exclusively at Dillard's stores and online at Dillards.com.

Polo and RLX Golf

Tested and worn by top-ranked professional golfers, Polo Golf for men and women defines heritage excellence in the world of golf. With a sharpened focus on the needs of the modern player but rooted in the rich design tradition of Ralph Lauren, the Golf collections combine state-of-the-art performance wear with luxurious finishing touches. Over the years, Polo and RLX Golf have been proud to sponsor Tom Watson, Davis Love III, Jonathan Byrd, Justin Thomas, Luke Donald, Matteo Manassero, and Billy Horschel. The Polo and RLX Golf collections are available in select Ralph Lauren stores, exclusive private clubs and resorts, and online at RalphLauren.com.

Pink Pony

Established in 2000, the Pink Pony campaign is our worldwide initiative in the fight against cancer. The Pink Pony Fund of the Polo Ralph Lauren Foundation 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 and other major cancer charities around the world. Pink Pony primarily consists of slim-fitting women's sportswear and accessories crafted in luxurious fabrics. 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. Pink Pony is also available at select Macy's stores and online at Macys.com.

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 include iconic polo knit shirts and luxurious cashmere cable sweaters. Ralph Lauren Childrenswear is available in a full range of sizes for children, from baby, infant, and toddler to girls size 16 and boys size 20. Ralph Lauren Childrenswear can be found in select Ralph Lauren stores around the world, better department stores, and online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

Denim & Supply Ralph Lauren

Inspired by the warehouse and artist communities of Brooklyn, New York and authentic style found in the music festival scene, Denim & Supply represents a laid-back style of clothes that is urban, rustic and bohemian. Denim & Supply Ralph Lauren is available at our Denim & Supply Stores around the world, at Macy's and Hudson's Bay in North America, select department stores in Europe and Asia, and in specialty stores and concession shops in Asia. In addition, Denim & Supply is available online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

Chaps

Chaps represents a complete lifestyle collection for the entire family and home, with casual sportswear, workday essentials, and fashionable dresses. The Chaps men's, women's, and children's collections are available at select Chaps retail stores and department and specialty stores in the U.S. and Canada, as well as Chaps retail stores and department stores in Mexico. Chaps Home is available exclusively at Kohl's and online at Kohls.com. Additionally, Chaps retail stores and department store distribution will be expanding internationally for all apparel categories starting in Spring 2015.

Club Monaco

Founded in 1985, Club Monaco designs 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. Club Monaco apparel and accessories are available exclusively at Club Monaco stores around the world, as well as online at our Club Monaco e-commerce sites, ClubMonaco.com and ClubMonaco.ca. Club Monaco is also available in Asia through our licensing arrangements.

American Living

American Living for women offers a world of fashion with everyday essentials, as well as dresses for special occasions at an incredible value. American Living is available at Macy's and Belk stores, and online at Macys.com and Belk.com.

Ralph Lauren Home and Paint

Ralph Lauren Home presents home furnishings and accessories that reflect the style and craftsmanship synonymous with the name Ralph Lauren. Ralph Lauren Home includes furniture, bed and bath linens, china, crystal, silver, decorative accessories and gifts, as well as lighting, fabric, wallcovering, and floorcovering. Ralph Lauren Home offers exclusive luxury goods at select Ralph Lauren stores, home specialty stores, trade showrooms, and online at our Ralph Lauren e-commerce sites, including RalphLauren.com. The complete world of Ralph Lauren Home can be explored online at RalphLaurenHome.com. Ralph Lauren also offers paint in over 400 palettes. Ralph Lauren Paint is offered at select specialty stores in the U.S. and The Home Depot. The complete color palette, paint how-to's, and a guide to professional painters can be explored online at RalphLaurenPaint.com.

Fragrance

In 1978, we launched the initial fragrances of Lauren for women and Polo for men. Since then, Ralph Lauren fragrances have expanded to capture the essence of Ralph Lauren's men's and women's brands with numerous labels, designed to appeal to a variety of audiences. Ralph Lauren fragrances are available in department stores, specialty and duty free stores, perfumeries, select Ralph Lauren and Polo stores around the world, and online at our Ralph Lauren e-commerce sites, including RalphLauren.com.

Ralph Lauren Restaurants

Ralph Lauren's restaurants translate Mr. Ralph Lauren's distinctive vision into places to gather with family and friends to enjoy fine food. In 1999, the first RL restaurant opened, adjacent to the Ralph Lauren Chicago store on Michigan Avenue. This restaurant exemplifies the timeless design sensibility of Ralph Lauren's world and features classic American "city club" cuisine. In 2010, Ralph's was opened in the courtyard and converted stables of our Paris store on the Blvd. Saint Germain. Ralph's presents Mr. Lauren's favorite American classics in an elegant and glamorous French environment. In August 2014, we opened Ralph's Coffee on the second floor of our Polo Flagship store in New York City, featuring private custom coffee roasts, sandwiches, and sweet treats. The Polo Bar, adjacent to our New York City Polo Flagship store, opened in January 2015 with a menu dedicated to serving seasonal American classics in a setting that pays homage to the sophisticated equestrian heritage of the Ralph Lauren world.

Our Wholesale Segment

Our Wholesale segment sells our products globally to leading upscale and certain mid-tier department stores, specialty stores, and golf and pro shops. We have continued to focus on elevating our brand by improving in-store product assortment and presentation, as well as full-price sell-throughs to consumers. As of the end of Fiscal 2015, our wholesale products were sold through approximately 13,000 doors worldwide and we invested \$48 million of capital in related shop-within-shops during Fiscal 2015, 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 apparel, accessories, and home furnishings. Our collection brands — Ralph Lauren Women's 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 Latin America, our wholesale products are sold in department stores and specialty stores. In Europe, our wholesale sales are comprised of a varying mix of sales to both department stores and specialty stores, depending on the country. In Japan, our wholesale products are distributed primarily through shop-within-shops at premier and top-tier department stores. In the Greater China and Southeast Asia region, Australia, and New Zealand, our wholesale products are sold mainly at mid and top-tier department stores. We also distribute our wholesale products to certain licensed stores operated by our partners in Latin America, Asia, Europe, and the Middle East.

We sell the majority of our excess and out-of-season products through secondary distribution channels worldwide, including our retail factory stores.

Worldwide Wholesale Distribution Channels

The following table presents the number of doors by geographic location in which products distributed by our Wholesale segment were sold to consumers in our primary channels of distribution as of March 28, 2015:

<u>Location</u>	<u>Number of Doors</u>
The Americas ^(a)	7,308
Europe ^(b)	5,311
Asia ^(c)	128
Total	12,747

(a) Includes the U.S., Canada, and Latin America.

(b) Includes the Middle East.

(c) Includes Australia and New Zealand.

We have three key wholesale customers that generate significant sales volume. During Fiscal 2015, sales to our largest wholesale customer, Macy's, Inc. ("Macy's"), accounted for approximately 12% and 26% of our total net revenues and total Wholesale net revenues, respectively. Further, during Fiscal 2015, sales to our three largest wholesale customers, including Macy's, accounted for approximately 24% and 52% of our total net revenues and total Wholesale net revenues, respectively.

Our products are sold primarily by our own sales forces. Our Wholesale segment maintains its primary showrooms in New York City. In addition, we maintain regional showrooms in Milan, Paris, London, Munich, Madrid, Stockholm, and Panama.

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 our products.

As of March 28, 2015, we had approximately 25,000 shop-within-shops in our primary channels of distribution dedicated to our wholesale products worldwide. The size of our shop-within-shops ranges from approximately 100 to 9,200 square feet. Shop-within-shop fixed assets primarily include items such as customized freestanding fixtures, wall cases and components, decorative items, and flooring. 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, select accessories, and home products can be ordered by our wholesale customers at any time through our basic stock replenishment program. We generally ship these products within two to five days of order receipt.

Our Retail Segment

As of March 28, 2015, our Retail segment consisted of 466 directly-operated freestanding stores worldwide, totaling approximately 3.6 million square feet, 536 concession-based shop-within-shops, and 10 e-commerce sites. The extension of our direct-to-consumer reach is one of our primary long-term strategic goals. We operate our retail business using an omni-channel retailing strategy that delivers a seamless and integrated shopping experience with a consistent message of our brands and products to our customers, regardless of whether they are shopping for our products in one of our physical stores or online.

Ralph Lauren Stores

Our Ralph Lauren stores feature a broad range of apparel, accessories, home, watch and jewelry, and fragrance product assortments in an atmosphere reflecting the distinctive attitude and image of the Ralph Lauren, Polo, Double RL, and Denim & Supply brands, including exclusive merchandise that is not sold in department stores. During Fiscal 2015, we opened 11 new Ralph Lauren stores and closed six stores. Our Ralph Lauren stores are primarily situated in major upscale street locations and upscale regional malls, generally in large urban markets.

We operated the following Ralph Lauren stores as of March 28, 2015:

<u>Location</u>	<u>Ralph Lauren Stores</u>
The Americas ^(a)	58
Europe	27
Asia ^(b)	58
Total	143

^(a) Includes the U.S. and Canada.

^(b) Includes Australia and New Zealand.

Our nine flagship Ralph Lauren store locations showcase our iconic styles and products and demonstrate our most refined merchandising techniques. In addition to generating sales of our products, our worldwide Ralph Lauren stores establish, reinforce, and capitalize on the image of our brands. Our Ralph Lauren stores range in size from approximately 700 to 38,000 square feet.

Club Monaco Stores

Our Club Monaco stores feature fashion apparel and accessories for both men and women with clean and contemporary signature styles. As of March 28, 2015, we operated 64 Club Monaco retail stores in North America and Europe. Our Club Monaco stores range in size from approximately 900 to 17,400 square feet.

Factory Stores

We extend our reach to additional consumer groups through our 259 factory stores worldwide, which are principally located in major outlet centers. During Fiscal 2015, we added 30 new factory stores and closed six factory stores.

We operated the following factory stores as of March 28, 2015:

Location	Factory Stores
The Americas ^(a)	165
Europe	54
Asia ^(b)	40
Total	259

^(a) Includes the U.S. and Canada.

^(b) Includes Australia.

Our worldwide factory stores offer selections of our apparel, accessories, and fragrances. In addition to these product offerings, certain of our factory stores in the Americas offer home furnishings. Our factory stores range in size from approximately 800 to 26,700 square feet.

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

Concession-based Shop-within-Shops

The terms of trade for shop-within-shops are largely conducted on a concession 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 transactions are generally our employees and not those of the department store.

As of March 28, 2015, we had 536 concession-based shop-within-shops at 236 retail locations dedicated to our products, which were located in Asia, Australia, New Zealand, and Europe. The size of our concession-based shop-within-shops ranges from approximately 200 to 6,000 square feet. We may share in the cost of building out certain of 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 North American e-commerce sites located at www.RalphLauren.com and www.ClubMonaco.com, as well as our Club Monaco site in Canada located at www.ClubMonaco.ca;
- Our Ralph Lauren e-commerce sites in Europe, including www.RalphLauren.co.uk (servicing the United Kingdom), www.RalphLauren.fr (servicing Belgium, France, Italy, Luxembourg, the Netherlands, Portugal, and Spain), and www.RalphLauren.de (recently expanded to service Denmark, Estonia, Finland, Latvia, Slovakia, and Sweden, in addition to servicing Austria and Germany); and
- Our Ralph Lauren e-commerce sites in Asia, including www.RalphLauren.co.jp (servicing Japan), www.RalphLauren.co.kr (servicing South Korea), www.RalphLauren.asia (servicing Hong Kong, Macau, Malaysia, and Singapore), and www.RalphLauren.com.au (servicing Australia and New Zealand).

Our Ralph Lauren e-commerce sites in the U.S., Europe, and Asia offer our customers access to a broad array of Ralph Lauren, Double RL, Polo, and Denim & Supply apparel, accessories, fragrance, and home products, and reinforce the luxury image of our brands. While investing in e-commerce operations remains a primary focus, it is an extension of our investment in the integrated omni-channel strategy used to operate our overall retail business, in which our e-commerce operations are interdependent with our physical stores.

Our Club Monaco e-commerce sites in the U.S. and Canada offer our domestic and Canadian customers access to our global assortment of Club Monaco apparel 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, our licensing partners may be required to allocate a portion of their revenues to advertising our products and sharing in the creative costs associated with these products. Larger allocations are required in connection with launches of new products or in new territories. Our license agreements generally have one to five-year terms and may grant the licensees conditional renewal options.

We work closely with all of our licensing partners to ensure that their products are developed, marketed, and distributed to reach the intended consumer and are presented consistently across product categories and international markets to convey the distinctive identity 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. We perform a broader range of services for our Ralph Lauren Home licensing partners than we do for our other licensing partners, including design, operating showrooms, marketing, advertising, and, in some cases, sales. In general, our Home licensing partners manufacture and own the inventory, and ship the products.

Approximately 44% of our licensing revenue for Fiscal 2015 was earned from our four largest licensing partners: Luxottica Group, S.p.A., L'Oreal S.A., Peerless, Inc., and Hanesbrands, Inc. The following table lists our largest licensing agreements as of March 28, 2015. Except as noted in the table, these product licenses cover North America only.

Category	Licensed Products	Licensing Partners
Men's Apparel	Underwear and Sleepwear	Hanesbrands, Inc.
	Chaps, Lauren, and Ralph Tailored Clothing	Peerless, Inc.
Beauty Products	Fragrances, Cosmetics, Color, and Skin Care	L'Oreal S.A. (global)
Accessories	Eyewear	Luxottica Group, S.p.A. (global)
Home ^(a)	Bedding and Bath	Ichida (Japan) and Kohl's Department Stores, Inc.
	Utility and Blankets	Hollander Sleep Products LLC and Kohl's Department Stores, Inc.
	Fabric and Wallpaper	Designers Guild Ltd. and P. Kaufmann, Inc.
	Furniture	EJ Victor, Inc.

^(a) Our Home products are sold under our Ralph Lauren Home, Lauren by Ralph Lauren, and Chaps brands. As of March 28, 2015, we had agreements with eight domestic and three international Home product licensing partners.

International Licensing

We believe that international markets offer additional opportunities for our iconic designs and lifestyle image. 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. As of March 28, 2015, our international licensing partners operated 72 Ralph Lauren stores, 23 Ralph Lauren concession shops, and 119 Club Monaco stores and shops.

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.

Our Ralph Lauren products are designed by, and under the direction of, Mr. Ralph Lauren and our design staff. 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 information 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 offerings. 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. We also market our brand through direct-to-consumer marketing, special events, and interactive digital activities. We use our consumer database and consumer knowledge to guide these activities.

Our digital advertising programs focus on high impact and innovative digital media outlets, 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 videos. We deploy these marketing and advertising initiatives through online, mobile, email, and social media. Our e-commerce sites present the Ralph Lauren lifestyle online, while offering a broad array of our apparel, accessories, and home product lines.

We advertise in consumer and trade print and digital media, and participate in cooperative advertising on a shared cost basis with some of our retail and licensing partners. We also provide point-of-sale fixtures and signage to our wholesale customers to enhance the presentation of our products at their retail locations. In addition, when our licensing partners are required to spend an amount equal to a percentage of their licensed product sales on advertising, we coordinate the advertising placement on their behalf. We believe our investments in shop-within-shop environments and retail stores, including our global flagship locations, contribute to and enhance the themes of our brands to consumers. We expensed approximately \$275 million related to the advertising and marketing of our products in Fiscal 2015.

We also conduct a variety of public relations activities. Each spring and fall, our Ralph Lauren Women's Collection is presented during New York Fashion Week. In Fiscal 2015, we hosted a unique New York Fashion Week experience in Central Park to debut our Polo for Women Spring 2015 collection using groundbreaking projection technology. Towering above Manhattan, the water-screen runway projection was captured by hundreds of spectators and shared internationally via news outlets and social media, resulting in over two billion global media impressions. To debut our Polo for Women Fall 2015 collection, we hosted an exclusive presentation that was attended by top tier press, celebrities, high-profile models, and digital influencers. During Fiscal 2015, we also presented our Fall 2015 Collection at our breathtaking Palazzo in Milan during Milan Fashion Week. These fashion events, in addition to celebrity red carpet dressing moments, model appearances, as well as events hosted in-store and in our newly opened restaurant in New York, The Polo Bar, generate extensive domestic and international media and social coverage.

We continue to be the official outfitter for all on-court officials at both the Wimbledon and the U.S. Open tennis tournaments. Both tournaments provide worldwide exposure for our brand in a relevant lifestyle environment. We also continue to be the exclusive Official Parade Outfitter for the U.S. Olympic and Paralympic Teams, with the right to manufacture, distribute, advertise, promote, and sell products in the U.S. which replicate the Parade Outfits and associated leisure wear. Most recently, we dressed Team U.S.A. for the 2014 Winter Olympic Games in Sochi and activities have already started to dress the team for the 2016 Summer Olympic Games to be held in Rio. As part of our involvement with Team U.S.A., we have established a partnership with athletes serving as brand ambassadors and as the faces of our advertising, marketing, and public relations campaigns.

Under our agreement with the United States Golf Association ("USGA"), we continue 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. Additionally, under our agreement with The Royal & Ancient, we are 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 such prestigious global golf tournaments reinforce our brand's sporting heritage in a truly authentic way and serve to connect our Company and brands to our consumers through their individual areas of passion.

Sourcing, Production and Quality

We contract for the manufacture of our products and do not own or operate any production facilities. Over 700 different manufacturers worldwide produce our apparel, accessories, and home products, with no one manufacturer providing more than approximately 4% of our total production during Fiscal 2015. 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 2015, less than 3% of our products (by dollar value) were produced in the U.S., and over 97% of our products (by dollar value) were produced outside the U.S., primarily in Asia, Europe, and Latin 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 the manufacturing of our garments before we sell finished goods, whether to wholly-owned retail stores or to wholesale customers. We also must commit to the purchase of 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 other secondary distribution channels.

Suppliers operate under the close supervision of our global manufacturing division and buying agents headquartered in Asia, the Americas, the Middle East, and Europe. All products are produced according to our specifications. Production and quality control staff in Asia, the Americas, the Middle East, 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 reviewed early 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, both domestic and international. 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 additional points of distribution and sufficient retail floor space, and effectively present our products to consumers.

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 our retail locations 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	High Point, North Carolina ^(a)	Owned
	Distribution center	Chino Hills, California	Third-party
	Distribution center	Miami, Florida	Third-party
Canada	Distribution center	Toronto, Ontario ^(b)	Third-party
Europe	Distribution center	Parma, Italy ^(c)	Third-party
Japan	Distribution center	Yokohama, Japan ^(d)	Third-party
South Korea	Distribution center	Bugok, South Korea ^(e)	Leased
Greater China and Southeast Asia ^(f)	Distribution center	Tuen Mun, Hong Kong ^(g)	Third-party
Latin America	Distribution center	Colón, Panama	Third-party

^(a) This distribution center performs customer order fulfillment for RalphLauren.com and ClubMonaco.com.

^(b) This distribution center performs customer order fulfillment for our businesses in Canada, including our e-commerce operations.

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

^(d) This distribution center performs customer order fulfillment for our businesses in Japan, including our e-commerce operations.

^(e) This distribution center performs customer order fulfillment for our businesses in South Korea, including our e-commerce operations.

^(f) Includes China, Hong Kong, Macau, Malaysia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam.

^(g) This distribution center performs customer order fulfillment for our businesses in Greater China and Southeast Asia, Australia, and New Zealand, including our e-commerce operations.

In addition to the above distribution centers, during the first quarter of Fiscal 2015, we entered into a lease for a new domestic distribution facility in North Carolina to support future business growth. We expect to take possession of this property during the second quarter of Fiscal 2016.

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.

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 efficient stock replenishment, effective merchandise planning, and real-time inventory and sales accounting.

In the U.S. and Europe, we utilize an automated replenishment system to facilitate the processing of basic stock 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 purposes. In the U.S. and Europe, we also utilize an automated allocation system to facilitate the flow of inventory for our Retail segment.

We are in the process of implementing a global operating and financial reporting information technology system, SAP, as part of a multi-year plan to integrate and upgrade our systems and processes. The implementation of this global system is scheduled to occur in phases over the next several years. During Fiscal 2015, we continued to migrate certain areas of our business to SAP, including global merchandise procurement and customer order management and record-to-report for our North American wholesale operations. We are also in the process of executing the migration of our European operations to SAP, which will be completed in stages over the next several years.

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 wholesale customer's financial capacity and condition, usually without requiring collateral. We monitor credit levels and the financial condition of our wholesale 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 risk of bad debts. In North America, collection and deduction transactional activities are 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 approximately three to five months prior to the time the products are delivered to customers, with the exception of orders received through our basic stock replenishment program, which ship within two to five days of order receipt. Our wholesale orders are generally subject to broad cancellation rights. Our total backlog was approximately \$1.6 billion and \$1.5 billion as of March 28, 2015 and March 29, 2014, respectively. We expect that substantially all of our backlog orders as of March 28, 2015 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, concept plans, and the basic stock replenishment programs usage. As a consequence, a comparison of the size of our order backlog from period to period may not be 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 120 countries worldwide. Other trademarks that we own include:

- PURPLE LABEL;
- BLACK LABEL;
- BLUE LABEL;

- DOUBLE RL;
- RRL;
- RLX;
- LAUREN RALPH LAUREN;
- DENIM & SUPPLY RALPH LAUREN;
- PINK PONY;
- LAUREN;
- RALPH;
- CHAPS;
- CLUB MONACO;
- RUGBY;
- AMERICAN LIVING; and
- 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 subject 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 suffered any material restraints or restrictions on 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 trademarks to new markets.

Import Restrictions and Other Government Regulations

Virtually all of our merchandise imported into the Americas, Europe, Asia, Australia, and New Zealand 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 in such increased quantities that would 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 have 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 a "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, and through geographical diversification of our sources of supply.

As almost all of our products are manufactured by foreign suppliers, the enactment of new legislation or the administration of current international trade regulations or executive action affecting textile agreements, or changes in sourcing patterns resulting from the elimination of quotas, could adversely affect our operations. See Item 1A — *"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"* and *"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."*

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, the U.S. Fish and Wildlife Service, and the Consumer Products Safety Commission, including the Consumer Product Safety Improvement Act, which imposes limitations on the permissible amounts of lead and phthalates allowed in children's products. These regulations relate principally to product labeling, licensing requirements, and consumer product safety requirements and regulatory testing, particularly with respect to products used by children. Any failure to comply with such requirements could result in significant penalties and require us to recall products, which could have a material adverse effect on our business or operating results. We believe that we are in substantial compliance with these 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 next fiscal year or in the near future. Our licensed products, licensing partners, buying/sourcing agents, and the vendors and factories with which we contract 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 applicable 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.

We are also subject to disclosure and reporting requirements, established under existing or new federal or state laws, such as the requirements to identify the origin and existence of certain "conflict minerals" under the Dodd-Frank Wall Street Reform and Consumer Protection Act, and disclosures of abusive labor practices in portions of our supply chain under the California Transparency in Supply Chains Act. While we require our suppliers to operate in compliance with all applicable laws and our operating guidelines which promote ethical and socially responsible business practices, any violation of labor, environmental, health, and safety or other laws, or any divergence by an independent supplier's labor practices from generally accepted industry standards, could damage our reputation, disrupt our sourcing capabilities, and increase the cost of doing business, adversely affecting our results of operations.

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 28, 2015, we had approximately 25,000 employees, comprised of approximately 15,000 full-time and approximately 10,000 part-time employees. Approximately 15,000 of our employees are located in the U.S. and approximately 10,000 are located in foreign countries. Approximately 30 of our U.S. production and distribution employees in the womenswear business are members of Workers United (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.

Executive Officers

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

Ralph Lauren	Age 75	Mr. Lauren has been our Chairman of the Board of Directors and Chief Executive Officer since prior to our initial public offering in 1997, and was a member of the Advisory Board of the Board of Directors of our predecessors since their organization. He founded our business in 1967. For over four decades, Mr. Lauren has cultivated the iconography of America into a global lifestyle brand.
Jackwyn L. Nemerov	Age 63	Ms. Nemerov has been our President and Chief Operating Officer since November 2013 and a director of the Company since February 2007. She served as Executive Vice President of the Company from September 2004 through October 2013. Ms. Nemerov was President & Chief Operating Officer of Jones Apparel Group, Inc. from January 1998 until March 2002. Prior to that, Ms. Nemerov was affiliated with Allied Stores, Bernard Chaus, and Gloria Vanderbilt for Murjani. Ms. Nemerov currently serves as a member of the board of governors of The New School University's Parsons School of Design.
Christopher H. Peterson	Age 48	Mr. Peterson has been our President of Global Brands since April 2015. He served as our Executive Vice President, Chief Administrative Officer and Chief Financial Officer from November 2013 through March 2015, and was Senior Vice President and Chief Financial Officer of the Company from September 2012 through October 2013. From 1992 to 2012, Mr. Peterson held various positions with The Procter & Gamble Company, most recently serving as Vice President and Chief Financial Officer of its Global Household Care division.
Valérie Hermann	Age 52	Ms. Hermann has been our President of Luxury Collections since April 2014. She was President and Chief Executive Officer of Reed Krakoff Co. from April 2011 through March 2014. From 2005 to 2011, Ms. Hermann served as Chief Executive Officer of Saint Laurent Paris. Prior to that, she held various positions at LVMH Moët Hennessy Louis Vuitton, including Director of Women's Ready to Wear at Dior.
Mitchell A. Kosh	Age 65	Mr. Kosh has been our Executive Vice President and Chief Administrative Officer since April 2015. He served as our Executive Vice President of Human Resources from March 2014 through March 2015, and was Senior Vice President of Human Resources of the Company from July 2000 through February 2014. Mr. Kosh was Senior Vice President of Human Resources of Conesco, 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.
Robert L. Madore	Age 50	Mr. Madore has been our Senior Vice President and Chief Financial Officer since April 2015. He served as Senior Vice President of Finance of the Company from December 2010 through March 2015, and was Senior Vice President of Operations and Chief Financial Officer of the Company's retail division from 2004 to December 2010. From 2001 to 2003, Mr. Madore was Chief Operating Officer and Chief Financial Officer of Futurebrand, a division of Mccann Ericsson Worldwide. Prior to that, he held various executive management positions at Nine West Group, Inc. starting in 1995.

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 price 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, results of operations, and financial condition 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 team, 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. Mr. Lauren 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, results of operations, and financial condition. 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 any of the key members of senior management, including members of the Office of the Chairman, or one or more of our other key personnel, or the concurrent loss of several of these individuals or any negative public perception with respect to these individuals, could also have a material adverse effect on our business, results of operations, and financial condition. We are not protected by a material amount of key-man or similar life insurance covering Mr. Lauren, our other executive officers, or other members of senior management. We have entered into employment agreements with Mr. Lauren and certain 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.

We may not fully realize the expected cost savings and/or operating efficiencies from our restructuring plans.

We plan to continue to implement restructuring plans to support key strategic initiatives, such as our recently announced planned transition to a global brand-based operating structure, as discussed in Item 1 — "*Business — Recent Developments.*" These restructuring plans are designed to maintain long-term sustainable growth by enhancing our operating effectiveness and efficiency and reducing our operating costs. Restructuring plans present significant potential risks that may impair our ability to achieve anticipated operating enhancements and/or cost reductions, or otherwise harm our business, including:

- higher than anticipated costs in implementing planned workforce reductions, particularly in highly regulated locations outside the U.S.;
- higher than anticipated lease termination and store closure costs (see "*Our business is subject to risks associated with leasing real estate and other assets under long-term, non-cancellable leases*");
- failure to meet operational targets or customer requirements due to the loss of employees or inadequate transfer of knowledge;
- failure to maintain adequate controls and procedures while executing our restructuring plans;
- diversion of management attention from ongoing business activities and/or a decrease in employee morale; and
- attrition beyond any planned reduction in workforce.

If we are not successful in implementing and managing our restructuring plans, we may not be able to achieve targeted operating enhancements and/or cost reductions, which could adversely impact our business, results of operations, and financial condition.

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 into our existing operations select businesses previously held by our licensees, and enhancing our operations. Implementation of our strategy involves the continued expansion of our business in North America, Asia, Europe, Latin America, and other international areas. For example, as discussed in Item 1 — "*Business — Recent Developments*," we completed the Chaps Menswear License Acquisition in April 2013 and the Australia and New Zealand Licensed Operations Acquisition in July 2013.

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, we may incur additional costs, and we may fail to 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 on a global basis, including our e-commerce operations, which is subject to many factors beyond our control. We may not be able to procure, purchase, or lease desirable freestanding or department store locations, renew and maintain existing freestanding 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-within-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 conditions during the construction period; and (vii) the hiring and training of qualified operating personnel in the local market. In addition, the success of our e-commerce operations depends on our ability to maintain and upgrade our e-commerce platform to provide our customers with a seamless shopping experience. 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 business, results of operations, and financial condition. Further, as we continue to expand and increase the global presence of our e-commerce business, sales from our brick and mortar stores and wholesale channels of distribution in areas where e-commerce sites are introduced may decline due to changes in consumer shopping habits and 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 major European countries. In Asia, our primary mode of distribution is via a network of shops located within leading department stores. As we operate a direct-to-consumer business in this region and face established competitors, who in some cases maintain licensing relationships with such department stores, 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, acquiring store locations, 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, Asia, Australia, New Zealand, Canada, and Latin America.

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 Asia. Although we believe that our strategy will lead to long-term growth in revenue and profitability, the anticipated benefits may not be fully realized.

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 our current level of operations in our existing international markets is subject to certain risks associated with operating in various international locations. These include, but are not limited to:

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

- compliance with U.S. and other country laws relating to foreign operations, including, but not limited to, 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 laws, judicial processes, or regulatory requirements;
- adapting to local customs and culture; and
- new tariffs or other barriers in certain 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, including sanctions resulting from the current political situation in Russia and Ukraine; 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, results of operations, and financial condition. 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 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 impact consumers' willingness or ability to travel abroad and/or purchase our products while traveling, as well as affect the U.S. Dollar value of the foreign currency denominated prices at which our international businesses sell products. In addition, the operating results of our international subsidiaries are exposed to foreign exchange rate fluctuations as their financial results are translated from the respective local currency into U.S. Dollars during the financial statement consolidation process. Foreign currencies that we are exposed to from a transactional and translational perspective primarily include the Euro, the Japanese Yen, the South Korean Won, the Australian Dollar, the Canadian Dollar, the Swiss Franc, the British Pound Sterling, the Chinese Renminbi, and the Hong Kong Dollar. Our international expansion will increase our exposure to foreign 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 business, results of operations, and financial condition. 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.*"

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. In 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 significant concern by consumers, employees, and lawmakers alike 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 Internet or email events. Any perceived or actual 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, fines and penalties, and liability, and result in deterioration in our employees' and customers' confidence in us, and adversely affect our business, results of operations, and financial condition. 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. As these threats develop and grow, we may find it necessary to make significant further investments to protect data and infrastructure. In addition, as the regulatory environment relating to information security and privacy is becoming increasingly demanding, we may also incur significant costs in complying with the various applicable state, federal, and foreign laws regarding protection of, and unauthorized disclosure of, personal information.

Risks and uncertainties associated with the implementation of information systems may negatively impact our business.

We are continually improving and upgrading our computer systems and software. For example, we are in the process of implementing a global operating and financial reporting information technology system, SAP, as part of a multi-year plan to integrate and upgrade our operational and financial systems and processes, which began during our fiscal year ended April 2, 2011. During Fiscal 2015, we continued to migrate certain areas of our business to SAP, including global merchandise procurement, customer order management, and record-to-report for our North American wholesale operations. We are also in the process of executing the migration of our European operations to SAP, which will be completed in stages over the next several years. In addition to implementing SAP, we are also in the process of building an in-house global e-commerce platform as part of our plan to further enhance our omni-channel capabilities. Rollout of the new global e-commerce platform is expected to be completed by early 2018.

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

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 North America, Europe, and Asia, including Australia and New Zealand, and have plans for additional 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 a daily basis, it is imperative that we maintain uninterrupted operation of our computer hardware and software systems. Despite our preventative efforts, our systems are vulnerable to damage or interruption from, among other things, security breaches, computer viruses, malfunctions, or power outages. Any material disruptions in our information technology systems could have a material adverse effect on our business, results of operations, and financial condition.

The success of our business depends on our ability to retain the value of our brands, to continue to develop products that resonate with our existing customers and attract new customers, and to provide a seamless shopping experience to our customers.

Our success depends on the value of our brands and our ability to consistently anticipate and respond to customers' demands, preferences, and fashion trends in the design, pricing, and production of our products, including the preference for certain products to be manufactured in the U.S. Any failure on our part to anticipate, identify, and respond effectively to these consumer demands, preferences, and trends could adversely affect acceptance of our products. The Ralph Lauren name is integral to our business and our business could be adversely affected if Mr. Lauren's public image or reputation were to be tarnished. Merchandise missteps or unfavorable publicity, especially through social media which accelerates and increases the potential scope of negative publicity, could negatively impact the image of our brands with our customers and could result in diminished loyalty to our brands, which could adversely impact our business, results of operations, and financial condition.

The success of our business also depends on our ability to continue to develop and maintain a reliable omni-channel experience for our customers. Our business has evolved from an in-store experience to a shopping experience through multiple technologies, including computers, mobile phones, tablets, and other devices, as our customers have become increasingly

technologically savvy. We strive to offer an omni-channel shopping experience to our customers and use social media to interact with our customers and enhance their shopping experience. If we are unable to develop and continuously improve our customer-facing technologies, we may not be able to provide a convenient and consistent experience to our customers regardless of the sales channel. This could negatively affect our ability to compete with other retailers and result in diminished loyalty to our brands, which could adversely impact our business, results of operations, and financial condition.

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 our products. Our products are manufactured to our specifications through arrangements with over 700 foreign manufacturers in various countries. In Fiscal 2015, over 97% of our products (by dollar value) were produced outside the U.S., primarily in Asia, Europe, and Latin 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, and costs of complying with laws relating to the identification and reporting of the sources of minerals used in our products;
- the imposition of additional duties, taxes, and other charges on imports or exports;
- significant fluctuations in 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;
- pandemic and epidemic diseases, which could result in closed factories, reduced workforces, scarcity of raw materials, and scrutiny or embargoing of goods produced in infected areas;
- the imposition of anti-dumping or countervailing duty proceedings resulting in the potential assessment of special anti-dumping 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, results of operations, and financial condition.

In addition, the inability of a manufacturer to ship orders of our products in a timely manner or to meet our strict 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 business, results of operations, and financial condition. 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 remains high as well, and it is likely that such cost will fluctuate significantly if oil prices remain volatile. We may not be able to offset such increases in raw materials, freight, or labor costs through pricing actions or other means.

Our business could suffer if we fail to comply with labor laws or if one of our manufacturers fails to use acceptable labor or environmental practices.

We are subject to labor laws governing relationships with employees, including minimum wage requirements, overtime, working conditions, and citizenship requirements. Compliance with these laws may lead to increased costs and operational complexity and may increase our exposure to governmental investigations or litigation.

In addition, we require our licensing partners and independent manufacturers to operate in compliance with applicable laws and regulations. While our internal and vendor operating guidelines promote ethical business practices and our employees periodically visit and monitor the operations of our independent manufacturers, we do not control these manufacturers or their labor practices. The violation of labor, environmental, or other laws by an independent manufacturer used by us or one of our licensing partners, or the divergence of an independent manufacturer's or licensing partner's labor or environmental practices from those generally accepted as ethical or appropriate in the U.S., could interrupt or otherwise disrupt the shipment of finished products to us or damage our reputation. Any of these events, in turn, could have a material adverse effect on our business, results of operations, and financial condition.

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

We sell our wholesale merchandise primarily to major department stores across North America, Europe, Asia, Australia, and Latin America and extend credit based on an evaluation of each wholesale customer's financial condition, usually without requiring collateral. However, the financial difficulties of a wholesale customer could cause us to limit or eliminate our business with that customer. We may also assume more credit risk relating to that customer's receivables. During Fiscal 2015, sales to our largest wholesale customer, Macy's, accounted for approximately 12% of total net revenues. Further, sales to our three largest wholesale customers, including Macy's, accounted for approximately 24% of total net revenues for Fiscal 2015, and constituted approximately 37% of our total gross trade accounts receivable outstanding as of March 28, 2015. Our inability to collect on our trade accounts receivable from any one of these customers could have a material adverse effect on our business, results of operations, and financial condition. 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 business, results of operations, and financial condition.

The uncertain state of the global economy continues to impact businesses around the world. The current global political and economic environments have resulted in continued economic unpredictability in the U.S., Europe, and Asia. Although we believe that our cash provided by operations and available borrowing capacity under our credit facilities and commercial paper borrowing program 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. 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 affect our ability to access sources of liquidity to provide for our future cash needs, 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 business, results of operations, and financial condition.

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 and a highly promotional environment, 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 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 business, results of operations, and financial condition. In addition, changes in our customer, channel, and geographic sales mix could have a negative impact on our profitability.

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

We believe that our trademarks, intellectual property, and other proprietary rights are extremely important to our success and our competitive position. We devote substantial resources to the establishment and protection of our trademarks and anti-counterfeiting activities worldwide. However, significant counterfeiting of our products continues, and in the course of our international expansion we have experienced conflicts with various third parties that have acquired or claimed ownership rights to some trademarks that include Polo and/or a representation of a polo player astride a horse, or otherwise have contested our rights to our trademarks. We have in the past resolved certain of these conflicts through both legal action and negotiated settlements, none of which, we believe, has had a material impact on our results of operations or financial condition. We cannot guarantee that the actions we have taken to establish and protect our trademarks and other proprietary rights will be adequate to prevent counterfeiting or a material adverse effect on our business or brands arising from imitation of our products by others or to prevent others from seeking to block sales of our products as a violation of the trademarks and proprietary rights of others. Also, there can

be no assurance that others will not assert rights in, or ownership of, trademarks and other proprietary rights of ours or that we will be able to successfully resolve these types of conflicts to our satisfaction or at all. In addition, the laws of certain foreign countries do not protect trademarks or other proprietary rights to the same extent as do the laws of the U.S. and, as a result, our intellectual property may be more vulnerable and difficult to protect in such countries. See Item 1 — "Business — Trademarks," and Item 3 — "Legal Proceedings."

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

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 authorities. The results of these audits and negotiations with taxing authorities may affect the ultimate settlement of these issues. In addition, the tax laws and regulations in the countries where we operate may change or there may be changes in interpretation and enforcement of existing tax laws, which could materially affect our income tax expense in our consolidated financial statements. 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. As of March 28, 2015, we had \$1.144 billion in cash, cash equivalents, and short-term investments, of which \$1.109 billion were held by our subsidiaries domiciled outside the U.S. We currently intend to reinvest these funds in order to fund strategic initiatives, working capital requirements, and debt repayments (both third-party and intercompany) of such foreign subsidiaries. However, if our plans change and we choose to repatriate any funds to the U.S. in the future, we would be subject to applicable U.S. and foreign taxes.

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 the distribution of some of our products. Our arrangement with these companies makes us dependent on those companies' financial and operational health for the sale of such products. The loss of these relationships could have an adverse effect on our 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 a significant portion 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. During Fiscal 2015, sales to our largest wholesale customer, Macy's, accounted for approximately 12% of total net revenues. Further, sales to our three largest wholesale customers, including Macy's, accounted for approximately 24% of total net revenues for Fiscal 2015, and constituted approximately 37% of our gross trade accounts receivable outstanding as of March 28, 2015. 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 product 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, results of operations, and 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, escheatment and unclaimed property, credit card fraud, security breaches in certain of our retail store information systems, employment issues, consumer matters, and other litigation. 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 our Company to devote substantial time and resources to defend itself. Further, changes in governmental

regulations both in the U.S. and in other countries where we conduct business operations could have an adverse impact on our business, results of operations, and financial condition. 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 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, geological events, and pandemic and epidemic diseases, that could disrupt our operations. In addition, our suppliers and customers also have operations in these locations and could experience similar disruptions. The occurrence of natural events may result in sudden disruptions in the business operations of the local economies affected, as well as of the regional and global economies. In addition, our business is affected by unseasonable weather conditions, such as extended periods of unseasonably warm temperatures in the winter or unseasonably cold temperatures in the summer. Such natural events, including unseasonable weather conditions, 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, results of operations, and financial condition.

Our business could suffer if we need to replace manufacturers or distribution centers.

We compete with other companies for the production capacity of our manufacturers. Some of these competitors have greater financial and other resources than we have, and thus may have an advantage in securing production capacity. If we experience a significant increase in demand, or if an existing manufacturer of ours must be replaced, we may have to expand our third-party manufacturing capacity. We cannot guarantee that this additional capacity will be available when required on terms that are acceptable to us. See Item 1 — "*Business — Sourcing, Production and Quality*." We enter into a number of purchase order commitments each season specifying a time for delivery, method of payment, design and quality specifications, and other standard industry provisions, but do not have long-term contracts with any manufacturer. None of the manufacturers we use produce our products exclusively.

In addition, we rely on a number of owned and independently-operated distribution facilities around the world to warehouse and ship products to our customers and perform other related logistic services. As such, our ability to meet the needs of our customers depends on the proper operation of these distribution centers. If any of our distribution centers were closed or were to become inoperable for any reason, we could experience a substantial loss of inventory, disruption of deliveries to our customers and our retail stores, increased costs, and longer lead times associated with the distribution of products during the period that would be required to reopen or replace the facility. These disruptions could have a material adverse effect on our business, results of operations, and financial condition.

Our business is subject to risks associated with leasing real estate and other assets under long-term, non-cancellable leases.

We generally operate most of our retail stores under long-term, non-cancellable leasing arrangements. Our leases typically require us to make minimum rental payments, and often contingent rental payments based upon sales. In addition, our leases generally require us to pay our proportionate share of the cost of insurance, taxes, maintenance, and utilities. We generally cannot cancel our leases at our option. If an existing store is not profitable, and we decide to close it, we may be required to record an impairment charge and/or exit costs associated with the disposal of the store. In addition, we may remain obligated under the applicable lease for, among other things, payment of the base rent for the remaining lease term. Such costs and obligations related to the early termination of our leases could have a material adverse effect on our business, results of operations, and financial condition.

The voting shares of our Company's stock are concentrated in one majority stockholder.

As of March 28, 2015, Mr. Ralph Lauren, or entities controlled by the Lauren family, held approximately 81% of the voting power of the outstanding common stock of our Company. Mr. Ralph Lauren also serves as our Chairman of the Board and Chief Executive Officer, Mr. Ralph Lauren's son, David Lauren, is a director on our Board, and we employ other members of the Lauren family. From time to time, we may have other business dealings with Mr. Ralph Lauren, members of the Lauren family, or entities affiliated with Mr. Ralph Lauren or the Lauren family. As a result of his stock ownership and position in our Company, Mr. Ralph Lauren has the ability to exercise significant control over our business, including, without limitation, (i) the election of our Class B common stock directors, voting separately as a class and (ii) any action requiring the approval of our stockholders, including the adoption of amendments to our certificate of incorporation and the approval of mergers or sales of all or substantially all of our assets.

The trading prices of our securities periodically may rise or fall based on the accuracy of predictions of our earnings or other financial performance, including our ability to return value to shareholders.

Our business planning process is designed to maximize our long-term strength, growth, and profitability, and not to achieve an earnings target in any particular fiscal quarter. We believe that this longer-term focus is in the best interests of our Company and our stockholders. At the same time, however, we recognize that, from time to time, it may be helpful to provide investors with guidance as to our quarterly and annual forecast of net sales and earnings. While we generally expect to provide updates to our guidance when we report our results each fiscal quarter, we do not have any responsibility to update any of our forward-looking statements at such times or otherwise. If, or when, we announce actual results that differ from those that have been predicted by us, outside analysts, or others, the market price of our securities could be adversely affected. Investors who rely on these predictions when making investment decisions with respect to our securities do so at their own risk. We take no responsibility for any losses suffered as a result of such changes in the prices of our securities.

We periodically return value to shareholders through our common stock share repurchases and payment of quarterly cash dividends. Investors may have an expectation that we will repurchase all shares available under our Class A common stock repurchase program and/or that we will further increase our quarterly cash dividend. The market price of our securities could be adversely affected if our Class A common stock share repurchase activity and/or cash dividend rate differs from investors' expectations.

We rely on our licensing partners to preserve the value of our licenses.

The risks associated with our own products also apply to our licensed products in addition to any number of possible risks specific to a licensing partner's business, including risks associated with a particular licensing partner's ability to:

- obtain capital;
- manage its labor relations;
- maintain relationships with its suppliers;
- manage its credit and bankruptcy risks effectively; and
- maintain relationships with its customers.

Although a number of our license agreements prohibit our licensing partners from entering into licensing arrangements with our competitors, our licensing partners generally are not precluded from offering, under other non-competitor brands, the types of products covered by their license agreements with us. A substantial portion of sales of our products by our domestic licensing partners are also made to our largest customers. While we have significant control over our licensing partners' products and advertising, we rely on our licensing partners for, among other things, operational and financial control over their businesses. Changes in management, reduced sales of licensed products, poor execution, or financial difficulties with respect to any of our licensing partners could adversely affect our revenues, both directly from reduced licensing revenue received and indirectly from reduced sales of our other products. See Item 1 — "*Business — Our Licensing Segment.*"

Failure to maintain licensing partners could harm our business.

Although we believe that we could replace our existing licensing partners in most circumstances, if necessary, our inability to do so for any period of time could adversely affect our revenues, both directly from reduced licensing revenue received and indirectly from reduced sales of our other products. See Item 1 — "*Business — Our Licensing Segment.*"

Risks Relating to the Industry in Which We Compete

The downturn in the global economy may continue to affect consumer purchases of discretionary items and luxury retail products, which could adversely affect our business, results of operations, and financial condition.

The industries in which we operate are cyclical. Many economic factors outside of our control affect the level of consumer spending in the apparel, cosmetic, fragrance, accessory, jewelry, watch, and home product industries, including, among others:

- general business conditions;
- economic downturns;
- employment levels;
- downturns in the stock market;
- interest rates;
- foreign currency exchange rates;
- the housing market;
- consumer debt levels;
- the availability of consumer credit;
- increases in fuel prices;
- taxation; and
- consumer confidence in future economic conditions.

Consumer purchases of discretionary items and luxury retail products, including our products, tend to decline during recessionary periods and at other times when disposable income is lower. Unfavorable economic conditions may also reduce consumers' willingness and ability to travel to major cities and vacation destinations in which our stores are located. A downturn or an uncertain outlook in the economies in which we, or our licensing partners, sell our products may materially adversely affect our business, results of operations, and financial condition. See Item 7 — "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Global Economic Developments*" for further discussion.

The domestic and international political situation also affects consumer confidence. The threat, outbreak, or escalation of terrorism, military conflicts, or other hostilities could lead to a decrease in consumer spending and may materially adversely affect our business, results of operations, and financial condition.

We face intense competition worldwide in the markets in which we operate.

We face intense competition from other domestic and foreign fashion-oriented apparel, footwear, accessory, and casual apparel producers, some of which may be significantly larger and more diversified and may have greater financial and marketing resources than us. We compete with these companies primarily on the basis of:

- anticipating and responding to changing consumer demands in a timely manner;
- creating and maintaining favorable brand recognition, loyalty, and a reputation for quality;
- developing and maintaining innovative, high-quality products in sizes, colors, and styles that appeal to consumers;
- appropriately sourcing raw materials at cost-effective prices;
- appropriately pricing products;
- anticipating and maintaining proper inventory levels;
- providing strong and effective marketing support;

- recruiting and retaining key employees;
- creating an acceptable value proposition for retail customers;
- ensuring product availability and optimizing supply chain and distribution efficiencies with manufacturers and retailers;
- obtaining sufficient retail floor space and effective presentation of our products at retail stores;
- maintaining and growing market share; and
- protecting our intellectual property.

We also face increasing competition from companies selling apparel, accessories, home, and other of our product categories through the Internet. Although we sell our products through the Internet, increased competition and promotional activity in the worldwide apparel, accessory, and home product industries from Internet-based competitors could reduce our sales, prices, and margins and adversely affect our business, results of operations, and financial condition.

Any increased competition, or our failure to adequately address any of these competitive factors, could result in reduced market share or sales, which could adversely affect our business, results of operations, and financial condition.

The success of our business depends on our ability to respond to constantly changing fashion and retail trends and consumer demands in a timely manner.

The industries in which we operate have historically been subject to rapidly changing fashion trends and consumer preferences. Our success depends in large part on our ability to originate and define fashion product and home product trends, as well as to anticipate, gauge, and react to changing consumer demands in a timely manner. Our products must appeal to a broad range of consumers worldwide whose preferences cannot be predicted with certainty and are subject to rapid change, influenced by fashion trends, current economic conditions, and weather conditions, among other factors. We cannot assure that we will be able to continue to develop appealing styles or successfully meet constantly changing consumer demands in the future. In addition, we cannot assure that any new products or brands that we introduce will be successfully received by consumers. Any failure on our part to anticipate, identify, and respond effectively to changing consumer demands and fashion trends could adversely affect retail and consumer acceptance of our products and leave us with a substantial amount of unsold inventory or missed opportunities. If that occurs, we may be forced to rely on markdowns or promotional sales to dispose of excess, slow-moving inventory, which may harm our business and impair the image of our brands. Conversely, if we underestimate consumer demand for our products or if manufacturers fail to supply quality products in a timely manner, we may experience inventory shortages, which may result in unfilled orders, negatively impact customer relationships, diminish brand loyalty, and result in lost revenues. Any of these outcomes could have a material adverse effect on our business, results of operations, and financial condition. See Item 1 — "*Business — Sourcing, Production and Quality.*"

Item 1B. *Unresolved Staff Comments.*

Not applicable.

Item 2. Properties.

We lease space for our retail stores, showrooms, warehouses, and offices in various domestic and international locations. We do not own any real property except for our distribution facilities in Greensboro and High Point, North Carolina and a parcel of land adjacent to the Greensboro facility, as well as retail stores in Southampton and Easthampton, New York, and Nantucket, Massachusetts.

We believe that our existing facilities are well maintained, in good operating condition, and are adequate for our present level of operations.

The following table sets forth information relating to our key properties as of March 28, 2015:

Location	Use	Approximate Square Feet	Current Lease Term Expiration
Greensboro, NC	Wholesale and retail distribution facility	1,500,000	N/A - Owned
N. Pendleton Street, High Point, NC	Retail e-commerce call center and distribution facility	805,000	N/A - Owned
625 Madison Avenue, NYC	Corporate offices and showrooms	412,000	December 31, 2019
Eagle Hill Drive, High Point, NC	Wholesale distribution facility	343,000	December 31, 2022
650 Madison Avenue, NYC	Executive and corporate offices, design studio, and showrooms	270,000	December 31, 2024
Lyndhurst, NJ	Corporate and retail administrative offices	178,000	December 31, 2019
Geneva, Switzerland	European corporate offices	107,000	June 22, 2027
550 7th Avenue, NYC	Corporate offices, design studio, and Women's showrooms	104,000	December 31, 2018
Gateway Office, Hong Kong	Asia corporate offices	56,000	October 31, 2017
Manhattan Place, Hong Kong	Asia corporate and sourcing offices	46,000	October 31, 2016
711 5th Avenue, NYC	Retail flagship store	39,000	June 30, 2029
888 Madison Avenue, NYC	Retail flagship store	37,900	August 31, 2027
750 N. Michigan Avenue, Chicago	Retail flagship store	37,500	November 14, 2017
London, UK	Retail flagship store	31,500	July 4, 2021
867 Madison Avenue, NYC	Retail flagship store	27,700	December 31, 2023
Paris, France	Retail flagship store	25,700	May 31, 2018
Tokyo, Japan	Retail flagship store	25,000	December 31, 2020
Lee Gardens, Hong Kong	Retail flagship store	20,200	August 16, 2022
444 N. Rodeo Drive, Beverly Hills	Retail flagship store	19,400	September 30, 2033

As of March 28, 2015, we directly operated 466 retail stores, totaling approximately 3.6 million square feet. We anticipate that we will be able to extend our retail store leases, as well as those leases for our non-retail facilities, which expire in the near future on satisfactory terms or relocate to desirable alternate locations. We generally lease our freestanding retail stores for initial periods ranging from 5 to 15 years, with renewal options. See Item 1A — "Risk Factors — Risks Related to Our Business — Our business is subject to risks associated with leasing real estate and other assets under long-term, non-cancellable leases."

Item 3. Legal Proceedings.

Wathne Imports Litigation

On September 13, 2005, Wathne Imports, Ltd. ("Wathne"), our former domestic licensee for luggage and handbags, filed suit against us and Mr. Ralph Lauren, our Chairman and Chief Executive Officer, in the Supreme Court of the State of New York, County of New York, alleging, among other things, that we had breached a 1999 License Agreement and Design Services Agreement with Wathne and had engaged in deceptive trade practices, fraud, and negligent misrepresentation. The complaint originally sought, among other things, injunctive relief, compensatory damages in excess of \$250 million, and punitive damages in excess of \$750 million. Following a motion to dismiss, a motion for summary judgment, and several appeals, only the following three claims remain, all related to an alleged breach of the License Agreement: (i) that we discontinued the Polo Sport trademark on handbags without providing a replacement mark; (ii) that we discontinued the Ralph Lauren trademark and/or usurped Wathne's right to manufacture and sell certain high-end handbags under the Ralph Lauren trademark; and (iii) that we deceived Wathne into giving up its right to manufacture and sell certain children's backpacks. Wathne currently seeks damages of approximately \$98 million, plus interest.

On January 7, 2015, the Court granted our motion to strike Wathne's jury demand, which Wathne appealed on February 2, 2015. This appeal is currently pending. There is also some discovery still outstanding on the issue of damages. No trial date has been set, but we expect the Court to hold a pre-trial conference and set a trial date shortly after the appeal is decided. We will continue to vigorously contest the remaining claims and dispute any alleged damages. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on our consolidated financial statements.

Other Matters

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

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our Class A common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "RL." The following table sets forth the high and low sales prices per share of our Class A common stock, as reported on the NYSE Composite Tape, and the cash dividends per common share declared for each quarterly period in our two most recent fiscal years:

	Market Price of Class A Common Stock		Dividends Declared per Common Share
	High	Low	
Fiscal 2015:			
First Quarter	\$ 164.75	\$ 141.93	\$ 0.45
Second Quarter	174.98	152.22	0.45
Third Quarter	185.92	153.39	0.45
Fourth Quarter	187.49	127.29	0.50
Fiscal 2014:			
First Quarter	\$ 192.03	\$ 165.33	\$ 0.40
Second Quarter	189.80	161.98	0.40
Third Quarter	181.07	157.01	0.45
Fourth Quarter	178.59	146.00	0.45

Since 2003, we have maintained a regular quarterly cash dividend program on our common stock. On November 5, 2013, our Board of Directors approved an increase to the quarterly cash dividend on our common stock from \$0.40 per share to \$0.45 per share. On February 3, 2015, our Board of Directors approved an additional increase to the quarterly cash dividend on our common stock from \$0.45 per share to \$0.50 per share. Approximately \$161 million was recorded as a reduction to retained earnings during Fiscal 2015 in connection with dividends declared.

As of May 8, 2015, there were 772 holders of record of our Class A common stock and 6 holders of record of our Class B common stock. All of our outstanding shares of Class B common stock are owned by Mr. Ralph Lauren, Chairman of the Board of Directors and Chief Executive Officer, and entities controlled by the Lauren family. Shares of our Class B common stock may be converted immediately into Class A common stock on a one-for-one basis by the holder. There is no cash or other consideration paid by the holder converting the shares and, accordingly, there is no cash or other consideration received by the Company. The shares of Class A common stock issued by the Company in such conversions are exempt from registration pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended. No shares of our Class B common stock were converted into Class A common stock during the fiscal quarter ended March 28, 2015.

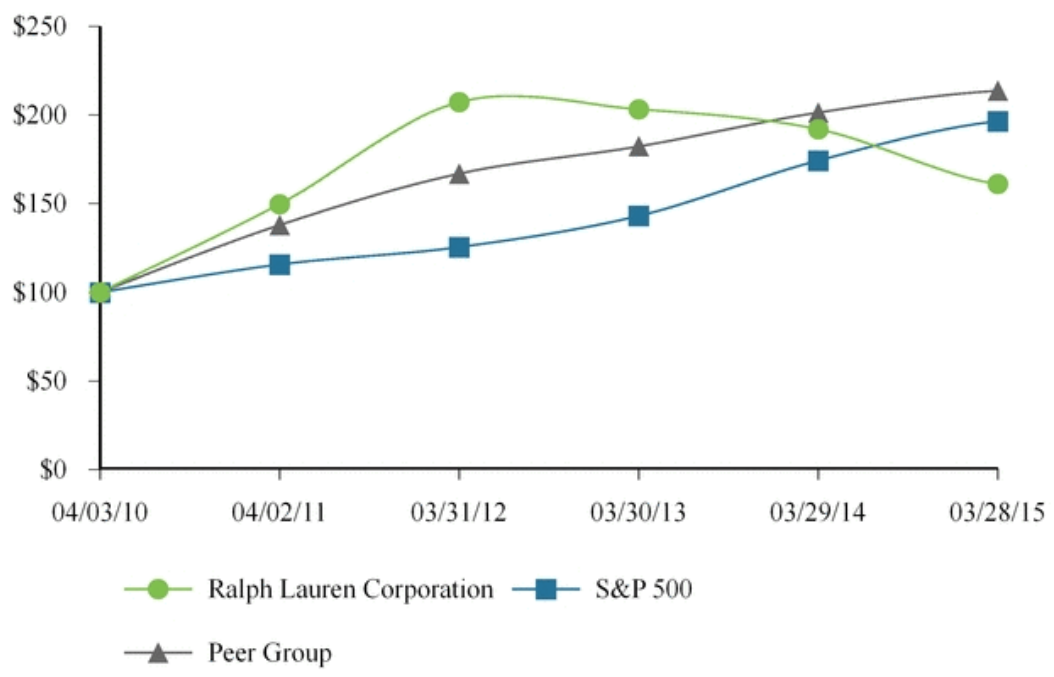
The following table sets forth repurchases of shares of our Class A common stock during the fiscal quarter ended March 28, 2015:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ^(a)
	(millions)			
December 28, 2014 to January 24, 2015	—	\$ —	—	\$ 230
January 25, 2015 to February 21, 2015	796,929	137.18	796,929	120
February 22, 2015 to March 28, 2015	293,500	138.55	293,500	80
	1,090,429		1,090,429	

^(a) As of March 28, 2015, the remaining availability under our Class A common stock repurchase program was approximately \$80 million. On May 12, 2015, our Board of Directors approved an expansion of the program that allows us to repurchase up to an additional \$500 million of Class A common stock. Repurchases of shares of Class A common stock are subject to overall business and market conditions.

The following graph compares the cumulative total stockholder return (stock price appreciation plus dividends) on our Class A common stock to the cumulative total return of the Standard & Poor's 500 Index and a peer group index of companies that we believe are closest to ours (the "Peer Group") for the period from April 3, 2010, the last day of our 2010 fiscal year, through March 28, 2015, the last day of our 2015 fiscal year. Our Peer Group consists of Burberry Group PLC, Coach, Inc., Compagnie Financière Richemont SA, The Estée Lauder Companies Inc., Hermes International, Kering, Luxottica Group, LVMH, PVH Corp., Tiffany & Co., Tod's S.p.A., and V.F. Corporation. All calculations for foreign companies in our Peer Group are performed using the local foreign issue of such companies. The returns are calculated by assuming an investment in the Class A common stock and each index of \$100 on April 3, 2010, with all dividends reinvested.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*
 Among Ralph Lauren Corporation, the S&P 500 Index, and a Peer Group



*\$100 invested on April 3, 2010 in stock or March 31, 2010 in an index, including reinvestment of dividends. Index calculated on a month-end basis.

Item 6. Selected Financial Data

See the "Index to Consolidated Financial Statements and Supplementary Information," and specifically "Selected Financial Information" appearing at the end of this Annual Report on Form 10-K. This selected financial data should be read in conjunction with Item 7 — "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8 — "Financial Statements and Supplementary Data" included in this Annual Report on Form 10-K. Historical results may not be indicative of future results.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with our audited consolidated financial statements and footnotes, which are included in this Annual Report on Form 10-K. We utilize a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, Fiscal 2015 ended on March 28, 2015 and was a 52-week period; Fiscal 2014 ended on March 29, 2014 and was a 52-week period; and Fiscal 2013 ended on March 30, 2013 and was also a 52-week period. Fiscal 2016 will end on April 2, 2016 and will be a 53-week period.

INTRODUCTION

MD&A is provided as a supplement to the accompanying audited consolidated financial statements and footnotes to help provide an understanding of our results of operations, financial condition, and liquidity. MD&A is organized as follows:

- *Overview.* This section provides a general description of our business, current trends and outlook, and a summary of our financial performance for Fiscal 2015. In addition, this section includes a discussion of recent developments and transactions affecting comparability that we believe are important in understanding our results of operations and financial condition, and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for Fiscal 2015 as compared to Fiscal 2014 and Fiscal 2014 as compared to Fiscal 2013.
- *Financial condition and liquidity.* This section provides a discussion of our financial condition and liquidity as of March 28, 2015, which includes (i) an analysis of our financial condition compared to the prior fiscal year-end; (ii) an analysis of changes in our cash flows for Fiscal 2015 and Fiscal 2014 as compared to the respective prior fiscal year; (iii) an analysis of our liquidity, including common stock repurchases, payments of dividends, our outstanding debt and covenant compliance, and the availability under our credit facilities and our commercial paper borrowing program; and (iv) a summary of our contractual and other obligations as of March 28, 2015.
- *Market risk management.* This section discusses how we manage our risk exposures related to foreign currency exchange rates, interest rates, and our investments as of March 28, 2015.
- *Critical accounting policies.* This section discusses accounting policies considered to be important to our results of operations and financial condition, which typically require significant judgment and estimation on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note 3 to the accompanying audited consolidated financial statements.
- *Recently issued accounting standards.* This section discusses the potential impact on our reported results of operations and financial condition of certain accounting standards that have been recently issued or proposed.

OVERVIEW

Our Business

Our Company is a global leader in the design, marketing, and distribution of premium lifestyle products, including apparel, accessories, home furnishings, and other licensed product categories. Our long-standing reputation and distinctive image have been consistently developed across an expanding number of products, brands, sales channels, and international markets. Our brand names include Ralph Lauren, Ralph Lauren Collection, Purple Label, Black Label, Polo, Polo Ralph Lauren, Double RL, RLX Ralph Lauren, Lauren Ralph Lauren, Ralph Lauren Childrenswear, Denim & Supply Ralph Lauren, Chaps, Club Monaco, and American Living, among others.

We classify our businesses into three segments: Wholesale, Retail, and Licensing. Our Wholesale business, which represented approximately 46% of our Fiscal 2015 net revenues, consists of sales made principally to major department stores and specialty stores around the world. Our Retail business, which represented approximately 52% of our Fiscal 2015 net revenues, consists of sales made directly to consumers through our integrated retail channel, which includes our retail stores, concession-based shop-within-shops, and our e-commerce operations around the world. Our Licensing business, which represented approximately 2% of our Fiscal 2015 net revenues, consists of royalty-based arrangements under which we license to unrelated third parties for specified periods the right to operate retail stores and/or to use our various trademarks in connection with the

manufacture and sale of designated products, such as certain apparel, eyewear, and fragrances. Approximately 37% of our Fiscal 2015 net revenues were earned outside of the U.S. See Note 22 to the accompanying audited consolidated financial statements for a summary of net revenues, operating income, and total assets by reportable segment, as well as net revenues and long-lived assets by geographic location.

Our business is typically affected by seasonal trends, with higher levels of wholesale sales in our second and fourth fiscal quarters and higher retail sales in our second and third fiscal quarters. These trends result primarily from the timing of seasonal wholesale shipments and key vacation travel, back-to-school, and holiday shopping periods impacting our Retail segment.

Current Trends and Outlook

The global economy remains in a state of uncertainty, with certain regions of the world currently outperforming others. While the U.S. economy has shown signs of improvement driven by falling unemployment, lower oil prices, and continued low interest rates, economies in certain parts of Europe and Asia have slowed considerably, evidenced by softening business sentiment, lower rates of growth, foreign exchange volatility, and the threat of deflation. Additionally, certain worldwide events, including political unrest in various parts of the world, have added uncertainty and have had an impact on consumer travel and spending. The retail industry was particularly challenged in 2014, with trends likely to continue through 2015. While certain geographic regions are withstanding these pressures better than others, the level of consumer spending on discretionary items remains constrained due to this continued economic uncertainty. Consumer retail traffic remains relatively weak and inconsistent, which has led to increased competition and a desire to offset traffic declines with increased levels of conversion. Certain of our operations have experienced and have been impacted by these dynamics, with variations across the geographic regions and businesses in which we operate.

If the economic uncertainty and challenging industry trends continue or worsen, the constrained level of worldwide consumer spending and modified consumption behavior may continue to have a negative effect on our sales, inventory levels, and operating margin in Fiscal 2016. Furthermore, our results have been, and are expected to continue to be, negatively impacted by unfavorable foreign exchange rate fluctuations. Despite these challenges, we remain optimistic about our future growth prospects and continue to invest in our longer-term growth initiatives, including our planned transition to a global brand-based operating structure as described within "*Summary of Financial Performance — Recent Developments*," while continually monitoring macroeconomic risks and remaining focused on disciplined expense management. Although we continue to expect that the dilutive effects of investments that we are making in our business will create operating margin pressure in the near-term, we expect that these initiatives will create longer-term shareholder value. We will continue to monitor these risks and evaluate and adjust our operating strategies and cost management opportunities to mitigate the related impact on our results of operations, while remaining focused on the long-term growth of our business and protecting the value of our brand.

For a detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations, see Part I, Item 1A — "*Risk Factors*" included in this Annual Report on Form 10-K.

Summary of Financial Performance

Operating Results

In Fiscal 2015, we reported net revenues of \$7.620 billion, net income of \$702 million, and net income per diluted share of \$7.88, as compared to net revenues of \$7.450 billion, net income of \$776 million, and net income per diluted share of \$8.43 in Fiscal 2014.

Our operating performance for Fiscal 2015 reflected revenue growth of 2.3% on a reported basis and 4.0% on a constant currency basis, as defined within "*Transactions and Trends Affecting Comparability of Results of Operations and Financial Condition*" below. On a reported basis, the net revenue increase for Fiscal 2015 reflected higher revenues from our retail business across all major geographies and from our Americas wholesale business, partially offset by lower net revenues from our international wholesale businesses, primarily due to net unfavorable foreign currency effects. Our gross margin percentage declined 40 basis points to 57.5% during Fiscal 2015, primarily attributable to a more promotional retail environment and less favorable product mix, partially offset by a more favorable channel mix. Selling, general, and administrative ("SG&A") expenses increased during Fiscal 2015 due to increased investments in our stores, facilities, and infrastructure consistent with our longer-term initiatives. During Fiscal 2014, we recorded a \$16 million gain relating to our acquisition of the Chaps Menswear Business, as defined within "*Recent Developments*" below.

Net income declined by \$74 million in Fiscal 2015 as compared to Fiscal 2014, primarily due to a \$95 million decrease in operating income and higher foreign currency losses of \$18 million, partially offset by a \$35 million decline in our provision for income taxes. The lower income tax provision for Fiscal 2015 was primarily driven by lower pretax income and a decline in our reported effective tax rate of 30 basis points. Net income per diluted share declined by \$0.55 to \$7.88 per share in Fiscal 2015 as compared to Fiscal 2014, primarily due to lower net income, partially offset by lower weighted-average diluted shares outstanding during Fiscal 2015. Net income per diluted share also included unfavorable foreign currency impacts of approximately \$0.31 per diluted share in Fiscal 2015.

Financial Condition and Liquidity

We ended Fiscal 2015 in a net cash and investments position (cash and cash equivalents plus short-term and non-current investments, less total debt) of \$620 million, compared to \$989 million as of the end of Fiscal 2014. The decline in our net cash and investments position was primarily due to our use of cash to support Class A common stock repurchases of \$532 million, including withholdings in satisfaction of tax obligations for stock-based compensation awards, capital expenditures of \$391 million, dividend payments of \$158 million, and negative foreign currency impacts of \$81 million, partially offset by our operating cash flows of \$894 million during Fiscal 2015.

We generated \$894 million of cash from operations during Fiscal 2015, compared to \$907 million during Fiscal 2014. The decline in our operating cash flows primarily relates to the decline in net income before non-cash charges, partially offset by a net favorable change related to our operating assets and liabilities during Fiscal 2015 as compared to the prior fiscal year.

Our equity declined to \$3.891 billion as of March 28, 2015, compared to \$4.034 billion as of March 29, 2014, primarily due to our Class A common stock repurchases and dividends declared, largely offset by our comprehensive income and the net impact of stock-based compensation arrangements during Fiscal 2015.

Recent Developments

Global Reorganization Plan

On May 12, 2015, our Board of Directors approved a reorganization and restructuring plan comprised of the following major actions: (i) the reorganization of the Company from its current channel and regional structure to an integrated global brand-based operating structure, which will streamline our business processes to better align our cost structure with our long-term growth strategy; (ii) a strategic store and shop-within-shop performance review conducted by region and brand; (iii) a targeted corporate functional area review; and (iv) the consolidation of certain of our luxury lines (collectively, the "Global Reorganization Plan"). The Global Reorganization Plan will result in a reduction in workforce and, once a performance review is complete, the closure of certain stores and shop-within-shops. When substantially implemented by the end of Fiscal 2016, the Global Reorganization Plan is expected to result in improved operational efficiencies by reducing annual operating expenses by approximately \$100 million.

In connection with the Global Reorganization Plan, we expect to incur total estimated charges of \$70 million to \$100 million, comprised of restructuring charges totaling \$55 million to \$80 million, to be settled in cash, and non-cash charges totaling \$15 million to \$20 million. Restructuring charges will consist primarily of severance and benefit charges and lease termination and store closure costs, and non-cash charges will consist primarily of asset impairment and inventory-related charges. We anticipate that these restructuring and non-cash charges will be incurred over the course of Fiscal 2016, primarily during the first half of the year.

Australia and New Zealand Licensed Operations Acquisition

In July 2013, in connection with the transition of the Ralph Lauren-branded apparel and accessories business in Australia and New Zealand (the "Australia and New Zealand Business") from a licensed to a wholly-owned operation, we acquired certain net assets from Orotan Group/PRL Australia ("Orotan") in exchange for an aggregate payment of approximately \$15 million (the "Australia and New Zealand Licensed Operations Acquisition"). Orotan was our licensee for the Australia and New Zealand Business. The operating results of the acquired business have been consolidated in our operating results beginning on July 1, 2013.

Chaps Menswear License Acquisition

In April 2013, in connection with the transition of the North American Chaps-branded men's sportswear business (the "Chaps Menswear Business") from a licensed to a wholly-owned operation, we entered into an agreement with The Wamaco Group, Inc. ("Wamaco"), a subsidiary of PVH Corp. ("PVH"), to acquire certain net assets in exchange for an aggregate payment of approximately \$18 million (the "Chaps Menswear License Acquisition"). Wamaco was our licensee for the Chaps Menswear Business. The operating results of the Chaps Menswear Business have been consolidated in our operating results beginning on April 10, 2013.

Transactions and Trends Affecting Comparability of Results of Operations and Financial Condition

The comparability of our operating results for the three fiscal years presented herein has been affected by certain events, including:

- pretax asset impairment and restructuring and other charges recorded during the periods presented. A summary of the effect of these items on pretax income for each fiscal year is summarized below (references to "Notes" are to the notes to the accompanying audited consolidated financial statements):

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Impairments of assets (see Note 11)	\$ (7)	\$ (1)	\$ (19)
Restructuring and other charges (see Note 12)	(10)	(18)	(12)

- our acquisitions of previously licensed businesses, including the Australia and New Zealand Licensed Operations Acquisition in July 2013; the Chaps Menswear License Acquisition in April 2013, which resulted in a \$16 million gain recorded during the first quarter of Fiscal 2014; and our acquisition of the Ralph Lauren-branded business in Latin America in June 2012;
- discrete income tax benefits of \$10 million and \$15 million recognized within our provision for income taxes during Fiscal 2014 and Fiscal 2013, respectively, in connection with the settlements of two separate tax examinations. During Fiscal 2013, the tax benefit from the tax examination settlement was more than offset by a discrete income tax reserve of \$16 million for an interest assessment on a prior year withholding tax; and
- the wind-down of our Rugby brand operations during the second half of Fiscal 2013 (the "Rugby Closure Plan").

Since we are a global company, the comparability of our operating results reported in U.S. Dollars is also affected by foreign currency exchange rate fluctuations because the underlying currencies in which we transact change in value over time compared to the U.S. Dollar. These rate fluctuations can have a significant effect on our reported results. As such, in addition to financial measures prepared in accordance with generally accepted accounting principles ("GAAP"), our discussions often contain references to constant currency measures, which are calculated by translating the current-year and prior-year reported amounts into comparable amounts using a single foreign exchange rate for each currency. We present constant currency financial information, which is a non-GAAP financial measure, as a supplement to our reported operating results. We use constant currency information to provide a framework to assess how our businesses performed excluding the effects of foreign currency exchange rate fluctuations. We believe this information is useful to investors to facilitate comparisons of operating results and better identify trends in our businesses. The constant currency performance measures should be viewed in addition to, and not in lieu of or superior to, our operating performance measures calculated in accordance with U.S. GAAP.

Our "Results of Operations" discussion that follows includes the significant changes in operating results arising from these items affecting comparability. However, unusual items or transactions may occur in any period. Accordingly, investors and other financial statement users should consider the types of events and transactions that have affected operating trends.

RESULTS OF OPERATIONS

Fiscal 2015 Compared to Fiscal 2014

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions. All percentages shown in the below table and the discussion that follows have been calculated using unrounded numbers.

	Fiscal Years Ended		\$ Change	% / bps Change
	March 28, 2015	March 29, 2014		
	(millions, except per share data)			
Net revenues	\$ 7,620	\$ 7,450	\$ 170	2.3%
Cost of goods sold ^(a)	(3,242)	(3,140)	(102)	3.3%
Gross profit	4,378	4,310	68	1.6%
<i>Gross profit as % of net revenues</i>	57.5%	57.9%		(40 bps)
Selling, general, and administrative expenses ^(a)	(3,301)	(3,142)	(159)	5.0%
<i>SG&A expenses as % of net revenues</i>	43.3%	42.2%		110 bps
Amortization of intangible assets	(25)	(35)	10	(27.9%)
Gain on acquisition of Chaps	—	16	(16)	NM
Impairment of assets	(7)	(1)	(6)	NM
Restructuring and other charges	(10)	(18)	8	(43.5%)
Operating income	1,035	1,130	(95)	(8.4%)
<i>Operating income as % of net revenues</i>	13.6%	15.2%		(160 bps)
Foreign currency losses	(26)	(8)	(18)	NM
Interest expense	(17)	(20)	3	(17.3%)
Interest and other income, net	6	3	3	73.3%
Equity in losses of equity-method investees	(11)	(9)	(2)	22.8%
Income before provision for income taxes	987	1,096	(109)	(9.9%)
Provision for income taxes	(285)	(320)	35	(11.0%)
<i>Effective tax rate^(b)</i>	28.9%	29.2%		(30 bps)
Net income	\$ 702	\$ 776	\$ (74)	(9.5%)
Net income per common share:				
Basic	\$ 7.96	\$ 8.55	\$ (0.59)	(6.9%)
Diluted	\$ 7.88	\$ 8.43	\$ (0.55)	(6.5%)

(a) Includes total depreciation expense of \$269 million and \$223 million for Fiscal 2015 and Fiscal 2014, respectively.

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

NM Not meaningful.

Net Revenues. Net revenues increased by \$170 million, or 2.3%, to \$7.620 billion in Fiscal 2015 from \$7.450 billion in Fiscal 2014. On a constant currency basis, net revenues increased by \$301 million, or 4.0%.

Net revenues for our three business segments, as well as a discussion of the changes in each segment's net revenues from the prior fiscal year, are provided below:

	Fiscal Years Ended			% Change	
	March 28, 2015	March 29, 2014	\$ Change	As Reported	Constant Currency
	(millions)				
Net Revenues:					
Wholesale	\$ 3,495	\$ 3,486	\$ 9	0.3%	2.1%
Retail	3,956	3,798	158	4.2%	5.9%
Licensing	169	166	3	1.8%	3.3%
Total net revenues	<u>\$ 7,620</u>	<u>\$ 7,450</u>	<u>\$ 170</u>	2.3%	4.0%

Wholesale net revenues — Net revenues increased \$9 million, or 0.3%, during Fiscal 2015 as compared to Fiscal 2014, including net unfavorable foreign currency effects of \$63 million, primarily related to the weakening of the Euro, the Canadian Dollar, and the Japanese Yen against the U.S. Dollar. On a constant currency basis, net revenues increased by \$72 million, or 2.1%.

The \$9 million net increase in Wholesale net revenues was driven by:

- a \$28 million net increase related to our business in the Americas, reflecting increased revenues from our womenswear and accessories businesses, partially offset by decreased revenues from our menswear business, due in part to higher prior period sales associated with the initial transition of the Chaps Menswear Business to a wholly-owned operation. The net increase related to our business in the Americas also reflected net unfavorable foreign currency effects of \$9 million due to the weakening of the Canadian Dollar against the U.S. Dollar.

This net increase was partially offset by:

- a \$9 million net decrease related to our Asia businesses, primarily reflecting net unfavorable foreign currency effects of \$4 million largely related to the weakening of the Japanese Yen against the U.S. Dollar, as well as the continued impact of our business model shift to the retail concession-based channel, partially offset by increased sales to our licensees; and
- a \$10 million net decrease related to our European business, primarily reflecting net unfavorable foreign currency effects of \$50 million, partially offset by increased sales across all of our major apparel and accessories businesses.

Retail net revenues — Net revenues increased \$158 million, or 4.2%, during Fiscal 2015 compared to Fiscal 2014, including net unfavorable foreign currency effects of \$65 million, primarily related to the weakening of the Japanese Yen and the Euro against the U.S. Dollar. On a constant currency basis, net revenues increased by \$223 million, or 5.9%.

The \$158 million net increase in Retail net revenues was driven by:

- a \$178 million, or a 23%, net increase in non-comparable store sales, including net unfavorable foreign currency effects of \$17 million. On a constant currency basis, non-comparable store sales increased by \$195 million, or 25%, primarily driven by new global store openings in Asia and Europe within the past twelve months, the expansion of our e-commerce operations, and new stores and concession shops assumed in connection with the Australia and New Zealand Licensed Operations Acquisition, which more than offset the impact of store closings.

This net increase was partially offset by:

- a \$20 million, or 1%, net decline in consolidated comparable store sales, including net unfavorable foreign currency effects of \$48 million. Our total comparable store sales increased approximately \$28 million, or 1%, on a constant currency basis, primarily driven by an increase from our Ralph Lauren e-commerce operations, partially offset by lower sales from certain retail stores and concession shops. Comparable store sales related to our e-commerce operations increased by approximately 16% on a reported basis and 17% on a constant currency basis over the related prior fiscal year period, and had a favorable impact on our total comparable store sales of approximately 3% to 4% on a reported basis and 2% to 3% on a constant currency basis. Our consolidated comparable store sales excluding e-commerce declined between 3% and 4% on a reported basis and declined between 2% and 3% on a constant currency basis.

Comparable store sales refer to the growth of sales in stores that are open for at least one full fiscal year. Sales for stores that are closed during a fiscal year are excluded from the calculation of comparable store sales. Sales for stores that are either relocated, enlarged (as defined by gross square footage expansion of 25% or greater), or generally closed for 30 or more consecutive days for renovation are also excluded from the calculation of comparable store sales until such stores have been in their new location or in their newly renovated state for at least one full fiscal year. Sales from our e-commerce sites are included within comparable store sales for those geographies that have been serviced by the related site for at least one full fiscal year. Consolidated comparable store sales information includes our Ralph Lauren stores (including concession-based shop-within-shops), factory stores, Club Monaco stores and e-commerce sites, and certain Ralph Lauren e-commerce sites. We use an integrated omni-channel strategy to operate our retail business, in which our e-commerce operations are interdependent with our physical stores.

Our global average store count increased by 36 stores and concession shops during Fiscal 2015 compared with the prior fiscal year, due to new global store openings, primarily in Asia, partially offset by store closures. The following table details our retail store and e-commerce presence as of the periods presented:

	March 28, 2015	March 29, 2014
Stores:		
Freestanding stores	466	433
Concession shops	536	503
Total stores	<u>1,002</u>	<u>936</u>
E-commerce Sites:		
North American sites ^(a)	3	3
European sites ^(b)	3	3
Asian sites ^(c)	4	2
Total e-commerce sites	<u>10</u>	<u>8</u>

^(a) Includes www.RalphLauren.com and www.ClubMonaco.com (servicing the U.S.) and www.ClubMonaco.ca (servicing Canada).

^(b) Includes www.RalphLauren.co.uk (servicing the United Kingdom), www.RalphLauren.fr (servicing Belgium, France, Italy, Luxembourg, the Netherlands, Portugal, and Spain), and www.RalphLauren.de (recently expanded to service Denmark, Estonia, Finland, Latvia, Slovakia, and Sweden, in addition to servicing Austria and Germany).

^(c) Includes www.RalphLauren.co.jp (servicing Japan) and www.RalphLauren.co.kr (servicing South Korea), and, as of March 28, 2015, www.RalphLauren.asia (servicing Hong Kong, Macau, Malaysia, and Singapore) and www.RalphLauren.com.au (servicing Australia and New Zealand).

Licensing revenues — Net revenues increased \$3 million, or 1.8%, during Fiscal 2015 as compared to Fiscal 2014, including net unfavorable foreign currency effects of \$3 million, primarily related to the weakening of the Euro and the Japanese Yen against the U.S. Dollar. On a constant currency basis, net revenues increased by \$6 million, or 3.3%.

The \$3 million increase in net revenues is primarily attributable to increased apparel and accessories-related revenues and home licensing revenues, partially offset by the impact of the transition of the previously licensed Australia and New Zealand Business to a wholly-owned operation.

Gross Profit. Gross profit increased by \$68 million, or 1.6%, to \$4.378 billion in Fiscal 2015 from \$4.310 billion in Fiscal 2014. Gross profit as a percentage of net revenues decreased by 40 basis points to 57.5% in Fiscal 2015 from 57.9% in Fiscal 2014. This decline is primarily attributable to a more promotional retail environment and less favorable product mix, partially offset by a more favorable channel mix.

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

Selling, General, and Administrative Expenses. SG&A expenses primarily include compensation and benefits, advertising and marketing, distribution, bad debt, information technology, facilities, legal, and other costs associated with finance and administration. SG&A expenses increased by \$159 million, or 5.0%, to \$3.301 billion in Fiscal 2015 from \$3.142 billion in Fiscal 2014. This increase included a net favorable foreign currency effect of \$54 million, primarily related to the weakening of the Euro and the Japanese Yen against the U.S. Dollar. SG&A expenses as a percentage of net revenues increased to 43.3% in Fiscal 2015 from 42.2% in Fiscal 2014. The 110 basis point increase was primarily due to the increase in operating expenses in support of the growth of our retail businesses (which typically carry higher operating expense margins); increased investments in our facilities and infrastructure; increased advertising and marketing costs; incremental operating expenses attributable to our acquisition of the Australia and New Zealand Business; and investments in new business initiatives. These increases were partially offset by our operating leverage on higher net revenues and operational discipline.

The \$159 million net increase in SG&A expenses by functional category is as follows:

	Fiscal 2015 Compared to Fiscal 2014	
	(millions)	
SG&A expense category:		
Compensation-related expenses ^(a)	\$	62
Depreciation expense		46
Rent and occupancy expenses		26
Marketing and advertising expenses		19
Incremental operating expenses related to the Australia and New Zealand Business		10
Shipping and handling costs		7
Acquisition-related costs ^(b)		(7)
Other		(4)
Total change in SG&A expenses	\$	<u>159</u>

(a) Primarily due to increased salaries and related expenses to support our retail business growth.

(b) Comprised of acquisition-related costs for the Chaps Menswear License Acquisition in April 2013 and for the Australia and New Zealand Licensed Operations Acquisition in July 2013 (see Note 5 to the accompanying audited consolidated financial statements).

During Fiscal 2016, we continue to expect a certain amount of operating expense deleverage due to continued investment in our long-term strategic growth initiatives, including expansion of the Polo-branded store concept around the world, retail store expansion, department store renovations, and continued investment in our infrastructure, partially offset by anticipated cost savings related to our planned transition to a global brand-based operating structure (see "Summary of Financial Performance — Recent Developments").

Amortization of Intangible Assets. Amortization of intangible assets decreased by \$10 million, or 27.9%, to \$25 million in Fiscal 2015 from \$35 million in Fiscal 2014. This decrease was primarily related to the licensed trademark intangible asset acquired in April 2013 in connection with the Chaps Menswear License Acquisition, which was fully amortized in Fiscal 2014 (see Note 5 to the accompanying audited consolidated financial statements).

Gain on Acquisition of Chaps. During Fiscal 2014, we recorded a \$16 million gain on the Chaps Menswear License Acquisition, representing the difference between the acquisition date fair value of net assets acquired and the contractually-defined purchase price under our license agreement with Warnaco, which granted us the right to early-terminate the license upon PVH's acquisition of Warnaco in February 2013 (see Note 5 to the accompanying audited consolidated financial statements).

Impairments of Assets. During Fiscal 2015, we recorded non-cash impairment charges of \$7 million, primarily to write off certain fixed assets related to our domestic and international retail stores. During Fiscal 2014, we recognized non-cash impairment charges of \$1 million to write off certain long-lived assets related to our European operations (see Note 11 to the accompanying audited consolidated financial statements).

Restructuring and Other Charges. Restructuring and other charges declined by \$8 million to \$10 million in Fiscal 2015 from \$18 million in Fiscal 2014. During Fiscal 2015, we recorded restructuring charges of \$10 million, primarily related to severance and benefit costs associated with certain of our retail, wholesale, and corporate operations. During Fiscal 2014, we recorded restructuring charges of \$8 million, primarily related to severance and benefit costs associated with our corporate operations. In addition, during Fiscal 2014, we recorded \$10 million of accelerated stock-based compensation expense associated with certain new executive employment agreement provisions (see Note 12 to the accompanying audited consolidated financial statements).

Operating Income. Operating income decreased by \$95 million, or 8.4%, to \$1.035 billion in Fiscal 2015 from \$1.130 billion in Fiscal 2014. Operating income as a percentage of net revenues decreased 160 basis points, to 13.6% in Fiscal 2015 from 15.2% in Fiscal 2014. The overall decline in operating income as a percentage of net revenues was primarily driven by the increase in SG&A as a percentage of net revenues and the absence of the prior year gain on the Chaps Menswear License Acquisition, as well as a lower gross profit margin, as previously discussed.

Operating income and margin for each of our three reportable segments are provided below:

	Fiscal Years Ended					
	March 28, 2015		March 29, 2014		\$ Change	Margin Change
	Operating Income	Operating Margin	Operating Income	Operating Margin		
(millions)		(millions)		(millions)		
Segment:						
Wholesale	\$ 943	27.0%	\$ 963	27.6%	\$ (20)	(60 bps)
Retail	527	13.3%	572	15.1%	(45)	(180 bps)
Licensing	152	90.4%	150	90.2%	2	20 bps
	1,622		1,685		(63)	
Unallocated corporate expenses	(577)		(553)		(24)	
Gain on acquisition of Chaps	—		16		(16)	
Unallocated restructuring and other charges	(10)		(18)		8	
Total operating income	<u>\$ 1,035</u>	13.6%	<u>\$ 1,130</u>	15.2%	<u>\$ (95)</u>	(160 bps)

Wholesale operating margin declined by 60 basis points, primarily attributable to net unfavorable foreign currency effects. Operating expenses as a percentage of net revenues was flat in Fiscal 2015 compared to the prior fiscal year.

Retail operating margin declined by 180 basis points, primarily attributable to a 60 basis point increase in compensation-related expenses and a 50 basis point increase in depreciation expense, both primarily associated with our global store development efforts and new store openings, a 20 basis point increase in advertising and marketing expenses, and a 10 basis point increase in other operating expenses. The decline in the Retail operating margin also reflected a 40 basis point decrease due to other factors, including lower profitability from our existing retail operations, reflecting the impact of a more promotional retail environment, as previously discussed.

Licensing operating margin increased by 20 basis points, primarily due to our operating leverage on higher revenues.

Unallocated corporate expenses increased by \$24 million, primarily due to higher compensation-related costs of \$18 million, higher depreciation expense of \$17 million largely due to the increased investment in our infrastructure, higher rent and occupancy expenses of \$5 million, and higher corporate advertising and marketing costs of \$3 million. These increases were partially offset by lower amortization expense of \$9 million, the non-recurrence of prior year acquisition-related costs of \$7 million, and a decline in other operating expenses of \$3 million.

Gain on acquisition of Chaps was \$16 million for Fiscal 2014, as previously described above and in Note 5 to the accompanying audited consolidated financial statements.

Unallocated restructuring and other charges declined by \$8 million to \$10 million in Fiscal 2015, from \$18 million in Fiscal 2014, as previously described above and in Note 12 to the accompanying audited consolidated financial statements.

Non-operating Expense, Net. Non-operating expense, net is comprised of net foreign currency gains (losses), interest expense, interest and other income, net, and equity in losses from our joint venture, the Ralph Lauren Watch and Jewelry Company Srl (the "RL Watch Company"), which is accounted for under the equity method of accounting. Non-operating expense, net increased by \$14 million to \$48 million in Fiscal 2015, from \$34 million in Fiscal 2014. The higher non-operating expense, net was primarily attributed to (i) higher foreign currency losses, primarily related to the revaluation and settlement of foreign currency-denominated third-party and intercompany receivables and payables attributable to the weakening of the Japanese Yen, the Euro, and the Canadian Dollar against the U.S. Dollar, partially offset by gains recognized on forward foreign currency exchange contracts (foreign currency gains and losses do not result from the translation of the operating results of our foreign subsidiaries to U.S. Dollars), and (ii) additional equity in losses from our equity-method investment in RL Watch Company. These increases were partially offset by (i) higher interest and other income, net, primarily due to the increased balance of our investment portfolio, and (ii) lower interest expense associated with our current borrowings, including the 2.125% unsecured senior notes issued in September 2013 (the "Senior Notes") and commercial paper notes, as compared to the 4.5% interest rate on the Euro-denominated notes, which were repaid in October 2013 (see Note 14 to the accompanying audited consolidated financial statements).

Provision for Income Taxes. The provision for income taxes represents federal, foreign, state and local income taxes. The provision for income taxes decreased by \$35 million, or 11.0%, to \$285 million in Fiscal 2015 from \$320 million in Fiscal 2014. The decrease in the provision for income taxes was primarily due to the decline in pretax income, coupled with a decrease in our reported effective tax rate of 30 basis points to 28.9% in Fiscal 2015 from 29.2% in Fiscal 2014. The lower effective tax rate for Fiscal 2015 was primarily due to a greater proportion of earnings generated in lower-taxed jurisdictions, as well as an income tax benefit resulting from the legal entity restructuring of certain of our foreign operations in Fiscal 2015, partially offset by additional tax reserves associated with the conclusion of tax examinations during Fiscal 2015 and the absence of prior-year tax reserve reductions associated with the conclusion of a tax examination. The effective tax rate differs from the statutory tax rate due to the effect of state and local taxes, tax rates in foreign jurisdictions, and certain nondeductible expenses. Our effective tax rate will change from period to period based on various factors including, but not limited to, the geographic mix of earnings, the timing and amount of foreign dividends, enacted tax legislation, state and local taxes, tax audit findings and settlements, and the interaction of various global tax strategies.

Net Income. Net income declined by \$74 million, or 9.5%, to \$702 million in Fiscal 2015, from \$776 million in Fiscal 2014. The decline in net income was primarily due to the \$95 million decline in operating income and higher foreign currency losses of \$18 million, partially offset by the \$35 million reduction in our provision for income taxes, all as previously discussed.

Net Income per Diluted Share. Net income per diluted share declined by \$0.55, or 6.5%, to \$7.88 per share in Fiscal 2015 from \$8.43 per share in Fiscal 2014. The decline was due to lower net income, as previously discussed, partially offset by lower weighted-average diluted shares outstanding during Fiscal 2015, driven by our share repurchases over the last twelve months.

Fiscal 2014 Compared to Fiscal 2013

The following table summarizes our results of operations and expresses the percentage relationship to net revenues of certain financial statement captions. All percentages shown in the below table and the discussion that follows have been calculated using unrounded numbers.

	Fiscal Years Ended		\$ Change	% / bps Change
	March 29, 2014	March 30, 2013		
	(millions, except per share data)			
Net revenues	\$ 7,450	\$ 6,945	\$ 505	7.3%
Cost of goods sold ^(a)	(3,140)	(2,789)	(351)	12.6%
Gross profit	4,310	4,156	154	3.7%
<i>Gross profit as % of net revenues</i>	57.9%	59.8%		(190 bps)
Selling, general, and administrative expenses ^(a)	(3,142)	(2,971)	(171)	5.7%
<i>SG&A expenses as % of net revenues</i>	42.2%	42.8%		(60 bps)
Amortization of intangible assets	(35)	(27)	(8)	30.7%
Gain on acquisition of Chaps	16	—	16	NM
Impairments of assets	(1)	(19)	18	(93.1%)
Restructuring and other charges	(18)	(12)	(6)	52.9%
Operating income	1,130	1,127	3	0.3%
<i>Operating income as % of net revenues</i>	15.2%	16.2%		(100 bps)
Foreign currency losses	(8)	(12)	4	(30.1%)
Interest expense	(20)	(22)	2	(8.7%)
Interest and other income, net	3	6	(3)	(38.2%)
Equity in losses of equity-method investees	(9)	(10)	1	(1.0%)
Income before provision for income taxes	1,096	1,089	7	0.6%
Provision for income taxes	(320)	(339)	19	(5.6%)
<i>Effective tax rate ^(b)</i>	29.2%	31.1%		(190 bps)
Net income	\$ 776	\$ 750	\$ 26	3.4%
Net income per common share:				
Basic	\$ 8.55	\$ 8.21	\$ 0.34	4.1%
Diluted	\$ 8.43	\$ 8.00	\$ 0.43	5.4%

^(a) Includes total depreciation expense of \$223 million and \$206 million for Fiscal 2014 and Fiscal 2013, respectively.

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

NM Not meaningful.

Net Revenues. Net revenues increased by \$505 million, or 7.3%, to \$7.450 billion in Fiscal 2014 from \$6.945 billion in Fiscal 2013. On a constant currency basis, net revenues increased by \$552 million, or 7.9%.

Net revenues for our three business segments, as well as a discussion of the changes in each segment's net revenues from the prior fiscal year, are provided below:

	Fiscal Years Ended			% Change	
	March 29, 2014	March 30, 2013	\$ Change	As Reported	Constant Currency
	(millions)				
Net Revenues:					
Wholesale	\$ 3,486	\$ 3,138	\$ 348	11.1%	10.9 %
Retail	3,798	3,625	173	4.8%	6.3 %
Licensing	166	182	(16)	(9.0%)	(9.0%)
Total net revenues	<u>\$ 7,450</u>	<u>\$ 6,945</u>	<u>\$ 505</u>	7.3%	7.9 %

Wholesale net revenues — Net revenues increased \$348 million, or 11.1%, in Fiscal 2014 as compared to Fiscal 2013, including a \$7 million increase in revenues due to net favorable foreign currency effects, primarily related to the strengthening of the Euro, partially offset by the weakening of the Japanese Yen and the Canadian Dollar against the U.S. Dollar during Fiscal 2014 compared to the prior fiscal year. On a constant currency basis, net revenues increased by \$341 million, or 10.9%.

The \$348 million net increase in Wholesale net revenues was primarily driven by:

- a \$378 million net increase related to our business in the Americas, largely due to \$210 million of incremental revenues contributed by previously licensed businesses, including the Chaps Menswear Business acquired in April 2013 and certain businesses in Latin America acquired in June 2012. The increase in net revenues also reflected higher domestic revenues from our menswear, womenswear, and childrenswear product lines, as well as increased revenues from our accessories business. These increases were partially offset by lower Home product revenues primarily due to the rebranding of certain of our home products; and
- an \$11 million net increase related to our European business, due to the favorable impact of foreign currency related to the strengthening of the Euro against the U.S. Dollar during Fiscal 2014, partially offset by a planned reduction in shipments across our menswear, womenswear, and childrenswear product lines due to the challenging European retail environment and softness in the specialty store business.

These net increases were partially offset by:

- a \$37 million net decrease related to our Japanese business, driven by lower sell-throughs and the impact of a business model shift to the retail concessions-based channel, as well as the unfavorable impact of foreign currency related to the weakening of the Japanese Yen against the U.S. Dollar during Fiscal 2014.

Retail net revenues — Net revenues increased \$173 million, or 4.8%, in Fiscal 2014 as compared to Fiscal 2013, including a \$53 million decrease in revenues due to net unfavorable foreign currency effects, primarily related to the weakening of the Japanese Yen, partially offset by the strengthening of the Euro against the U.S. Dollar during Fiscal 2014 compared to the prior fiscal year. On a constant currency basis, net revenues increased by \$226 million, or 6.3%.

The \$173 million net increase in Retail net revenues was driven by:

- a \$187 million, or a 38%, net increase in non-comparable store sales, including unfavorable foreign currency effects of \$10 million, primarily related to the weakening of the Japanese Yen against the U.S. Dollar during Fiscal 2014 compared to the prior fiscal year. On a constant currency basis, non-comparable store sales increased by \$197 million, or 40%, primarily driven by new store openings during Fiscal 2014, including store openings in Asia, new stores and concession shops assumed in connection with the Australia and New Zealand Licensed Operations Acquisition, other new global store openings, and the expansion of our e-commerce operations, which more than offset the impact of store closings, including those closed in connection with the Rugby Closure Plan (see Note 12 to the accompanying audited consolidated financial statements).

This increase was partially offset by:

- a \$14 million net decline in comparable store sales during Fiscal 2014, remaining essentially flat on a percentage basis versus the prior year. The decline in the reported comparable store sales was largely due to unfavorable foreign currency effects of \$43 million, primarily related to the weakening of the Japanese Yen, partially offset by the

strengthening of the Euro against the U.S. Dollar during Fiscal 2014 compared to the prior fiscal year. Our total comparable store sales increased approximately \$29 million, or 1%, on a constant currency basis, primarily driven by an increase from our Ralph Lauren e-commerce operations, partially offset by decreases in comparable store sales from our concession shops and our domestic factory stores. Comparable store sales related to our e-commerce operations increased by approximately 14% on a reported basis and 13% on a constant currency basis over the related prior fiscal year, and had a favorable impact on our total comparable store sales of approximately 2% to 3% on a reported basis and approximately 1% to 2% on a constant currency basis. Our consolidated comparable store sales excluding e-commerce decreased approximately 2% to 3% on a reported basis and were flat to down by 1% on a constant currency basis.

Our global average store count increased by 47 stores and concession shops during Fiscal 2014 compared with the prior fiscal year, primarily due to new store and concession shop openings in Asia and Europe, and stores and concession shops assumed in connection with the Australia and New Zealand Licensed Operations Acquisition, partially offset by store closures, including those associated with the Rugby Closure Plan. The following table details our retail store and e-commerce presence as of the periods presented:

	March 29, 2014	March 30, 2013
Stores:		
Freestanding stores	433	388
Concession shops	503	494
Total stores	<u>936</u>	<u>882</u>
E-commerce Sites:		
North American sites ^(a)	3	3
European sites ^(b)	3	3
Asian sites ^(c)	2	1
Total e-commerce sites	<u>8</u>	<u>7</u>

^(a) Includes www.RalphLauren.com and www.ClubMonaco.com (servicing the U.S.) and www.ClubMonaco.ca (servicing Canada).

^(b) Includes www.RalphLauren.co.uk (servicing the United Kingdom), www.RalphLauren.fr (servicing Belgium, France, Italy, Luxembourg, the Netherlands, Portugal, and Spain), and www.RalphLauren.de (servicing Austria and Germany).

^(c) Includes www.RalphLauren.co.jp (servicing Japan), and, as of March 29, 2014, www.RalphLauren.co.kr (servicing South Korea).

Licensing revenues — The \$16 million decrease in net revenues primarily reflected the transition of certain licensing arrangements, including the Chaps Menswear Business and the Australia and New Zealand Business, to wholly-owned operations and the discontinuance of certain Home licensing arrangements, partially offset by higher apparel and fragrance-related royalties.

Gross Profit. Gross profit increased by \$154 million, or 3.7%, to \$4.310 billion in Fiscal 2014 from \$4.156 billion in Fiscal 2013. Gross profit as a percentage of net revenues decreased by 190 basis points to 57.9% in Fiscal 2014 from 59.8% in Fiscal 2013. This decline was primarily attributable to the inclusion of the Chaps Menswear Business and the unfavorable effects of foreign currency.

Selling, General, and Administrative Expenses. SG&A expenses increased by \$171 million, or 5.7%, to \$3.142 billion in Fiscal 2014 from \$2.971 billion in Fiscal 2013. This increase included a net favorable foreign currency effect of approximately \$29 million, primarily related to the weakening of the Japanese Yen, partially offset by the strengthening of the Euro against the U.S. Dollar during Fiscal 2014 as compared to the prior fiscal year. SG&A expenses as a percentage of net revenues declined to 42.2% in Fiscal 2014 from 42.8% in Fiscal 2013. The 60 basis point improvement was primarily due to operating leverage on higher net revenues and our operational discipline, which more than offset the increase in operating expenses attributable to our recent acquisitions and new business initiatives, as well as increased investments in our facilities, infrastructure, and information technology.

The \$171 million net increase in SG&A expenses by functional category is as follows:

	Fiscal 2014 Compared to Fiscal 2013
	(millions)
SG&A expense category:	
Compensation-related expenses ^(a)	\$ 44
Marketing and advertising expenses	39
Shipping and handling costs	28
Rent and occupancy expenses	27
Depreciation expense	17
Acquisition-related costs ^(b)	7
Other	9
Total change in SG&A expenses^(c)	\$ 171

^(a) Primarily due to increased salaries and related expenses to support business growth.

^(b) Comprised of acquisition-related costs for the Chaps Menswear License Acquisition in April 2013 and for the Australia and New Zealand Licensed Operations Acquisition in July 2013 (see Note 5 to the accompanying audited consolidated financial statements).

^(c) Includes \$62 million of incremental expenses associated with the aforementioned newly acquired businesses and \$13 million of incremental expenses incurred in connection with the implementation of our global operating and financial reporting system.

Amortization of Intangible Assets. Amortization of intangible assets increased by \$8 million, or 30.7%, to \$35 million in Fiscal 2014 from \$27 million in Fiscal 2013. This increase was primarily due to the full amortization of the licensed trademark intangible asset acquired in connection with the Chaps Menswear License Acquisition during Fiscal 2014 (see Note 5 to the accompanying audited consolidated financial statements).

Gain on Acquisition of Chaps. During Fiscal 2014, we recorded a \$16 million gain on the Chaps Menswear License Acquisition, representing the difference between the acquisition date fair value of net assets acquired and the contractually-defined purchase price under our license agreement with Warnaco, which granted us the right to early-terminate the license upon PVH's acquisition of Warnaco in February 2013 (see Note 5 to the accompanying audited consolidated financial statements).

Impairments of Assets. During Fiscal 2014, we recorded non-cash impairment charges of \$1 million, to write off certain long-lived assets related to our European operations. During Fiscal 2013, we recognized non-cash impairment charges of \$19 million, which included charges of \$11 million to write off certain Rugby brand-related long-lived assets in connection with the Rugby Closure Plan and charges of \$8 million to reduce the carrying values of long-lived assets of certain underperforming European stores to their fair values, as well as to write off the fixed assets of certain wholesale locations in Europe that were expected to close (see Note 11 to the accompanying audited consolidated financial statements).

Restructuring and Other Charges. Restructuring and other charges increased by \$6 million to \$18 million in Fiscal 2014 from \$12 million in Fiscal 2013. During Fiscal 2014, we recorded restructuring charges of \$8 million, primarily related to severance and benefit costs associated with our corporate operations. In addition, during Fiscal 2014, we recorded \$10 million of accelerated stock-based compensation expense associated with certain new executive employment agreement provisions. Restructuring and other charges of \$12 million recorded during Fiscal 2013 included \$7 million of severance and lease termination costs associated with the Rugby Closure Plan and \$5 million of other net restructuring charges, which primarily related to the suspension of the Company's operations in Argentina, severance and lease termination costs associated with our European operations, and other severance-related costs primarily within our corporate operations, partially offset by reversals of reserves deemed no longer necessary in connection with our fiscal year ended March 31, 2012 restructuring plan in the Asia-Pacific region (see Note 12 to the accompanying audited consolidated financial statements).

Operating Income. Operating income slightly increased by \$3 million, or 0.3%, to \$1.130 billion in Fiscal 2014 from \$1.127 billion in Fiscal 2013. Operating income as a percentage of net revenues declined 100 basis points, to 15.2% in Fiscal 2014 from 16.2% in Fiscal 2013. The decrease in operating income as a percentage of net revenues primarily reflected the decline in our gross profit margin, partially offset by an improvement in SG&A and other operating expenses as a percentage of net revenues, as previously discussed.

Operating income and margin for each of our three reportable segments are provided below:

	Fiscal Years Ended					
	March 29, 2014		March 30, 2013		\$ Change	Margin Change
	Operating Income	Operating Margin	Operating Income	Operating Margin		
(millions)		(millions)		(millions)		
Segment:						
Wholesale	\$ 963	27.6%	\$ 903	28.7%	\$ 60	(110 bps)
Retail	572	15.1%	615	17.0%	(43)	(190 bps)
Licensing	150	90.2%	152	83.6%	(2)	660 bps
	1,685		1,670		15	
Unallocated corporate expenses	(553)		(531)		(22)	
Gain on acquisition of Chaps	16		—		16	
Unallocated restructuring and other charges	(18)		(12)		(6)	
Total operating income	\$ 1,130	15.2%	\$ 1,127	16.2%	\$ 3	(100 bps)

Wholesale operating margin declined by 110 basis points, which included net unfavorable effects related to foreign currency of 110 basis points and a 50 basis point decline due to the inclusion of the Chaps Menswear Business. The decline in Wholesale operating margin was partially offset by a 40 basis point increase due to improved operating leverage of SG&A expenses on higher wholesale revenues.

Retail operating margin declined by 190 basis points, primarily due to net unfavorable effects related to foreign currency of 50 basis points, an increase in SG&A expenses as a percentage of net revenues of 50 basis points (primarily driven by expenses associated with our global store and e-commerce development efforts), and a 40 basis point decline due to the inclusion of the Australia and New Zealand Business. The remaining 50 basis point decline was due in part to elevated promotional activity within certain of our retail businesses during the fourth quarter of Fiscal 2014.

Licensing operating margin improvement of 660 basis points was due to reduced operating expenses reflecting the transition of certain licensing arrangements to wholly-owned operations, partially offset by lower net revenues.

Unallocated corporate expenses increased by \$22 million, reflecting higher increased global information technology-related costs of \$13 million, higher corporate advertising and marketing expenses of \$12 million, and acquisition-related costs of \$7 million. These increases were partially offset by declines in other individually immaterial costs.

Gain on acquisition of Chaps was \$16 million for Fiscal 2014, as previously described above and in Note 5 to the accompanying audited consolidated financial statements.

Unallocated restructuring and other charges increased by \$6 million to \$18 million in Fiscal 2014, from \$12 million in Fiscal 2013, as previously described above and in Note 12 to the accompanying audited consolidated financial statements.

Non-operating Expense, Net. Non-operating expense, net declined by \$4 million to \$34 million in Fiscal 2014, from \$38 million in Fiscal 2013. The decline in non-operating expense, net was primarily attributed to (i) lower foreign currency losses related to the revaluation and settlement of foreign currency-denominated third-party and intercompany receivables and payables, as well as net gains related to foreign currency hedge contracts, and (ii) lower interest expense on the 2.125% Senior Notes issued in September 2013, as compared to the 4.5% interest rate on the previously outstanding Euro-denominated notes. These declines were partially offset by additional interest expense on our increased capital lease obligations, and lower interest and other income, net, primarily due to changes in our investment portfolio mix.

Provision for Income Taxes. The provision for income taxes decreased by \$19 million, or 5.6%, to \$320 million in Fiscal 2014 from \$339 million in Fiscal 2013. The decrease in the provision for income taxes was primarily due to a decrease in our reported effective tax rate of 190 basis points to 29.2% in Fiscal 2014 from 31.1% in Fiscal 2013, slightly offset by the increase in the overall level of our pretax income. The lower effective tax rate for Fiscal 2014 was primarily due to tax reserve reductions associated with the conclusion of a tax examination during the third quarter of Fiscal 2014, and an income tax benefit resulting from legal entity restructuring of certain of our foreign operations during Fiscal 2014. The effective tax rate for Fiscal 2013 reflected tax reserve reductions associated with the conclusion of a separate tax examination during the third quarter of Fiscal 2013, which were offset by the inclusion of a reserve for an interest assessment on a prior year withholding tax.

Net Income. Net income increased by \$26 million, or 3.4%, to \$776 million in Fiscal 2014, from \$750 million in Fiscal 2013, due to the \$19 million reduction in our provision for income taxes, lower non-operating charges of \$4 million, and a \$3 million increase in operating income, all as previously discussed.

Net Income per Diluted Share. Net income per diluted share increased by \$0.43, or 5.4%, to \$8.43 per share in Fiscal 2014 from \$8.00 per share in Fiscal 2013. The increase was primarily attributable to higher net income, as previously discussed, and lower weighted-average diluted shares outstanding during Fiscal 2014, driven by our share repurchases during Fiscal 2014.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition

The following table presents our financial condition as of March 28, 2015 and March 29, 2014.

	March 28, 2015	March 29, 2014	\$ Change
	(millions)		
Cash and cash equivalents	\$ 500	\$ 797	\$ (297)
Short-term investments	644	488	156
Non-current investments ^(a)	8	2	6
Short-term debt	(234)	—	(234)
Long-term debt ^(b)	(298)	(298)	—
Net cash and investments ^(c)	\$ 620	\$ 989	\$ (369)
Equity	\$ 3,891	\$ 4,034	\$ (143)

^(a) Recorded within other non-current assets in our consolidated balance sheets.

^(b) Net of \$2 million of unamortized debt issuance costs as of both March 28, 2015 and March 29, 2014.

^(c) "Net cash and investments" is defined as cash and cash equivalents, plus short-term and non-current investments, less total debt.

The decline in our net cash and investments position at March 28, 2015 as compared to March 29, 2014 was primarily due to our use of cash to support our Class A common stock repurchases of \$532 million, including withholdings in satisfaction of tax obligations for stock-based compensation awards, to invest in our business through \$391 million in capital expenditures, and to make cash dividend payments of \$158 million during Fiscal 2015, partially offset by our operating cash flows of \$894 million. The decline in our net cash and investment position also reflected unfavorable foreign currency impacts of \$81 million, primarily related to the weakening of the Euro and the Japanese Yen against the U.S. Dollar during Fiscal 2015 as compared to the prior fiscal year.

The decline in equity was attributable to our share repurchase activity and dividends declared, largely offset by our comprehensive income and the net impact of stock-based compensation arrangements during Fiscal 2015.

Cash Flows

Fiscal 2015 Compared to Fiscal 2014

	Fiscal Years Ended		\$ Change
	March 28, 2015	March 29, 2014	
	(millions)		
Net cash provided by operating activities	\$ 894	\$ 907	\$ (13)
Net cash used in investing activities	(689)	(488)	(201)
Net cash used in financing activities	(421)	(599)	178
Effect of exchange rate changes on cash and cash equivalents	(81)	3	(84)
Net decrease in cash and cash equivalents	<u>\$ (297)</u>	<u>\$ (177)</u>	<u>\$ (120)</u>

Net Cash Provided by Operating Activities. Net cash provided by operating activities decreased to \$894 million during Fiscal 2015, from \$907 million during Fiscal 2014. The net decrease in cash provided by operating activities was primarily due to the decline in net income before non-cash charges, partially offset by a net favorable change related to our operating assets and liabilities. The net favorable change related to our operating assets and liabilities was driven by foreign currency impacts, primarily related to the weakening of the Euro and the Japanese Yen against the U.S. Dollar during Fiscal 2015, partially offset by a decline in our working capital driven by:

- unfavorable changes in income tax receivables and payables, as well as prepaid expenses and other current assets, both due to the timing of payments; and
- a year-over-year increase in our inventory levels to support our new brands and new and expanded stores.

Net Cash Used in Investing Activities. Net cash used in investing activities was \$689 million during Fiscal 2015, as compared to \$488 million during Fiscal 2014. The \$201 million net increase in cash used in investing activities was primarily driven by a \$229 million increase in cash used to purchase investments, less proceeds from sales and maturities of investments. During Fiscal 2015, we made net purchases of investments of \$285 million, as compared to net purchases of investments of \$56 million during Fiscal 2014.

The above increase in cash used in investing activities was partially offset by a \$28 million decline in cash used to fund acquisitions and ventures. During Fiscal 2015, we used \$12 million of cash to support the funding of our joint venture, the RL Watch Company, and other investments. During Fiscal 2014, we used \$40 million of cash, including \$18 million to fund the Chaps Menswear License Acquisition, \$15 million to fund the Australia and New Zealand Licensed Operations Acquisition, as well as amounts to support the continued funding of the RL Watch Company.

In Fiscal 2016, we expect to spend between \$400 million and \$500 million in capital expenditures, primarily to support our global retail store expansion and further development of our infrastructure, including investment in a new global e-commerce platform and the build-out of a newly leased distribution center. Our capital expenditures will also be focused on department store renovations and the continued implementation of SAP and other systems.

Net Cash Used in Financing Activities. Net cash used in financing activities was \$421 million during Fiscal 2015, as compared to \$599 million during Fiscal 2014. The \$178 million decline in cash used in financing activities was primarily driven by:

- a \$203 million increase in proceeds from debt issuances, less cash used to repay debt. During Fiscal 2015, we received net proceeds of \$234 million from commercial paper note issuances and repayments. During Fiscal 2014, we received \$300 million in proceeds from our issuance of Senior Notes in September 2013, a portion of which was used to repay the \$269 million principal amount outstanding of the 4.5% Euro-denominated notes upon their maturity on October 4, 2013; and

- a \$26 million decline in cash used to repurchase shares of our Class A common stock. During Fiscal 2015, we used \$500 million to repurchase shares of Class A common stock pursuant to our common stock repurchase program, and an additional \$32 million in shares of Class A common stock were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards under our amended and restated 2010 Long-Term Stock Incentive Plan (the "2010 Incentive Plan"). On a comparative basis, during Fiscal 2014, we used \$498 million to repurchase shares of Class A common stock pursuant to our common stock repurchase program, and an additional \$60 million in shares of Class A common stock were surrendered or withheld for taxes under our 1997 Long-Term Stock Incentive Plan (the "1997 Incentive Plan") and our 2010 Incentive Plan.

The above decreases in cash used in financing activities were partially offset by:

- a \$26 million decline in excess tax benefits from stock-based compensation arrangements;
- a \$15 million increase in payments related to our capital lease obligations; and
- a \$9 million increase in cash used to pay dividends.

Fiscal 2014 Compared to Fiscal 2013

	Fiscal Years Ended		\$ Change
	March 29, 2014	March 30, 2013	
	(millions)		
Net cash provided by operating activities	\$ 907	\$ 1,019	\$ (112)
Net cash used in investing activities	(488)	(113)	(375)
Net cash used in financing activities	(599)	(595)	(4)
Effect of exchange rate changes on cash and cash equivalents	3	(9)	12
Net increase (decrease) in cash and cash equivalents	<u>\$ (177)</u>	<u>\$ 302</u>	<u>\$ (479)</u>

Net Cash Provided by Operating Activities. Net cash provided by operating activities decreased to \$907 million during Fiscal 2014, from \$1.019 billion during Fiscal 2013. The net decrease in cash provided by operating activities was primarily due to the net unfavorable change related to our working capital, including:

- an increase associated with the changes in our accounts receivable balance, resulting from higher revenues at the end of Fiscal 2014 and the timing of cash collections; and
- an increase in prepaid expenses and other current assets, primarily attributable to an increase in non-income tax receivables related to our foreign operations and the timing of related payments.

These declines in cash from operating activities were partially offset by:

- increases related to accounts payable and accrued liabilities and income taxes, primarily due to the timing of the related payments.

Net Cash Used in Investing Activities. Net cash used in investing activities was \$488 million during Fiscal 2014, as compared to \$113 million during Fiscal 2013. The \$375 million net increase in cash used in investing activities was primarily driven by:

- a \$238 million increase in cash used to purchase investments, less proceeds from sales and maturities of investments. During Fiscal 2014, we made net investment purchases of \$56 million, as compared to net investment sales of \$182 million during Fiscal 2013;
- a \$114 million increase in cash used for capital expenditures. During Fiscal 2014, we spent \$390 million on capital expenditures, as compared to \$276 million during Fiscal 2013. Our capital expenditures were primarily associated with global retail store expansion, department store renovations, the purchase and expansion of a distribution facility in High Point, North Carolina, and enhancements to our global information technology systems, including the continued implementation of our global operating and financial reporting information technology system, SAP; and

- an \$18 million increase in cash used to fund our acquisitions and ventures. During Fiscal 2014, we used \$40 million of cash to fund our acquisitions and ventures, including \$18 million to fund the Chaps Menswear License Acquisition, \$15 million to fund the Australia and New Zealand Licensed Operations Acquisition, as well as amounts to support the continued funding of our joint venture, the RL Watch Company. During Fiscal 2013, we used \$22 million of cash, primarily in connection with our acquisition of the previously licensed business in Latin America, and to fund the operations of the RL Watch Company.

Net Cash Used in Financing Activities. Net cash used in financing activities was \$599 million during Fiscal 2014, as compared to \$595 million during Fiscal 2013. The net increase in cash used in financing activities was primarily driven by:

- a \$21 million increase in cash used to pay dividends. During Fiscal 2014, we used \$149 million to pay dividends, as compared to \$128 million during Fiscal 2013, primarily due to the increase in the quarterly cash dividend from \$0.40 per share to \$0.45 per share, effective in November 2013; and
- an \$11 million increase in cash used to repurchase shares of our Class A common stock. During Fiscal 2014, we used \$498 million to repurchase shares of Class A common stock pursuant to our common stock repurchase program, and an additional \$60 million in shares of Class A common stock were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards under our 1997 Incentive Plan and our 2010 Incentive Plan. On a comparative basis, during Fiscal 2013, we used \$450 million to repurchase shares of Class A common stock pursuant to our common stock repurchase program, and an additional \$47 million in shares of Class A common stock were surrendered or withheld for taxes. In addition, during Fiscal 2013, we made a \$50 million payment in connection with our prepaid share repurchase program.

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

- \$31 million in proceeds from the issuance of long-term debt, net of repayments. During Fiscal 2014, we received \$300 million in proceeds from our issuance of 2.125% unsecured Senior Notes in September 2013. A portion of these proceeds was used to repay the \$269 million principal amount outstanding of the 4.5% Euro-denominated notes upon their maturity on October 4, 2013.

Liquidity

Our primary sources of liquidity are the cash flows generated from our operations, availability under our Global Credit Facility, Domestic Credit Facility, and Pan-Asia Credit Facilities (all as defined below), our Commercial Paper Program (as defined below), our available cash and cash equivalents and short-term investments, and other available financing options. As of March 28, 2015, we had \$1.144 billion in cash, cash equivalents, and short-term investments, of which \$1.109 billion were held by our subsidiaries domiciled outside the U.S. We are not dependent on foreign cash to fund our domestic operations and do not expect to repatriate these balances to meet our domestic cash needs. However, if our plans change and we choose to repatriate any funds to the U.S. in the future, we would be subject to applicable U.S. and foreign taxes.

Our sources of liquidity are used to fund our ongoing cash requirements, including working capital requirements, global retail store and e-commerce development and expansion, construction and renovation of shop-within-shops, investment in infrastructure, including technology, acquisitions, joint ventures, payment of dividends, debt repayments, common stock repurchases, settlement of contingent liabilities (including uncertain tax positions), and other corporate activities. We believe that our existing sources of cash, the availability under our credit facilities, and our ability to access capital markets will be sufficient to support our operating, capital, and debt service requirements for the foreseeable future, the ongoing development of our businesses, and our plans for further business expansion.

As discussed in the "*Debt and Covenant Compliance*" section below, we had \$234 million in commercial paper notes outstanding as of March 28, 2015. We had no borrowings outstanding under our Global Credit Facility, Domestic Credit Facility, or Pan-Asia Credit Facilities as of March 28, 2015.

We believe that our Global Credit Facility is adequately diversified with no undue concentration in any one financial institution. In particular, as of March 28, 2015, there were nine financial institutions participating in the Global Credit Facility, with no one participant maintaining a maximum commitment percentage in excess of 20%. We have no reason to believe that the participating institutions will be unable to fulfill their obligations to provide financing in accordance with the terms of the Global Credit Facility, the Domestic Credit Facility, and the Pan-Asia Credit Facilities in the event of our election to draw funds in the foreseeable future.

Common Stock Repurchase Program

A summary of our repurchases of Class A common stock under our common stock repurchase program is presented below:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(in millions)		
Cost of shares repurchased	\$ 500	\$ 548 ^(a)	\$ 450
Number of shares repurchased	3.2	3.2 ^(a)	3.0

^(a) Includes a \$50 million prepayment made in March 2013 under our share repurchase program with a third-party financial institution, in exchange for the right to receive shares of our Class A common stock at the conclusion of the 93-day repurchase term. The \$50 million prepayment was recorded as a reduction to additional paid-in capital in our consolidated balance sheet as of March 30, 2013. The related 0.3 million shares were delivered to us during Fiscal 2014, based on the volume-weighted average market price of our Class A common stock over the 93-day repurchase term, less a discount.

As of March 28, 2015, the remaining availability under our Class A common stock repurchase program was approximately \$80 million. On May 12, 2015, our Board of Directors approved an expansion of the program that allows us to repurchase up to an additional \$500 million of Class A common stock. Repurchases of shares of Class A common stock are subject to overall business and market conditions.

In addition, during Fiscal 2015, Fiscal 2014, and Fiscal 2013, 0.2 million, 0.4 million, and 0.4 million shares of Class A common stock, respectively, at a cost of \$32 million, \$60 million, and \$47 million, respectively, were surrendered or withheld in satisfaction of withholding taxes in connection with the vesting of awards under the 1997 Incentive Plan and the 2010 Incentive Plan.

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

Dividends

Since 2003, we have maintained a regular quarterly cash dividend program on our common stock. On November 5, 2013, our Board of Directors approved an increase to the quarterly cash dividend on our common stock from \$0.40 per share to \$0.45 per share. On February 3, 2015, our Board of Directors approved a further increase to the quarterly cash dividend on our common stock from \$0.45 to \$0.50 per share. Dividends paid amounted to \$158 million, \$149 million, and \$128 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively.

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

Debt and Covenant Compliance

Senior Notes

In September 2013, we completed a registered public debt offering and issued \$300 million aggregate principal amount of Senior Notes due September 26, 2018 at a price equal to 99.896% of their principal amount. The Senior Notes bear interest at a fixed rate of 2.125%, payable semi-annually. The proceeds from this offering were used for general corporate purposes, including repayment of the previously outstanding €209 million principal amount of 4.5% Euro-denominated notes (the "Euro Debt"), which matured on October 4, 2013.

The Indenture governing the Senior Notes (the "Indenture") contains certain covenants that restrict our ability, subject to specified exceptions, to incur certain liens; enter into sale and leaseback transactions; consolidate or merge with another party; or sell, lease, or convey all or substantially all of our property or assets to another party. However, the Indenture does not contain any financial covenants.

Commercial Paper

In May 2014, we initiated a commercial paper borrowing program (the "Commercial Paper Program") that allowed us to issue up to \$300 million of unsecured commercial paper notes through private placement using third-party broker-dealers. In May 2015, we expanded the Commercial Paper Program to allow for a total issuance of up to \$500 million of unsecured commercial paper notes.

Borrowings under the Commercial Paper Program are supported by the Global Credit Facility, as defined below, and may be used to support our general working capital and corporate needs. Maturities of commercial paper notes vary, but cannot exceed 397 days from the date of issuance. Commercial paper notes issued under the Commercial Paper Program rank equally with our other forms of unsecured indebtedness. As of March 28, 2015, we had \$234 million in borrowings outstanding under our Commercial Paper Program, with a weighted-average annual interest rate of 0.27% and a weighted-average remaining term of 11 days.

Revolving Credit Facilities

Global Credit Facility

In February 2015, we entered into an amended and restated credit facility that provides for a \$500 million senior unsecured revolving line of credit through February 11, 2020 (the "Global Credit Facility") under terms and conditions substantially similar to those previously in effect. The Global Credit Facility is also used to support the issuance of letters of credit and the maintenance of the Commercial Paper Program. Borrowings under the Global Credit Facility may be denominated in U.S. Dollars and other currencies, including Euros, Hong Kong Dollars, and Japanese Yen. We have the ability to expand our borrowing availability under the Global Credit Facility to \$750 million, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility. As of March 28, 2015, there were no borrowings outstanding under the Global Credit Facility and we were contingently liable for \$8 million of outstanding letters of credit.

The Global Credit Facility contains a number of covenants that, among other things, restrict our ability, subject to specified exceptions, to incur additional debt; incur liens; sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make certain investments. The Global Credit Facility also requires us to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus eight times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense, and (iv) consolidated rent expense. As of March 28, 2015, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under our Global Credit Facility.

Upon the occurrence of an Event of Default under the Global Credit Facility, the lenders may cease making loans, terminate the Global Credit Facility, and declare all amounts outstanding to be immediately due and payable. The Global Credit Facility specifies a number of events of default (many of which are subject to applicable grace periods), including, among others, the failure to make timely principal, interest, and fee payments or to satisfy the covenants, including the financial covenant described above. Additionally, the Global Credit Facility provides that an Event of Default will occur if Mr. Ralph Lauren, our Chairman of the Board and Chief Executive Officer, and entities controlled by the Lauren family, fail to maintain a specified minimum percentage of the voting power of our common stock.

Domestic Credit Facility

In August 2014, we entered into an uncommitted credit facility (the "Domestic Credit Facility") with Santander Bank, N.A. ("Santander"), which provides for a revolving line of credit up to \$100 million through August 19, 2015. Borrowings under the Domestic Credit Facility are granted at the sole discretion of Santander, subject to availability of its funds, and bear interest at a rate equal to the London Interbank Offered Rate plus a spread determined by Santander at the time of borrowing. The Domestic Credit Facility does not contain any financial covenants. As of March 28, 2015, there were no borrowings outstanding under the Domestic Credit Facility.

Pan-Asia Credit Facilities

Certain of our subsidiaries in Asia have uncommitted credit facilities with regional branches of JPMorgan Chase (the "Banks") in China, Malaysia, South Korea, and Taiwan (the "Pan-Asia Credit Facilities"). These credit facilities are subject to annual renewal and may be used to fund general working capital and corporate needs of our operations in the respective countries. Our subsidiaries' borrowings under the Pan-Asia Credit Facilities are guaranteed by the parent company. The Pan-Asia Credit Facilities do not contain any financial covenants. As of March 28, 2015, the Pan-Asia Credit Facilities provided for revolving lines of credit of up to \$32 million, granted at the sole discretion of the Banks, subject to availability of the Banks' funds and satisfaction of certain regulatory requirements. As of March 28, 2015, there were no borrowings outstanding under any of the Pan-Asia Credit Facilities.

See Note 14 to the accompanying audited consolidated financial statements for additional information relating to our credit facilities.

Contractual and Other Obligations

Firm Commitments

The following table summarizes certain of our aggregate contractual obligations as of March 28, 2015, and the estimated timing and effect that such obligations are expected to have on our liquidity and cash flows in future periods. We expect to fund these firm commitments with operating cash flows generated in the normal course of business and, if necessary, through availability under our credit facilities or other accessible sources of financing.

	Fiscal 2016	Fiscal 2017-2018	Fiscal 2019-2020	Fiscal 2021 and Thereafter	Total
	(millions)				
Senior Notes	\$ —	\$ —	\$ 300	\$ —	\$ 300
Interest payments on Senior Notes	6	13	3	—	22
Capital leases	26	49	46	69	190
Operating leases	322	579	486	733	2,120
Inventory purchase commitments	840	—	—	—	840
Other commitments	58	42	36	27	163
Total	\$ 1,252	\$ 683	\$ 871	\$ 829	\$ 3,635

The following is a description of our material, firmly committed obligations as of March 28, 2015:

- *Senior Notes* represents the principal amount of our outstanding unsecured senior notes due September 26, 2018. Amount does not include any fair value adjustments, call premiums, or interest payments (see below);
- *Interest payments on Senior Notes* represent the semi-annual contractual interest payments due on our Senior Notes, which bear interest at a fixed annual rate of 2.125%;
- *Lease obligations* represent the minimum lease rental payments due under noncancelable leases for our real estate and operating equipment in various locations around the world. In addition to such amounts, we are normally required to pay taxes, insurance, and certain occupancy costs relating to our leased real estate properties, which are not included in the table above. Approximately 72% of these lease obligations relate to our retail operations. Information has been presented separately for operating and capital leases;
- *Inventory purchase commitments* represent our legally-binding agreements to purchase fixed or minimum quantities of goods at determinable prices; and
- *Other commitments* primarily represent our legally-binding obligations under sponsorship, licensing, and other marketing and advertising agreements; distribution-related agreements; information technology-related service agreements; and pension-related obligations.

Excluded from the above contractual obligations table is the non-current liability for unrecognized tax benefits of \$116 million as of March 28, 2015, as we cannot make a reliable estimate of the period in which the liability will be settled, if ever. The

above table also excludes the following: (i) amounts recorded in current liabilities in our consolidated balance sheet as of March 28, 2015, including our outstanding commercial paper notes of \$234 million, which will be paid within one year; and (ii) non-current liabilities that have no cash outflows associated with them (e.g., deferred revenue), or the cash outflows associated with them are uncertain or do not represent a "purchase obligation" as the term is used herein (e.g., deferred taxes and other miscellaneous items).

We also have certain contractual arrangements that would require us to make payments if certain events or circumstances occur. See Note 17 to the accompanying audited consolidated financial statements for a description of our contingent commitments not included in the above table.

Off-Balance Sheet Arrangements

In addition to the commitments included in the above table, our other off-balance sheet firm commitments relating to our outstanding letters of credit amounted to approximately \$9 million as of March 28, 2015. We do not maintain any other off-balance sheet arrangements, transactions, obligations, or other relationships with unconsolidated entities that would be expected to have a material current or future effect on our consolidated financial statements.

MARKET RISK MANAGEMENT

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

As a result of the use of derivative instruments, we are exposed to the risk that counterparties to our contracts will fail to meet their contractual obligations. To mitigate this counterparty credit risk, we have a policy of only entering into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings and certain other factors, adhering to established limits for credit exposure. Our established policies and procedures for mitigating credit risk from derivative transactions include ongoing review and assessment of the creditworthiness of our counterparties. We also enter into master netting arrangements with counterparties, when possible, to mitigate credit risk associated with our derivative instruments. As a result of the above considerations, we do not believe that we are exposed to any undue concentration of counterparty risk with respect to our derivative contracts as of March 28, 2015. However, we do have in aggregate approximately \$73 million of derivative instruments in net asset positions with six creditworthy financial institutions.

Foreign Currency Risk Management

We manage our exposure to changes in foreign currency exchange rates through the use of forward foreign currency exchange contracts. Refer to Note 16 to the accompanying audited consolidated financial statements for a summary of the notional amounts and fair values of our forward foreign currency exchange contracts outstanding as of March 28, 2015.

Forward Foreign Currency Exchange Contracts

We enter into forward foreign currency exchange contracts as hedges to reduce our risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency, intercompany royalty payments made by certain of our international operations, intercompany contributions made to fund certain marketing efforts of our international operations, and other foreign currency-denominated operational cash flows. As part of our overall strategy to manage the level of exposure to the risk of foreign currency exchange rate fluctuations, primarily to changes in the value of the Euro, the Japanese Yen, the South Korean Won, the Australian Dollar, the Canadian Dollar, the British Pound Sterling, and the Hong Kong Dollar, we hedge a portion of our foreign currency exposures anticipated over a two-year period. In doing so, we use forward foreign currency exchange contracts that generally have maturities of two months to two years to provide continuing coverage throughout the hedging period.

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

We record our forward foreign currency exchange contracts at fair value in our consolidated balance sheets. To the extent forward foreign currency exchange contracts designated as cash flow hedges are highly effective in offsetting changes in the value of the hedged item, the related gains or losses are initially deferred in equity as a component of accumulated other comprehensive income ("AOCI") and are subsequently recognized in our consolidated statements of income as follows:

- *Forecasted Inventory Transactions* — recognized as part of the cost of the inventory being hedged within cost of goods sold when the related inventory is sold to a third party.
- *Intercompany Royalty Payments and Marketing Contributions* — recognized within foreign currency gains (losses) generally in the period in which the related payments or contributions being hedged are received or paid.

We recognized net gains on forward foreign currency exchange contracts in earnings of approximately \$35 million, \$30 million, and \$32 million during Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively.

Sensitivity

We perform a sensitivity analysis to determine the effects that market risk exposures may have on the fair values of our forward foreign currency exchange contracts. To perform the sensitivity analysis, we assess the risk of loss in fair values from the effect of hypothetical changes in foreign currency exchange rates. This analysis assumes a like movement by the foreign currencies in our hedge portfolio against the U.S. Dollar. As of March 28, 2015, a 10% appreciation or depreciation of the U.S. Dollar against the exchange rates for foreign currencies under contract would result in a net increase or decrease, respectively, in the fair value of our derivative portfolio of approximately \$72 million. As our outstanding forward foreign currency exchange contracts are primarily designated as cash flow hedges of forecasted transactions, this hypothetical net change in fair value would be largely offset by the net change in the fair values of the underlying hedged items.

Interest Rate Risk Management

Sensitivity

As of March 28, 2015, we had no variable-rate debt outstanding. As such, our exposure to changes in interest rates primarily relates to a change in the fair value of our fixed-rate Senior Notes and commercial paper notes. As of March 28, 2015, the carrying value and fair value of our Senior Notes were \$298 million (net of unamortized debt issuance costs of \$2 million) and \$304 million, respectively, and both the carrying value and fair value of our commercial paper notes were \$234 million. A 25 basis point increase or decrease in the level of interest rates would decrease or increase, respectively, the aggregate fair value of our Senior Notes and commercial paper notes by approximately \$3 million. Such potential increases or decreases in the fair value of our debt would only be relevant if we were to retire all or a portion of the debt prior to its maturity, and are based on certain simplifying assumptions, including an immediate across-the-board increase or decrease in the level of interest rates with no other subsequent changes for the remainder of the period.

Investment Risk Management

As of March 28, 2015, we had cash and cash equivalents on-hand of \$500 million, consisting of deposits in interest bearing accounts and invested in money market funds and time deposits with original maturities of 90 days or less. Our other significant investments included \$644 million of short-term investments, consisting of time deposits with original maturities greater than 90 days, and \$38 million of restricted cash placed in escrow with certain banks as collateral, primarily to secure guarantees in connection with certain international tax matters.

We actively monitor our exposure to changes in the fair value of our global investment portfolio in accordance with our established policies and procedures, which include monitoring both general and issuer-specific economic conditions, as discussed further below. Our investment objectives include capital preservation, maintaining adequate liquidity, diversification to minimize liquidity and credit risk, and achievement of maximum returns within the guidelines set forth in our investment policy. See Note 16 to the accompanying audited consolidated financial statements for further detail of the composition of our investment portfolio as of March 28, 2015.

We evaluate investments held in unrealized loss positions for other-than-temporary impairment on a quarterly basis. This evaluation involves a variety of considerations, including assessments of risks and uncertainties associated with general economic conditions and distinct conditions affecting specific issuers. We consider the following factors: (i) the length of time and the extent to which the fair value has been below cost, (ii) the financial condition, credit worthiness, and near-term prospects of the issuer, (iii) the length of time to maturity, (iv) anticipated future economic conditions and market forecasts, (v) our intent and ability to

retain our investment for a period of time sufficient to allow for recovery of market value, and (vi) an assessment of whether it is more likely than not that we will be required to sell our investment before recovery of market value. No material realized or unrealized gains or losses on available-for-sale investments or other-than-temporary impairment charges were recorded in any of the fiscal years presented.

CRITICAL ACCOUNTING POLICIES

An accounting policy is considered to be critical if it is important to our results of operations, financial condition, and cash flows, and requires significant judgment and estimates on the part of management in its application. Our estimates are often based on complex judgments, assessments of probability, and assumptions that management believes to be reasonable, but that are inherently uncertain and unpredictable. It is also possible that other professionals, applying reasonable judgment to the same set of facts and circumstances, could develop and support a range of alternative estimated amounts. We believe that the following list represents our critical accounting policies. For a discussion of all of our significant accounting policies, see Note 3 to the accompanying audited consolidated financial statements.

Sales Reserves and Uncollectible Accounts

A significant area of judgment affecting reported revenue and net income involves estimating sales reserves, which represent the portion of gross revenues not expected to be realized. In particular, wholesale revenue is reduced by estimates of returns, discounts, end-of-season markdowns, and operational chargebacks. Retail revenue, including e-commerce sales, is also reduced by an estimate of returns.

In determining estimates of returns, discounts, end-of-season markdowns, and operational chargebacks, we analyze historical trends, seasonal results, current economic and market conditions, and retailer performance. We review and refine these estimates on a quarterly basis. Our historical estimates of these costs have not differed materially from actual results. A hypothetical 1% increase in our reserves for returns, discounts, end-of-season markdowns, and operational chargebacks as of March 28, 2015 would have decreased our Fiscal 2015 net revenues by approximately \$3 million.

Similarly, we evaluate our accounts receivable balances to determine if they will ultimately be collected. Significant judgments and estimates are involved in this evaluation, including an analysis of specific risks on a customer-by-customer basis for larger accounts and customers, and a receivables aging analysis that determines the percentage of receivables that has historically been uncollected by aged category. Based on this information, we provide a reserve for the estimated amounts believed to be uncollectible. Although we believe that we have adequately provided for those risks as part of our bad debt reserve, a severe and prolonged adverse impact on our major customers' business operations could have a corresponding material adverse effect on our net sales, cash flows, and/or financial condition.

See "Accounts Receivable" in Note 3 to the accompanying audited consolidated financial statements for an analysis of the activity in our sales reserves and allowance for doubtful accounts for each of the three fiscal years presented.

Inventories

We hold inventory that is sold through wholesale distribution channels to major department stores and specialty retail stores, including our own retail stores. We also hold retail inventory that is sold in our own stores and e-commerce sites directly to consumers. Wholesale and retail inventories are stated at the lower of cost or estimated net realizable value, with cost primarily determined on a weighted-average basis.

The estimated net realizable value of inventory is determined based on an analysis of historical sales trends of our individual product lines, the impact of market trends and economic conditions, and a forecast of future demand, giving consideration to the value of current orders in-house for future sales of inventory, as well as plans to sell inventory through our factory stores, among other liquidation channels. Estimates may differ from actual results due to the quantity, quality, and mix of products in inventory, consumer and retailer preferences, and market conditions. Reserves for inventory shrinkage, representing the risk of physical loss of inventory, are estimated based on historical experience and are adjusted based upon physical inventory counts. Our historical estimates of these costs and the related provisions have not differed materially from actual results.

A hypothetical 1% increase in the level of our inventory reserves as of March 28, 2015 would have decreased our Fiscal 2015 gross profit by approximately \$1 million.

Business Combinations

In connection with our business combinations, we are required to record all of the assets and liabilities of the acquired business at their acquisition date fair value; recognize contingent consideration at fair value on the acquisition date; and, for certain arrangements, recognize changes in fair value in earnings until settlement. These fair value determinations require our judgment and may involve the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives, and market multiples, among other items. We may utilize independent valuation firms to assist in making these fair value determinations. In addition, in connection with our business combinations, we evaluate the terms of any pre-existing relationships to determine whether a gain or loss on settlement of the pre-existing relationship exists.

See Note 5 to the accompanying audited consolidated financial statements for detailed disclosures related to our acquisitions.

Fair Value Measurements

We use judgment when evaluating the inputs used to measure the fair value of a particular asset or liability, notably the extent to which the inputs are market-based (observable) or internally-derived (unobservable). See Note 15 to the accompanying audited consolidated financial statements for further discussion of our fair value measurements.

The fair values of our derivative assets and liabilities are determined using a pricing model, which is primarily based on market observable external inputs, including spot and forward currency exchange rates, and considers the impact of our own credit risk, if any. Changes in counterparty credit risk are also considered in the valuation of derivative financial instruments. Refer to "*Market Risk Management*" for a discussion of the sensitivity of our derivative financial instruments' fair values to changes in foreign currency exchange rates.

Our Senior Notes and commercial paper notes are recorded at carrying value in our consolidated balance sheets, adjusted for any unamortized debt issuance costs and premium or discount, and may differ from their respective fair values. The fair values of our Senior Notes and commercial paper notes are estimated based on external pricing data, including available quoted market prices of comparable debt instruments with similar interest rates, credit ratings, and trading frequency, among other factors. Refer to "*Market Risk Management*" for a discussion of the sensitivity of the fair value of these debt instruments to changes in interest rates.

Impairment of Goodwill and Other Intangible Assets

Goodwill and certain other intangible assets deemed to have indefinite useful lives are not amortized. Rather, goodwill and indefinite-lived intangible assets are assessed for impairment at least annually. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their carrying values may not be fully recoverable.

We generally perform our annual goodwill impairment assessment using a qualitative approach to determine whether it is more likely than not that the fair value of a reporting unit is less than its respective carrying value. However, in order to reassess the fair values of our reporting units, we periodically perform a quantitative impairment analysis in lieu of using the qualitative approach.

Performance of the qualitative assessment requires judgment in identifying and considering the significance of relevant key factors, events, and circumstances that affect the fair values of our reporting units. This requires consideration and assessment of external factors such as macroeconomic, industry, and market conditions, as well as entity-specific factors, such as our actual and planned financial performance. We also give consideration to the difference between each reporting unit's fair value and carrying value as of the most recent date that a fair value measurement was performed. If the results of the qualitative assessment conclude that it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed.

The quantitative goodwill impairment test is a two-step process. The first step is to identify the existence of potential impairment by comparing the fair value of a reporting unit with its carrying value, including goodwill. If the fair value of a reporting unit exceeds its carrying value, the reporting unit's goodwill is considered not to be impaired and performance of the second step of the quantitative goodwill impairment test is unnecessary. However, if the carrying value of a reporting unit exceeds its fair value, the second step of the quantitative goodwill impairment test is performed to measure the amount of impairment loss to be recorded, if any. The second step of the quantitative goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying value of that goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, an impairment loss is recognized in an amount equal to that excess.

Determining the fair value of a reporting unit under the first step of the quantitative goodwill impairment test and determining the fair values of individual assets and liabilities of a reporting unit (including any unrecognized intangible assets) under the second step of the quantitative goodwill impairment test requires judgment and often involves the use of significant estimates and assumptions. Similarly, estimates and assumptions are used when determining the fair values of other indefinite-lived intangible assets. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and the magnitude of any such charge. To assist management in the process of determining any potential goodwill impairment, we may review and consider appraisals from accredited independent valuation firms. Estimates of fair value are primarily determined using discounted cash flows, market comparisons, and recent transactions. These approaches use significant estimates and assumptions, including projected future cash flows (including timing), discount rates reflecting the risks inherent in future cash flows, perpetual growth rates, and determination of appropriate market comparables.

We performed our annual goodwill impairment assessment as of the beginning of the second quarter of Fiscal 2015 using the quantitative approach in lieu of using the qualitative assessment. Based on the results of this assessment, we concluded that the fair values of our reporting units significantly exceeded their respective carrying values, and there are no reporting units at risk of impairment. Additionally, no goodwill impairment charges have been recorded during any of the three fiscal years presented.

In evaluating finite-lived intangible assets for recoverability, we use our best estimate of future cash flows expected to result from the use of the asset and its eventual disposition where probable. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than its carrying value, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions.

In Fiscal 2013, we recorded aggregate impairment charges of \$2 million related to the write-off of certain finite-lived and indefinite-lived intangible assets in connection with the Rugby Closure Plan. There were no other intangible asset impairment charges recorded during any of the three fiscal years presented.

Impairment of Other Long-Lived Assets

Property and equipment, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. In evaluating long-lived assets for recoverability, we use our best estimate of future cash flows expected to result from the use of the asset and its eventual disposition, where applicable. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than its carrying value, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions. Assets to be disposed of and for which there is a committed plan of disposal are reported at the lower of carrying value or fair value, less costs to sell.

In determining future cash flows, we take various factors into account, including changes in merchandising strategy, the emphasis on retail store cost controls, the effects of macroeconomic trends such as consumer spending, and the impacts of more experienced retail store managers and increased local advertising. Since the determination of future cash flows is an estimate of future performance, future impairments may arise in the event that future cash flows do not meet expectations.

During Fiscal 2015, Fiscal 2014, and Fiscal 2013, we recorded non-cash impairment charges of \$7 million, \$1 million, and \$19 million (including the \$2 million of previously discussed charges related to the write-off of certain intangible assets in connection with the Rugby Closure Plan), respectively, to reduce the net carrying value of certain long-lived assets, primarily in our Retail segment, to their estimated fair values. See Note 11 to the accompanying audited consolidated financial statements for further discussion.

Income Taxes

In determining our income tax provision for financial reporting purposes, we establish a reserve for uncertain tax positions. If we consider that a tax position is more likely than not of being sustained upon audit, based solely on the technical merits of the position, we recognize the tax benefit. We measure the tax benefit by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. These assessments can be complex and require significant judgment, and we often obtain assistance from external advisors. To the extent that our estimates change or the final tax outcome of these matters is different from the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. If the initial assessment of a position fails to result in the recognition of a tax benefit, we will recognize the tax benefit if (i) there are changes in tax law or analogous case law that sufficiently raise the likelihood of prevailing on the technical merits of the position to more likely than not; (ii) the statute of limitations expires; or (iii) there is a completion of an audit resulting in a settlement of that tax year with the appropriate agency.

Deferred income taxes reflect the tax effect of certain net operating losses, capital losses, general business credit carryforwards, and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. Valuation allowances are established when management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized. Tax valuation allowances are analyzed periodically by assessing the adequacy of future expected taxable income, which typically involves the use of significant estimates. Such allowances are adjusted as events occur, or circumstances change, that warrant adjustments to those balances.

See Note 13 to the accompanying audited consolidated financial statements for further discussion of income taxes.

Contingencies

We are periodically exposed to various contingencies in the ordinary course of conducting our business, including certain litigation, alleged information system security breaches, contractual disputes, employee relation matters, various tax or other governmental audits, and trademark and intellectual property matters and disputes. We record a liability for such contingencies to the extent that we conclude their occurrence is probable and the related losses are estimable. In addition, if it is reasonably possible that an unfavorable settlement of a contingency could exceed the established liability, we disclose the estimated impact on our liquidity, financial condition, and results of operations, if practicable. Management considers many factors in making these assessments. As the ultimate resolution of contingencies is inherently unpredictable, these assessments can involve a series of complex judgments about future events including, but not limited to, court rulings, negotiations between affected parties, and governmental actions. As a result, the accounting for loss contingencies relies heavily on management's judgment in developing the related estimates and assumptions.

Stock-Based Compensation

We expense all stock-based compensation awarded to employees and non-employee directors based on the grant date fair value of the awards over the requisite service period, adjusted for estimated forfeitures.

Stock Options

Stock options are granted to employees and non-employee directors with exercise prices equal to the fair market value of our Class A common stock on the date of grant. We use the Black-Scholes option-pricing model to estimate the grant date fair value of stock options, which requires the use of both subjective and objective assumptions. Certain key assumptions involve estimating future uncertain events. The key factors influencing the estimation process include the expected term of the option, expected volatility of our stock price, our expected dividend yield, and the risk-free interest rate, among others. Generally, once stock option values are determined, accounting practices do not permit them to be changed, even if the estimates used are different from actual results.

Restricted Stock and Restricted Stock Units ("RSUs")

We grant service-based RSUs to certain of our senior executives, as well as certain of our other employees, and restricted shares of our Class A common stock to our non-employee directors. In addition, we grant performance-based RSUs to such senior executives and other key executives, as well as certain of our other employees. The fair values of restricted stock shares and RSUs are based on the fair value of our unrestricted Class A common stock, adjusted to reflect the absence of dividends for those restricted securities that are not entitled to dividend equivalents prior to vesting. Compensation expense for performance-based RSUs is recognized over the employees' requisite service period when attainment of the performance goals is deemed probable, which involves judgment as to achievement of certain performance metrics.

Our performance-based RSU awards with a market condition in the form of a total shareholder return ("TSR") modifier are valued based on the expected attainment of performance at the end of a three-year performance period and TSR achieved relative to the S&P 500 index over the performance period. The fair value of these awards is estimated using a Monte Carlo simulation valuation model prepared by an independent third party. This pricing model utilizes multiple input variables that determine the probability of satisfying each market condition stipulated in the terms of the award to estimate its grant date fair value. Compensation expense, net of forfeitures, is updated for the Company's expected net income performance level against the related goal at the end of each reporting period.

Sensitivity

The assumptions used in calculating the grant date fair values of stock-based compensation awards represent our best estimates. In addition, judgment is required in estimating the number of stock-based awards that are expected to be forfeited. If actual results differ significantly from our estimates and assumptions, if we change the assumptions used to estimate the grant date fair value for future stock-based award grants, or if there are changes in market conditions, stock-based compensation expense and, therefore, our results of operations could be materially impacted. A hypothetical 10% change in our stock-based compensation expense would have affected our Fiscal 2015 net income by approximately \$5 million.

RECENTLY ISSUED ACCOUNTING STANDARDS

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

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk.*

For a discussion of our exposure to market risk, see "Market Risk Management" in Item 7 included elsewhere in this Annual Report on Form 10-K.

Item 8. *Financial Statements and Supplementary Data.*

See the "Index to Consolidated Financial Statements" appearing at the end of this Annual Report on Form 10-K.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

Not applicable.

Item 9A. *Controls and Procedures.*

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are the controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time period specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that material information required to be disclosed by an issuer in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We have evaluated, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of the end of the fiscal year covered by this annual report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level, as of the fiscal year-end covered by this Annual Report on Form 10-K.

(b) Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f). Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with U.S. Generally Accepted Accounting Principles. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our financial statements; providing reasonable assurance that receipts and expenditures of the Company's assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on our financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Further, the evaluation of the effectiveness of internal control over financial reporting was made as of a specific date, and continued effectiveness in future periods is subject to the risks that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies and procedures may decline.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of the end of the fiscal year covered by this report based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013 Framework). Based on this evaluation, management concluded that the Company's internal controls over financial reporting were effective at the reasonable assurance level as of the fiscal year-end covered by this Annual Report on Form 10-K.

Ernst & Young LLP, the Company's independent registered public accounting firm, has issued an attestation report on the Company's internal control over financial reporting as included elsewhere herein.

(c) Changes in Internal Controls over Financial Reporting

Except as discussed below, there has been no change in our internal control over financial reporting during the fourth quarter of Fiscal 2015 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Global Operating and Financial Reporting System Implementation

We are in the process of implementing a global operating and financial reporting information technology system, SAP, as part of a multi-year plan to integrate and upgrade our systems and processes, which began during our fiscal year ended April 2, 2011. The implementation of this global system is scheduled to continue in phases over the next several years. During Fiscal 2015, we migrated certain areas of our business to SAP, including global merchandise procurement and customer order management and record-to-report for our North American wholesale operations. We are also in the process of executing the migration of our European operations to SAP, which will be completed in stages over the next several years.

As the phased implementation of this system occurs, we are experiencing certain changes to our processes and procedures which, in turn, result in changes to our internal control over financial reporting. While we expect SAP to strengthen our internal financial controls by automating certain manual processes and standardizing business processes and reporting across our organization, management will continue to evaluate and monitor our internal controls as processes and procedures in each of the affected areas evolve. For a discussion of risks related to the implementation of new systems, see Item 1A — "Risk Factors — Risks Related to Our Business — Implementation of management information systems may negatively impact our business."

Item 9B. Other Information.

Global Reorganization Plan

On May 12, 2015, our Board of Directors approved a reorganization and restructuring plan comprised of the following major actions: (i) the reorganization of the Company from its current channel and regional structure to an integrated global brand-based operating structure, which will streamline our business processes to better align our cost structure with our long-term growth strategy; (ii) a strategic store and shop-within-shop performance review conducted by region and brand; (iii) a targeted corporate functional area review; and (iv) the consolidation of certain of our luxury lines (collectively, the "Global Reorganization Plan"). The Global Reorganization Plan will result in a reduction in workforce and, once a performance review is complete, the closure of certain stores and shop-within-shops. When substantially implemented by the end of Fiscal 2016, the Global Reorganization Plan is expected to result in improved operational efficiencies by reducing annual operating expenses by approximately \$100 million.

In connection with the Global Reorganization Plan, we expect to incur total estimated charges of \$70 million to \$100 million, comprised of restructuring charges totaling \$55 million to \$80 million, to be settled in cash, and non-cash charges totaling \$15 million to \$20 million. Restructuring charges will consist primarily of severance and benefit charges and lease termination and store closure costs, and non-cash charges will consist primarily of asset impairment and inventory-related charges. We anticipate that these restructuring and non-cash charges will be incurred over the course of Fiscal 2016, primarily during the first half of the year.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information relating to our directors and corporate governance will be set forth in the Company's proxy statement for its 2015 annual meeting of stockholders to be filed within 120 days after March 28, 2015 (the "Proxy Statement") and is incorporated by reference herein. Information relating to our executive officers is set forth in Item 1 of this Annual Report on Form 10-K under the caption "*Executive Officers*."

The Company has a Code of Ethics for Principal Executive Officers and Senior Financial Officers that applies to our principal executive officer, our principal operating officer, our principal financial officer, our principal accounting officer, and our controller. You can find our Code of Ethics for Principal Executive Officers and Senior Financial Officers on our Internet site, <http://investor.ralphlauren.com>. We will post any amendments to the Code of Ethics for Principal Executive Officers and Senior Financial Officers and any waivers that are required to be disclosed by the rules of either the Securities and Exchange Commission or the NYSE on our Internet site.

Item 11. Executive Compensation.

Information relating to executive and director compensation will be set forth in the Proxy Statement and such information is incorporated by reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Equity Compensation Plan Information as of March 28, 2015

The following table sets forth information as of March 28, 2015 regarding compensation plans under which the Company's equity securities are authorized for issuance:

<u>Plan Category</u>	<u>(a)</u> <u>Numbers of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights</u>	<u>(b)</u> <u>Weighted-Average Exercise Price of Outstanding Options (\$)</u>	<u>(c)</u> <u>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</u>
Equity compensation plans approved by security holders	4,606,047 ⁽¹⁾	\$ 129.28 ⁽²⁾	2,963,849 ⁽³⁾
Equity compensation plans not approved by security holders	—	—	—
Total	4,606,047	\$ 129.28	2,963,849

⁽¹⁾ Consists of 3,225,268 options to purchase shares of our Class A common stock and 1,380,779 restricted stock units that are payable solely in shares of Class A common stock (including 422,724 service-based restricted stock units that have fully vested but for which the underlying shares have not yet been delivered as of March 28, 2015). Does not include 5,323 outstanding restricted shares that are subject to forfeiture.

⁽²⁾ Represents the weighted average exercise price of outstanding stock options.

⁽³⁾ All of the securities remaining available for future issuance set forth in column (c) may be in the form of options, stock appreciation rights, restricted stock, restricted stock units, performance awards, or other stock-based awards under the Company's 1997 Incentive Plan and 2010 Incentive Plan (the "Plans"). An additional 5,323 outstanding shares of restricted stock granted under the Company's Plans that remain subject to forfeiture are not reflected in column (c).

Other information relating to security ownership of certain beneficial owners and management will be set forth in the Proxy Statement and such information is incorporated by reference herein.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required to be included by Item 13 of Form 10-K will be included in the Proxy Statement and such information is incorporated by reference herein.

Item 14. Principal Accounting Fees and Services.

The information required to be included by Item 14 of Form 10-K will be included in the Proxy Statement and such information is incorporated by reference herein.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

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

3. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-24733) (the "S-1"))
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company (filed as Exhibit 3.1 to the Form 8-K filed August 16, 2011)
3.3	Third Amended and Restated By-laws of the Company (filed as Exhibit 3.1 to the Form 8-K dated February 4, 2014)
4.1	Indenture, dated as of September 26, 2013, by and between the Company and Wells Fargo Bank, National Association (including the form of Note) (filed as Exhibit 4.1 to the Form 8-K dated September 23, 2013)
4.2	First Supplemental Indenture, dated as of September 26, 2013, by and between the Company and Wells Fargo Bank, National Association (filed as Exhibit 4.2 to the Form 8-K dated September 23, 2013)
10.1	Registration Rights Agreement dated as of June 9, 1997 by and among Ralph Lauren, GS Capital Partners, L.P., GS Capital Partner PRL Holding I, L.P., GS Capital Partners PRL Holding II, L.P., Stone Street Fund 1994, L.P., Stone Street 1994 Subsidiary Corp., Bridge Street Fund 1994, L.P., and the Company (filed as Exhibit 10.3 to the S-1)
10.2	Form of Indemnification Agreement between the Company and its Directors and Executive Officers (filed as Exhibit 10.26 to the S-1)
10.3	Amended and Restated Employment Agreement, made effective as of June 26, 2012, between the Company and Ralph Lauren (filed as Exhibit 10.1 to the Form 8-K filed July 2, 2012)†
10.4	Amendment No. 1 to the Amended and Restated Employment Agreement, dated as of April 1, 2015, between Ralph Lauren Corporation and Ralph Lauren (filed as Exhibit 10.1 to the Form 8-K dated April 6, 2015)†
10.5	Amended and Restated Employment Agreement, effective as of November 1, 2013, between the Company and Roger N. Farah (filed as Exhibit 10.1 to the Form 8-K dated September 18, 2013)†
10.6	Amendment No. 1 to the Amended and Restated Employment Agreement, effective as of May 27, 2014, between Ralph Lauren Corporation and Roger N. Farah (filed as Exhibit 10.1 to the Form 8-K dated May 29, 2014)†
10.7	Amended and Restated Employment Agreement, effective as of November 1, 2013, between the Company and Jackwyn Nemerov (filed as Exhibit 10.2 to the Form 8-K dated September 18, 2013)†
10.8	Amendment No. 1 to the Amended and Restated Employment Agreement, effective as of March 30, 2014, between the Company and Jackwyn Nemerov (filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the fiscal year ended March 29, 2014 (the "Fiscal 2014 10-K"))†
10.9*	Amendment No. 2 to the Amended and Restated Employment Agreement, effective as of March 29, 2015, between Ralph Lauren Corporation and Jackwyn Nemerov†
10.10	Amended and Restated Employment Agreement, effective as of November 1, 2013, between the Company and Christopher H. Peterson (filed as Exhibit 10.3 to the Form 8-K dated September 18, 2013)†
10.11	Amendment No. 1 to the Amended and Restated Employment Agreement, effective as of March 30, 2014, between the Company and Christopher Peterson (filed as Exhibit 10.8 to the Fiscal 2014 10-K)†
10.12	Amended and Restated Employment Agreement, effective as of April 1, 2015, between Ralph Lauren Corporation and Christopher H. Peterson (filed as Exhibit 10.2 to the Form 8-K dated April 6, 2015)†
10.13*	Employment Agreement, effective as of April 7, 2014, between Ralph Lauren Corporation and Valérie Hermann†
10.14*	Amendment No. 1 to the Employment Agreement, effective as of June 24, 2014, between Ralph Lauren Corporation and Valérie Hermann†
10.15*	Amendment No. 2 to the Employment Agreement, effective as of March 29, 2015, between Ralph Lauren Corporation and Valérie Hermann†
10.16	Amended and Restated Employment Agreement, effective as of March 1, 2014, between the Company and Mitchell A. Kosh (filed as Exhibit 10.1 to the Form 8-K dated February 11, 2014)†

Exhibit Number	Description
10.17	Amended and Restated Employment Agreement, effective as of April 1, 2015, between Ralph Lauren Corporation and Mitchell A. Kosh (filed as Exhibit 10.3 to the Form 8-K dated April 6, 2015)†
10.18	Amended and Restated Employment Agreement, effective as of April 1, 2015, between Ralph Lauren Corporation and Robert L. Madore (filed as Exhibit 10.4 to the Form 8-K dated April 6, 2015)†
10.19	Non-Qualified Stock Option Agreement, dated as of June 8, 2004, between the Company and Ralph Lauren (filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended April 2, 2005 (the "Fiscal 2005 10-K"))†
10.20	Restricted Stock Unit Award Agreement, dated as of June 8, 2004, between the Company and Ralph Lauren (filed as Exhibit 10.15 to the Fiscal 2005 10-K)†
10.21	Executive Officer Annual Incentive Plan, as amended as of August 9, 2012 (filed as Appendix B to the Company's Definitive Proxy Statement dated July 2, 2012)†
10.22	Restricted Stock Unit Award Agreement, dated as of July 1, 2004, between the Company and Roger N. Farah (filed as Exhibit 10.18 to the Fiscal 2005 10-K)†
10.23	Amendment No. 1, dated as of December 23, 2008, to the Restricted Stock Unit Award Agreement between the Company and Roger N. Farah (filed as Exhibit 10.2 to the Form 10-Q for the quarterly period ended December 27, 2008)†
10.24	Restricted Stock Award Agreement, dated as of July 23, 2002, between the Company and Roger N. Farah (filed as Exhibit 10.19 to the Fiscal 2005 10-K)†
10.25	Non-Qualified Stock Option Agreement, dated as of July 23, 2002, between the Company and Roger N. Farah (filed as Exhibit 10.20 to the Fiscal 2005 10-K)†
10.26	Deferred Compensation Agreement, dated as of September 19, 2002, between the Company and Roger N. Farah (filed as Exhibit 10.21 to the Fiscal 2005 10-K)†
10.27	1997 Long-Term Stock Incentive Plan, as Amended and Restated as of August 12, 2004 (filed as Exhibit 99.1 to the Form 8-K dated August 12, 2004)†
10.28	Amendment, as of June 30, 2006, to the 1997 Long-Term Stock Incentive Plan, as Amended and Restated as of August 12, 2004 (filed as Exhibit 10.4 to the Form 10-Q for the quarterly period ended July 1, 2006)†
10.29	Amendment No. 2, dated as of May 21, 2009, to the 1997 Long-Term Stock Incentive Plan, as Amended and Restated as of August 12, 2004 (filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the fiscal year ended March 28, 2009)†
10.30	Amended and Restated 2010 Long-Term Incentive Plan, amended as of August 8, 2013 (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended June 29, 2013)†
10.31	Cliff Restricted Performance Share Unit Award Overview containing the standard terms of restricted performance share awards under the 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.1 to the Form 10-Q for the quarterly period ended July 1, 2006)†
10.32	Pro-Rata Restricted Performance Share Unit Award Overview containing the standard terms of restricted performance share awards under the 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.3 to the Form 10-Q for the quarterly period ended July 1, 2006)†
10.33	Stock Option Award Overview - U.S. containing the standard terms of stock option awards under the 1997 Long-Term Stock Incentive Plan (filed as Exhibit 10.2 to the Form 10-Q for the quarterly period ended July 1, 2006)†
10.34	Cliff Restricted Performance Share Unit Award Overview containing the standard terms of cliff restricted performance share unit awards under the Amended and Restated 2010 Long-Term Stock Incentive Plan (filed as Exhibit 10.25 to the Fiscal 2014 10-K)†
10.35	Pro-Rata Restricted Performance Share Unit Award Overview containing the standard terms of restricted performance share unit awards under the Amended and Restated 2010 Long-Term Stock Incentive Plan (filed as Exhibit 10.26 to the Fiscal 2014 10-K)†
10.36	Stock Option Award Overview containing the standard terms of stock option awards under the Amended and Restated 2010 Long-Term Stock Incentive Plan (filed as Exhibit 10.27 to the Fiscal 2014 10-K)†
10.37	Cliff Restricted Performance Share Unit with TSR Modifier Award Overview containing the standard terms of cliff restricted performance share unit awards under the Amended and Restated 2010 Long-Term Stock Incentive Plan (filed as Exhibit 10.28 to the Fiscal 2014 10-K)†
10.38*	Form of Performance Share Unit Award Agreement under the Amended and Restated 2010 Long-Term Stock Incentive Plan†
10.39*	Form of Performance-Based Restricted Stock Unit Award Agreement under the Amended and Restated 2010 Long-Term Stock Incentive Plan†

Exhibit Number	Description
10.40	Amended and Restated Credit Agreement, dated as of February 11, 2015, among Ralph Lauren Corporation, Acqui Polo C.V., Polo Fin B.V. and Ralph Lauren Asia Pacific Limited, as the borrowers, the lenders party thereto, Bank of America, N.A., as syndication agent, Wells Fargo Bank, N.A., HSBS Bank USA, N.A. and Deutsche Bank Securities Inc., as co-documentation agents, and JPMorgan Chase Bank, N.A., as administrative agent (filed as Exhibit 10.1 to the Form 8-K dated February 18, 2015)
10.41	Amended and Restated Polo Ralph Lauren Supplemental Executive Retirement Plan (filed as Exhibit 10.1 to the Company's Form 10-Q for the quarterly period ended December 31, 2005)†
12.1*	Computation of Ratio of Earnings to Fixed Charges
14.1	Code of Ethics for Principal Executive Officers and Senior Financial Officers (filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the fiscal year ended March 29, 2003)
21.1*	List of Significant Subsidiaries of the Company
23.1*	Consent of Ernst & Young LLP
31.1*	Certification of Ralph Lauren required by 17 CFR 240.13a-14(a)
31.2*	Certification of Robert L. Madore required by 17 CFR 240.13a-14(a)
32.1*	Certification of Ralph Lauren Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Robert L. Madore Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets at March 28, 2015 and March 29, 2014, (ii) the Consolidated Statements of Income for the fiscal years ended March 28, 2015, March 29, 2014, and March 30, 2013, (iii) the Consolidated Statements of Comprehensive Income for the fiscal years ended March 28, 2015, March 29, 2014, and March 30, 2013, (iv) the Consolidated Statements of Cash Flows for the fiscal years ended March 28, 2015, March 29, 2014, and March 30, 2013, (v) the Consolidated Statements of Equity for the fiscal years ended March 28, 2015, March 29, 2014, and March 30, 2013, and (vi) the Notes to the Consolidated Financial Statements.

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

* Filed herewith.

† Management contract or compensatory plan or arrangement.

Signature

Title

Date

/s/ JUDITH MCHALE
Judith McHale

Director

May 15, 2015

/s/ ROBERT C. WRIGHT
Robert C. Wright

Director

May 15, 2015

RALPH LAUREN CORPORATION
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RALPH LAUREN CORPORATION
CONSOLIDATED BALANCE SHEETS

	March 28, 2015	March 29, 2014
(millions)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 500	\$ 797
Short-term investments	644	488
Accounts receivable, net of allowances of \$251 million and \$270 million	655	588
Inventories	1,042	1,020
Income tax receivable	57	62
Deferred tax assets	145	150
Prepaid expenses and other current assets	281	224
Total current assets	3,324	3,329
Property and equipment, net	1,436	1,322
Deferred tax assets	45	39
Goodwill	903	964
Intangible assets, net	267	299
Other non-current assets	131	135
Total assets	\$ 6,106	\$ 6,088
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 234	\$ —
Accounts payable	210	203
Income tax payable	27	77
Accrued expenses and other current liabilities	715	690
Total current liabilities	1,186	970
Long-term debt	298	298
Non-current liability for unrecognized tax benefits	116	132
Other non-current liabilities	615	654
Commitments and contingencies (Note 17)		
Total liabilities	2,215	2,054
Equity:		
Class A common stock, par value \$.01 per share; 100.0 million and 98.0 million shares issued; 60.4 million and 61.8 million shares outstanding	1	1
Class B common stock, par value \$.01 per share; 25.9 million and 26.9 million shares issued and outstanding	—	—
Additional paid-in-capital	2,117	1,979
Retained earnings	5,787	5,257
Treasury stock, Class A, at cost; 39.6 million and 36.2 million shares	(3,849)	(3,317)
Accumulated other comprehensive income (loss)	(165)	114
Total equity	3,891	4,034
Total liabilities and equity	\$ 6,106	\$ 6,088

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions, except per share data)		
Net sales	\$ 7,451	\$ 7,284	\$ 6,763
Licensing revenue	169	166	182
Net revenues	7,620	7,450	6,945
Cost of goods sold ^(a)	(3,242)	(3,140)	(2,789)
Gross profit	4,378	4,310	4,156
Selling, general, and administrative expenses ^(a)	(3,301)	(3,142)	(2,971)
Amortization of intangible assets	(25)	(35)	(27)
Gain on acquisition of Chaps	—	16	—
Impairments of assets	(7)	(1)	(19)
Restructuring and other charges	(10)	(18)	(12)
Total other operating expenses, net	(3,343)	(3,180)	(3,029)
Operating income	1,035	1,130	1,127
Foreign currency losses	(26)	(8)	(12)
Interest expense	(17)	(20)	(22)
Interest and other income, net	6	3	6
Equity in losses of equity-method investees	(11)	(9)	(10)
Income before provision for income taxes	987	1,096	1,089
Provision for income taxes	(285)	(320)	(339)
Net income	\$ 702	\$ 776	\$ 750
Net income per common share:			
Basic	\$ 7.96	\$ 8.55	\$ 8.21
Diluted	\$ 7.88	\$ 8.43	\$ 8.00
Weighted average common shares outstanding:			
Basic	88.2	90.7	91.3
Diluted	89.1	92.0	93.7
Dividends declared per share	\$ 1.85	\$ 1.70	\$ 1.60
^(a) Includes total depreciation expense of:	\$ (269)	\$ (223)	\$ (206)

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Net income	\$ 702	\$ 776	\$ 750
Other comprehensive income (loss), net of tax:			
Foreign currency translation gains (losses)	(318)	52	(93)
Net gains (losses) on derivative financial instruments	47	(27)	(13)
Net gains (losses) on available-for-sale investments	—	(5)	4
Net losses on defined benefit plans	(8)	—	(1)
Other comprehensive income (loss), net of tax	(279)	20	(103)
Total comprehensive income	\$ 423	\$ 796	\$ 647

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Cash flows from operating activities:			
Net income	\$ 702	\$ 776	\$ 750
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	294	258	233
Deferred income tax expense	11	1	14
Equity in losses of equity-method investees	11	9	10
Non-cash stock-based compensation expense	81	93	88
Gain on acquisition of Chaps	—	(16)	—
Non-cash impairment of assets	7	1	19
Excess tax benefits from stock-based compensation arrangements	(8)	(34)	(41)
Other non-cash charges (benefits), net	(25)	6	3
Changes in operating assets and liabilities:			
Accounts receivable	(96)	(104)	82
Inventories	(97)	(77)	(68)
Prepaid expenses and other current assets	(96)	(56)	4
Accounts payable and accrued liabilities	50	43	(57)
Income tax receivables and payables	(22)	59	(13)
Deferred income	(21)	(18)	(30)
Other balance sheet changes, net	103	(34)	25
Net cash provided by operating activities	894	907	1,019
Cash flows from investing activities:			
Capital expenditures	(391)	(390)	(276)
Purchases of investments	(1,398)	(1,067)	(876)
Proceeds from sales and maturities of investments	1,113	1,011	1,058
Acquisitions and ventures	(12)	(40)	(22)
Change in restricted cash deposits	(1)	(2)	3
Net cash used in investing activities	(689)	(488)	(113)
Cash flows from financing activities:			
Proceeds from issuance of short-term debt	2,808	—	—
Repayments of short-term debt	(2,574)	—	—
Proceeds from issuance of long-term debt	—	300	—
Repayments of current maturities of long-term debt	—	(269)	—
Payments of capital lease obligations	(24)	(9)	(9)
Payments of dividends	(158)	(149)	(128)
Repurchases of common stock, including shares surrendered for tax withholdings	(532)	(558)	(497)
Prepayments of common stock repurchases	—	—	(50)
Proceeds from exercise of stock options	52	52	49
Excess tax benefits from stock-based compensation arrangements	8	34	41
Other financing activities	(1)	—	(1)
Net cash used in financing activities	(421)	(599)	(595)
Effect of exchange rate changes on cash and cash equivalents	(81)	3	(9)
Net increase (decrease) in cash and cash equivalents	(297)	(177)	302
Cash and cash equivalents at beginning of period	797	974	672
Cash and cash equivalents at end of period	<u>\$ 500</u>	<u>\$ 797</u>	<u>\$ 974</u>

See accompanying notes.

RALPH LAUREN CORPORATION
CONSOLIDATED STATEMENTS OF EQUITY

	Common Stock ^(a)		Additional	Retained	Treasury Stock		AOCI ^(b)	Total
	Shares	Amount	Paid-in Capital	Earnings	at Cost			
	(millions)							
Balance at March 31, 2012	121.9	\$ 1	\$ 1,624	\$ 4,043	29.2	\$ (2,212)	\$ 197	\$ 3,653
Comprehensive income:								
Net income				750				
Other comprehensive loss							(103)	
Total comprehensive income								647
Dividends declared				(146)				
Repurchases of common stock				(50) ^(c)	3.4	(497)		
Stock-based compensation				88				
Shares issued and tax benefits recognized								
pursuant to stock-based compensation plans ^(d)	1.6	—	90					90
Balance at March 30, 2013	123.5	\$ 1	\$ 1,752	\$ 4,647	32.6	\$ (2,709)	\$ 94	\$ 3,785
Comprehensive income:								
Net income				776				
Other comprehensive income							20	
Total comprehensive income								796
Dividends declared				(153)				
Repurchases of common stock				50 ^(c)	3.6	(608)		
Stock-based compensation				93				
Shares issued and tax benefits recognized								
pursuant to stock-based compensation plans ^(d)	1.4	—	86					86
Conversion of stock-based compensation awards ^(e)			(2)	(13)				(15)
Balance at March 29, 2014	124.9	\$ 1	\$ 1,979	\$ 5,257	36.2	\$ (3,317)	\$ 114	\$ 4,034
Comprehensive income:								
Net income				702				
Other comprehensive loss							(279)	
Total comprehensive income								423
Dividends declared				(161)				
Repurchases of common stock					3.4	(532)		
Stock-based compensation				81				
Shares issued and tax benefits recognized								
pursuant to stock-based compensation plans ^(d)	1.0	—	60					60
Conversion of stock-based compensation awards ^(e)			(3)	(11)				(14)
Balance at March 28, 2015	125.9	\$ 1	\$ 2,117	\$ 5,787	39.6	\$ (3,849)	\$ (165)	\$ 3,891

^(a) Includes Class A and Class B common stock. In Fiscal 2015, Fiscal 2014, and Fiscal 2013, 1.0 million, 3.0 million, and 1.0 million shares, respectively, of Class B common stock were converted into an equal number of shares of Class A common stock pursuant to the terms of the Class B common stock (see Note 18).

^(b) Accumulated other comprehensive income (loss).

^(c) Relates to a \$50 million payment made in March 2013 under a prepaid share repurchase program, which resulted in the delivery of the related shares at the conclusion of the repurchase term in Fiscal 2014 (see Note 18).

^(d) Includes excess tax benefits relating to stock-based compensation plans of approximately \$8 million, \$34 million, and \$41 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively.

^(e) Includes the conversion of certain fully-vested and expensed stock-based compensation awards to cash contributions into a deferred compensation account (see Note 18).

See accompanying notes.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

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

The Company classifies its businesses into three segments: Wholesale, Retail, and Licensing. The Company's wholesale sales are made principally to major department stores and specialty stores around the world. The Company also sells directly to consumers through its integrated retail channel, which includes its retail stores, concession-based shop-within-shops, and e-commerce operations around the world. In addition, the Company licenses to unrelated third parties for specified periods the right to operate retail stores and/or to use its various trademarks in connection with the manufacture and sale of designated products, such as certain apparel, eyewear, and fragrances.

2. Basis of Presentation

Basis of Consolidation

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and present the consolidated financial position, income, comprehensive income, and cash flows of the Company, including all entities in which the Company has a controlling financial interest and is determined to be the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year

The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to March 31. As such, fiscal year 2015 ended on March 28, 2015 and was a 52-week period ("Fiscal 2015"). Fiscal year 2014 ended on March 29, 2014 and was also a 52-week period ("Fiscal 2014"). Fiscal year 2013 ended on March 30, 2013 and was also a 52-week period ("Fiscal 2013").

Use of Estimates

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

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

Reclassifications

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

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Summary of Significant Accounting Policies

Revenue Recognition

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

Revenue within the Company's Wholesale segment is recognized at the time title passes and risk of loss is transferred to customers. Wholesale revenue is recorded net of estimates of returns, discounts, end-of-season markdowns, operational chargebacks, and certain cooperative advertising allowances. Returns and allowances require pre-approval from management and discounts are based on trade terms. Estimates for end-of-season markdown reserves are based on historical trends, actual and forecasted seasonal results, an evaluation of current economic and market conditions, retailer performance, and, in certain cases, contractual terms. Estimates for operational chargebacks are based on actual customer notifications of order fulfillment discrepancies and historical trends. The Company reviews and refines these estimates on at least a quarterly basis. The Company's historical estimates of these costs have not differed materially from actual results.

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

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

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

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

Cost of Goods Sold and Selling Expenses

Cost of goods sold includes the expenses incurred to acquire and produce inventory for sale, including product costs, freight-in, and import costs, as well as changes in reserves for shrinkage and inventory realizability. Gains and losses associated with forward foreign currency exchange contracts that are designated as cash flow hedges of inventory transactions are also recognized within cost of goods sold when the hedged inventory is sold. The costs of selling merchandise, including those associated with preparing merchandise for sale, such as picking, packing, warehousing, and order charges ("handling costs"), are included in selling, general, and administrative ("SG&A") expenses in the consolidated statements of income.

Shipping and Handling Costs

The costs associated with shipping goods to customers are reflected as a component of SG&A expenses in the consolidated statements of income. Shipping costs were approximately \$43 million in Fiscal 2015, and approximately \$37 million in each of Fiscal 2014 and Fiscal 2013. Handling costs (described above), also included within SG&A expenses, were approximately \$181 million, \$179 million, and \$150 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively. Shipping and handling costs billed to customers are included in revenue.

Advertising and Marketing Costs

Advertising costs, including the costs to produce advertising, are expensed when the advertisement is first exhibited. Out-of-store advertising costs paid to wholesale customers under cooperative advertising programs are expensed as an advertising cost within SG&A expenses if both the identified advertising benefit is sufficiently separable from the purchase of the Company's products by customers and the fair value of such benefit is measurable. Otherwise, such costs are reflected as a reduction of revenue. Costs of in-store advertising paid to wholesale customers under cooperative advertising programs are not included in advertising costs, but rather are reflected as a reduction of revenue since the benefits are not sufficiently separable from the purchases of the

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Company's products by customers. Costs associated with the marketing and promotion of the Company's products are included within SG&A expenses.

Advertising and marketing expenses amounted to approximately \$275 million, \$256 million, and \$217 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively. Deferred advertising, marketing, and promotional costs, which principally relate to advertisements that have not yet been exhibited or services that have not yet been received, were approximately \$7 million and \$9 million at the end of Fiscal 2015 and Fiscal 2014, respectively, and were recorded within prepaid expenses and other current assets in the Company's consolidated balance sheets.

Foreign Currency Translation and Transactions

The financial position and operating results of the Company's foreign operations are primarily consolidated using their respective local currency as the functional currency. Local currency assets and liabilities are translated to U.S. Dollars at the rates of exchange in effect on the balance sheet date, and local currency revenues and expenses are translated to U.S. Dollars at average rates of exchange in effect during the period. The resulting translation gains or losses are included in the consolidated statements of comprehensive income as a component of other comprehensive income (loss) ("OCI") and in the consolidated statements of equity within accumulated other comprehensive income (loss) ("AOCI"). Gains and losses on the translation of intercompany loans made to foreign subsidiaries that are of a long-term investment nature are also included within this component of equity.

The Company also recognizes gains and losses on both third-party and intercompany transactions that are denominated in a currency other than the respective entity's functional currency. Foreign currency transaction gains and losses are recognized in earnings and separately disclosed in the consolidated statements of income.

Comprehensive Income (Loss)

Comprehensive income (loss), which is reported in the consolidated statements of comprehensive income and consolidated statements of equity, consists of net income and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income. The components of OCI for the Company consist of foreign currency translation gains (losses); net realized and unrealized gains (losses) on designated hedging instruments, such as forward foreign currency exchange contracts; net realized and unrealized gains (losses) on available-for-sale investments; and net realized and unrealized gains (losses) related to the Company's defined benefit plans.

Net Income per Common Share

Basic net income per common share is computed by dividing net income attributable to common shares by the weighted-average number of common shares outstanding during the period. Weighted-average common shares include shares of the Company's Class A and Class B common stock. Diluted net income per common share adjusts basic net income per common share for the dilutive effects of outstanding stock options, restricted stock, restricted stock units ("RSUs"), and any other potentially dilutive instruments, only in the periods in which such effects are dilutive under the treasury stock method.

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

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
Basic shares	88.2	90.7	91.3
Dilutive effect of stock options, restricted stock, and RSUs	0.9	1.3	2.4
Diluted shares	89.1	92.0	93.7

All earnings per share amounts have been calculated using unrounded numbers. Options to purchase shares of the Company's Class A common stock at an exercise price greater than the average market price of the common stock during the reporting period are anti-dilutive and therefore not included in the computation of diluted net income per common share. In addition, the Company has outstanding RSUs that are issuable only upon the achievement of certain service and/or performance goals. Performance-based RSUs are included in the computation of diluted shares only to the extent that the underlying performance conditions (and any

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

applicable market condition modifiers) (i) have been satisfied as of the end of the reporting period or (ii) would be considered satisfied if the end of the reporting period were the end of the related contingency period and the result would be dilutive under the treasury stock method. As of the end of Fiscal 2015, Fiscal 2014, and Fiscal 2013, there were approximately 1.9 million, 1.2 million, and 0.5 million, respectively, additional shares issuable upon exercise of anti-dilutive options and contingent vesting of performance-based RSUs, which were excluded from the diluted share calculations.

Stock-Based Compensation

The Company recognizes expense for all stock-based compensation awards granted to employees and non-employee directors based on the grant date fair value of the awards over the requisite service period, adjusted for estimated forfeitures. The Company uses the Black-Scholes valuation model to estimate the grant date fair value of its stock option awards. For performance-based RSU awards that include a market condition in the form of a total shareholder return ("TSR") modifier, the Company uses a Monte Carlo simulation valuation model to estimate the grant date fair value. The fair values of restricted stock awards, service-based RSUs, and performance-based RSUs that are not subject to a TSR modifier are determined based on the fair value of the Company's Class A common stock on the date of grant, adjusted to reflect the absence of dividends for those awards that are not entitled to dividend equivalents. Compensation expense for all performance-based RSUs is recognized over the requisite service period when attainment of the performance goal is deemed probable, net of estimated forfeitures. The Company recognizes compensation expense on an accelerated basis for all awards with graded vesting terms, including stock options, restricted stock, and RSUs. For RSU awards with cliff vesting terms, compensation expense is recognized on a straight-line basis. See Note 20 for further discussion of the Company's stock-based compensation plans.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less, including investments in debt securities and money market funds. Investments in debt securities are diversified among high-credit quality securities in accordance with the Company's risk-management policies.

Restricted Cash

The Company is periodically required to place cash in escrow with various banks as collateral, primarily to secure guarantees of corresponding amounts made by the banks to international tax authorities on behalf of the Company, such as to secure refunds of value-added tax payments in certain international tax jurisdictions or in the case of certain international tax audits. Such cash is classified as restricted cash and reported as a component of either prepaid expenses and other current assets or other non-current assets in the Company's consolidated balance sheets. The cash inflows and outflows related to restricted cash are classified as investing activities in the Company's consolidated statements of cash flows.

Investments

The Company's investment objectives include capital preservation, maintaining adequate liquidity, diversification to minimize liquidity and credit risk, and achievement of maximum returns within the guidelines set forth in the Company's investment policy.

Short-term investments consist of investments which the Company expects to convert into cash within one year, including time deposits, which have original maturities greater than 90 days. Non-current investments, which are classified within other non-current assets in the consolidated balance sheets, consist of those investments which the Company does not expect to convert into cash within one year.

The Company classifies all of its investments at the time of purchase as available-for-sale. These investments are recorded at fair value with unrealized gains or losses classified as a component of AOCI in the consolidated balance sheets, and related realized gains or losses classified as a component of interest and other income, net, in the consolidated statements of income. Cash inflows and outflows related to the sale and purchase of investments are classified as investing activities in the Company's consolidated statements of cash flows.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Equity-method Investments

Investments in companies in which the Company has significant influence, but less than a controlling financial interest, are accounted for using the equity method. Significant influence is generally presumed to exist when the Company owns between 20% and 50% of the investee.

Under the equity method of accounting, the following amounts are recorded in the Company's consolidated financial statements: the Company's investment in and amounts due to and from the investee are included in the consolidated balance sheets; the Company's share of the investee's earnings (losses) is included in the consolidated statements of income; and dividends, cash distributions, loans, or other cash received from the investee and additional cash investments, loan repayments, or other cash paid to the investee are included in the consolidated statements of cash flows.

The Company's equity-method investments include the Ralph Lauren Watch and Jewelry Company, Sàrl (the "RL Watch Company"), a joint venture formed with Compagnie Financière Richemont SA ("Richemont"), the Swiss luxury goods group, in March 2007. This joint venture is a Swiss corporation whose purpose is to design, develop, manufacture, sell, and distribute luxury watches and fine jewelry through Ralph Lauren stores, as well as through fine independent jewelry and luxury watch retailers around the world. The Company accounts for its 50% interest in the RL Watch Company under the equity method of accounting. Royalty payments due to the Company under the related license agreement for use of certain of its trademarks are reflected as licensing revenue within the consolidated statements of income.

Impairment Assessment

The Company evaluates investments held in unrealized loss positions for other-than-temporary impairment on a quarterly basis. Such evaluation involves a variety of considerations, including assessments of the risks and uncertainties associated with general economic conditions and distinct conditions affecting specific issuers. Factors considered by the Company include (i) the length of time and the extent to which the fair value has been below cost; (ii) the financial condition, credit worthiness, and near-term prospects of the issuer; (iii) the length of time to maturity; (iv) future economic conditions and market forecasts; (v) the Company's intent and ability to retain its investment for a period of time sufficient to allow for recovery of market value; and (vi) an assessment of whether it is more likely than not that the Company will be required to sell its investment before recovery of market value. See Note 16 for further information relating to the Company's investments.

Accounts Receivable

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

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

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Beginning reserve balance	\$ 254	\$ 230	\$ 247
Amount charged against revenue to increase reserve	756	758	690
Amount credited against customer accounts to decrease reserve	(749)	(739)	(701)
Foreign currency translation	(21)	5	(6)
Ending reserve balance	<u>\$ 240</u>	<u>\$ 254</u>	<u>\$ 230</u>

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

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Beginning reserve balance	\$ 16	\$ 15	\$ 16
Amount recorded to expense to increase reserve ^(a)	—	3	3
Amount written-off against customer accounts to decrease reserve	(2)	(3)	(3)
Foreign currency translation	(3)	1	(1)
Ending reserve balance	<u>\$ 11</u>	<u>\$ 16</u>	<u>\$ 15</u>

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

Concentration of Credit Risk

The Company sells its wholesale merchandise primarily to major department and specialty stores around the world, and extends credit based on an evaluation of each customer's financial capacity and condition, usually without requiring collateral. In the Company's wholesale business, concentration of credit risk is relatively limited due to the large number of customers and their dispersion across many geographic areas. However, the Company has three key wholesale customers that generate significant sales volume. During Fiscal 2015, the Company's sales to its largest wholesale customer, Macy's, Inc. ("Macy's"), accounted for approximately 12% of total net revenues, and the Company's sales to its three largest wholesale customers (including Macy's) accounted for approximately 24% of total net revenues. As of March 28, 2015, these three key wholesale customers constituted approximately 37% of total gross accounts receivable.

Inventories

The Company holds inventory that is sold through wholesale distribution channels to major department stores and specialty retail stores, including the Company's own retail stores. The Company also holds retail inventory that is sold in its own stores and e-commerce sites directly to consumers. Wholesale and retail inventories are stated at the lower of cost or estimated realizable value, with cost primarily determined on a weighted-average cost basis.

The estimated realizable value of inventory is determined based on an analysis of historical sales trends of the Company's individual product lines, the impact of market trends and economic conditions, and a forecast of future demand, giving consideration to the value of current in-house orders for future sales of inventory, as well as plans to sell inventory through the Company's factory stores, among other liquidation channels. Estimates may differ from actual results due to the quantity, quality, and mix of products in inventory, consumer and retailer preferences, and market conditions. Reserves for inventory shrinkage, representing the risk of physical loss of inventory, are estimated based on historical experience and are adjusted based upon physical inventory counts. The Company's historical estimates of these costs and its related provisions have not differed materially from actual results.

Property and Equipment, Net

Property and equipment, net is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method based upon the estimated useful lives of depreciable assets, which range from three to seven years for furniture, fixtures, machinery and equipment, and computer software and equipment; and from ten to forty years for buildings and improvements. Leasehold improvements are depreciated over the shorter of the estimated useful lives of the respective assets or the term of the related lease.

Property and equipment, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. In evaluating long-lived assets for recoverability, including finite-lived intangibles as described below, the Company uses its best estimate of future cash flows expected to result from the use of the asset and its eventual disposition. To the extent that estimated future undiscounted net cash flows attributable to the asset are less than its carrying value, an impairment loss is recognized equal to the difference between the carrying value of such asset and its fair value, considering external market participant assumptions. Assets to be disposed of and for which there is a committed plan for disposal are reported at the lower of carrying value or fair value, less costs to sell.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Goodwill and Other Intangible Assets

At acquisition, the Company estimates and records the fair value of purchased intangible assets, which typically consist of reacquired license agreements, customer relationships, non-compete agreements, and/or order backlog. The fair values of these intangible assets are estimated based on management's assessment, considering independent third-party appraisals when necessary. The excess of the purchase consideration over the fair value of net assets acquired, both tangible and intangible, is recorded as goodwill. Goodwill and certain other intangible assets deemed to have indefinite useful lives are not amortized. Rather, goodwill and such indefinite-lived intangible assets are assessed for impairment at least annually. The Company generally performs its annual goodwill and indefinite-lived intangible assets impairment analyses using a qualitative approach to determine whether it is more likely than not that the fair values of such assets are less than their respective carrying values. If, based on the results of the qualitative assessment, it is concluded that it is not more likely than not that the fair value of the asset exceeds its carrying value, a quantitative test is performed. Under the quantitative test, if the carrying value of the asset exceeds its fair value, an impairment loss is recognized in the amount of the excess. The Company also periodically performs a quantitative test to assess its goodwill for impairment in lieu of using the qualitative approach in order to reassess the fair values of its reporting units.

Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets as noted above, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their related carrying values may not be fully recoverable. See discussion of the Company's accounting policy for long-lived asset impairment as previously described under the caption "*Property and Equipment, Net.*"

Income Taxes

Income taxes are provided using the asset and liability method. Under this method, income taxes (i.e., deferred tax assets and liabilities, current taxes payable/refunds receivable, and tax expense) are recorded based on amounts refundable or payable in the current year and include the results of any difference between U.S. GAAP and tax reporting. Deferred income taxes reflect the tax effect of certain net operating losses, capital losses, general business credit carryforwards, and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. The Company accounts for the financial effect of changes in tax laws or rates in the period of enactment.

In addition, valuation allowances are established when management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized. Tax valuation allowances are analyzed periodically and adjusted as events occur or circumstances change that warrant adjustments.

In determining the income tax provision for financial reporting purposes, the Company establishes a reserve for uncertain tax positions. If the Company considers that a tax position is more likely than not of being sustained upon audit, based solely on the technical merits of the position, it recognizes the tax benefit. The Company measures the tax benefit by determining the largest amount that is greater than 50% likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. These assessments can be complex and the Company often obtains assistance from external advisors. To the extent that the Company's estimates change or the final tax outcome of these matters is different than the amounts recorded, such differences will impact the income tax provision in the period in which such determinations are made. If the initial assessment fails to result in the recognition of a tax benefit, the Company regularly monitors its position and subsequently recognizes the tax benefit if (i) there are changes in tax law or analogous case law that sufficiently raise the likelihood of prevailing on the technical merits of the position to more likely than not; (ii) the statute of limitations expires; or (iii) there is a completion of an audit resulting in a settlement of that tax year with the appropriate agency. Uncertain tax positions are classified as current only when the Company expects to pay cash within the next twelve months. Interest and penalties, if any, are recorded within the provision for income taxes in the Company's consolidated statements of income and are classified on the consolidated balance sheets together with the related liability for unrecognized tax benefits.

See Note 13 for further discussion of the Company's income taxes.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Leases

The Company leases certain facilities and equipment, including the vast majority of its retail stores. Certain of the Company's lease agreements contain renewal options, rent escalation clauses, and/or landlord incentives. Renewal terms generally reflect market rates at the time of renewal. Rent expense for noncancelable operating leases with scheduled rent increases and/or landlord incentives is recognized on a straight-line basis over the lease term, including any applicable rent holidays, beginning on the earlier of the lease commencement date or the date the Company takes control of the leased space. The excess of straight-line rent expense over the scheduled payment amounts and landlord incentives is recorded as a deferred rent obligation. As of the end of Fiscal 2015 and Fiscal 2014, deferred rent obligations of approximately \$251 million and \$252 million, respectively, were classified primarily within other non-current liabilities in the Company's consolidated balance sheets.

In certain lease arrangements, the Company is involved with the construction of the building or leasehold improvements (generally on property owned by the landlord). If the Company concludes that it has substantively all of the risks of ownership during construction of a leased property and therefore is deemed the owner of the project for accounting purposes, it records an asset and related financing obligation in the amount of the total project costs related to construction-in-progress and the fair value of the pre-existing building. Once construction is complete, the Company considers the requirements for sale-leaseback treatment, including the transfer back of all risks of ownership and whether the Company has any continuing involvement in the leased property. If the arrangement does not qualify for sale-leaseback treatment, the Company continues to amortize the financing obligation and depreciate the building over the lease term.

Derivative Financial Instruments

The Company records all derivative financial instruments on its consolidated balance sheets at fair value. For derivative instruments that qualify for cash flow hedge accounting, the effective portion of changes in the fair value of these instruments is recognized in equity as a component of AOCI until the hedged item is recognized in earnings.

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

To the extent that a derivative instrument designated as a cash flow hedge is not considered to be effective, any change in its fair value relating to such ineffectiveness is immediately recognized in earnings within foreign currency gains (losses). If it is determined that a derivative instrument has not been highly effective, and will continue not to be highly effective in hedging the designated exposure, hedge accounting is discontinued and further gains (losses) are recognized in earnings within foreign currency gains (losses). Upon discontinuance of hedge accounting, the cumulative change in fair value of the derivative instrument previously recorded in AOCI is recognized in earnings when the related hedged item affects earnings, consistent with the originally-documented hedging strategy, unless the forecasted transaction is no longer probable of occurring, in which case the accumulated amount is immediately recognized in earnings within foreign currency gains (losses).

As a result of the use of derivative instruments, the Company is exposed to the risk that counterparties to such contracts will fail to meet their contractual obligations. To mitigate this counterparty credit risk, the Company has a policy of only entering into contracts with carefully selected financial institutions based upon an evaluation of their credit ratings and certain other factors, adhering to established limits for credit exposure. The Company's established policies and procedures for mitigating credit risk from derivative transactions include ongoing review and assessment of the creditworthiness of its counterparties. The Company also enters into master netting arrangements with counterparties, when possible, to mitigate credit risk associated with its derivative instruments. In the event of default or termination (as such terms are defined within the respective master netting arrangement), these arrangements allow the Company to net-settle amounts payable and receivable related to multiple derivative transactions with the same counterparty. The master netting arrangements specify a number of events of default and termination, including, among others, the failure to make timely payments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The fair values of the Company's derivative instruments are recorded on its consolidated balance sheets on a gross basis. For cash flow reporting purposes, the Company classifies proceeds received or amounts paid upon the settlement of a derivative instrument in the same manner as the related item being hedged, primarily within cash flows from operating activities.

Forward Foreign Currency Exchange Contracts

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

- *Forecasted Inventory Transactions* — recognized as part of the cost of the inventory being hedged within cost of goods sold when the related inventory is sold to a third party.
- *Intercompany Royalty Payments and Marketing Contributions* — recognized within foreign currency gains (losses) generally in the period in which the related payments or contributions being hedged are received or paid.

Undesignated Hedges

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

See Note 16 for further discussion of the Company's derivative financial instruments.

4. Recently Issued Accounting Standards

Presentation of Debt Issuance Costs

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs be presented as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented as deferred charge assets, separate from the related debt liability. ASU 2015-03 does not change the recognition and measurement requirements for debt issuance costs. The Company early-adopted ASU 2015-03 as of the end of its Fiscal 2015, and applied its provisions retrospectively. The adoption of ASU 2015-03 resulted in the reclassification of \$2 million of unamortized debt issuance costs related to the Company's Senior Notes (see Note 14) from other non-current assets to long-term debt within its consolidated balance sheets as of both March 28, 2015 and March 29, 2014. Other than this reclassification, the adoption of ASU 2015-03 did not have an impact on the Company's consolidated financial statements.

Accounting for Share-Based Payments

In June 2014, the FASB issued ASU No. 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" ("ASU 2014-12"). ASU 2014-12 clarifies the accounting for certain share-based compensation awards by requiring that a performance target that affects an award's vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the award's grant-date fair value and the related compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved. ASU 2014-12 is effective for the Company beginning in its fiscal year 2017, with early adoption permitted, and may be applied prospectively to all awards granted after the effective date, or retrospectively to all awards outstanding as of the beginning of the earliest annual period presented. Adoption of ASU 2014-12 is not expected to have a significant impact on the Company's consolidated financial statements.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 provides a single, comprehensive accounting model for revenues arising from contracts with customers that will supersede most existing revenue recognition guidance, including industry-specific guidance. Under this model, revenue is recognized at an amount that an entity expects to be entitled to upon transferring control of goods or services to a customer, as opposed to when risks and rewards transfer to a customer under existing revenue recognition guidance. ASU 2014-09 is effective for the Company beginning in its fiscal year 2018. However, the FASB has proposed a one-year deferral of the effective date, which is currently subject to approval. ASU 2014-09 may be applied retrospectively to all prior periods presented or through a cumulative adjustment to the opening retained earnings balance in the year of adoption. The Company is currently in the process of evaluating the impact of ASU 2014-09 on its consolidated financial statements.

Proposed Amendments to Current Accounting Standards

The FASB is currently working on amendments to existing accounting standards governing a number of areas including, but not limited to, accounting for leases. In May 2013, the FASB issued an exposure draft, "Leases" (the "Exposure Draft"), which would replace the existing guidance in ASC topic 840, "Leases." Under the Exposure Draft, among other changes in practice, a lessee's rights and obligations under most leases, including existing and new arrangements, would be recognized as assets and liabilities on the consolidated balance sheet. The comment period for the Exposure Draft ended in September 2013, and the FASB has now substantially completed its redeliberations on certain portions of the proposal. If and when effective, this proposed standard will likely have a significant impact on the Company's consolidated financial statements. However, as the standard-setting process is still ongoing, the Company is currently unable to determine the impact this proposed change in accounting would have on its consolidated financial statements.

5. Acquisitions

Australia and New Zealand Licensed Operations Acquisition

On July 1, 2013, in connection with the transition of the Ralph Lauren-branded apparel and accessories business in Australia and New Zealand (the "Australia and New Zealand Business") from a licensed to a wholly-owned operation, the Company acquired certain net assets from Oroton Group/PRL Australia ("Oroton") in exchange for an aggregate payment of approximately \$15 million (the "Australia and New Zealand Licensed Operations Acquisition"). Oroton was the Company's licensee for the Australia and New Zealand Business. The Company funded the Australia and New Zealand Licensed Operations Acquisition with available cash on-hand.

The Company accounted for the Australia and New Zealand Licensed Operations Acquisition as a business combination during the second quarter of Fiscal 2014, with the operating results of the Australia and New Zealand Business consolidated into the Company's operating results beginning on July 1, 2013. Transaction costs associated with the Australia and New Zealand Licensed Operations Acquisition were not material. The acquisition cost of \$15 million was allocated to the assets acquired and liabilities assumed based on an assessment of their respective fair values, as follows (in millions):

Assets acquired and liabilities assumed:

Inventory	\$	9
Fixed assets		4
Customer relationship intangible asset		3
Other assets		2
Other liabilities		(3)
Fair value of net assets acquired	\$	15

The customer relationship intangible asset was valued using the excess earnings method, which discounts the estimated after-tax cash flows associated with the existing base of customers as of the acquisition date, factoring in expected attrition of the existing customer base. The customer relationship intangible asset is being amortized over an estimated useful life of nine years.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Chaps Menswear License Acquisition

On April 10, 2013, in connection with the transition of the North American Chaps-branded men's sportswear business ("Chaps Menswear Business") from a licensed to a wholly-owned operation, the Company entered into an agreement with The Warnaco Group, Inc. ("Warnaco"), a subsidiary of PVH Corp. ("PVH"), to acquire certain net assets in exchange for an aggregate payment of approximately \$18 million (the "Chaps Menswear License Acquisition"). Warnaco was the Company's licensee for the Chaps Menswear Business. The Company funded the Chaps Menswear License Acquisition during the first quarter of Fiscal 2014 with available cash on-hand.

The Company accounted for the Chaps Menswear License Acquisition as a business combination during the first quarter of Fiscal 2014. The acquisition cost was allocated to the assets acquired and liabilities assumed based on an assessment of their respective fair values, as follows (in millions):

Assets acquired:	
Inventory	\$ 30
Accounts receivable	19
Licensed trademark intangible asset	9
Total assets acquired	58
Liabilities assumed:	
Accounts payable	(22)
Other net liabilities	(2)
Total net liabilities assumed	(24)
Fair value of net assets acquired	34
Consideration paid	18
Gain on acquisition^(a)	\$ 16

^(a) Represents the difference between the acquisition date fair value of net assets acquired and the contractually-defined purchase price under the Company's license agreement with Warnaco, which granted the Company the right to early-terminate the license upon PVH's acquisition of Warnaco in February 2013.

The licensed trademark intangible asset was valued using the excess earnings method, discounting the estimated after-tax cash flows associated with the Chaps-branded men's sportswear licensed trademark as of the acquisition date, factoring in market participant-based operating and cash flow assumptions. The reacquired licensed trademark intangible asset was amortized over a nine-month period through December 31, 2013, representing the remaining term of the prior license agreement that was terminated in connection with this acquisition.

The operating results of the Chaps Menswear Business have been consolidated into the Company's operating results beginning on April 10, 2013. Transaction costs of \$3 million were expensed as incurred and classified within SG&A expenses in the consolidated statement of income during Fiscal 2014.

6. Inventories

Inventories consist of the following:

	March 28, 2015	March 29, 2014
	(millions)	
Raw materials	\$ 3	\$ 3
Work-in-process	2	2
Finished goods	1,037	1,015
Total inventories	\$ 1,042	\$ 1,020

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Property and Equipment

Property and equipment, net consists of the following:

	March 28, 2015	March 29, 2014
	(millions)	
Land and improvements	\$ 17	\$ 17
Buildings and improvements	409	183
Furniture and fixtures	686	661
Machinery and equipment	317	245
Capitalized software	402	366
Leasehold improvements	1,185	1,064
Construction in progress	99	312
	3,115	2,848
Less: accumulated depreciation	(1,679)	(1,526)
Property and equipment, net	\$ 1,436	\$ 1,322

8. Goodwill and Other Intangible Assets

Goodwill

The following table details the changes in goodwill for each of the Company's reportable segments during Fiscal 2015 and Fiscal 2014:

	Wholesale	Retail	Licensing	Total
	(millions)			
Balance at March 30, 2013	\$ 614	\$ 214	\$ 140	\$ 968
Foreign currency translation	3	(4)	(3)	(4)
Balance at March 29, 2014	617	210	137	964
Foreign currency translation	(46)	(10)	(5)	(61)
Balance at March 28, 2015	\$ 571	\$ 200	\$ 132	\$ 903

Based on the results of the Company's annual goodwill impairment testing in Fiscal 2015, Fiscal 2014, and Fiscal 2013, no impairment charges were recorded.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other Intangible Assets

Other intangible assets consist of the following:

	March 28, 2015			March 29, 2014		
	Gross Carrying Amount	Accum. Amort.	Net	Gross Carrying Amount	Accum. Amort.	Net
	(millions)					
<i>Intangible assets subject to amortization:</i>						
Re-acquired licensed trademarks	\$ 230	\$ (112)	\$ 118	\$ 234	\$ (109)	\$ 125
Customer relationships	247	(120)	127	261	(112)	149
Other	28	(13)	15	29	(11)	18
Total intangible assets subject to amortization	505	(245)	260	524	(232)	292
<i>Intangible assets not subject to amortization:</i>						
Trademarks and brands	7	N/A	7	7	N/A	7
Total intangible assets	\$ 512	\$ (245)	\$ 267	\$ 531	\$ (232)	\$ 299

Amortization

Based on the balance of the Company's intangible assets subject to amortization as of March 28, 2015, the expected amortization expense for each of the next five fiscal years and thereafter is as follows:

	Amortization Expense
	(millions)
Fiscal 2016	\$ 24
Fiscal 2017	24
Fiscal 2018	24
Fiscal 2019	24
Fiscal 2020	23
Fiscal 2021 and thereafter	141
Total	\$ 260

The expected future amortization expense above reflects weighted-average estimated useful lives of 14.5 years for re-acquired licensed trademarks, 10.3 years for customer relationships, and 12.4 years for the Company's total finite-lived intangible assets in total.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Other Current and Non-Current Assets

Prepaid expenses and other current assets consist of the following:

	March 28, 2015	March 29, 2014
	(millions)	
Other taxes receivable	\$ 93	\$ 77
Derivative financial instruments	65	3
Prepaid rent expense	31	31
Tenant allowances receivable	14	22
Prepaid samples	12	13
Prepaid advertising and marketing	7	9
Restricted cash	2	5
Fixed asset advance	—	19
Other prepaid expenses and current assets	57	45
Total prepaid expenses and other current assets	<u>\$ 281</u>	<u>\$ 224</u>

Other non-current assets consist of the following:

	March 28, 2015	March 29, 2014
	(millions)	
Restricted cash	\$ 36	\$ 42
Security deposits	28	27
Derivative financial instruments	22	5
Assets held under deferred compensation arrangements	—	20
Other non-current assets	45	41
Total other non-current assets	<u>\$ 131</u>	<u>\$ 135</u>

10. Other Current and Non-Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	March 28, 2015	March 29, 2014
	(millions)	
Accrued operating expenses	\$ 183	\$ 183
Accrued payroll and benefits	162	190
Other taxes payable	108	76
Accrued inventory	75	84
Accrued capital expenditures	62	45
Dividends payable	43	40
Deferred income	38	41
Capital lease obligations	19	16
Other accrued expenses and current liabilities	25	15
Total accrued expenses and other current liabilities	<u>\$ 715</u>	<u>\$ 690</u>

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other non-current liabilities consist of the following:

	March 28, 2015	March 29, 2014
	(millions)	
Capital lease obligations	\$ 238	\$ 255
Deferred rent obligations	219	224
Deferred tax liabilities	87	81
Deferred income	20	39
Deferred compensation	9	29
Other non-current liabilities	42	26
Total other non-current liabilities	\$ 615	\$ 654

11. Impairments of Assets

During Fiscal 2015, the Company recorded non-cash impairment charges of \$7 million, primarily to write off certain fixed assets related to its domestic and international retail stores.

During Fiscal 2014, the Company recorded non-cash impairment charges of \$1 million, primarily to write off certain fixed assets related to its European operations.

During Fiscal 2013, the Company recorded non-cash impairment charges of \$19 million, which included \$11 million of impairment charges to reduce the carrying values of certain long-lived assets related to its 14 global freestanding Rugby retail stores to their estimated fair values in connection with their closure in Fiscal 2013 and Fiscal 2014 (see Note 12). In addition, during Fiscal 2013, the Company recorded non-cash impairment charges of \$8 million to reduce the carrying values of long-lived assets of certain underperforming European stores to their fair values, as well as to write off the fixed assets of certain wholesale locations in Europe that were expected to close.

12. Restructuring and Other Charges

A description of significant restructuring and other activities and related costs is included below.

Fiscal 2015

During Fiscal 2015, the Company recorded restructuring charges of \$10 million, primarily related to severance and benefit costs associated with certain of its retail, wholesale, and corporate operations. As of March 28, 2015, the related aggregate remaining restructuring liability was approximately \$5 million, which is expected to be settled by the end of the Company's fiscal year ending April 2, 2016 ("Fiscal 2016").

Fiscal 2014

During Fiscal 2014, the Company recorded restructuring charges of \$8 million, primarily related to severance and benefit costs associated with its corporate operations. As of March 29, 2014, the related aggregate remaining restructuring liability was approximately \$6 million. As of March 28, 2015, the related aggregate remaining restructuring liability was not material.

In addition, in connection with the formation of the Office of the Chairman, the Company entered into employment agreements with certain of its executive officers, which became effective in November 2013. As a result of the new employment agreement provisions, the Company recorded \$10 million of accelerated stock-based compensation expense during Fiscal 2014.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fiscal 2013

Rugby Closure Plan

On October 30, 2012, the Company approved a plan to wind down its Rugby brand retail operations (the "Rugby Closure Plan"). This decision was primarily based on the results of an analysis of the brand concept, as well as an opportunity for the Company to reallocate its resources related to these operations to support other high-growth business opportunities and initiatives. In connection with the Rugby Closure Plan, all of the Company's 14 global freestanding Rugby stores (certain of which were converted to other Ralph Lauren brand concepts) and its related domestic e-commerce site located at Rugby.com were closed as of June 2013. The Rugby Closure Plan resulted in a reduction in workforce of approximately 160 employees.

In connection with the Rugby Closure Plan, the Company recorded \$7 million in restructuring charges during Fiscal 2013, comprised of \$2 million of severance and benefits costs, \$4 million of lease termination costs, and \$1 million of other costs, of which \$4 million remained payable as of March 30, 2013. As of both March 28, 2015 and March 29, 2014, the remaining restructuring liability related to this plan was not material.

Other Restructuring Charges

In addition to the restructuring charges incurred in connection with the Rugby Closure Plan, the Company recorded \$5 million of other net restructuring charges during Fiscal 2013, including \$3 million of severance and lease termination costs associated with the suspension of the Company's operations in Argentina, \$3 million of severance and lease termination costs associated with the Company's European operations, and \$2 million of severance costs primarily associated with the Company's corporate operations, partially offset by \$3 million of reversals of reserves deemed no longer necessary in connection with the Company's Fiscal 2012 Asia-Pacific Restructuring Plan, as defined in the Fiscal 2014 10-K. As of March 30, 2013, the aggregate remaining liability related to these actions was \$4 million. As of both March 28, 2015 and March 29, 2014, the remaining restructuring liability related to these actions was not material.

13. Income Taxes

Taxes on Income

Domestic and foreign pretax income are as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Domestic	\$ 620	\$ 710	\$ 672
Foreign	367	386	417
Total income before provision for income taxes	<u>\$ 987</u>	<u>\$ 1,096</u>	<u>\$ 1,089</u>

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Provisions (benefits) for current and deferred income taxes are as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Current:			
Federal ^(a)	\$ 161	\$ 211	\$ 189
State and local ^(a)	35	51	42
Foreign	78	57	94
	<u>274</u>	<u>319</u>	<u>325</u>
Deferred:			
Federal	22	(4)	9
State and local	3	1	5
Foreign	(14)	4	—
	<u>11</u>	<u>1</u>	<u>14</u>
Total provision for income taxes	<u>\$ 285</u>	<u>\$ 320</u>	<u>\$ 339</u>

^(a) Excludes federal, state, and local tax benefits of approximately \$8 million, \$34 million, and \$41 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively, resulting from stock-based compensation arrangements. Such amounts were recorded within equity.

Tax Rate Reconciliation

The differences between income taxes expected at the U.S. federal statutory income tax rate of 35% and income taxes provided are as set forth below:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Provision for income taxes at the U.S. federal statutory rate	\$ 346	\$ 384	\$ 381
Increase (decrease) due to:			
State and local income taxes, net of federal benefit	21	29	28
Foreign income taxed at different rates, net of U.S. foreign tax credits	(96)	(89)	(75)
Unrecognized tax benefits and settlements of tax examinations	11	(5)	6
Other	3	1	(1)
Total provision for income taxes	<u>\$ 285</u>	<u>\$ 320</u>	<u>\$ 339</u>
Effective tax rate^(a)	<u>28.9%</u>	<u>29.2%</u>	<u>31.1%</u>

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

The Company's effective tax rate is lower than the statutory rate principally as a result of the proportion of earnings generated in lower taxed foreign jurisdictions versus the U.S. In addition, during both Fiscal 2015 and Fiscal 2014, the effective tax rate was favorably impacted by tax reserve reductions associated with income tax benefits resulting from the legal entity restructurings of certain of the Company's foreign operations. The Company's effective tax rate for Fiscal 2014 also reflected tax reserve reductions associated with the conclusion of a tax examination. The Company's effective tax rate for Fiscal 2013 reflected tax reserve reductions associated with the conclusion of a separate tax examination, offset by the inclusion of a reserve for an interest assessment on a prior year withholding tax.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred Taxes

Significant components of the Company's net deferred tax assets (liabilities) are as follows:

	March 28, 2015	March 29, 2014
	(millions)	
Current deferred tax assets:		
Receivable allowances and reserves	\$ 64	\$ 70
Deferred compensation	32	31
Inventory basis difference	24	30
Other	15	20
Valuation allowance	—	(1)
Net current deferred tax assets ^(a)	<u>135</u>	<u>150</u>
Non-current deferred tax assets (liabilities):		
Goodwill and other intangible assets	(209)	(219)
Property and equipment	(86)	(90)
Cumulative translation adjustment and hedges	(1)	(8)
Lease obligations	86	92
Deferred compensation	76	79
Unrecognized tax benefits	30	46
Net operating loss carryforwards	19	17
Deferred rent	18	19
Transfer pricing	14	16
Deferred income	12	18
Other	7	(1)
Valuation allowance	(8)	(11)
Net non-current deferred tax liabilities ^(b)	<u>(42)</u>	<u>(42)</u>
Net deferred tax assets	<u>\$ 93</u>	<u>\$ 108</u>

^(a) The net current deferred tax balance as of March 28, 2015 included current deferred tax liabilities of \$10 million recorded within accrued expenses and other current liabilities in the consolidated balance sheets.

^(b) The net non-current deferred tax balances as of March 28, 2015 and March 29, 2014 were comprised of non-current deferred tax assets of \$45 million and \$39 million, respectively, recorded within deferred tax assets, and non-current deferred tax liabilities of \$87 million and \$81 million, respectively, recorded within other non-current liabilities in the consolidated balance sheets.

The Company has available state and foreign net operating loss carryforwards of \$4 million and \$72 million, respectively, for tax purposes to offset future taxable income. The net operating loss carryforwards expire beginning in Fiscal 2016.

The Company also has available state and foreign net operating loss carryforwards of \$9 million and \$11 million, respectively, for which no net deferred tax asset has been recognized. A full valuation allowance has been recorded against these carryforwards since management does not believe that the Company will more likely than not be able to utilize these carryforwards to offset future taxable income. Subsequent recognition of these deferred tax assets would result in an income tax benefit in the year of such recognition. The valuation allowance relating to state net operating loss carryforwards decreased \$1 million primarily due to the expiration of certain net operating loss carryforwards. The valuation allowance relating to foreign net operating loss carryforwards decreased \$40 million mainly as a result of the legal entity restructuring of certain of the Company's foreign operations during Fiscal 2015, which allows the Company to utilize these net operating loss carryforwards in the future.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Provision has not been made for U.S. or additional foreign taxes on \$2.515 billion of undistributed earnings of foreign subsidiaries. Those historical earnings have been and are expected to continue to be permanently reinvested. These earnings could become subject to tax if they were remitted as dividends, if foreign earnings were lent to RLC, a subsidiary or a U.S. affiliate of RLC, or if the stock of the subsidiaries were sold. Determination of the amount of unrecognized deferred tax liability with respect to such earnings is not practical. Management believes that the amount of the additional taxes that might be payable on the earnings of foreign subsidiaries, if remitted, would be partially offset by U.S. foreign tax credits.

In September 2013, the Internal Revenue Service released final tangible property regulations that clarified and expanded Sections 162(a) and 263(a) of the Internal Revenue Code, which relate to the deduction and capitalization of expenditures associated with tangible property, as well as dispositions of tangible property. These regulations became effective for the Company as of the beginning of its Fiscal 2015 and did not have a material impact on its consolidated financial statements.

Uncertain Income Tax Benefits

Fiscal 2015, Fiscal 2014, and Fiscal 2013 Activity

Reconciliations of the beginning and ending amounts of unrecognized tax benefits, excluding interest and penalties, for Fiscal 2015, Fiscal 2014, and Fiscal 2013 are presented below:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Unrecognized tax benefits beginning balance	\$ 83	\$ 100	\$ 129
Additions related to current period tax positions	5	6	4
Additions related to prior period tax positions	10	12	12
Reductions related to prior period tax positions	(1)	(13) ^(b)	(32) ^(c)
Reductions related to expiration of statutes of limitations	(1)	(2)	(1)
Reductions related to settlements with taxing authorities	(25) ^(a)	(23) ^(b)	(10) ^(c)
Additions (reductions) related to foreign currency translation	(2)	3	(2)
Unrecognized tax benefits ending balance	<u>\$ 69</u>	<u>\$ 83</u>	<u>\$ 100</u>

(a) Includes a \$20 million decline in unrecognized tax benefits as a result of the Company's tax settlement agreement reached in Fiscal 2015 for the taxable years ended April 2, 2011 and April 3, 2012.

(b) Includes a \$29 million decline in unrecognized tax benefits as a result of the Company's tax settlement agreement reached in Fiscal 2014 for the taxable years ended April 3, 2004 and April 2, 2005.

(c) Includes a \$34 million decline in unrecognized tax benefits as a result of the Company's tax settlement agreement reached in Fiscal 2013 in connection with a tax examination for the taxable years ended March 29, 2008 through April 3, 2010.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company classifies interest and penalties related to unrecognized tax benefits as part of its provision for income taxes. Reconciliations of the beginning and ending amounts of accrued interest and penalties related to unrecognized tax benefits for Fiscal 2015, Fiscal 2014, and Fiscal 2013 are presented below:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Accrued interest and penalties beginning balance	\$ 49	\$ 50	\$ 39
Net additions charged to expense	6	6	22 ^(a)
Reductions related to prior period tax positions	(1)	(4)	(10)
Reductions related to settlements with taxing authorities	(5)	(5)	(1)
Additions (reductions) related to foreign currency translation	(2)	2	—
Accrued interest and penalties ending balance	<u>\$ 47</u>	<u>\$ 49</u>	<u>\$ 50</u>

^(a) Includes a reserve of \$17 million for an interest assessment on a prior year withholding tax. No underlying tax exposure exists. The interest assessed was not material to the Company's consolidated financial statements in any period.

The total amount of unrecognized tax benefits, including interest and penalties, was \$116 million and \$132 million as of March 28, 2015 and March 29, 2014, respectively, and is included within the non-current liability for unrecognized tax benefits in the consolidated balance sheets. The total amount of unrecognized tax benefits that, if recognized, would affect the Company's effective tax rate was \$85 million and \$86 million as of March 28, 2015 and March 29, 2014, respectively.

Future Changes in Unrecognized Tax Benefits

The total amount of unrecognized tax benefits relating to the Company's tax positions is subject to change based on future events including, but not limited to, settlements of ongoing tax audits and assessments and the expiration of applicable statutes of limitations. Although the outcomes and timing of such events are highly uncertain, the Company does not anticipate that the balance of gross unrecognized tax benefits, excluding interest and penalties, will change significantly during the next twelve months. However, changes in the occurrence, expected outcomes, and timing of such events could cause the Company's current estimate to change materially in the future.

The Company files a consolidated U.S. federal income tax return, as well as tax returns in various state, local, and foreign jurisdictions. The Company is generally no longer subject to examinations by the relevant tax authorities for years prior to its fiscal year ended April 1, 2006.

14. Debt

Debt consists of the following:

	March 28, 2015	March 29, 2014
	(millions)	
2.125% Senior Notes due September 26, 2018 ^(a)	\$ 298	\$ 298
Commercial paper notes	234	—
Total debt	532	298
Less: short-term debt	234	—
Total long-term debt	<u>\$ 298</u>	<u>\$ 298</u>

^(a) Net of \$2 million of unamortized debt issuance costs as of both March 28, 2015 and March 29, 2014.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Senior Notes

In September 2013, the Company completed a registered public debt offering and issued \$300 million aggregate principal amount of unsecured senior notes due September 26, 2018 (the "Senior Notes") at a price equal to 99.896% of their principal amount. The Senior Notes bear interest at a fixed rate of 2.125%, payable semi-annually. The proceeds from this offering were used for general corporate purposes, including repayment of the Company's previously outstanding €209 million principal amount of 4.5% Euro-denominated notes (the "Euro Debt"), which matured on October 4, 2013.

The Company has the option to redeem the Senior Notes, in whole or in part, at any time at a price equal to accrued interest on the redemption date, plus the greater of (i) 100% of the principal amount of Senior Notes to be redeemed or (ii) the sum of the present value of Remaining Scheduled Payments, as defined in the indenture governing the Senior Notes (the "Indenture"). The Indenture contains certain covenants that restrict the Company's ability, subject to specified exceptions, to incur certain liens; enter into sale and leaseback transactions; consolidate or merge with another party; or sell, lease, or convey all or substantially all of the Company's property or assets to another party. However, the Indenture does not contain any financial covenants.

Commercial Paper

In May 2014, the Company initiated a commercial paper borrowing program (the "Commercial Paper Program") that allowed it to issue up to \$300 million of unsecured commercial paper notes through private placement using third-party broker-dealers. In May 2015, the Company expanded its Commercial Paper Program to allow for a total issuance of up to \$500 million of unsecured commercial paper notes.

Borrowings under the Commercial Paper Program are supported by the Global Credit Facility, as defined below, and may be used to support the Company's general working capital and corporate needs. Maturities of commercial paper notes vary, but cannot exceed 397 days from the date of issuance. Commercial paper notes issued under the Commercial Paper Program rank equally with the Company's other forms of unsecured indebtedness. As of March 28, 2015, the Company had \$234 million in borrowings outstanding under its Commercial Paper Program, with a weighted-average annual interest rate of 0.27% and a weighted-average remaining term of 11 days.

Revolving Credit Facilities

Global Credit Facility

In February 2015, the Company entered into an amended and restated credit facility that provides for a \$500 million senior unsecured revolving line of credit through February 11, 2020 (the "Global Credit Facility") under terms and conditions substantially similar to those previously in effect. The Global Credit Facility is also used to support the issuance of letters of credit and the maintenance of the Commercial Paper Program. Borrowings under the Global Credit Facility may be denominated in U.S. Dollars and other currencies, including Euros, Hong Kong Dollars, and Japanese Yen. The Company has the ability to expand its borrowing availability under the Global Credit Facility to \$750 million, subject to the agreement of one or more new or existing lenders under the facility to increase their commitments. There are no mandatory reductions in borrowing ability throughout the term of the Global Credit Facility. As of March 28, 2015, there were no borrowings outstanding under the Global Credit Facility and the Company was contingently liable for \$8 million of outstanding letters of credit.

U.S. Dollar-denominated borrowings under the Global Credit Facility bear interest, at the Company's option, either at (a) a base rate, by reference to the greatest of: (i) the annual prime commercial lending rate of JPMorgan Chase Bank, N.A. in effect from time to time, (ii) the weighted-average overnight Federal funds rate plus 50 basis points, or (iii) the one-month London Interbank Offered Rate ("LIBOR") plus 100 basis points; or (b) LIBOR, adjusted for the Federal Reserve Board's Eurocurrency liabilities maximum reserve percentage, plus a spread of 87.5 basis points, subject to adjustment based on the Company's credit ratings ("Adjusted LIBOR"). Foreign currency-denominated borrowings bear interest at Adjusted LIBOR.

In addition to paying interest on any outstanding borrowings under the Global Credit Facility, the Company is required to pay a commitment fee to the lenders under the Global Credit Facility with respect to the unutilized commitments. The commitment fee rate of 7 basis points under the terms of the Global Credit Facility is subject to adjustment based on the Company's credit ratings.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Global Credit Facility contains a number of covenants that, among other things, restrict the Company's ability, subject to specified exceptions, to incur additional debt; incur liens; sell or dispose of assets; merge with or acquire other companies; liquidate or dissolve itself; engage in businesses that are not in a related line of business; make loans, advances, or guarantees; engage in transactions with affiliates; and make certain investments. The Global Credit Facility also requires the Company to maintain a maximum ratio of Adjusted Debt to Consolidated EBITDAR (the "leverage ratio") of no greater than 3.75 as of the date of measurement for the four most recent consecutive fiscal quarters. Adjusted Debt is defined generally as consolidated debt outstanding plus eight times consolidated rent expense for the last four consecutive fiscal quarters. Consolidated EBITDAR is defined generally as consolidated net income plus (i) income tax expense, (ii) net interest expense, (iii) depreciation and amortization expense, and (iv) consolidated rent expense. As of March 28, 2015, no Event of Default (as such term is defined pursuant to the Global Credit Facility) has occurred under the Company's Global Credit Facility.

Upon the occurrence of an Event of Default under the Global Credit Facility, the lenders may cease making loans, terminate the Global Credit Facility, and declare all amounts outstanding to be immediately due and payable. The Global Credit Facility specifies a number of events of default (many of which are subject to applicable grace periods), including, among others, the failure to make timely principal, interest, and fee payments or to satisfy the covenants, including the financial covenant described above. Additionally, the Global Credit Facility provides that an Event of Default will occur if Mr. Ralph Lauren, the Company's Chairman of the Board and Chief Executive Officer, and entities controlled by the Lauren family fail to maintain a specified minimum percentage of the voting power of the Company's common stock.

Domestic Credit Facility

In August 2014, the Company entered into an uncommitted credit facility (the "Domestic Credit Facility") with Santander Bank, N.A. ("Santander"), which provides for a revolving line of credit up to \$100 million through August 19, 2015. Borrowings under the Domestic Credit Facility are granted at the sole discretion of Santander, subject to availability of its funds, and bear interest at a rate equal to the London Interbank Offered Rate plus a spread determined by Santander at the time of borrowing. The Domestic Credit Facility does not contain any financial covenants. As of March 28, 2015, there were no borrowings outstanding under the Domestic Credit Facility.

Pan-Asia Credit Facilities

Certain of the Company's subsidiaries in Asia have uncommitted credit facilities with regional branches of JPMorgan Chase (the "Banks") in China, Malaysia, South Korea, and Taiwan (the "Pan-Asia Credit Facilities"). These credit facilities are subject to annual renewal and may be used to fund general working capital and corporate needs of the Company's operations in the respective countries. Borrowings under the Pan-Asia Credit Facilities are guaranteed by the parent company and are granted at the sole discretion of the Banks, subject to availability of the Banks' funds and satisfaction of certain regulatory requirements. The Pan-Asia Credit Facilities do not contain any financial covenants. The Company's Pan-Asia Credit Facilities by country are as follows:

- China Credit Facility — provides Ralph Lauren Trading (Shanghai) Co., Ltd. with a revolving line of credit of up to 100 million Chinese Renminbi (approximately \$16 million) through April 7, 2016, and may also be used to support bank guarantees. As of March 28, 2015, bank guarantees supported by this facility were not material.
- Malaysia Credit Facility — provides Ralph Lauren (Malaysia) Sdn Bhd with a revolving line of credit of up to 16 million Malaysian Ringgit (approximately \$4 million) through September 30, 2015.
- South Korea Credit Facility — provides Ralph Lauren (Korea) Ltd. with a revolving line of credit of up to 11 billion South Korean Won (approximately \$10 million) through October 31, 2015.
- Taiwan Credit Facility — provides Ralph Lauren (Hong Kong) Retail Company Ltd., Taiwan Branch with a revolving line of credit of up to 59 million New Taiwan Dollars (approximately \$2 million) through October 15, 2015.

As of March 28, 2015, there were no borrowings outstanding under any of the Pan-Asia Credit Facilities.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Fair Value Measurements

U.S. GAAP establishes a three-level valuation hierarchy for disclosure of fair value measurements. The determination of the applicable level within the hierarchy for a particular asset or liability depends on the inputs used in its valuation as of the measurement date, notably the extent to which the inputs are market-based (observable) or internally-derived (unobservable). A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

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

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

	March 28, 2015	March 29, 2014
	(millions)	
<i>Financial assets recorded at fair value:</i>		
Government bonds — U.S. ^(a)	\$ —	\$ 1
Corporate bonds — non-U.S. ^(a)	8	—
Other available-for-sale investments ^(b)	—	2
Derivative financial instruments ^(b)	87	8
Total	\$ 95	\$ 11
<i>Financial liabilities recorded at fair value:</i>		
Derivative financial instruments ^(b)	\$ 19	\$ 7
Total	\$ 19	\$ 7

^(a) Based on Level 1 measurements.

^(b) Based on Level 2 measurements.

To the extent the Company invests in bonds, such investments are classified as available-for-sale and recorded at fair value in its consolidated balance sheets based upon quoted prices in active markets.

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

The Company's cash and cash equivalents, restricted cash, and time deposits are recorded at carrying value, which approximates fair value based on Level 1 measurements.

The Company's debt instruments are recorded at their carrying values in its consolidated balance sheets, which may differ from their respective fair values. The carrying values of the Company's Senior Notes and commercial paper notes reflect their face amount, adjusted for any unamortized debt issuance costs and discount. The fair value of the Senior Notes is estimated based on external pricing data, including available quoted market prices, and with reference to comparable debt instruments with similar

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

interest rates, credit ratings, and trading frequency, among other factors. The fair value of the Company's commercial paper notes is estimated using external pricing data, based on interest rates and credit ratings for similar issuances with the same remaining term as the Company's outstanding borrowings. Due to their short-term nature, the fair value of commercial paper notes outstanding at March 28, 2015 approximates their carrying value.

The following table summarizes the carrying values and the estimated fair values of the Company's debt instruments:

	March 28, 2015		March 29, 2014	
	Carrying Value	Fair Value ^(a)	Carrying Value	Fair Value ^(a)
	(millions)			
2.125% Senior Notes	\$ 298 ^(b)	\$ 304	\$ 298 ^(b)	\$ 300
Commercial paper notes	234	234	N/A	N/A

^(a) Based on Level 2 measurements.

^(b) Net of \$2 million of unamortized debt issuance costs as of both March 28, 2015 and March 29, 2014.

Unrealized gains or losses resulting from changes in the fair value of the Company's debt do not result in the realization or expenditure of cash, unless the debt is retired prior to its maturity.

Non-financial Assets and Liabilities

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

During Fiscal 2015, Fiscal 2014, and Fiscal 2013, the Company recorded non-cash impairment charges to reduce the carrying values of certain long-lived store assets to their fair values. The fair values of these assets were determined based on Level 3 measurements. Inputs to these fair value measurements included estimates of the amount and timing of the stores' net future discounted cash flows based on historical experience, current trends, and market conditions.

The following table summarizes the impairment charges recorded during Fiscal 2015, Fiscal 2014, and Fiscal 2013:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Aggregate carrying value of long-lived assets written down to fair value	\$ 7	\$ 1	\$ 19
Impairment charges ^(a)	(7)	(1)	(19)

^(a) See Note 11 for details of impairment charges recorded in Fiscal 2015, Fiscal 2014, and Fiscal 2013.

No goodwill impairment charges have been recorded during any of the three fiscal years presented. In Fiscal 2015, the Company performed its annual goodwill impairment assessment as of the beginning of the second quarter of the fiscal year using a quantitative approach. Based on the results of the impairment assessment performed, the Company concluded that the fair values of its reporting units significantly exceeded their respective carrying values, and there are no reporting units at risk of impairment.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Financial Instruments

Derivative Financial Instruments

The Company is exposed to changes in foreign currency exchange rates, primarily relating to certain anticipated cash flows of its international operations. Consequently, the Company uses derivative financial instruments to manage and mitigate such risks. The Company does not enter into derivative transactions for speculative or trading purposes.

The following table summarizes the Company's outstanding derivative instruments on a gross basis as recorded in its consolidated balance sheets as of March 28, 2015 and March 29, 2014:

Derivative Instrument ^(a)	Notional Amounts		Derivative Assets				Derivative Liabilities			
	March 28, 2015	March 29, 2014	March 28, 2015		March 29, 2014		March 28, 2015		March 29, 2014	
			Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b)	Fair Value	Balance Sheet Line ^(b)	Fair Value
(millions)										
Designated Hedges:										
FC — Inventory purchases	\$ 587	\$ 476	PP	\$ 49	^(c)	\$ 2	AE	\$ 9	AE	\$ 5
FC — Other ^(d)	118	223	PP	5	—	—	AE	1	AE	2
Total Designated Hedges	\$ 705	\$ 699		\$ 54		\$ 2		\$ 10		\$ 7
Undesignated Hedges:										
FC — Other ^(e)	\$ 464	\$ 280	^(f)	\$ 33	^(g)	\$ 6	^(h)	\$ 9	—	\$ —
Total Hedges	\$ 1,169	\$ 979		\$ 87		\$ 8		\$ 19		\$ 7

^(a) FC = Forward foreign currency exchange contracts.

^(b) PP = Prepaid expenses and other current assets; AE = Accrued expenses and other current liabilities.

^(c) \$1 million included within prepaid expenses and other current assets and \$1 million included within other non-current assets.

^(d) Primarily includes designated hedges of foreign currency-denominated intercompany royalty payments, marketing contributions, and other operational exposures.

^(e) Primarily includes undesignated hedges of foreign currency-denominated intercompany loans.

^(f) \$11 million included within prepaid expenses and other current assets and \$22 million included within other non-current assets.

^(g) \$2 million included within prepaid expenses and other current assets and \$4 million included within other non-current assets.

^(h) \$8 million included within accrued expenses and other current liabilities and \$1 million included within other non-current liabilities.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company records and presents the fair values of all of its derivative assets and liabilities in its consolidated balance sheets on a gross basis, even though they are subject to master netting arrangements. However, if the Company were to offset and record the asset and liability balances of all of its forward foreign currency exchange contracts on a net basis in accordance with the terms of each of its master netting arrangements, spread across eight separate counterparties, the amounts presented in the consolidated balance sheets as of March 28, 2015 and March 29, 2014 would be adjusted from the current gross presentation as detailed in the following table:

Derivative Instrument	March 28, 2015			March 29, 2014		
	Gross Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet that are Subject to Master Netting Arrangements	Net Amount	Gross Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet that are Subject to Master Netting Arrangements	Net Amount
	(millions)					
FC — Derivative assets	\$ 87	\$ (14)	\$ 73	\$ 8	\$ (1)	\$ 7
FC — Derivative liabilities	\$ 19	\$ (14)	\$ 5	\$ 7	\$ (1)	\$ 6

The Company's master netting arrangements do not require cash collateral to be pledged by the Company or its counterparties. Refer to Note 3 for further discussion of the Company's master netting arrangements.

The following tables summarize the pretax impact of the effective portion of gains and losses from the Company's derivative instruments on its consolidated financial statements for the fiscal years presented:

Derivative Instrument	Gains (Losses) Recognized in OCI			Gains (Losses) Reclassified from AOCI to Earnings			Location of Gains (Losses) Reclassified from AOCI to Earnings
	Fiscal Years Ended			Fiscal Years Ended			
	March 28, 2015	March 29, 2014	March 30, 2013	March 28, 2015	March 29, 2014	March 30, 2013	
	(millions)						
Designated Cash Flow Hedges:							
FC — Inventory purchases	\$ 50	\$ (10)	\$ 21	\$ 3	\$ 10	\$ 32	Cost of goods sold
FC — Other	19	—	(1)	14	—	4	Foreign currency gains (losses)
	\$ 69	\$ (10)	\$ 20	\$ 17	\$ 10	\$ 36	
Designated Hedge of Net Investment:							
Euro Debt ^(a)	\$ —	\$ —	\$ 11	\$ —	\$ —	\$ —	
Total Designated Hedges	\$ 69	\$ (10)	\$ 31	\$ 17	\$ 10	\$ 36	

^(a) Amounts recognized in OCI relate to remeasurement of the Euro Debt (see Note 14), which was repaid in October 2013, and would be recognized in earnings only upon the sale or liquidation of the hedged net investment.

During Fiscal 2014, the Company also recorded a foreign currency gain of \$2 million associated with the discontinuance of certain cash flow hedges, as the related forecasted transactions were no longer probable of occurring.

As of March 28, 2015, it is expected that approximately \$46 million of net gains deferred in AOCI related to derivative financial instruments will be recognized in earnings over the next twelve months. No material gains or losses relating to ineffective hedges were recognized during any of the fiscal years presented.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the impact of gains and losses from the Company's undesignated hedge contracts on its consolidated financial statements for the fiscal years presented:

<u>Derivative Instrument</u>	Gains (Losses) Recognized in Earnings			Location of Gains (Losses) Recognized in Earnings
	Fiscal Years Ended			
	March 28, 2015	March 29, 2014	March 30, 2013	
	(millions)			
<u>Undesignated Hedges:</u>				
FC — Other	\$ 18	\$ 20	\$ (4)	Foreign currency gains (losses)
Total Undesignated Hedges	<u>\$ 18</u>	<u>\$ 20</u>	<u>\$ (4)</u>	

Risk Management Strategies

Forward Foreign Currency Exchange Contracts

The Company primarily enters into forward foreign currency exchange contracts as hedges to reduce its risk related to exchange rate fluctuations on inventory transactions made in an entity's non-functional currency, intercompany royalty payments made by certain of its international operations, intercompany contributions made to fund certain marketing efforts of its international operations, and other foreign currency-denominated operational and intercompany cash flows. As part of its overall strategy to manage the level of exposure to the risk of foreign currency exchange rate fluctuations, primarily to changes in the value of the Euro, the Japanese Yen, the South Korean Won, the Australian Dollar, the Canadian Dollar, the British Pound Sterling, and the Hong Kong Dollar, the Company hedges a portion of its foreign currency exposures anticipated over a two-year period. In doing so, the Company uses forward foreign currency exchange contracts that generally have maturities of two months to two years to provide continuing coverage throughout the hedging period.

Hedge of Net Investment in Certain European Subsidiaries

Historically, the Company designated the principal amount of its outstanding Euro Debt as a hedge of its net investment in certain of its European subsidiaries. To the extent designated as a net investment hedge, changes in the Euro Debt's carrying value resulting from fluctuations in the Euro exchange rate were reported in equity within foreign currency translation gains (losses), a component of AOCI, as the debt was a highly effective hedge. The Euro Debt was repaid upon its maturity in October 2013.

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

Investments

As of March 28, 2015, the Company's short-term and non-current investments consisted of \$644 million of time deposits and \$8 million of non-U.S. corporate bonds, respectively. As of March 29, 2014, the Company's short-term investments consisted of \$487 million of time deposits and \$1 million of U.S. government bonds, and its non-current investments consisted of \$2 million of other securities.

No significant realized or unrealized gains or losses on available-for-sale investments or other-than-temporary impairment charges were recorded in any of the fiscal periods presented. Refer to Note 19 for further detail.

See Note 3 for further discussion of the Company's accounting policies relating to its investments.

17. Commitments and Contingencies

Leases

The Company operates most of its retail stores under various leasing arrangements. The Company also occupies various office and warehouse facilities and uses certain equipment under numerous lease agreements. Such leasing arrangements are accounted for as either operating leases or capital leases. In this context, capital leases include leases whereby the Company is

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

considered to have the substantive risks of ownership during construction of a leased property. Information on the Company's operating and capital leasing activities is set forth below.

Operating Leases

The Company is typically required to make minimum rental payments, and often contingent rental payments, under its operating leases. Many of the Company's retail store leases provide for contingent rental payments based upon sales, and certain rental agreements require payment based solely on a percentage of sales. Terms of the Company's leases generally contain renewal options, rent escalation clauses, and landlord incentives. Rent expense, net of sublease income, was approximately \$466 million, \$455 million, and \$430 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively. Such amounts include contingent rental charges of approximately \$172 million, \$176 million, and \$174 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively. In addition to such amounts, the Company is normally required to pay taxes, insurance, and certain occupancy costs relating to the leased real estate properties.

As of March 28, 2015, future minimum rental payments under noncancelable operating leases with lease terms in excess of one year were as follows:

	Minimum Operating Lease Payments^{(a)(b)}
	(millions)
Fiscal 2016	\$ 322
Fiscal 2017	297
Fiscal 2018	282
Fiscal 2019	257
Fiscal 2020	229
Fiscal 2021 and thereafter	733
Total net minimum rental payments	\$ 2,120

(a) Net of sublease income, which is not significant in any period.

(b) Includes a \$66 million operating lease obligation related to the land portion of the build-to-suit lease agreement for the Company's Polo flagship store on Fifth Avenue in New York City, as further described below.

Capital Leases

Assets under capital leases, including build-to-suit leases, amounted to approximately \$251 million and \$259 million at the end of Fiscal 2015 and Fiscal 2014, respectively, net of accumulated depreciation of approximately \$30 million and \$19 million, respectively. Such assets are classified within property and equipment, net in the consolidated balance sheets based on their nature. As of March 28, 2015, future minimum rental payments under noncancelable capital leases, including build-to-suit leases, with lease terms in excess of one year were as follows:

	Minimum Capital Lease Payments^{(a)(b)}
	(millions)
Fiscal 2016	\$ 26
Fiscal 2017	25
Fiscal 2018	24
Fiscal 2019	22
Fiscal 2020	24
Fiscal 2021 and thereafter	69
Total net minimum rental payments	190
Less: amount representing interest	(34)
Present value of net minimum rental payments	\$ 156

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

-
- (a) Net of sublease income, which is not significant in any period.
- (b) Includes lease payments related to the Company's build-to-suit lease agreement for its Polo flagship store on Fifth Avenue in New York City. The total remaining commitment related to this lease was \$210 million as of March 28, 2015, comprised of a \$66 million operating lease obligation related to the land portion of the lease (included in the minimum operating lease payments table above) and a \$144 million obligation related to the building portion of the lease (included in this minimum capital lease payments table).

Employee Agreements

The Company has employment agreements with certain executives in the normal course of business which provide for compensation and certain other benefits. These agreements also provide for severance payments under certain circumstances.

Other Commitments

Other off-balance sheet firm commitments amounted to approximately \$1.034 billion as of March 28, 2015, including inventory purchase commitments of approximately \$840 million, outstanding letters of credit of approximately \$9 million, interest payments related to the Company's 2.125% Senior Notes of approximately \$22 million, and other commitments of approximately \$163 million, comprised of the Company's legally-binding obligations under sponsorship, licensing, and other marketing and advertising agreements, distribution-related agreements, information technology-related service agreements, and pension-related obligations.

Customs Audit

In September 2014, one of the Company's international subsidiaries received a pre-assessment notice from the relevant customs officials concerning the method used to determine the dutiable value of imported inventory. The notice communicated the customs officials' assertion that the Company should have applied an alternative duty method, which could result in up to approximately \$46 million in incremental duty and non-creditable value-added tax, including approximately \$11 million in interest and penalties. The Company believes that the alternative duty method claimed by the customs officials is not applicable to the Company's facts and circumstances and is vigorously contesting their asserted methodology.

In October 2014, the Company filed an appeal of the pre-assessment notice in accordance with the standard procedures established by the relevant customs authorities. Subsequent to the filing of the Company's appeal of the pre-assessment notice, the review committee instructed the customs officials to reconsider their assertion of the alternative duty method and conduct a re-audit to evaluate the facts and circumstances noted in the pre-assessment notice. If the Company is unsuccessful in its appeals, it may further appeal this decision within the Courts. At this time, while the Company believes that the customs officials' claims are not meritorious and that the Company will ultimately prevail, the outcome of the appeals process and potential court proceedings is subject to risk and uncertainty and the ultimate resolution of this examination in favor of the customs authority could have a material adverse effect on the Company's financial condition, results of operations, and cash flows.

Litigation

Wathne Imports Litigation

On September 13, 2005, Wathne Imports, Ltd. ("Wathne"), the Company's former domestic licensee for luggage and handbags, filed suit against the Company and Mr. Ralph Lauren, its Chairman and Chief Executive Officer, in the Supreme Court of the State of New York, County of New York, alleging, among other things, that the Company had breached a 1999 License Agreement and Design Services Agreement with Wathne and had engaged in deceptive trade practices, fraud, and negligent misrepresentation. The complaint originally sought, among other things, injunctive relief, compensatory damages in excess of \$250 million, and punitive damages in excess of \$750 million. Following a motion to dismiss, a motion for summary judgment, and several appeals, only the following three claims remain, all related to an alleged breach of the License Agreement: (i) that the Company discontinued the Polo Sport trademark on handbags without providing a replacement mark; (ii) that the Company discontinued the Ralph Lauren trademark and/or usurped Wathne's right to manufacture and sell certain high-end handbags under the Ralph Lauren trademark; and (iii) that the Company deceived Wathne into giving up its right to manufacture and sell certain children's backpacks. Wathne currently seeks damages of approximately \$98 million, plus interest.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On January 7, 2015, the Court granted the Company's motion to strike Wathne's jury demand, which Wathne appealed on February 2, 2015. This appeal is currently pending. There is also some discovery still outstanding on the issue of damages. No trial date has been set, but the Company expects the Court to hold a pre-trial conference and set a trial date shortly after the appeal is decided. The Company will continue to vigorously contest the remaining claims and dispute any alleged damages. Management does not expect that the ultimate resolution of this matter will have a material adverse effect on the Company's consolidated financial statements.

Other Matters

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

In the normal course of business, the Company enters into agreements that provide general indemnifications. The Company has not made any significant indemnification payments under such agreements in the past, and does not currently anticipate incurring any material indemnification payments.

18. Equity

Capital Stock

The Company's capital stock consists of two classes of common stock. There are 500 million shares of Class A common stock and 100 million shares of Class B common stock authorized to be issued. Shares of Class A and Class B common stock have substantially identical rights, except with respect to voting rights. Holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to ten votes per share. Holders of both classes of stock vote together as a single class on all matters presented to the stockholders for their approval, except with respect to the election and removal of directors or as otherwise required by applicable law. All outstanding shares of Class B common stock are owned by Mr. Ralph Lauren, the Company's Chairman of the Board and Chief Executive Officer, and entities controlled by the Lauren family, and are convertible at any time into shares of Class A common stock on a one-for-one basis.

Class B Common Stock Conversions

During each of Fiscal 2015 and Fiscal 2013, the Lauren Family, L.L.C., a limited liability company managed by the children of Mr. Lauren, converted 1.0 million shares of Class B common stock into an equal number of shares of Class A common stock pursuant to the terms of the security, which were subsequently sold on the open market as part of a pre-determined, systematic trading plan.

During Fiscal 2014, Mr. Lauren converted 3.0 million shares of Class B common stock into an equal number of shares of Class A common stock pursuant to the terms of the security, which were subsequently sold in a block trade.

These transactions resulted in reclassifications within equity, and had no other effect on the Company's consolidated balance sheets.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Common Stock Repurchase Program

A summary of the Company's repurchases of Class A common stock under its common stock repurchase program is as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(in millions)		
Cost of shares repurchased	\$ 500	\$ 548 ^(a)	\$ 450
Number of shares repurchased	3.2	3.2 ^(a)	3.0

^(a) Includes a \$50 million prepayment made in March 2013 under a share repurchase program with a third-party financial institution, in exchange for the right to receive shares of the Company's Class A common stock at the conclusion of the 93-day repurchase term. The \$50 million prepayment was recorded as a reduction to additional paid-in capital in the Company's consolidated balance sheet as of March 30, 2013. The related 0.3 million shares were delivered to the Company during Fiscal 2014, based on the volume-weighted average market price of the Company's Class A common stock over the 93-day repurchase term, less a discount.

As of March 28, 2015, the remaining availability under the Company's Class A common stock repurchase program was approximately \$80 million. On May 12, 2015, the Company's Board of Directors approved an expansion of the program that allows it to repurchase up to an additional \$500 million of Class A common stock. Repurchases of shares of Class A common stock are subject to overall business and market conditions.

In addition, during Fiscal 2015, Fiscal 2014, and Fiscal 2013, 0.2 million, 0.4 million, and 0.4 million shares of Class A common stock, respectively, at a cost of \$32 million, \$60 million, and \$47 million, respectively, were surrendered to, or withheld by, the Company in satisfaction of withholding taxes in connection with the vesting of awards under the Company's 1997 Long-Term Stock Incentive Plan, as amended (the "1997 Incentive Plan"), and its Amended and Restated 2010 Long-Term Stock Incentive Plan (the "2010 Incentive Plan").

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

Dividends

Since 2003, the Company has maintained a regular quarterly cash dividend program on its common stock. On November 5, 2013, the Company's Board of Directors approved an increase to the Company's quarterly cash dividend on its common stock from \$0.40 per share to \$0.45 per share. On February 3, 2015, the Company's Board of Directors approved a further increase to the Company's quarterly cash dividend on its common stock from \$0.45 per share to \$0.50 per share. Dividends paid amounted to \$158 million, \$149 million, and \$128 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively.

Conversion of Stock-based Compensation Awards

During Fiscal 2015, in connection with employment agreements with certain of its executive officers, the Company converted certain fully-vested and expensed stock-based compensation awards to a cash contribution into a deferred compensation account. Additionally, in connection with the formation of the Office of the Chairman, the Company entered into employment agreements with certain of its executive officers, which became effective during Fiscal 2014, and converted certain fully-vested and expensed stock-based compensation awards to a cash contribution into a deferred compensation account. The Company recorded the excess of both these awards' then current redemption values over their original grant-date fair values to retained earnings, with a corresponding increase to other non-current liabilities in the consolidated balance sheet.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

19. Accumulated Other Comprehensive Income

The following table presents OCI activity, net of tax, which is accumulated in equity:

	Foreign Currency Translation Gains (Losses)(a)	Net Unrealized Gains (Losses) on Derivative Financial Instruments(b)	Net Unrealized Gains (Losses) on Available-for-Sale Investments(c)	Net Unrealized Gains (Losses) on Defined Benefit Plans(d)	Total Accumulated Other Comprehensive Income (Loss)
(millions)					
Balance at March 31, 2012	\$ 166	\$ 36	\$ 1	\$ (6)	\$ 197
Other comprehensive income (loss), net of tax:					
OCI before reclassifications	(93)	19	4	(1)	(71)
Amounts reclassified from AOCI to earnings	—	(32)	—	—	(32)
Other comprehensive income (loss), net of tax	(93)	(13)	4	(1)	(103)
Balance at March 30, 2013	73	23	5	(7)	94
Other comprehensive income (loss), net of tax:					
OCI before reclassifications	52	(20)	(4)	—	28
Amounts reclassified from AOCI to earnings	—	(7)	(1)	—	(8)
Other comprehensive income (loss), net of tax	52	(27)	(5)	—	20
Balance at March 29, 2014	125	(4)	—	(7)	114
Other comprehensive income (loss), net of tax:					
OCI before reclassifications	(318)	62	—	(9)	(265)
Amounts reclassified from AOCI to earnings	—	(15)	—	1	(14)
Other comprehensive income (loss), net of tax	(318)	47	—	(8)	(279)
Balance at March 28, 2015	\$ (193)	\$ 43	\$ —	\$ (15)	\$ (165)

(a) OCI before reclassifications to earnings related to foreign currency translation gains (losses) is net of an income tax benefit of \$5 million for Fiscal 2015, and is net of income tax provisions of \$2 million and \$3 million for Fiscal 2014 and Fiscal 2013, respectively.

(b) OCI before reclassifications to earnings related to net unrealized gains (losses) on derivative financial instruments is net of income tax provisions of \$7 million and \$1 million for Fiscal 2015 and Fiscal 2013, respectively. The tax effect for Fiscal 2014 activity was not material. The tax effects on amounts reclassified to earnings are presented in a table below.

(c) All amounts are presented net of taxes, which were not material.

(d) OCI before reclassifications to earnings related to net unrealized gains (losses) on defined benefit plans is net of an income tax benefit of \$1 million for Fiscal 2015. The tax effects for both Fiscal 2014 and Fiscal 2013 were not material. The tax effects on amounts reclassified to earnings were not material for any period presented.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table presents reclassifications from AOCI to earnings for derivative financial instruments, by component:

	Fiscal Years Ended			Location of Gains (Losses) Reclassified from AOCI to Earnings
	March 28, 2015	March 29, 2014	March 30, 2013	
	(millions)			
Gains (losses) on derivative financial instruments^(a):				
FC — Inventory purchases	\$ 3	\$ 10	\$ 32	Cost of goods sold
FC — Other	14	—	4	Foreign currency gains (losses)
Tax effect	(2)	(3)	(4)	Provision for income taxes
Net of tax	\$ 15	\$ 7	\$ 32	

(a) FC = Forward foreign currency exchange contracts.

20. Stock-based Compensation

Long-term Stock Incentive Plans

The Company's stock-based compensation awards are currently issued under the 2010 Incentive Plan, which was approved by its stockholders on August 5, 2010. However, any prior awards granted under the 1997 Incentive Plan remain subject to the terms of that plan. Any awards that expire, are forfeited, or are surrendered to the Company in satisfaction of taxes are available for issuance under the 2010 Incentive Plan. On September 24, 2013, the Company registered with the SEC an additional 1.7 million shares of its Class A common stock for issuance pursuant to the 2010 Incentive Plan. As of March 28, 2015, 3.0 million shares remained available for future issuance under the Company's incentive plans.

Equity awards that may be made under the Company's incentive plans include, but are not limited to, (i) stock options, (ii) restricted stock, and (iii) RSUs.

Impact on Results

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

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Compensation expense	\$ 81	\$ 93 ^(a)	\$ 88
Income tax benefit	\$ (30)	\$ (34)	\$ (29)

(a) Includes approximately \$10 million of accelerated stock-based compensation expense recorded within restructuring and other charges in the consolidated statement of income for Fiscal 2014 (see Note 12). All other stock-based compensation expense is recorded within SG&A expenses.

Stock Options

Stock options are granted to employees and non-employee directors with exercise prices equal to the fair market value of the Company's Class A common stock on the date of grant. Generally, options become exercisable ratably (graded-vesting schedule) over a three-year vesting period, subject to the employee's continuing employment. Stock options generally expire seven years from the date of grant.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options granted, which requires the input of both subjective and objective assumptions including the following:

Expected Term — The estimate of expected term is based on the historical exercise behavior of employees and non-employee directors, as well as the contractual life of the option grants.

Expected Volatility — The expected volatility factor is based on the historical volatility of the Company's Class A common stock for a period equal to the stock option's expected term.

Expected Dividend Yield — The expected dividend yield is based on the Company's quarterly cash dividend of (i) \$0.40 per share for grants made during and after the first quarter of Fiscal 2013, but prior to the third quarter of Fiscal 2014, (ii) \$0.45 per share for grants made during and after the third quarter of Fiscal 2014, but prior to the fourth quarter of Fiscal 2015, and (iii) \$0.50 per share for grants made during the fourth quarter of Fiscal 2015.

Risk-free Interest Rate — The risk-free interest rate is determined using the implied yield for a traded zero-coupon U.S. Treasury bond with a term equal to the option's expected term.

The Company's weighted average assumptions used to estimate the fair value of stock options granted during the fiscal years presented were as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
Expected term (years)	4.2	4.2	4.5
Expected volatility	30.2%	32.9%	44.3%
Expected dividend yield	1.10%	0.98%	1.05%
Risk-free interest rate	1.4%	1.1%	0.6%
Weighted-average option grant date fair value	\$37.91	\$45.83	\$47.89

A summary of stock option activity during Fiscal 2015 is as follows:

	Number of Shares (thousands)	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ^(a) (millions)
Options outstanding at March 29, 2014	3,026	\$ 116.66	4.1	\$ 143
Granted	852	160.01		
Exercised	(533)	98.47		
Cancelled/Forfeited	(120)	165.96		
Options outstanding at March 28, 2015	<u>3,225</u>	\$ 129.28	4.0	\$ 69
Options vested and expected to vest at March 28, 2015 ^(b)	3,159	\$ 128.57	4.0	\$ 69
Options exercisable at March 28, 2015	1,802	\$ 101.89	2.6	\$ 69

^(a) Aggregate intrinsic value is the amount by which the market price of Class A common stock at the end of the period exceeds the exercise price of the stock option, multiplied by the number of options.

^(b) The number of options expected to vest takes into consideration expected forfeitures.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Additional information pertaining to the Company's stock option plans is as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Aggregate intrinsic value of stock options exercised ^(a)	\$ 35	\$ 63	\$ 76
Cash received from the exercise of stock options	52	52	49
Tax benefits realized on exercise of stock options	12	24	29

^(a) Aggregate intrinsic value is the amount by which the market price of Class A common stock exceeded the stock option's exercise price when exercised, multiplied by the number of options.

As of March 28, 2015, there was \$23 million of total unrecognized compensation expense related to nonvested stock options expected to be recognized over a weighted-average period of 1.4 years.

Service-based RSUs and Restricted Stock Awards

The Company grants service-based RSUs to certain of its senior executives, as well as certain of its other employees, and restricted shares of its Class A common stock to its non-employee directors.

Service-based RSUs generally vest over a three-year period, subject to the employee's continuing employment. The fair values of service-based RSUs are based on the fair value of the Company's Class A common stock on the date of grant, adjusted to reflect the absence of dividends for any awards not entitled to accrue dividend equivalents while outstanding.

Restricted shares granted to non-employee directors vest ratably over a three-year period and are accounted for at fair value on the date of grant. Holders of restricted shares are entitled to receive cash dividends in connection with the payments of dividends on the Company's Class A common stock.

A summary of restricted stock and service-based RSU activity during Fiscal 2015 is as follows:

	Restricted Stock		Service- based RSUs	
	Number of Shares	Weighted- Average Grant Date Fair Value	Number of Shares	Weighted- Average Grant Date Fair Value
	(thousands)		(thousands)	
Nonvested at March 29, 2014	5	\$ 159.71	7	\$ 145.88
Granted	3	162.36	44	150.23
Vested	(3)	152.40	(4)	144.88
Nonvested at March 28, 2015	5	\$ 164.73	47	\$ 150.01
		Restricted Stock		Service- based RSUs
Total unrecognized compensation expense at March 28, 2015 (millions)	\$	0.2	\$	4.7
Weighted-average period expected to be recognized over (years)		1.5		1.6

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Additional information pertaining to restricted stock and service-based RSU activity is as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
<i>Restricted Stock:</i>			
Weighted-average grant date fair value of awards granted	\$ 162.36	\$ 164.76	\$ 173.33
Total fair value of awards vested (millions)	\$ 1	\$ 1	\$ 1
<i>Service-based RSUs:</i>			
Weighted-average grant date fair value of awards granted	\$ 150.23	N/A	\$ 150.17
Total fair value of awards vested (millions)	\$ 1	\$ 16	\$ 22

Performance-based RSUs

The Company grants performance-based RSUs to senior executives and other key executives, as well as certain of its other employees. Performance-based RSUs generally vest (i) upon the completion of a three-year period of time (cliff vesting), subject to the employee's continuing employment and the Company's achievement of certain performance goals established at the beginning of the three-year performance period or (ii) ratably, over a three-year period of time (graded vesting), subject to the employee's continuing employment during the applicable vesting period and the achievement by the Company of certain performance goals in the initial year of the three-year vesting period. For performance-based RSUs subject to cliff vesting, the number of shares that may be earned ranges between 0% (if the specified threshold performance level is not attained) and 150% (if performance meets or exceeds the maximum achievement level) of the awards originally granted. If actual performance exceeds the pre-established threshold, the number of shares earned is calculated based on the relative performance between specified levels of achievement.

Certain of the cliff vesting performance-based RSU awards granted by the Company, in addition to being subject to continuing employment requirements and the Company's performance goals noted above, are also subject to a market condition in the form of a total shareholder return ("TSR") modifier. The actual number of shares that vest at the end of the respective three-year period is determined based on the Company's achievement of the three-year performance goals described above, as well as its TSR relative to the S&P 500 over the related three-year performance period. At the end of the three-year performance period, if the performance condition is achieved at or above the pre-established threshold, the number of shares earned is further adjusted by a TSR modifier payout percentage, which ranges between 75% and 125%, based on the Company's TSR performance relative to that of the S&P 500 index over the respective three-year period. Depending on the total level of achievement, the actual number of shares that vest for performance-based RSU awards with a TSR modifier may range from 0% to 187.5% of the awards originally granted.

The fair value of the Company's performance-based RSUs that are not subject to a TSR modifier is based on the fair value of the Company's Class A common stock on the date of grant, adjusted to reflect the absence of dividends for those securities that are not entitled to dividend equivalents. The fair value of the Company's performance-based RSUs with a TSR modifier is determined on the date of grant using a Monte Carlo simulation valuation model. This pricing model uses multiple simulations to evaluate the probability of the Company achieving various stock price levels to determine its expected TSR performance ranking. The weighted-average assumptions used to estimate the fair value of performance-based RSUs with a TSR modifier granted during the fiscal years presented were as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
Expected term (years)	3.0	2.9	3.0
Expected volatility	29.8%	32.6%	34.0%
Expected dividend yield	1.09%	0.98%	1.13%
Risk-free interest rate	0.9%	0.4%	0.3%
Weighted-average grant date fair value	\$169.47	\$169.14	\$136.16

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of performance-based RSUs without TSR Modifier and performance-based RSUs with TSR Modifier activity during Fiscal 2015 is as follows:

	Performance-based RSUs — without TSR Modifier		Performance-based RSUs — with TSR Modifier	
	Number of Shares	Weighted- Average Grant Date Fair Value	Number of Shares	Weighted- Average Grant Date Fair Value
	(thousands)		(thousands)	
Nonvested at March 29, 2014	798	\$ 148.93	145	\$ 153.29
Granted	303	157.10	79	169.47
Change due to performance/market condition achievement	83	133.30	—	—
Vested	(422)	139.78	—	—
Forfeited	(65)	156.72	(10)	166.44
Nonvested at March 28, 2015	697	\$ 155.47	214	\$ 158.65

	Performance-based RSUs — without TSR Modifier	Performance-based RSUs — with TSR Modifier
Total unrecognized compensation expense at March 28, 2015 (millions)	\$ 36	\$ 11
Weighted-average period expected to be recognized over (years)	1.6	1.8

Additional information pertaining to performance-based RSUs without TSR Modifier and performance-based RSUs with TSR Modifier activity is as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
<i>Performance-based RSUs — without TSR Modifier:</i>			
Weighted-average grant date fair value of awards granted	\$ 157.10	\$ 171.93	\$ 137.45
Total fair value of awards vested (millions)	\$ 65	\$ 109	\$ 106
<i>Performance-based RSUs — with TSR Modifier:</i>			
Weighted-average grant date fair value of awards granted	\$ 169.47	\$ 169.14	\$ 136.16
Total fair value of awards vested (millions)	\$ —	\$ —	\$ —

21. Employee Benefit Plans

Profit Sharing Retirement Savings Plans

The Company sponsors defined contribution benefit plans covering substantially all eligible employees in the U.S. and Puerto Rico who are not covered by a collective bargaining agreement. The plans include a savings plan feature under Section 401(k) of the Internal Revenue Code. The Company makes matching contributions to the plans equal to 50% of the first 6% of salary contributed by an eligible employee. Additionally, the Company makes a supplemental matching contribution for plan years in which the Company achieves a "stretch" or a "maximum" performance target based on certain goals established at the beginning of each fiscal year, increasing the matching contribution to 75% or 100%, respectively, of the first 6% of salary contributed by eligible employees, not to exceed the maximum contribution permitted by the plan.

Under the terms of the plans, a participant becomes 100% vested in the Company's matching contributions after five years of credited service. Contributions made by the Company under these plans were approximately \$11 million in Fiscal 2015 and \$10 million in each of Fiscal 2014 and Fiscal 2013.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

International Defined Benefit Plans

The Company sponsors certain single-employer defined benefit plans and cash balance plans at international locations which are not considered to be material individually or in the aggregate to the Company's financial statements. Pension benefits under these plans are based on formulas that reflect the employees' years of service and compensation levels during their employment period. The aggregate funded status of the single-employer defined benefit plans reflected net liabilities of \$8 million and net assets of \$1 million as of March 28, 2015 and March 29, 2014, respectively, and were primarily recorded within other non-current liabilities and other non-current assets, respectively, in the Company's consolidated balance sheets. These single-employer defined benefit plans had aggregate projected benefit obligations of \$60 million and aggregate fair values of plan assets of \$52 million as of March 28, 2015, compared to aggregate projected benefit obligations of \$51 million and aggregate fair values of plan assets of \$52 million as of March 29, 2014. The asset portfolio of the single-employer defined benefit plans primarily consists of fixed income securities, which have been measured at fair value largely using Level 2 inputs, as described in Note 15. Pension expense for these plans, recorded within SG&A expenses in the Company's consolidated statements of income, was \$5 million in each of Fiscal 2015 and Fiscal 2014, and \$4 million in Fiscal 2013.

Union Pension Plan

The Company participates in a multi-employer pension plan and is required to make contributions to the Workers United union (which was previously known as UNITE HERE) (the "Union") for dues based on wages paid to union employees. A portion of these dues is allocated by the Union to a retirement fund which provides defined benefits to substantially all unionized workers. The Company does not participate in the management of the plan and has not been furnished with information with respect to the type of benefits provided, vested and non-vested benefits, or assets.

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

Other Compensation Plans

The Company had a non-qualified supplemental retirement plan for certain highly compensated employees whose benefits under the 401(k) profit sharing retirement savings plans were expected to be constrained by the operation of Internal Revenue Code limitations. These supplemental benefits vested over time and the related compensation expense was recognized over the vesting period. Effective August 2008, the Company amended this plan, resulting in a suspension of the annual contributions for substantially all plan participants. Further, affected participants were provided with a one-time election to either withdraw all benefits vested in the plan in a lump sum amount or remain in the plan and receive future distributions of benefits. As of both March 28, 2015 and March 29, 2014, amounts accrued under this plan totaled approximately \$9 million and were classified within other non-current liabilities in the consolidated balance sheets. Total compensation expense recognized related to these benefits was not material in any of the three fiscal years presented.

Additionally, the Company has available deferred compensation arrangements for certain key executives that are utilized from time to time and generally provide for payments upon retirement, death, or termination of employment. The Company funds a portion of these obligations through the establishment of trust accounts on behalf of the executives participating in the plans. The trust accounts are classified within other non-current assets in the consolidated balance sheets. The amount accrued under these plans was approximately \$20 million as of March 29, 2014, and was classified within other non-current liabilities in the consolidated balance sheets. During Fiscal 2015, these plans were cash settled, inclusive of the cash contributions made during Fiscal 2015 and Fiscal 2014 related to the conversions of certain fully-vested and expensed stock-based compensation awards (see Note 18). Accordingly, there was no remaining amount accrued under these plans as of March 28, 2015. Total compensation expense related to these compensation arrangements was not material in any of the three fiscal years presented.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Segment Information

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

The accounting policies of the Company's segments are consistent with those described in Notes 2 and 3. Sales and transfers between segments are generally recorded at cost and treated as transfers of inventory. All intercompany revenues, including such sales between segments, are eliminated in consolidation and are not reviewed when evaluating segment performance. Each segment's performance is evaluated based upon operating income before restructuring charges and certain other one-time items, such as legal charges, if any. Certain corporate overhead expenses related to global functions, most notably the Company's executive office, information technology, finance and accounting, human resources, and legal departments, remain at corporate. Additionally, other costs that cannot be allocated to the segments based on specific usage are also maintained at corporate, including corporate advertising and marketing expenses, depreciation and amortization of corporate assets, and other general and administrative expenses resulting from corporate-level activities and projects.

Net revenues for each of the Company's reportable segments are as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Net revenues:			
Wholesale	\$ 3,495	\$ 3,486	\$ 3,138
Retail	3,956	3,798	3,625
Licensing	169	166	182
Total net revenues ^(a)	<u>\$ 7,620</u>	<u>\$ 7,450</u>	<u>\$ 6,945</u>

^(a) The Company's sales to its largest wholesale customer, Macy's, accounted for approximately 12% of its total net revenues in each of Fiscal 2015, Fiscal 2014, and Fiscal 2013.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Operating income for each of the Company's reportable segments is as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Operating income:			
Wholesale ^(a)	\$ 943	\$ 963	\$ 903
Retail ^(b)	527	572	615
Licensing ^(c)	152	150	152
	<u>1,622</u>	<u>1,685</u>	<u>1,670</u>
Unallocated corporate expenses	(577)	(553)	(531)
Gain on acquisition of Chaps ^(d)	—	16	—
Unallocated restructuring and other charges ^(e)	(10)	(18)	(12)
Total operating income	<u>\$ 1,035</u>	<u>\$ 1,130</u>	<u>\$ 1,127</u>

- (a) During Fiscal 2014 and Fiscal 2013, the Company recorded non-cash impairment charges of \$1 million and \$2 million, respectively, to write off certain fixed assets related to its European wholesale operations. See Note 11 for additional information.
- (b) During Fiscal 2015, the Company recorded non-cash impairment charges of \$7 million, primarily to write off certain fixed assets related to its domestic and international retail stores. During Fiscal 2013, the Company recorded non-cash impairment charges of \$15 million to write down certain long-lived assets, primarily in connection with the Rugby Closure Plan and certain underperforming stores in Europe. See Notes 11 and 12 for additional information.
- (c) During Fiscal 2013, the Company recorded non-cash impairment charges of \$2 million related to the write-off of certain intangible assets in connection with the Rugby Closure Plan. See Notes 11 and 12 for additional information.
- (d) See Note 5 for a description of the gain on acquisition of Chaps recorded during Fiscal 2014.
- (e) The fiscal years presented included certain unallocated restructuring and other charges (See Note 12), which are detailed below:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Restructuring and other charges:			
Restructuring charges:			
Wholesale-related	\$ (4)	\$ —	\$ (1)
Retail-related	(4)	—	(10)
Corporate operations-related	(2)	(8)	(1)
Unallocated restructuring charges	(10)	(8)	(12)
Other charges ^(a)	—	(10)	—
Total unallocated restructuring and other charges	<u>\$ (10)</u>	<u>\$ (18)</u>	<u>\$ (12)</u>

- (a) See Note 12 for a description of accelerated stock-based compensation expense recorded during Fiscal 2014.

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following tables summarize the Company's depreciation and amortization expense and capital expenditures for each of its reportable segments:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
(millions)			
Depreciation and amortization:			
Wholesale	\$ 66	\$ 66	\$ 67
Retail	154	125	116
Licensing	—	—	2
Unallocated corporate	74	67	48
Total depreciation and amortization	<u>\$ 294</u>	<u>\$ 258</u>	<u>\$ 233</u>

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
(millions)			
Capital expenditures:			
Wholesale	\$ 48	\$ 53	\$ 39
Retail	237	252	158
Licensing	4	1	—
Unallocated corporate	102	84	79
Total capital expenditures	<u>\$ 391</u>	<u>\$ 390</u>	<u>\$ 276</u>

The following table summarizes total assets for each of the Company's reportable segments:

	March 28, 2015	March 29, 2014
(millions)		
Total assets:		
Wholesale	\$ 2,643	\$ 2,663
Retail	2,395	2,334
Licensing	197	198
Corporate	871	893
Total assets	<u>\$ 6,106</u>	<u>\$ 6,088</u>

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Net revenues and long-lived assets by geographic location of the reporting subsidiary are as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Net revenues^(a):			
The Americas ^(b)	\$ 5,077	\$ 4,983	\$ 4,586
Europe ^(c)	1,627	1,580	1,447
Asia ^(d)	916	887	912
Total net revenues	<u>\$ 7,620</u>	<u>\$ 7,450</u>	<u>\$ 6,945</u>

	March 28, 2015	March 29, 2014
		(millions)
Long-lived assets^(a):		
The Americas ^(b)	\$ 1,106	\$ 966
Europe ^(c)	148	172
Asia ^(d)	182	184
Total long-lived assets	<u>\$ 1,436</u>	<u>\$ 1,322</u>

(a) Net revenues and long-lived assets for certain of the Company's licensed operations are included within the geographic location of the reporting subsidiary which holds the respective license.

(b) Includes the U.S., Canada, and Latin America. Net revenues earned in the U.S. were \$4.827 billion, \$4.744 billion, and \$4.388 billion in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively. Long-lived assets located in the U.S. were \$1.069 billion and \$948 million as of March 28, 2015 and March 29, 2014, respectively.

(c) Includes the Middle East.

(d) Includes Australia and New Zealand.

23. Additional Financial Information

Cash Interest and Taxes

Cash paid for interest and income taxes is as follows:

	Fiscal Years Ended		
	March 28, 2015	March 29, 2014	March 30, 2013
	(millions)		
Cash paid for interest	\$ 15	\$ 20	\$ 18
Cash paid for income taxes	<u>\$ 317</u>	<u>\$ 302</u>	<u>\$ 339</u>

RALPH LAUREN CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Non-cash Transactions

Non-cash investing activities included the capitalization of fixed assets and recognition of related obligations in the net amounts of \$62 million, \$45 million, and \$53 million in Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively. In addition, non-cash investing activities in Fiscal 2015 included the capitalization of a fixed asset, for which a \$19 million non-binding advance payment was made during Fiscal 2014 and recorded within prepaid expenses and other current assets as of March 29, 2014. During Fiscal 2014, the Company also recorded an asset as construction in progress and a corresponding capital lease obligation of \$230 million within its consolidated balance sheet as of March 29, 2014 in connection with the lease for the Polo flagship store in New York City, upon taking possession of the property in July 2013 (see Note 17).

Non-cash activities in Fiscal 2014 also included the \$16 million gain recorded in connection with the Chaps Menswear License Acquisition in April 2013 (see Note 5).

Non-cash financing activities included the conversions of 1.0 million, 3.0 million, and 1.0 million shares of Class B common stock into an equal number of shares of Class A common stock during Fiscal 2015, Fiscal 2014, and Fiscal 2013, respectively (see Note 18).

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

24. Subsequent Event (Unaudited)

Global Reorganization Plan

On May 12, 2015, the Company's Board of Directors approved a reorganization and restructuring plan comprised of the following major actions: (i) the reorganization of the Company from its current channel and regional structure to an integrated global brand-based operating structure, which will streamline the Company's business processes to better align its cost structure with its long-term growth strategy; (ii) a strategic store and shop-within-shop performance review conducted by region and brand; (iii) a targeted corporate functional area review; and (iv) the consolidation of certain of the Company's luxury lines (collectively, the "Global Reorganization Plan"). The Global Reorganization Plan will result in a reduction in workforce and, once a performance review is complete, the closure of certain stores and shop-within-shops. The Global Reorganization Plan is expected to be substantially implemented by the end of Fiscal 2016.

In connection with the Global Reorganization Plan, the Company expects to incur total estimated charges of \$70 million to \$100 million, comprised of restructuring charges totaling \$55 million to \$80 million, to be settled in cash, and non-cash charges totaling \$15 million to \$20 million. Restructuring charges will consist primarily of severance and benefit charges and lease termination and store closure costs, and non-cash charges will consist primarily of asset impairment and inventory-related charges. The Company anticipates that these restructuring and non-cash charges will be incurred over the course of Fiscal 2016, primarily during the first half of the year.

MANAGEMENT'S REPORT ON RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Ralph Lauren Corporation is responsible for the preparation, objectivity, and integrity of the consolidated financial statements and other information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States and include some amounts that are based on management's informed judgments and best estimates.

These consolidated financial statements have been audited by Ernst & Young LLP in Fiscal 2015, Fiscal 2014, and Fiscal 2013, which is an independent registered public accounting firm. They conducted their audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and have expressed herein their unqualified opinions on those financial statements.

The Audit Committee of the Board of Directors, which oversees all of the Company's financial reporting process on behalf of the Board of Directors, consists solely of independent directors, meets with the independent registered accountants, internal auditors, and management periodically to review their respective activities and the discharge of their respective responsibilities. Both the independent registered public accountants and the internal auditors have unrestricted access to the Audit Committee, with or without management, to discuss the scope and results of their audits and any recommendations regarding the system of internal controls.

May 15, 2015

/s/ RALPH LAUREN

Ralph Lauren

Chairman and Chief Executive Officer

/s/ ROBERT L. MADORE

Robert L. Madore

*Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)*

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ralph Lauren Corporation

We have audited the accompanying consolidated balance sheets of Ralph Lauren Corporation and subsidiaries (the "Company") as of March 28, 2015 and March 29, 2014, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended March 28, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ralph Lauren Corporation and subsidiaries at March 28, 2015 and March 29, 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 28, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 28, 2015, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 framework") and our report dated May 15, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
May 15, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ralph Lauren Corporation

We have audited Ralph Lauren Corporation and subsidiaries' (the "Company's") internal control over financial reporting as of March 28, 2015, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 framework") (the COSO Criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 28, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of March 28, 2015 and March 29, 2014, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended March 28, 2015 of the Company, and our report dated May 15, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
May 15, 2015

RALPH LAUREN CORPORATION
SELECTED FINANCIAL INFORMATION

The following table sets forth selected historical financial information as of the dates and for the periods indicated.

The consolidated statement of income data for each of the three fiscal years in the period ended March 28, 2015, as well as the consolidated balance sheet data as of March 28, 2015 and March 29, 2014 have been derived from, and should be read in conjunction with, the audited financial statements, footnotes and other financial information presented elsewhere herein. The consolidated statements of income data for the fiscal years ended March 31, 2012 and April 2, 2011 and the consolidated balance sheet data at March 30, 2013, March 31, 2012, and April 2, 2011 have been derived from audited financial statements not included herein. Capitalized terms are as defined and described in the consolidated financial statements or elsewhere herein. The historical results are not necessarily indicative of the results to be expected in any future period.

	Fiscal Years Ended ^(a)				
	March 28, 2015	March 29, 2014 ^(b)	March 30, 2013 ^(c)	March 31, 2012	April 2, 2011 ^(d)
(millions, except per share data)					
Statement of Income Data:					
Net revenues:					
Net sales	\$ 7,451	\$ 7,284	\$ 6,763	\$ 6,679	\$ 5,482
Licensing revenues	169	166	182	181	178
Net revenues	7,620	7,450	6,945	6,860	5,660
Gross profit	4,378	4,310	4,156	3,998	3,318
Depreciation and amortization expense	(294)	(258)	(233)	(225)	(194)
Impairments of assets	(7)	(1)	(19)	(2)	(3)
Restructuring and other charges	(10)	(18)	(12)	(12)	(3)
Operating income	1,035	1,130	1,127	1,039	845
Interest expense, net	(11)	(17)	(16)	(13)	(11)
Net income	\$ 702	\$ 776	\$ 750	\$ 681	\$ 568
Net income per common share:					
Basic	\$ 7.96	\$ 8.55	\$ 8.21	\$ 7.35	\$ 5.91
Diluted	\$ 7.88	\$ 8.43	\$ 8.00	\$ 7.13	\$ 5.75
Weighted average common shares outstanding:					
Basic	88.2	90.7	91.3	92.7	96.0
Diluted	89.1	92.0	93.7	95.5	98.7
Dividends declared per common share	\$ 1.85	\$ 1.70	\$ 1.60	\$ 0.80	\$ 0.50

^(a) All fiscal years presented consisted of 52 weeks.

^(b) Reflects the Chaps Menswear License Acquisition effective in April 2013, which resulted in the recognition of a \$16 million gain on acquisition, as well as the Australia and New Zealand Licensed Operations Acquisition effective in July 2013 (see Note 5 to the accompanying audited consolidated financial statements).

^(c) Reflects the acquisition of the Ralph Lauren-branded business in Latin America effective in June 2012, the discontinuance of the majority of products sold under the American Living brand effective with the Fall 2012 wholesale selling season, and the wind down of the Rugby brand operations during the second half of the fiscal year.

^(d) Reflects the South Korea Licensed Operations Acquisition effective in January 2011.

RALPH LAUREN CORPORATION
SELECTED FINANCIAL INFORMATION (Continued)

	March 28, 2015	March 29, 2014	March 30, 2013	March 31, 2012	April 2, 2011
	(millions)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 500	\$ 797	\$ 974	\$ 672	\$ 453
Investments	652	490	406	616	678
Working capital ^(a)	2,138	2,359	1,842	1,954	1,646
Total assets	6,106	6,088	5,418	5,416	4,980
Total debt (including current maturities of debt)	532	298	267	274	291
Equity	3,891	4,034	3,785	3,653	3,305

^(a) Working capital is calculated as total current assets less total current liabilities (including current maturities of debt).

RALPH LAUREN CORPORATION
QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table sets forth the quarterly financial information of the Company:

	Quarterly Periods Ended ^(a)			
	June 28, 2014	September 27, 2014	December 27, 2014	March 28, 2015
	(millions, except per share data)			
Net revenues	\$ 1,708	\$ 1,994	\$ 2,033	\$ 1,885
Gross profit	1,043	1,132	1,159	1,044
Net income	162	201	215	124
Net income per common share ^(b) :				
Basic	\$ 1.82	\$ 2.27	\$ 2.44	\$ 1.43
Diluted	\$ 1.80	\$ 2.25	\$ 2.41	\$ 1.41
Dividends declared per common share	\$ 0.45	\$ 0.45	\$ 0.45	\$ 0.50

	Quarterly Periods Ended ^(a)			
	June 29, 2013	September 28, 2013	December 28, 2013	March 29, 2014
	(millions, except per share data)			
Net revenues	\$ 1,653	\$ 1,915	\$ 2,015	\$ 1,867
Gross profit	1,004	1,084	1,172	1,050
Net income	181	205	237	153
Net income per common share ^(b) :				
Basic	\$ 1.98	\$ 2.26	\$ 2.61	\$ 1.70
Diluted	\$ 1.94	\$ 2.23	\$ 2.57	\$ 1.68
Dividends declared per common share	\$ 0.40	\$ 0.40	\$ 0.45	\$ 0.45

^(a) All fiscal quarters presented consisted of 13 weeks.

^(b) Per common share amounts for the quarters and full years have been calculated separately. Accordingly, quarterly amounts may not add to the annual amount because of differences in the average number of common shares outstanding during each period.

AMENDMENT NO. 2
to the
AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

AMENDMENT ("Amendment No. 2"), effective as of the 29th day of March 2015, by and between Ralph Lauren Corporation, a Delaware corporation (the "Company"), and Jackwyn Nemerov (the "Executive").

WHEREAS, the Executive is party to an Employment Agreement by and between the Company and the Executive dated November 1, 2013, as amended March 30, 2014 (the "Employment Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Employment Agreement in certain respects;

NOW, THEREFORE, intending to be bound, the parties hereby agree as follows.

1. Section 1.4(c) of the Employment Agreement is amended in its entirety to read as follows, effective as of the date set forth above:

"During the Term, the Executive shall be eligible to participate in the Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan, or any successor thereto (the "Incentive Plan"). All grants to the Executive of stock options, restricted share units, performance share units, and any other form of equity award, if any, are governed by the terms of the Incentive Plan and are subject, in all cases, to approval by the Compensation and Organizational Development Committee of the Board of Directors (the "Compensation Committee") in its sole discretion. In accordance with the Executive's Term Sheet and with the terms of the Incentive Plan, the Executive shall receive, during the Term, annual grants of equity awards that are equivalent to the award amounts specified in the Executive's Term Sheet, subject to Executive's continued employment at the time of each such grant. Such awards shall vest in accordance with the terms of the Incentive Plan."

2. The third paragraph in the "Annual Equity Awards" section of Exhibit 1 to the Employment Agreement is amended to add the following additional sentence, effective as of the date set forth above:

"For all equity awards beginning in Fiscal 2016, the conversion of annual grant value shall be based on the Fair Market Value on the applicable grant date, as approved by the Compensation Committee."

3. Except as amended and/or modified by this Amendment No. 2, the Employment Agreement is hereby ratified and confirmed and all other terms of the Employment Agreement shall remain in full force and effect, unaltered and unchanged by this Amendment No. 2.

IN WITNESS WHEREOF, the Company has caused this Amendment No. 2 to be duly executed and the Executive has hereunto set her hand, effective as of the date first set forth above.

RALPH LAUREN CORPORATION

By: /s/ Ralph Lauren
Ralph Lauren
Title: Chairman and Chief Executive Officer

Date: May 4, 2015

EXECUTIVE

/s/ Jackwyn Nemerov
Jackwyn Nemerov

Date: April 30, 2015

RALPH LAUREN CORPORATION
EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into as of the latest date shown on the signature page hereto and is made effective as of the 7th day of April, 2014 (the "Effective Date"), by and between Ralph Lauren Corporation, a Delaware corporation (the "Corporation"), and Valerie Hermann (the "Executive").

WHEREAS, the Corporation has presented Executive with an offer letter dated January 15, 2014 ("Offer Letter"), which is attached to and incorporated into this Agreement as Exhibit 1;

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

ARTICLE I
EMPLOYMENT

1.1 Employment Term. The Corporation hereby agrees to employ the Executive, and the Executive hereby agrees to serve the Corporation, on the terms and conditions set forth herein and pursuant to the terms of the Offer Letter. The employment of the Executive by the Corporation shall be effective as of the date hereof and continue until the close of business on June 30, 2017 (the "Term"), unless terminated earlier in accordance with Article II hereof. For the avoidance of doubt, the Executive will not perform any duties for or on behalf of the Corporation prior to the Effective Date.

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

1.3 Place of Performance. The Executive shall be employed at the principal offices of the Corporation located in New York, New York, except for required travel on the Corporation's business. This Agreement is contingent upon Executive obtaining the proper work authorization to be lawfully employed in the United States, subject to the provisions in the Offer Letter, and her continuing to maintain such work authorization during the Term.

1.4 Compensation and Related Matters.

(a) Base Compensation. In consideration of her services during the Term, the Corporation shall pay the Executive cash compensation at an annual rate of not less than nine hundred thousand dollars (\$900,000) ("Base Compensation"), less applicable withholdings. Executive's Base Compensation shall be subject to such increases as may be approved by the Board or Management. The Base Compensation shall be payable as current salary, in installments not less frequently than monthly, and at the same rate for any fraction of a month unexpired at the end of the Term.

(b) Bonus. Executive shall receive the Sign-On Bonus referred to in the Offer Letter in the amounts and at the time specified therein. During the Term, the Executive shall have the opportunity to earn an annual bonus in accordance with any annual bonus program the Corporation maintains that would be applicable to the Executive and consistent with the provisions of the Offer Letter.

(c) Stock Awards. Executive shall receive the one-time stock award in the form of Restricted Stock Units referred to in the Offer Letter in the aggregate amount and at the time and with the vesting conditions specified therein. During the Term, the Executive shall be eligible to participate in the Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan (the "Incentive Plan") consistent with the provisions of the Offer Letter. All grants to the Executive of stock options, restricted share units ("RSUs"), and restricted performance share units ("RPSUs"), if any, are governed by the terms of the Incentive Plan and are subject, in all cases, to approval by the Compensation & Organizational Development Committee of the Board of Directors in its sole discretion.

(d) Transportation Allowance. During the Term, the Corporation shall pay Executive a transportation allowance in the amount of one thousand five hundred dollars (\$1,500) per month, payable consistent with the Corporation's normal payroll practices.

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

(f) Vacations. During the Term, the Executive shall be entitled to the number of weeks of vacation set forth in the Offer Letter, to be administered in accordance with the Corporation's vacation program. The Executive shall also be entitled to all paid holidays given by the Corporation to its U.S. employees.

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

presently in effect or made available in the future shall be in lieu of the Base Compensation or any bonus payable under Sections 1.4(a) and 1.4(b) hereof.

ARTICLE II
TERMINATION OF EMPLOYMENT

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

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

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

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

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

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

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

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

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

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

(vi) the Executive's breach of any material employment policy of the Corporation, including, but not limited to, conduct relating to falsification of business records, violation of the Corporation's code of business conduct & ethics, harassment, creation of a hostile work environment,

excessive absenteeism, insubordination, material violation of the Corporation's policy on drug & alcohol use, or violent acts or threats of violence; provided that if the conduct described in this Section 2.1(d)(vi) is curable as determined by the Corporation in its sole discretion, such conduct shall not constitute Cause unless and until such failure by Executive to perform her duties hereunder has not been cured to the satisfaction of the Corporation, in its sole discretion, within fifteen (15) days after notice of such breach has been given by the Corporation to Executive.

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

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

(e) Voluntary Termination. The Executive may voluntarily terminate the Executive's employment with the Corporation at any time, with or without Good Reason. For purposes of this Agreement, "Good Reason" shall mean a termination of employment by the Executive within one hundred and fifty days (150) days following the occurrence of (A) a material diminution in or adverse alteration to Executive's title, base salary, position, or duties, (B) the relocation of the Executive's principal office outside the area which comprises a fifty (50) mile radius from New York City or to a city in which the principal executive offices of the Corporation are not then located, (C) a failure of the Corporation to comply with any material provision of this Agreement, or (D) the Corporation requires Executive to report to anyone other than the Corporation's Chief Executive Officer or the Board, provided that the events described in clauses (A), (B), (C), and (D) above shall not constitute Good Reason (1) until the Executive provides written notice to the Corporation of the existence of such diminution, alteration, relocation, failure, or reporting change within sixty (60) days of its occurrence (or, with respect to subpart (C), Executive becoming aware of such failure, if later) and (2) unless such diminution, alteration, relocation, failure, or reporting change (as applicable) has not been cured within thirty (30) days after written notice of such noncompliance has been given by the Executive to the Corporation.

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

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

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

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

2.3 Effect of Termination of Employment.

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

(i) Severance. Subject to Section 2.3(a)(vi) and Section 4.1(a) hereof, the Corporation shall: (a) beginning with the first payroll period following the 30th day following the date of termination of Executive's employment, continue to pay the Executive, in accordance with the Corporation's normal payroll practice, her Base Compensation, as in effect immediately prior to such termination of employment, for the one-year period commencing on the date of such termination (the "Severance Period"), provided that the initial payment shall include Base Compensation amounts for all payroll periods from the date of termination through the date of such initial payment; and (b) pay to the Executive, on the last business day of the Severance Period, an amount equal to 150% of Executive's Base Compensation, as in effect immediately prior to such termination of employment. Under no circumstances shall the Executive be entitled to any bonus payment for the fiscal year in which her employment is terminated. Notwithstanding the foregoing, in order to receive any severance benefits under this Section 2.3(a)(i), the Executive must sign and not timely revoke a release and waiver of claims against the Corporation, its successors, affiliates, and assigns, in the Corporation's generally applicable form, on or prior to the 30th day following the date of termination of Executive's employment.

(ii) Bonus Awards. The Executive shall receive any unpaid annual bonus pursuant to Section 1.4(b) hereof for any fiscal year of the Corporation ended prior to the effective date of termination, payable on the date such bonus would otherwise have been paid had the termination not occurred.

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

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

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

(vi) Section 409A. Notwithstanding any provision in this Agreement to the contrary, no amounts shall be payable pursuant to Sections 2.3(a), 2.4 or 4.1(a) unless the Executive's termination of employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations. If the Executive is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Internal Revenue Code, as amended, and the rules and regulations issued thereunder (the "Code"), then no payment that is payable under Sections 2.3(a)(i), 2.4 or 4.1(a) hereof (the "Severance Payment") on account of Executive's "separation from service" shall be made before the date that is at least six months after the Executive's "separation from service" (or if earlier, the date of the Executive's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period, if and to the extent that the Severance Payment constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A of the Code and such deferral is required to comply with the requirements of Section 409A of the Code. For the avoidance of doubt, no portion of the Severance Payment, excluding any amount payable pursuant to Section 2.4 to which the preceding sentence applies, shall be delayed for six months after the Executive's "separation from service" if such portion (x) constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations, or (y) (A) it is being paid due to the Corporation's termination of the Executive's employment without Cause or the Executive's termination of employment for Good Reason; (B) it does not exceed two times the lesser of (1) the Executive's annualized compensation from the Corporation for the calendar year prior to the calendar year in which the termination of the Executive's employment occurs, or (2) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Executive's employment terminates; and (C) the payment is required under this Agreement to be paid no later than the last day of the second calendar year following the calendar year in which the Executive incurs a "separation from service." For purposes of Section 409A of the Code, the Executive's right to receive installment payments pursuant to Section 2.3(a), 2.4 or 4.1 shall be treated as a right to receive a series of separate and distinct payments. To the extent that any reimbursement of any expense under Section 1.4(e) or in-kind benefits provided under this Agreement are deemed to constitute taxable compensation to the Executive, such amounts will be reimbursed or provided no later than December 31 of the year following the year in which the expense was incurred. The amount of any such expenses reimbursed or in-kind benefits provided in one year shall not affect the expenses or in-kind benefits eligible for reimbursement or payment in any subsequent year, and the Executive's right to such reimbursement or payment of any such expenses will not be subject to liquidation or exchange for any other benefit. The determination of whether the Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of the Executive's separation from service shall be made by the Corporation in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(b) If the Executive's employment is terminated by reason of the Executive's death or disability, pursuant to Sections 2.1(b) or 2.1(c), the Executive (or the Executive's designee or estate) shall only be entitled to (i) any compensation or other payments pursuant to Section 1.4 hereof due to Executive but unpaid through the date of such termination; and (ii) whatever welfare plans benefits are available to the Executive pursuant to the welfare plans the Executive participated in prior to such termination, and (iii) whatever stock awards may have been provided to the Executive by the Corporation the terms of which shall be governed by the provisions of the Corporation's Incentive Plan and the respective award agreements, if any, under which such stock awards were provided.

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

2.4 Effect of Non-Renewal. If the Corporation elects not to offer to renew this Agreement upon substantially similar material terms (but not including the One-Time Sign-On Awards set forth in the Offer Letter), and if Executive consequently continues to be employed by the Corporation beyond the Term, such employment shall be "at will," and Executive shall be eligible to participate in any compensation, equity, and benefit plans then maintained by the Corporation that would be applicable to Executive. If the Corporation terminates Executive's employment without Cause as defined herein, or if Executive resigns, in either case at any time within the twelve (12) month period following expiration of the Term, Executive will receive a severance payment equal to twelve (12) months of Executive's base compensation, less applicable withholdings, provided Executive executes a release agreement in the Corporation's generally applicable form on or prior to the 30th day following the date of termination of Executive's employment. This amount will be paid in accordance with the Corporation's normal payroll practices, beginning with the first payroll period following the 30th day following the date of termination of Executive's employment, and Executive will not be eligible to receive any other severance amounts from the Corporation.

ARTICLE III COVENANTS OF THE EXECUTIVE

3.1 Non-Compete.

(a) The Corporation and the Executive acknowledge that: (i) the Corporation has a special interest in and derives significant benefit from the unique skills and experience of the Executive; (ii) the Executive will use and have access to proprietary and valuable Confidential Information (as defined in Section 3.2 hereof) during the course of the Executive's employment; and (iii) the agreements and covenants contained herein are essential to protect the business and goodwill of the Corporation or any of its subsidiaries, affiliates or licensees. Accordingly, except as hereinafter noted, or as consented to by the Corporation in writing, the Executive covenants and agrees that during the Term, and for the remainder of such Term following the termination of Executive's employment, the Executive shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Corporation or any of its subsidiaries, affiliates or licensees, and shall include, without limitation, those brands and companies that the Corporation and the Executive have jointly designated in writing on the date hereof, which is incorporated herein by reference and which is attached as Schedule A, as being in competition with the Corporation or any of its subsidiaries, affiliates or licensees as of the date hereof. Thus, Executive specifically

acknowledges that Executive understands that, except as provided in Section 3.1(b) she may not become employed by any Competing Business in any capacity during the Term.

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

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

3.2 Confidential Information.

(a) The Corporation owns and has developed and compiled, and will own, develop and compile, certain proprietary techniques and confidential information as described below which have great value to its business (referred to in this Agreement, collectively, as "Confidential Information"). Confidential Information includes not only information disclosed by the Corporation and/or its affiliates, subsidiaries and licensees to Executive, but also information developed or learned by Executive during the course of, or as a result of, employment hereunder, which information Executive acknowledges is and shall be the sole and exclusive property of the Corporation. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Corporation is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Corporation. Whether or not such information is specifically labeled as Confidential Information by the Corporation is not determinative. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Corporation and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, innovations, discoveries, improvements, research, development, test results, reports, specifications, data, formats, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Notwithstanding the foregoing, Confidential Information shall not in any event include (A) Executive's personal knowledge and know-how relating to merchandising and business techniques not proprietary to or confidentially held by the Corporation which Executive has developed over her career in the apparel business, or (B) information which (i) was generally known or generally available to the public prior to its disclosure to Executive; (ii) becomes generally known or generally available to the public subsequent to disclosure to Executive through no wrongful act of any person or (iii) which Executive is required to disclose by applicable law

or regulation (provided that Executive provides the Corporation with prior notice of the contemplated disclosure and reasonably cooperates with the Corporation at the Corporation's expense in seeking a protective order or other appropriate protection of such information).

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

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

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

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

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

3.5 Remedies.

(a) The Executive acknowledges and agrees that in the event the Corporation reasonably determines that the Executive has breached any provision of this Article III, that such conduct will constitute a failure of the consideration for which stock awards had been previously granted to the

Executive or could be awarded in the future to Executive, and notwithstanding the terms of any stock award agreement, plan document, or other provision of this Agreement to the contrary, the Corporation may in its sole discretion notify the Executive that all unexercised stock options, RPSUs and restricted stock units that Executive has are forfeited. Further, the Executive shall immediately forfeit the right to receive any further grants of or vest any further in any unvested stock options, unvested restricted stock units or unvested RPSUs of the Corporation at the time of such notice and Executive waives any right to assert that any such conduct by the Corporation violates any federal or state statute, case law or policy.

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

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

ARTICLE IV CHANGE IN CONTROL

4.1 Change in Control.

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

(i) Severance. The Corporation shall pay to the Executive, in lieu of any amounts otherwise due to her under Section 2.3(a) hereof, within fifteen (15) days of the Executive's termination of employment, or within the timeframe required by Section 2.3(a)(vi) hereof if applicable, a lump sum amount equal to two (2) times the sum of: (A) the Executive's Base Compensation, as in effect immediately prior to such termination of employment; and (B) the bonus paid to the Executive for the most recently completed fiscal year prior to the fiscal year in which her employment is terminated. Notwithstanding the foregoing, solely to the extent necessary to comply with Section 409A of the Code, a portion of such lump sum payment will not be payable at such time if the duration of the Severance Period that would have otherwise applied under Section 2.3(a)(i) (had a Change in Control not occurred during the twelve-month period prior to such termination of employment) would have extended beyond the end of the second calendar year following the calendar year in which such termination of employment occurs (any such period beyond the end of such second calendar year is the "Extended Severance Payment

Period"). In addition, such other amounts that otherwise would have been payable to the Executive under Section 2.3(a)(i) had a Change in Control not occurred during the twelve (12) month period prior to such termination of employment, and that would have constituted nonqualified deferred compensation subject to Section 409A of the Code, will also not be included as part of such lump sum payment. In such event, an amount equal to the aggregate installment payments that would have been payable during the Extended Severance Payment Period, and the amounts described in the preceding sentence, shall be deducted from the amount otherwise payable in a lump sum in accordance with the first sentence hereof. Such deducted amount shall, instead, be payable at the same time that, and in the same manner as, such payments would have been paid if the Executive's employment had been terminated pursuant to Section 2.3(a) hereof rather than within a twelve-month period following a Change in Control.

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

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

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

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

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

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

(v) the consummation of a reorganization, recapitalization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Corporation

that requires the approval of the Corporation's stockholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (A) more than 50% of the total voting power of (x) the entity resulting from such Business Combination (the "Surviving Company"), or (y) if applicable, the ultimate parent entity that directly or indirectly has beneficial ownership of sufficient voting securities eligible to elect a majority of the members of the board of directors (or the analogous governing body) of the Surviving Company (the "Parent Company"), is represented by the shares of voting stock of the Corporation that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which the shares of voting stock of the Corporation were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power was among the holders of the shares of voting stock of the Corporation that were outstanding immediately prior to the Business Combination, (B) no person (other than any employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company, or one or more Permitted Holders), is or becomes the beneficial owner, directly or indirectly, of 50% or more of the total voting power of the outstanding voting securities eligible to elect members of the board of directors of the Parent Company (or the analogous governing body) (or, if there is no Parent Company, the Surviving Company) and (C) at least a majority of the members of the board of directors (or the analogous governing body) of the Parent Company (or, if there is no Parent Company, the Surviving Company) following the consummation of the Business Combination were Board members at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination; or

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

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

ARTICLE V
MISCELLANEOUS

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

If to the Executive: Valerie Hermann

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

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

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

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

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

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

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

5.7 No Conflict. Executive represents and warrants that she is not party to any agreement, contract, understanding, covenant, judgment or decree or under any obligation, contractual

or otherwise, with any other party that in any way restricts or adversely affects her ability to act for the Corporation in all of the respects contemplated hereby, including but not limited to any obligations to comply with any non-compete or non-solicitation provisions.

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

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

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

5.11 Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Corporation determines that any compensation or benefits payable or provided hereunder may be subject to Section

409A, the Corporation reserves the right (without any obligation to do so or to indemnify the Executive for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Corporation reasonably determines are necessary or appropriate to (a) exempt the compensation and benefits payable under this Agreement from Section 409A and/or preserve the intended tax treatment of the compensation and benefits provided with respect to this Agreement or (b) comply with the requirements of Section 409A.

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

Date: January 16, 2014

Date: January 15, 2014

RALPH LAUREN CORPORATION

/s/ Mitchell Kosh

By: Mitchell Kosh

Title: Senior Vice President - Human
Resources

/s/ Valerie Hermann

VALERIE HERMANN

SCHEDULE A

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

Exhibit 1

January 15, 2014

Valerie Hermann

Dear Valerie:

We would be very pleased to have you join Ralph Lauren Corporation (the "Company"). This letter is a confirmation of our offer to you to join the Company. The details of this offer are outlined below. As you know, this letter constitutes confirmation of an offer of employment only and is not to be construed in any way as an employment contract. Upon acceptance of this offer we will extend to you an Employment Agreement through June 30, 2017, which will become binding upon your execution.

Title: President of Ralph Lauren Luxury Collections

Start Date: April 7, 2014

Reports to: Ralph Lauren, Chief Executive Officer

Base Salary: \$900,000 annually less all applicable taxes and other deductions. You will regularly receive your pay bi-weekly on Fridays.

Executive Incentive Plan: You are eligible to participate in the Executive Officer Annual Incentive Plan (EOAIP) for fiscal 2015, which begins March 30, 2014.

Bonus

- Under the EOAIP, you are eligible for a bonus opportunity with a target of 150% of your fiscal year salary earnings.
- Your total bonus opportunity will be based 50% on Division performance and 50% on total Company performance.
- Calculation can flex up or down by -10% to +10% based on achievement of expense management goals.
- The maximum bonus payable (including strategic goal adjustment) is capped at 300% of your fiscal year salary earnings.

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

Annual Equity Award: You are also eligible to participate in the Company stock award program. Stock awards are subject to ratification by the Compensation and Organizational Development Committee of the Board of Directors ("the Compensation Committee"). In accordance with the terms of the Company Long-Term Stock Incentive Plan, beginning with fiscal 2015, you will be eligible to receive an annual award with a value of at least \$1,000,000. In fiscal 2015, one portion of the award will be granted on or before the last day of the fiscal quarter following your employment start date and the remaining portion of the award will be granted on the same date that annual grants are made to other senior executives, expected in July 2014. Beginning in fiscal 2016, your annual award will be granted on the same date that annual grants are made to other senior executives, normally with a portion of the award in each of April and July but may be earlier or later.

One-Time Sign-On Awards: You will receive a cash sign-on bonus of \$2,000,000 ("Sign-On Bonus") within thirty (30) days following the Start Date. If you terminate your employment other than for "Good Reason" (as defined in the Employment Agreement), or if the Company terminates your employment for "Cause," (as defined in the Employment Agreement), in each case within 12 months of your Start Date, then you shall repay the Sign-On Bonus to the Company within 30 days of the date of termination of your employment. If you do not repay the Sign-On Bonus within this time period, the Company has the right to immediately recover the Sign-On Bonus from you, as well as any attorneys' fees and other costs incurred in recovering the Sign-On Bonus. For the avoidance of doubt, you shall not be required to return the Sign-On Bonus if the Company terminates your employment without Cause (including by reason of your death or disability) or you terminate your employment with Good Reason.

You will receive a one-time stock award with a value of approximately \$2,000,000 to be granted in the form of time-based Restricted Stock Units vesting in three equal installments on the anniversary date of the grant in 2015, 2016 and 2017, subject to continued service to each vesting date, pursuant to the terms of the Plan, and each such vested share shall be settled as soon as practicable but not more than 30 days after the vesting date. The One-Time Stock Award will be granted on or before the last day of the fiscal quarter following your employment start date subject to approval by the Compensation Committee.

For all equity awards, conversion of values will be based on the Company's standard procedure of using the Fair Market Value 10 days before the applicable grant date, as approved by the Compensation Committee.

Vacation: You are eligible for five (5) weeks of vacation annually.

Benefits: You are eligible to participate in the Company's medical, dental, life, short and long-term disability insurance programs beginning on the first day of the pay period following thirty (30) days of service. Information regarding Company benefits will be sent to you under separate cover.

Merchandise Discount: You will receive merchandise discounts applicable to employees of the Company.

Commuter Benefits Program: Commuter participants will be eligible to participate in a tax-free Commuter Benefit Program to pay for transit passes and tickets.

401(k): You are eligible to participate in the 401(k) Retirement Savings Plan upon hire. Following completion of 1,000 hours and one (1) year of service you will become eligible to receive the Company match. Information regarding the Company 401(k) plan will be sent to you under separate cover.

Financial Counseling: You will be eligible for one-on-one financial counseling. You may choose from two organizations designated by the Company to provide this service. The annual fee is paid by the Company but will be treated as imputed income to you.

Fees: Reasonable, documented legal fees which you incur in order to review and consider this offer will be reimbursed up to a maximum amount of \$10,000. In addition, the Company agrees to, promptly upon execution of this letter by you, engage competent counsel and perform all other acts necessary for you to obtain an appropriate visa pursuant to applicable US immigration laws, which shall be solely at the cost of the Company and at no expense to you, except as may be required by law.

Confidentiality:

By signing this letter below, you confirm that you are not subject in any way to any purported non-competition or non-solicitation obligations or other purported restrictions with any other company that restricts or adversely affects your ability to perform services for the Company, other than pursuant to agreements provided to the Company by you prior the date hereof. You further represent and warrant that: (a) the Company has advised you not to disclose any confidential information or trade secrets belonging to your former employers or to any of their affiliated entities; (b) you have not disclosed any such confidential information or trade secrets to anyone at the Company; and (c) you will not disclose any such confidential information or trade secrets to anyone at the Company at any time during your period of employment with the Company.

Announcement:

Except as may be required by law or regulation, no public announcement, press release or general internal announcement to employees announcing your employment or position with the Company shall be made by either the Company or you prior to the Start Date without our mutual written agreement; it being acknowledged and understood that an announcement by the Company to particular Company employees who the Company reasonably believes need or should know about your employment or position with the Company shall be permitted.

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

Best regards,

Mitchell Kosh
Senior Vice President
Human Resources

Agreed to:

/s/ Valerie Hermann
Valerie Hermann

January 15, 2014
Date

AMENDMENT NO. 1
to the
EMPLOYMENT AGREEMENT

AMENDMENT ("Amendment No. 1"), effective as of the 24th day of June 2014, by and between Ralph Lauren Corporation, a Delaware corporation (the "Company"), and Valerie Hermann (the "Executive").

WHEREAS, the Executive is party to an Employment Agreement by and between the Company and the Executive with an effective date of April 7, 2014 (the "Employment Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Employment Agreement in certain respects;

NOW, THEREFORE, intending to be bound, the parties hereby agree as follows.

1. The second bullet under the term "Bonus" in the "Executive Incentive Plan" section of Exhibit 1 to the Employment Agreement is amended in its entirety to read as follows, effective as of the date set forth above: "Your total bonus opportunity will be based 100% on total Company performance."

IN WITNESS WHEREOF, the Company has caused this Amendment No. 1 to be duly executed and the Executive has hereunto set her hand, effective as of the date first set forth above.

RALPH LAUREN CORPORATION

By: /s/ Mitchell Kosh
Mitchell Kosh
Title: Executive Vice President, Human
Resources

Date: June 24, 2014

EXECUTIVE

/s/ Valerie Hermann
Valerie Hermann

Date: August 7, 2014

AMENDMENT NO. 2
to the
EMPLOYMENT AGREEMENT

AMENDMENT ("Amendment No. 2"), effective as of the 29th day of March 2015, by and between Ralph Lauren Corporation, a Delaware corporation (the "Company"), and Valerie Hermann (the "Executive").

WHEREAS, the Executive is party to an Employment Agreement by and between the Company and the Executive with an effective date of April 7, 2014, as amended June 24, 2014 (the "Employment Agreement"); and

WHEREAS, the Company and the Executive wish to amend the Employment Agreement in certain respects;

NOW, THEREFORE, intending to be bound, the parties hereby agree as follows.

1. The third paragraph in the "One-Time Sign-On Awards" section of Exhibit 1 to the Employment Agreement is amended to add the following additional sentence, effective as of the date set forth above: "For all equity awards beginning in Fiscal 2016, the conversion of annual grant value shall be based on the Fair Market Value on the applicable grant date, as approved by the Compensation Committee."
2. Except as amended and/or modified by this Amendment No. 2, the Employment Agreement is hereby ratified and confirmed and all other terms of the Employment Agreement shall remain in full force and effect, unaltered and unchanged by this Amendment No. 2.

IN WITNESS WHEREOF, the Company has caused this Amendment No. 2 to be duly executed and the Executive has hereunto set her hand, effective as of the date first set forth above.

RALPH LAUREN CORPORATION

By: /s/ Mitchell Kosh
Mitchell Kosh
Title: Executive Vice President, Chief
Administrative Officer

Date: April 27, 2015

EXECUTIVE

/s/ Valerie Hermann
Valerie Hermann

Date: April 24, 2015

RALPH LAUREN CORPORATION
PERFORMANCE SHARE UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), is made, effective as of the [Date] (the "Grant Date"), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the "Company"), and [Employee Name] (hereinafter called the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan (the "Plan") which Plan is incorporated herein by reference, made part of this Agreement, and may be reviewed here [website link to Plan]. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance share unit award provided for herein ("Performance Share Unit Award" or "PSU Award") to Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Performance Share Units. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement as well as the Appendices to this Agreement, the Company hereby grants to the Participant a Performance Share Unit Award consisting of [Number of Share Units] Performance Share Units ("PSUs"). The PSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.

2. Vesting.

(a) Except as provided in Section 2(e) of this Agreement, the PSU Award shall vest following a three-year performance period consisting of the Company's fiscal years ____, ____ and ____, and shall be subject to the Participant's employment with the Company on the Vesting Date (as defined below), and the attainment of one or more performance goals established by the Committee, in its sole discretion. With respect to the grant of the PSU Award, Participant shall be eligible to vest in a percentage of PSUs as follows:

<u>Performance Level</u>	<u>% of Goal(s) Achieved</u>	<u>% of PSUs Vested</u>
Threshold	70%	75%
Target	100%	100%
Maximum	110% or more	150%

PSU vesting shall be interpolated for performance between 70% and 110% of target goal(s) and no PSUs shall vest for performance below threshold goal(s). Except as otherwise provided for in this Agreement, not later than ninety (90) days following the last day of the Company's fiscal year ____, the Committee shall certify the level of performance achieved with respect to the above-referenced three-year performance period (the date of such certification being referred to as the "PSU Certification Date"). The PSUs, if any, that vest in accordance with this Section 2(a) shall vest as soon as administratively practicable but no later than thirty (30) days following the PSU Certification Date (the "Vesting Date"), and any PSUs that remain unvested following the Vesting Date shall be immediately forfeited by the Participant without payment of any consideration.

- (b) Once vested, the PSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
- (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, the value of such fractional Shares shall be paid in cash.
- (d) If the Participant's service as an Employee of the Company is terminated for any reason other than due to the Participant's death or Disability, or due to Participant's Retirement (as defined below), the PSUs shall, to the extent not then vested, be forfeited by the Participant without consideration.
- (e) In the event that Participant's employment is terminated by reason of death, Disability or Retirement of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in 1/3 of the PSUs that would have otherwise vested had service continued through the Vesting Date, with such PSUs vesting on that date subject to the achievement of the applicable performance goals. All PSUs that do not vest in accordance with the preceding sentence shall be forfeited and cancelled automatically at the time of the Participant's death, Disability or Retirement. In the event that Participant's employment is terminated by reason of death, Disability or Retirement after the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in all PSUs that would have otherwise vested had service continued

through the Vesting Date, with such PSUs vesting on that date subject to the achievement of the applicable performance goals.

- (f) For purposes of this Agreement, "Retirement" shall mean Participant's termination of employment for any reason (other than for Misconduct as defined in Appendix A to this Agreement) after: (a) Participant has attained age 55 and completed at least seven (7) years of continuous service as an employee of the Company or an Affiliate; or (b) Participant has attained age 65. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that Participant has violated any of the Obligations in Appendix A to this Agreement, the Participant shall not be deemed to be eligible for Retirement and all PSUs that have not been settled shall be forfeited effective as of the date that the violation first occurred.
3. Rights as a Stockholder. Neither the Participant or any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any PSUs unless and until the PSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
4. No Right to Continued Employment. Participant understands and agrees that this Agreement does not impact in any way the right of the Company to terminate or change the terms of the employment of Participant at any time for any reason whatsoever, with or without good cause provided in accordance with applicable local law. Participant understands and agrees that, unless contrary to applicable local law or there is an employment contract in place providing otherwise, his or her employment is "at-will," and that either the Company or Participant may terminate Participant's employment at any time and for any reason subject to applicable local law.
5. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying PSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.
6. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree

to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the PSU Award under this Agreement from Section 409A and/or preserve the intended tax treatment of the PSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding any provision in this Agreement to the contrary, if and to the extent that any amount payable hereunder constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A (and not exempt therefrom), then: (a) to the extent required by Section 409A any references to termination of employment (or similar references) shall be deemed a reference to a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and (b) if Participant is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then no payment that is payable on account of Participant's "separation from service" shall be made before the date that is at least six months after Participant's "separation from service" (or if earlier, the date of Participant's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period. For the avoidance of doubt, no payment shall be delayed for six months after Participant's "separation from service" if it constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations. For purposes of Section 409A, Participant's right to receive payments hereunder shall be treated as a right to receive a series of separate and distinct payments. The determination of whether Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant's separation from service shall be made by the Company in accordance with the terms of Section 409A.

7. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

8. Appendices. Appendix A attached hereto, entitled "Post-Employment Obligations," and Appendix B attached hereto, entitled "Terms and Conditions for Non-U.S. Participants," are fully incorporated into, and form a part of, this Agreement.
9. Withholding. As authorized by Section 14(d) of the Plan, when Shares are distributed after vesting, a portion of the Shares may be withheld to satisfy tax withholding requirements, and the net Shares shall then be delivered.
10. Choice of Law. This Agreement, including its Appendices, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.
11. Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, to comply with securities, exchange control, labor, tax, or other applicable laws, rules or regulations in countries outside of the United States in which the Company and its Subsidiaries operate or have Employees, Consultants, or directors, and/or for the purpose of taking advantage of tax favorable treatment for PSU Awards granted to Participants in such countries, the Committee, in its sole discretion, shall have the power and authority to (i) amend or modify the terms and conditions of any PSU Awards granted to a Participant; (ii) establish, adopt, interpret, or revise any rules and procedures to the extent such actions may be necessary or advisable, including adoption of rules or procedures applicable to particular Subsidiaries or Participants residing in particular locations; and (iii) take any action, before or after an PSU Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules or procedures with provisions that limit or modify rights on eligibility to receive PSU Awards under the Plan or on termination of service, available methods of vesting or settlement of a PSU Award, payment of tax-related items, the shifting of employer tax liability to the Participant, tax withholding procedures, restrictions on the sale of shares of Class A Common Stock of the Company, and the handling of stock certificates or other indicia of ownership. Notwithstanding the foregoing, the Committee may not take actions hereunder, and no PSU Awards shall be granted, that would violate the U.S. Securities Act of 1933, as amended, the Exchange Act, the Code, any securities law or governing statute.

12. Exchange Rates. Neither the Company nor any Subsidiary shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's PSU Award or of any amounts due to the Participant pursuant to the vesting or other settlement of the PSU Award or, if applicable, the subsequent sale of Shares acquired upon vesting.
13. PSU Award Subject to Plan. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee.
14. Conflict with any Employment Contract. If Participant has entered into an authorized, written employment contract with the Company, the terms of that authorized, written employment contract shall prevail over any conflicting provisions in this Agreement.
15. Acknowledgments. By participating in the Plan, the Participant understands and agrees that:
- a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - b) the grant of PSU Awards is voluntary and occasional and does not create any contractual or other right to receive future PSU Awards, or benefits in lieu of these awards, even if PSU Awards have been granted in the past;
 - c) all decisions with respect to future PSU Awards, if any, will be at the sole discretion of the Committee;
 - d) the Participant is subject to the Company's Securities Trading Policy;
 - e) the Participant is voluntarily participating in the Plan;
 - f) any PSU Awards and the Company's Class A Common Stock subject to awards, and the income and value of same, are not part of the Participant's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday

pay, long-service awards, pension or retirement or welfare benefits or similar payments, if any; and

- g) no claim or entitlement to compensation or damages shall arise from the forfeiture of a PSU Award (either in whole or in part) resulting from the Participant's termination of employment or service.

PARTICIPANT MUST EXECUTE THIS AGREEMENT BY NO LATER THAN AUGUST 31, _____,
OR THE PSU AWARD SHALL BE FORFEITED

[ELECTRONIC SIGNATURE BLOCK]

APPENDIX A

POST-EMPLOYMENT OBLIGATIONS

As a recipient of the Company equity award (the "Award") described in the agreement to which this Appendix is attached (the "Agreement"), you have the opportunity to build long-term personal financial value. In exchange for this opportunity, in the event you leave the Company you will be subject to a Confidentiality, a Non-Compete and a Non-Solicitation obligation, as defined below (the "Obligations"), which may restrict your conduct after your employment with the Company ends. If you execute the Agreement, you will receive the Award described in the Agreement and be subject to these Obligations.

Confidentiality

You will at all times during and after your employment with the Company faithfully hold the Company's Confidential Information (as defined below) in the strictest confidence, and you will use your best efforts and highest diligence to guard against its disclosure to anyone other than as required in the performance of your duties in good faith to the Company. You will not use Confidential Information for your personal benefit or for the benefit of any competitor or other person. "Confidential Information" means certain proprietary techniques and confidential information as described below, which have great value to the Company's business and which you acknowledge is and shall be the sole and exclusive property of the Company. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Company and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Upon termination of your employment with the Company, regardless of the reason for such termination, you will return to the Company all documents and other materials of any kind that contain Confidential Information. You understand that nothing in this Appendix A or otherwise in this Agreement shall be construed to prohibit you from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a

charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

Non-Compete

You covenant and agree that during your period of employment, and for a period of six (6) months following the termination of your employment if such termination is voluntarily initiated by you for any reason, or if such termination is initiated by the Company because of your Misconduct, as that term is defined in the Addendum below, you shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Company or any of its subsidiaries, affiliates or licensees. Nothing in this Non-Compete prohibits you from owning, solely as an investment, securities of any entity which are traded on a national securities exchange if you are not a controlling person of, or a member of a group that controls such entity, and you do not, directly or indirectly, own 5% or more of any class of securities of such entity.

Non-Solicit

You covenant and agree that during your period of employment, other than in the course of performing your duties in good faith, and for a period of one (1) year following the termination of your employment for any reason whatsoever hereunder, you shall not directly or indirectly solicit or influence any other employee of the Company, or any of its subsidiaries, affiliates or licensees, to terminate such employee's employment with the Company, or any of its subsidiaries, affiliates or licensees, as the case may be. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

All determinations regarding enforcement, waiver, or modification of any provision of this Agreement shall be made in the Company's sole discretion. Such determinations need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

This Appendix A to the Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Appendix A to the Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the rest of this Appendix A to the Agreement.

The Obligations in this Appendix A to the Agreement are in addition to, and independent of, any other non-compete, non-solicit, confidentiality, or other post-employment obligation you may have with the Company, whether under the Company's employment policies or under applicable

law. Notwithstanding the foregoing, if you have entered into a written, authorized employment agreement with the Company, or with one of its subsidiaries or affiliates, which contains a non-compete provision, than this Appendix A shall not be enforceable against you.

Except as provided in the preceding paragraph, this Appendix A to the Agreement contains the entire agreement between the parties with respect to the subject matter therein and supersedes all prior oral and written agreements between the parties pertaining to such matters. This Agreement cannot be modified except in a writing signed by the Company and you.

The terms of this Appendix A to the Agreement shall be governed by the laws of the State of New York without regards to its principles of conflicts of laws. Recipients of an Award subject to the Agreement are deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of New York, County of New York, to resolve any and all issues that may arise out of or relate to the Agreement, including but not limited to any and all issues that may arise out of this Appendix A to the Agreement.

By executing the Agreement, you acknowledge and agree that in exchange for the Company granting you the equity award described in the Agreement, you will be subject to the Obligations set forth above.

ADDENDUM

The term "Misconduct" shall be defined for purposes of this Appendix A as follows:

- i. an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by you; or
- ii. any action by you causing damage to or misappropriation of Company assets; or
- iii. your wrongful disclosure of Confidential Information of the Company or any of its affiliates; or
- iv. your engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company;
or
- v. your breach of any employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug & alcohol use, or violent acts or threats of violence; or
- vi. the commission of any act by you, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

This Appendix to the Agreement applies to Participants whose primary work location is outside the United States. This Appendix applies to RSUs, PSUs and PRSUs, as the case may be (collectively, the "Awards").

1. **Responsibility of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer or the entity to which Participant otherwise provides services (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of an Award, including, but not limited to, the grant, vesting or settlement of an Award, the subsequent sale of Shares acquired pursuant to such vesting and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of an Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from the proceeds of the sale of Shares acquired at vesting of an Award, as applicable, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization);
- (b) withholding from Participant's wages or other cash compensation paid to Participant by the Company or any Subsidiary or Affiliate; or
- (c) withholding Shares to be issued upon vesting of an Award, as applicable;

provided, however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold in Shares upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is problematic under applicable law or has adverse accounting consequences in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) and (b) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to a vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. **Nature of Grant.** In accepting an Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Awards is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Compensation & Organizational Development Committee of the Board of Directors (the "Committee");
- (d) Participant's participation in the Plan shall not create a right to further employment or service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or service relationship at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) any Awards and the Shares subject to Awards, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) unless otherwise agreed with the Company, the Awards and Shares subject to the Awards, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of a Subsidiary or Affiliate;
- (h) any Awards and the Shares subject to Awards, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;
- (i) an Award grant will not be interpreted to form an employment or service contract or relationship with the Company or any Subsidiary or Affiliate;
- (j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (k) neither the Company, the Employer nor any other Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of an Award or of any proceeds due to Participant pursuant to the vesting of an Award or the sale of Shares;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of an Award resulting from Participant's termination of employment or service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of an Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any Subsidiary or Affiliate, waives his or her ability, if

any, to bring such claim, and releases the Company and any Subsidiary or Affiliate from any such claim; if notwithstanding the foregoing, any such claim is allowed by a competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

- (m) unless otherwise provided in the Plan or by the Committee in its discretion, an Award does not create any entitlement to have the Award or any benefits thereunder transferred to, or assumed by, another company nor exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

3. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

4. **Termination Date.** For purposes of an Award, Participant's employment or service relationship is considered terminated as of the earlier of (a) the date on which Participant ceases to provide active service to the Company or any Subsidiary or Affiliate and (b) the date on which Participant receives a notice of termination (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any) from the Employer. Participant's right to participate in the Plan will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

5. **Retirement.** If the Company receives a legal opinion that there has been a legal judgment and/or legal development in Participant's jurisdiction that likely would result in the favorable treatment that may apply to an Award if Participant terminates employment after attaining age 65 or after attaining any other age (possibly with a certain number of years of service) being deemed unlawful and/or discriminatory, the Company may determine that any such favorable treatment shall not be applicable to Participant.

6. **Data Privacy.** Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in any Award grant materials by and among, as applicable, the Employer, the Company, and its other Subsidiaries or Affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Merrill Lynch or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that Participant may request a list with the names and addresses of any potential recipients of the Data by contacting Participant's local partner or human resources representative. Participant authorizes the Company, the Employer and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local partner or human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or later seeks to revoke Participant's consent, Participant's employment or service status and career with the Employer will not be adversely affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant Awards or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local partner or human resources representative.

7. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on Awards and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

8. **Language.** If Participant received any document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

9. **Insider Trading/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell Shares or rights to Shares (e.g., Awards) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to be informed of and compliant with such regulations, and are advised to speak to Participant's personal advisor on this matter.

10. **Foreign Asset/Account Reporting Requirements and Exchange Controls.** Participant acknowledges that Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside Participant's country. Participant may be required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations, and Participant is advised to consult his or her personal legal advisor for any details.

11. **Governing Law/Venue.** The Awards are governed by, and subject to, United States federal and New York state law (without regard to the conflict of law provisions). For purposes of litigating any dispute that arises from an Award, the parties hereby submit and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York County, or the federal courts for the United States for the Southern District of New York, where the Award is made and/or to be performed, and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum.

12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require Participant to accept an Award by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to accept Awards through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. **Severability.** The provisions of the Agreement (including the Post-Employment Obligations, Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. **Waiver.** The waiver by the Company with respect to compliance of any provision of the Agreement (including the Post-Employment Obligations, Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions) by Participant shall not operate or be construed as a waiver of any other provision of the Agreement (including the Post Employment Obligations, Terms and Conditions for Non-U.S. Participants or Country-Specific Terms and Conditions), or of any subsequent breach by Participant or any other participant.

15. **Country-Specific Terms and Conditions.** Any Awards shall also be subject to the Country-Specific Terms and Conditions for Participant's country, if any, set forth below. Moreover, if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions, the special terms and conditions for such country will apply to Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This document includes additional terms and conditions that govern Awards granted under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfer employment after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

Notifications

This document also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted in this document as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in Awards or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to Participant.

Australia

Notifications

Compliance with Laws. Notwithstanding anything else in the Plan or the Terms and Conditions for Non-U.S. Participants, Participant will not be entitled to and shall not claim any benefits under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (*Cth.*) (the "Act"), any other provision of the Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Employer is under no obligation to seek or obtain the approval of its shareholders in a general meeting for the purpose of overcoming any such limitation or restriction.

Securities Law Information. If Participant acquires Shares pursuant to an Award and offers the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice on disclosure obligations prior to making any such offer.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Participant will be required to file the report.

Canada

Terms and Conditions

Form of Settlement. Notwithstanding any terms and conditions in the Plan or any grant materials, the Awards will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 4 of the Terms and Conditions for Non-U.S. Participants:

For purposes of an Award, Participant's employment or service relationship is considered terminated as of the earlier of (a) the date Participant's employment with the Company or any Subsidiary or Affiliate is terminated; (b) the date on which Participant ceases to provide active service to the Company or any Subsidiary or Affiliate; or (c) the date on which Participant receives a notice of termination from the Employer (in all cases regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any). Participant's rights to participate in the Plan will not be extended by any notice period (*e.g.*, employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, New York Stock Exchange ("NYSE")).

Foreign Asset/Account Reporting Information. Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Foreign property includes Shares acquired under the Plan and may include unvested Awards. The unvested Awards must be reported -- generally at a nil cost -- if the \$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. If due, the Form must be filed by April 30 of the following year. Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

China

The following provisions apply only if Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Awards and Sale of Shares. To comply with exchange control regulations in China, Participant agrees that the Company is authorized to force the sale of Shares to be issued to Participant upon vesting and settlement of the Awards at any time (including immediately upon settlement or after termination of Participant's employment, as described below), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on Participant's behalf pursuant to this authorization without further consent). Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Participant understands and agrees that the Company, in its discretion in the future, may require that any Shares acquired upon settlement of the Awards be immediately sold.

Treatment of Award Upon Termination of Employment or Service. Due to exchange control regulations in China, Participant understands and agrees that any Shares held by Participant under the Plan must be sold within six (6) months following Participant's termination of employment or service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "Mandatory Sale Date"). This includes any portion of Shares that vest upon Participant's termination of employment or service. Participant understands that any Shares held by Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on Participant's behalf pursuant to this authorization without further consent).

If all or a portion of Shares subject to Participant's Awards become distributable at some time following Participant's termination of employment or service, that portion will vest and become distributable immediately upon termination of Participant's employment or service based on the assumption that the target performance criteria are achieved; provided, however, that if Participant is a "covered employee," within the meaning of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, the Awards shall become forfeitable as of the date of termination of Participant's employment. Any Shares acquired by Participant according to this paragraph must be sold by the Mandatory Sale Date, as described above.

Exchange Control Requirements. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiaries or Affiliates, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are

paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining Participant's tax liability). Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Notifications

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, Participant may be subject to reporting obligations for the Awards and any cash proceeds acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

France

Terms and Conditions

Language Acknowledgement. *En acceptant l'attribution (the "Award"), vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution qui vous ont été communiqués en langue anglaise.*

By accepting the Award, Participant confirms having read and understood the documents relating to the Award which were provided to Participant in English.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares outside of France or maintains a foreign bank account (including accounts that were opened and closed during the tax year), Participant is required to report such to the French tax authorities when filing Participant's annual tax return. Further, if Participant has a foreign account balance exceeding €1,000,000, Participant may have additional monthly reporting obligations. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. From September 2013, the German Federal Bank no longer will accept reports in paper form and all reports must be filed electronically. The electronic "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the German Federal Bank's website: www.bundesbank.de.

Hong Kong

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to an Award within six months of the Grant Date, Participant (and Participant's heirs) hereby agrees that such Shares may not be offered to the public or otherwise disposed of prior to the six-month anniversary of the Grant Date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan or any grant materials, the Awards will be settled in Shares only, not cash.

Notifications

Securities Warning. An Award and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to service providers of the Company or its Subsidiaries or Affiliates. The Plan, the Plan prospectus and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for Participant's personal use and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, Participant should obtain independent professional advice.

Occupational Retirement Schemes Ordinance Information. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

India

Terms and Conditions

Notifications

Exchange Control Information. Participant must repatriate all proceeds received from the sale of Shares to India within 90 days of receipt and any cash dividends paid on such Shares within 180 days of receipt. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the foreign currency. Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is Participant's responsibility to comply with applicable exchange control laws in India.

Foreign Account/Asset Reporting Information. Participant is required to declare in his or her annual tax return (a) any foreign assets held by Participant or (b) any foreign bank accounts for which Participant has signing authority. It is Participant's responsibility to comply with this reporting obligation, and Participant is advised to confer with his or her personal tax advisor in this regard.

Italy

Terms and Conditions

Data Privacy Notice. The following provision replaces in its entirety Section 6 of the Terms and Conditions for Non-U.S. Participants:

Pursuant to Section 13 of Legislative decree 196/2003 (the "Privacy Code"), the Company informs Participant of the following in relation to the collection, use and transfer, in electronic or other form, of Participant's personal data by and among, as applicable, the Employer and the Company exclusively for the purpose of implementing, administering, and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number or code, salary, nationality, job title, e-mail address, designated beneficiary, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in Participant's favor ("Data"). Said Data will be processed by the Company exclusively for the purpose of implementing, administering and managing the Plan. For example, Participant understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant is aware that providing the Company with the Data is necessary for the implementation, administration and management of Participant's participation in the Plan and that Participant's refusal to provide such Data would make it impossible for the Company to perform its obligations under the Plan and may affect Participant's ability to participate in the Plan.

According to Art. 3 of the Privacy Code (data minimization principle), the information systems and software are configured by minimizing the use of personal and identification data which are not necessary to meet the purposes for which Data have been collected. Participant is aware that Participant Data shall be accessible within the Company only by the persons who need to access it because of their duties and position in relation to the implementation, management and administration of Participant's participation in the Plan in their capacity as persons specifically charged with data processing operations by the Representative of the Controller as below specified and by the Data Processor, if appointed. The Controller of personal data processing is Carla Reggiani at V.le Aldo Moro, 27 Casalecchio di Reno (Bo), Italy.

Participant understands that Data may be transferred to Merrill Lynch or such other third parties assisting in the implementation, administration and management of the Plan, including Participant's requisite transfer of such Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares acquired pursuant to Participant's participation in the Plan. The Data also may be communicated to other companies of the Company, to professionals, independent consultants and business partners of the Company, and to whomever is the legitimate addressee of communications as provided by applicable laws and regulations. The Data will under no circumstances be further disseminated. Furthermore, these recipients, who may receive, possess, use, retain and transfer such Data as data Controller or Processor, as applicable, for the above mentioned purposes, may be located in any country, or elsewhere, also outside of the European Union and the recipient's country may have different data privacy laws and protections than Participant's country.

The processing activity, including any communication, of the transfer of Data abroad, out of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require Participant's consent thereto as the processing is necessary to the performance of contractual obligations related to the implementation, administration and management of the Plan. Participant understands that Data processing relating to the purposes specified above shall take place under automatised or non-automatised conditions that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific but not limited reference to Annex B to the Privacy Code (Technical Specifications Concerning Minimum Security Measures).

Participant understands that his or her Data will be held only as long as is required by the law or is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that, pursuant to Art. 7 of D.lgd 196/2003, Participant has the right including, but not limited to, at any moment, to access, delete, update, request the rectification of Participant's Data and cease, for legitimate reasons, the data processing. Furthermore, Participant is aware that his or her Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting the Representative of the Controller as above specified.

Plan Document Acknowledgment. Participant acknowledges that her or she has read and specifically and expressly approve the sections of the Plan and the Terms and Conditions for Non-U.S. Participants, as well as the Data Privacy Notice above.

Notifications

Foreign Asset/Account Reporting Information. If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used.

Japan

Notifications

Foreign Asset/Account Reporting Information. If Participant is a resident of Japan or a foreign national who has established permanent residency in Japan, Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether he or she will be required to report details of any outstanding Awards or Shares held by Participant in the report.

Korea

Notifications

Exchange Control Information. Korean residents who realize US\$500,000 or more from the sale of shares of Stock or receipt of dividends in a single transaction are required to repatriate the proceeds to Korea within 18 months of receipt.

Foreign Asset/Account Reporting Information. Participant will be required to declare all foreign accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) in countries that have not entered into an "intergovernmental agreement for automatic exchange of tax information" with Korea to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 1 billion or an equivalent amount in foreign currency). Participant should consult his or her personal tax advisor regarding reporting requirements in Korea, including whether or not there is an applicable intergovernmental agreement between Korea and any other country where Participant may hold Shares or cash acquired in connection with the Plan.

Panama

There are no country-specific provisions.

Singapore

Notifications

Securities Law Information. The grant of Awards is being made in reliance on section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("**SFA**") for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Participant with a view to the Awards being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that the Awards are subject to section 257 of the SFA and Participant will not be able to make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Awards in Singapore, unless such sale or offer is made (a) after six months of the Grant Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Chief Executive Officer and Director Reporting Information. If Participant is the Chief Executive Officer ("**CEO**") or a director, associate director or shadow director of a Singapore Subsidiary or Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary or Affiliate in writing when Participant receives an interest (*e.g.*, Award, Shares) in the Company or any related companies. In addition, Participant must notify the Singapore Subsidiary or Affiliate when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired pursuant to the Awards). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant's interests in the Company or any related company within two business days of becoming the CEO or a director, associate director or shadow director.

Spain

Terms and Conditions

Labor Law Acknowledgment. By accepting an Award, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan document.

Participant understands and agrees that, unless otherwise provided in the Plan or any other Award document, the Awards will be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of Participant's employment or service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "despido improcedente"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees or other service providers of the Company or a Subsidiary or Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Subsidiary or Affiliate on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, Participant understands that the Awards are granted on the assumption and condition that the Awards and the Shares underlying the Awards shall not become a part of any employment or service contract (either with the Company, the Employer or any other Subsidiary or Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the Awards would not be granted to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award shall be null and void.

Notifications

Securities Law Notification. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of an Award. The Plan has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information. If Participant acquires Shares issued pursuant to an Award and wishes to import the ownership title of such Shares (*i.e.*, share certificates) into Spain, Participant must declare the importation of such securities to the Spanish *Dirección General de Política Comercial y de Inversiones Extranjeras* (the "**DGPCIE**"). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds the applicable threshold (currently €1,502,530) (or Participant holds 10% or more of the share capital of the Company or such other amount that would entitle Participant to join the Company's board of directors), the declaration must be filed within one month of the acquisition or sale, as applicable. In addition, Participant also must file a declaration of ownership of foreign securities with the Directorate of Foreign Transactions each January.

When receiving foreign currency payments derived pursuant to the Awards (*e.g.*, proceeds from the sale of Shares), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made if the payment exceeds €50,000. Upon request, Participant will need to provide the institution with the following information: Participant's name, address, and fiscal identification number; the name and corporate domicile of the Company; the amount of the payment; the currency used; the country of origin; the reasons for the payment; and any additional information required.

Foreign Asset/Account Reporting Information. Participant is required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired under the Plan) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. If neither the total balances nor total transactions with non-residents during the relevant period exceed €50,000,000, a summarized form declaration may be used. More frequent reporting is required if such transaction value or account balance exceeds €100,000,000.

In addition, to the extent Participant holds Shares and/or have bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31, Participant will be required to report information on such assets on Participant's tax return for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported Shares or accounts increases by more than €20,000 as of each subsequent December 31.

Sweden

There are no country-specific provisions.

Switzerland

Notifications

Securities Law Information. The Plan is considered a private offering in Switzerland; therefore, it is not subject to registration under Swiss securities laws. Neither this document nor any other materials relating to the Awards constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the Awards may be publicly distributed nor otherwise made publicly available in Switzerland.

Taiwan

Notifications

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries and Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. Participant may remit foreign currency (including proceeds from the sale of shares of Stock) into or out of Taiwan up to US\$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

United Kingdom

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 1 of the Terms and Conditions for Non-U.S. Participants:

Participant agrees that, if Participant does not pay or the Employer or the Company does not withhold from Participant the full amount of income tax that Participant owes in relation to an Award within 90 days after the end of U.K. the tax year in which the taxable event occurs, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), then the amount of income tax that should have been withheld shall constitute a loan owed by Participant to the Employer, effective as of the Due Date. Participant agrees that the loan will bear interest at Her Majesty's Revenue & Customs' ("HMRC") official rate and will be immediately due and repayable by Participant, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is an executive officer or director and the income tax that is due is not collected from or paid by Participant by the Due Date, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions may be payable. Participant is responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from Participant by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

RALPH LAUREN CORPORATION

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (the "Agreement"), is made, effective as of the [Date] (the "Grant Date"), between Ralph Lauren Corporation, a Delaware corporation (hereinafter called the "Company"), and [Employee Name] (hereinafter called the "Participant").

R E C I T A L S:

WHEREAS, the Company has adopted the Ralph Lauren Corporation 2010 Long-Term Stock Incentive Plan (the "Plan") which Plan is incorporated herein by reference, made part of this Agreement, and may be reviewed here [website link to Plan]. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant the performance-based restricted stock unit award provided for herein ("Performance-Based Restricted Stock Unit Award" or "PRSU Award") to Participant pursuant to the Plan and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Grant of the Performance-Based Restricted Stock Units. Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement as well as the Appendices to this Agreement, the Company hereby grants to the Participant a Performance-Based Restricted Stock Unit Award consisting of [Number of Share Units] Performance-Based Restricted Stock Units ("PRSUs"). The PRSUs shall vest and become non-forfeitable in accordance with Section 2 hereof.
2. Vesting.
 - (a) Except as otherwise provided in this Agreement, the PRSU Award shall be eligible to vest as described below following a one-year performance period consisting of the Company's fiscal year ____, and shall be subject to (a) the Participant's continued service as an Employee of the Company through the First Vesting Date, Second Vesting Date, and Third Vesting Date (each as defined below), as applicable, and (b) the attainment of one or more performance goals established by the Committee, in its sole discretion. Subject to these conditions, the PRSUs shall vest and become non-forfeitable with respect to one-third (1/3)

of the PRSUs initially granted hereunder on each of (i) the date that is as soon as administratively practicable but not later than thirty days after the PRSU Certification Date (as defined below) (the "First Vesting Date"), (ii) a date specified by the Company that is on or about the first anniversary of the First Vesting Date (the "Second Vesting Date"), and (iii) a date specified by the Company that is on or about the second anniversary of the First Vesting Date (the "Third Vesting Date"). Not later than ninety (90) days following the last day of the Company's fiscal year _____, the Committee shall certify the level of performance achieved with respect to the above-referenced one-year performance period (the date of such certification being referred to as the "PRSU Certification Date"). With respect to the grant of the PRSU Award, except as otherwise provided for in this Agreement, Participant shall be eligible to vest in 100% of the PRSUs if the aforementioned performance goal(s) are achieved, but no PRSUs shall vest, and they shall all instead be forfeited, if the aforementioned performance goal(s) are not achieved.

- (b) Once vested, the PRSUs shall be paid to Participant in Shares as soon as administratively practicable, but not later than thirty (30) days, after their applicable vesting date.
- (c) Notwithstanding the foregoing, in the event the above vesting schedule results in the vesting of any fractional Shares, such fractional Shares shall not be deemed vested hereunder but shall instead only vest and become non-forfeitable when such fractional Shares aggregate whole Shares.
- (d) If the Participant's service as an Employee of the Company is terminated for any reason other than due to the Participant's death or Disability, or due to Participant's Retirement (as defined below), the PRSUs shall, to the extent not then vested, be forfeited by the Participant without consideration.
- (e) In the event that Participant's employment is terminated by reason of death, Disability or Retirement of the Participant within the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in the PRSUs that would have otherwise vested had service continued through the First Vesting Date, with such PRSUs vesting on that date subject to the achievement of the performance goals. All PRSUs that do not vest in accordance with the preceding sentence shall be forfeited and cancelled automatically at the time of the Participant's death, Disability or Retirement. In the event that Participant's employment is terminated by reason of death, Disability or Retirement after the first year following the Grant Date of this Agreement, Participant shall be entitled to vest in all remaining unvested PRSUs on the same dates they would have

vested had Participant's employment continued through such dates subject to the achievement of the applicable performance goals.

- (f) For purposes of this Agreement, "Retirement" shall mean Participant's termination of employment for any reason (other than for Misconduct as defined in Appendix A to this Agreement) after: (a) Participant has attained age 55 and completed at least seven (7) years of continuous service as an employee of the Company or an Affiliate; or (b) Participant has attained age 65. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that Participant has violated any of the Obligations in Appendix A to this Agreement, the Participant shall not be deemed to be eligible for Retirement and all PRSUs that have not been settled shall be forfeited effective as of the date that the violation first occurred.
3. Rights as a Stockholder. Neither the Participant or any person claiming under or through the Participant will have any of the rights or privileges of a stockholder of the Company in respect of any PRSUs unless and until the PRSUs have vested and been issued as Shares in accordance with the Plan, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant. After such vesting, issuance, recordation, and delivery, the Participant will have all the rights of a stockholder of the Company with respect to voting such Shares and receipt of dividends and distributions on such Shares.
4. No Right to Continued Employment. Participant understands and agrees that this Agreement does not impact in any way the right of the Company to terminate or change the terms of the employment of Participant at any time for any reason whatsoever, with or without good cause provided in accordance with applicable local law. Participant understands and agrees that, unless contrary to applicable local law or there is an employment contract in place providing otherwise, his or her employment is "at-will," and that either the Company or Participant may terminate Participant's employment at any time and for any reason subject to applicable local law.
5. No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or his or her acquisition or sale of the underlying RSUs. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.
6. Compliance with Section 409A. The parties acknowledge and agree that, to the extent applicable, this Agreement shall be interpreted in accordance with, and the parties agree

to use their best efforts to achieve timely compliance with, Section 409A of the Code and the Department of Treasury Regulations and other interpretive guidance issued thereunder ("Section 409A"), including without limitation any such regulations or other guidance that may be issued after the Grant Date. Notwithstanding any provision of this Agreement to the contrary, in the event that the Company determines that anything provided hereunder may be subject to Section 409A, the Company reserves the right (without any obligation to do so or to indemnify the Participant for failure to do so) to adopt such limited amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Company reasonably determines are necessary or appropriate to (a) exempt the PRSU Award under this Agreement from Section 409A and/or preserve the intended tax treatment of the PRSU Award provided with respect to this Agreement or (b) comply with the requirements of Section 409A. Notwithstanding any provision in this Agreement to the contrary, if and to the extent that any amount payable hereunder constitutes deferred compensation (or may be nonqualified deferred compensation) under Section 409A and such deferral is required to comply with the requirements of Section 409A (and not exempt therefrom), then: (a) to the extent required by Section 409A any references to termination of employment (or similar references) shall be deemed a reference to a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; and (b) if Participant is determined to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, then no payment that is payable on account of Participant's "separation from service" shall be made before the date that is at least six months after Participant's "separation from service" (or if earlier, the date of Participant's death), but rather all such payments shall be made on the date that is five business days after the expiration of that six month period. For the avoidance of doubt, no payment shall be delayed for six months after Participant's "separation from service" if it constitutes a "short term deferral" within the meaning of Section 1.409A-1(a)(4) of the Department of Treasury Regulations. For purposes of Section 409A, Participant's right to receive payments hereunder shall be treated as a right to receive a series of separate and distinct payments. The determination of whether Participant is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of Participant's separation from service shall be made by the Company in accordance with the terms of Section 409A.

7. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the records of the Company with respect to such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

8. Appendices. Appendix A attached hereto, entitled "Post-Employment Obligations," and Appendix B attached hereto, entitled "Terms and Conditions for Non-U.S. Participants," are fully incorporated into, and form a part of, this Agreement.
9. Withholding. As authorized by Section 14(d) of the Plan, when Shares are distributed after vesting, a portion of the Shares may be withheld to satisfy tax withholding requirements, and the net Shares shall then be delivered.
10. Choice of Law. This Agreement, including its Appendices, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to principles of conflict of laws. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by this grant or the Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York and agree that such litigation shall be conducted only in the courts of New York County, New York, or the federal courts of the United States for the Southern District of New York, and no other courts.
11. Non-U.S. Participants. Notwithstanding any provision of the Plan to the contrary, to comply with securities, exchange control, labor, tax, or other applicable laws, rules or regulations in countries outside of the United States in which the Company and its Subsidiaries operate or have Employees, Consultants, or directors, and/or for the purpose of taking advantage of tax favorable treatment for PRSU Awards granted to Participants in such countries, the Committee, in its sole discretion, shall have the power and authority to (i) amend or modify the terms and conditions of any PRSU Awards granted to a Participant; (ii) establish, adopt, interpret, or revise any rules and procedures to the extent such actions may be necessary or advisable, including adoption of rules or procedures applicable to particular Subsidiaries or Participants residing in particular locations; and (iii) take any action, before or after a PRSU Award is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules or procedures with provisions that limit or modify rights on eligibility to receive PRSU Awards under the Plan or on termination of service, available methods of vesting or settlement of a PRSU Award, payment of tax-related items, the shifting of employer tax liability to the Participant, tax withholding procedures, restrictions on the sale of shares of Class A Common Stock of the Company, and the handling of stock certificates or other indicia of ownership. Notwithstanding the foregoing, the Committee may not take actions hereunder, and no PRSU Awards shall be granted, that would violate the U.S. Securities Act of 1933, as amended, the Exchange Act, the Code, any securities law or governing statute.

12. Exchange Rates. Neither the Company nor any Subsidiary shall be liable to a Participant for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. Dollar that may affect the value of the Participant's PRSU Award or of any amounts due to the Participant pursuant to the vesting or other settlement of the PRSU Award or, if applicable, the subsequent sale of Shares acquired upon vesting.
13. PRSU Award Subject to Plan. By accepting this Agreement and the Award evidenced hereby, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan, that the Plan forms a part of this Agreement, and that if there is a conflict between this Agreement and either the Plan or the provision under which the Plan is administered and governed by the Committee, the Plan and/or the determination of the Committee will govern, as applicable. This Agreement is qualified in its entirety based on the determinations, interpretations and other decisions made within the sole discretion of the Committee.
14. Conflict with any Employment Contract. If Participant has entered into an authorized, written employment contract with the Company, the terms of that authorized, written employment contract shall prevail over any conflicting provisions in this Agreement.
15. Acknowledgments. By participating in the Plan, the Participant understands and agrees that:
- a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
 - b) the grant of PRSU Awards is voluntary and occasional and does not create any contractual or other right to receive future PRSU Awards, or benefits in lieu of these awards, even if PRSU Awards have been granted in the past;
 - c) all decisions with respect to future PRSU Awards, if any, will be at the sole discretion of the Committee;
 - d) the Participant is subject to the Company's Securities Trading Policy;
 - e) the Participant is voluntarily participating in the Plan;
 - f) any PRSU Awards and the Company's Class A Common Stock subject to awards, and the income and value of same, are not part of the Participant's normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday

pay, long-service awards, pension or retirement or welfare benefits or similar payments, if any; and

- g) no claim or entitlement to compensation or damages shall arise from the forfeiture of a PRSU Award (either in whole or in part) resulting from the Participant's termination of employment or service.

PARTICIPANT MUST EXECUTE THIS AGREEMENT BY NO LATER THAN AUGUST 31, _____,
OR THE PRSU AWARD SHALL BE FORFEITED.

[ELECTRONIC SIGNATURE BLOCK]

APPENDIX A

POST-EMPLOYMENT OBLIGATIONS

As a recipient of the Company equity award (the "Award") described in the agreement to which this Appendix is attached (the "Agreement"), you have the opportunity to build long-term personal financial value. In exchange for this opportunity, in the event you leave the Company you will be subject to a Confidentiality, a Non-Compete and a Non-Solicitation obligation, as defined below (the "Obligations"), which may restrict your conduct after your employment with the Company ends. If you execute the Agreement, you will receive the Award described in the Agreement and be subject to these Obligations.

Confidentiality

You will at all times during and after your employment with the Company faithfully hold the Company's Confidential Information (as defined below) in the strictest confidence, and you will use your best efforts and highest diligence to guard against its disclosure to anyone other than as required in the performance of your duties in good faith to the Company. You will not use Confidential Information for your personal benefit or for the benefit of any competitor or other person. "Confidential Information" means certain proprietary techniques and confidential information as described below, which have great value to the Company's business and which you acknowledge is and shall be the sole and exclusive property of the Company. Confidential Information includes all proprietary information that has or could have commercial value or other utility in the business in which the Company is engaged or contemplates engaging, and all proprietary information the unauthorized disclosure of which could be detrimental to the interests of the Company. By way of example and without limitation, Confidential Information includes any and all information developed, obtained or owned by the Company and/or its subsidiaries, affiliates or licensees concerning trade secrets, techniques, know-how (including designs, plans, procedures, processes and research records), software, computer programs, marketing data and plans, business plans, strategies, forecasts, unpublished financial information, orders, agreements and other forms of documents, price and cost information, merchandising opportunities, expansion plans, designs, store plans, budgets, projections, customer, supplier and subcontractor identities, characteristics and agreements, and salary, staffing and employment information. Upon termination of your employment with the Company, regardless of the reason for such termination, you will return to the Company all documents and other materials of any kind that contain Confidential Information. You understand that nothing in this Appendix A or otherwise in this Agreement shall be construed to prohibit you from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a

charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body.

Non-Compete

You covenant and agree that during your period of employment, and for a period of six (6) months following the termination of your employment if such termination is voluntarily initiated by you for any reason, or if such termination is initiated by the Company because of your Misconduct, as that term is defined in the Addendum below, you shall not provide any labor, work, services or assistance (whether as an officer, director, employee, partner, agent, owner, independent contractor, consultant, stockholder or otherwise) to a "Competing Business." For purposes hereof, "Competing Business" shall mean any business engaged in the designing, marketing or distribution of premium lifestyle products, including but not limited to apparel, home, accessories and fragrance products, which competes in any material respects with the Company or any of its subsidiaries, affiliates or licensees. Nothing in this Non-Compete prohibits you from owning, solely as an investment, securities of any entity which are traded on a national securities exchange if you are not a controlling person of, or a member of a group that controls such entity, and you do not, directly or indirectly, own 5% or more of any class of securities of such entity.

Non-Solicit

You covenant and agree that during your period of employment, other than in the course of performing your duties in good faith, and for a period of one (1) year following the termination of your employment for any reason whatsoever hereunder, you shall not directly or indirectly solicit or influence any other employee of the Company, or any of its subsidiaries, affiliates or licensees, to terminate such employee's employment with the Company, or any of its subsidiaries, affiliates or licensees, as the case may be. As used herein, "solicit" shall include, without limitation, requesting, encouraging, enticing, assisting, or causing, directly or indirectly.

All determinations regarding enforcement, waiver, or modification of any provision of this Agreement shall be made in the Company's sole discretion. Such determinations need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

This Appendix A to the Agreement shall be enforceable to the fullest extent allowed by law. In the event that a court holds any provision of this Appendix A to the Agreement to be invalid or unenforceable, then, if allowed by law, that provision shall be reduced, modified or otherwise conformed to the relevant law, judgment or determination to the degree necessary to render it valid and enforceable without affecting the rest of this Appendix A to the Agreement.

The Obligations in this Appendix A to the Agreement are in addition to, and independent of, any other non-compete, non-solicit, confidentiality, or other post-employment obligation you may have with the Company, whether under the Company's employment policies or under applicable

law. Notwithstanding the foregoing, if you have entered into a written, authorized employment agreement with the Company, or with one of its subsidiaries or affiliates, which contains a non-compete provision, than this Appendix A shall not be enforceable against you.

Except as provided in the preceding paragraph, this Appendix A to the Agreement contains the entire agreement between the parties with respect to the subject matter therein and supersedes all prior oral and written agreements between the parties pertaining to such matters. This Agreement cannot be modified except in a writing signed by the Company and you.

The terms of this Appendix A to the Agreement shall be governed by the laws of the State of New York without regards to its principles of conflicts of laws. Recipients of an Award subject to the Agreement are deemed to submit to the exclusive jurisdiction and venue of the federal and state courts of New York, County of New York, to resolve any and all issues that may arise out of or relate to the Agreement, including but not limited to any and all issues that may arise out of this Appendix A to the Agreement.

By executing the Agreement, you acknowledge and agree that in exchange for the Company granting you the equity award described in the Agreement, you will be subject to the Obligations set forth above.

ADDENDUM

The term "Misconduct" shall be defined for purposes of this Appendix A as follows:

- i. an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by you; or
- ii. any action by you causing damage to or misappropriation of Company assets; or
- iii. your wrongful disclosure of Confidential Information of the Company or any of its affiliates; or
- iv. your engagement in any competitive activity which would constitute a breach of your duty of loyalty to the Company; or
- v. your breach of any employment policy of the Company, including, but not limited to, conduct relating to falsification of business records, violation of the Company's code of business conduct & ethics, harassment, creation of a hostile work environment, excessive absenteeism, insubordination, violation of the Company's policy on drug & alcohol use, or violent acts or threats of violence; or
- vi. the commission of any act by you, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company's reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

APPENDIX B

TERMS AND CONDITIONS FOR NON-U.S. PARTICIPANTS

This Appendix to the Agreement applies to Participants whose primary work location is outside the United States. This Appendix applies to RSUs, PSUs and PRSUs, as the case may be (collectively, the "Awards").

1. **Responsibility of Taxes.** Participant acknowledges that, regardless of any action taken by the Company or, if different, Participant's employer or the entity to which Participant otherwise provides services (the "Employer"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. Participant further acknowledges that the Company and/or the Employer (a) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of an Award, including, but not limited to, the grant, vesting or settlement of an Award, the subsequent sale of Shares acquired pursuant to such vesting and the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the grant or any aspect of an Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from the proceeds of the sale of Shares acquired at vesting of an Award, as applicable, either through a voluntary sale or through a mandatory sale arranged by the Company (on Participant's behalf pursuant to this authorization);

(b) withholding from Participant's wages or other cash compensation paid to Participant by the Company or any Subsidiary or Affiliate; or

(c) withholding Shares to be issued upon vesting of an Award, as applicable;

provided, however, that if Participant is a Section 16 officer of the Company under the Exchange Act, then the Company will withhold in Shares upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is problematic under applicable law or has adverse accounting consequences in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (a) and (b) above.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Share equivalent. If the obligation for Tax-Related Items is satisfied by withholding Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to a vested Award, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items.

Finally, Participant agrees to pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares, or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

2. **Nature of Grant.** In accepting an Award, Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Awards is voluntary and occasional and does not create any contractual or other right to receive future Awards, or benefits in lieu of Awards, even if Awards have been granted in the past;
- (c) all decisions with respect to future Awards, if any, will be at the sole discretion of the Compensation & Organizational Development Committee of the Board of Directors (the "Committee");
- (d) Participant's participation in the Plan shall not create a right to further employment or service with the Employer and shall not interfere with the ability of the Employer to terminate Participant's employment or service relationship at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) any Awards and the Shares subject to Awards, and the income and value of same, are not intended to replace any pension rights or compensation;
- (g) unless otherwise agreed with the Company, the Awards and Shares subject to the Awards, and the income and value of same, are not granted as consideration for, or in connection with, any service Participant may provide as a director of a Subsidiary or Affiliate;
- (h) any Awards and the Shares subject to Awards, and the income and value of same, are not part of normal or expected compensation or salary for any purpose, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement benefits or similar payments;
- (i) an Award grant will not be interpreted to form an employment or service contract or relationship with the Company or any Subsidiary or Affiliate;
- (j) the future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (k) neither the Company, the Employer nor any other Subsidiary or Affiliate shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of an Award or of any proceeds due to Participant pursuant to the vesting of an Award or the sale of Shares;
- (l) no claim or entitlement to compensation or damages shall arise from forfeiture of an Award resulting from Participant's termination of employment or service (for any reason whatsoever and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service agreement, if any), and in consideration of the grant of an Award to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any Subsidiary or Affiliate, waives his or her

ability, if any, to bring such claim, and releases the Company and any Subsidiary or Affiliate from any such claim; if notwithstanding the foregoing, any such claim is allowed by a competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim; and

- (m) unless otherwise provided in the Plan or by the Committee in its discretion, an Award does not create any entitlement to have the Award or any benefits thereunder transferred to, or assumed by, another company nor exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares.

3. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

4. **Termination Date.** For purposes of an Award, Participant's employment or service relationship is considered terminated as of the earlier of (a) the date on which Participant ceases to provide active service to the Company or any Subsidiary or Affiliate and (b) the date on which Participant receives a notice of termination (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any) from the Employer. Participant's right to participate in the Plan will not be extended by any notice period (e.g., employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

5. **Retirement.** If the Company receives a legal opinion that there has been a legal judgment and/or legal development in Participant's jurisdiction that likely would result in the favorable treatment that may apply to an Award if Participant terminates employment after attaining age 65 or after attaining any other age (possibly with a certain number of years of service) being deemed unlawful and/or discriminatory, the Company may determine that any such favorable treatment shall not be applicable to Participant.

6. **Data Privacy.** Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in any Award grant materials by and among, as applicable, the Employer, the Company, and its other Subsidiaries or Affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number (e.g., resident registration number), salary, nationality, job title, any Shares or directorships held in the Company, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to Merrill Lynch or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that Participant may request a list with the names and addresses of any potential recipients of the Data by contacting Participant's local partner or human resources representative. Participant authorizes the Company, the Employer and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing Participant's participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing Participant's local partner or human resources representative. Further, Participant understands that Participant is providing the consents herein on a purely voluntary basis. If Participant does not consent, or later seeks to revoke Participant's consent, Participant's employment or service status and career with the Employer will not be adversely affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant Awards or other equity awards to Participant or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing Participant's consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that Participant may contact Participant's local partner or human resources representative.

7. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on Participant's participation in the Plan, on Awards and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

8. **Language.** If Participant received any document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

9. **Insider Trading/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell Shares or rights to Shares (e.g., Awards) under the Plan during such times as Participant is considered to have "inside information" regarding the Company (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. Participant acknowledges that it is Participant's responsibility to be informed of and compliant with such regulations, and are advised to speak to Participant's personal advisor on this matter.

10. **Foreign Asset/Account Reporting Requirements and Exchange Controls.** Participant acknowledges that Participant's country may have certain foreign asset and/or foreign account reporting requirements and exchange controls which may affect Participant's ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside Participant's country. Participant may be

required to report such accounts, assets or transactions to the tax or other authorities in Participant's country. Participant also may be required to repatriate sale proceeds or other funds received as a result of Participant's participation in the Plan to Participant's country through a designated bank or broker within a certain time after receipt. Participant acknowledges that it is Participant's responsibility to be compliant with such regulations, and Participant is advised to consult his or her personal legal advisor for any details.

11. **Governing Law/Venue.** The Awards are governed by, and subject to, United States federal and New York state law (without regard to the conflict of law provisions). For purposes of litigating any dispute that arises from an Award, the parties hereby submit and consent to the jurisdiction of the State of New York, agree that such litigation shall be conducted in the courts of New York County, or the federal courts for the United States for the Southern District of New York, where the Award is made and/or to be performed, and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum.

12. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means and/or require Participant to accept an Award by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to accept Awards through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. **Severability.** The provisions of the Agreement (including the Post-Employment Obligations, Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions), are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

14. **Waiver.** The waiver by the Company with respect to compliance of any provision of the Agreement (including the Post-Employment Obligations, Terms and Conditions for Non-U.S. Participants and the Country-Specific Terms and Conditions) by Participant shall not operate or be construed as a waiver of any other provision of the Agreement (including the Post Employment Obligations, Terms and Conditions for Non-U.S. Participants or Country-Specific Terms and Conditions), or of any subsequent breach by Participant or any other participant.

15. **Country-Specific Terms and Conditions.** Any Awards shall also be subject to the Country-Specific Terms and Conditions for Participant's country, if any, set forth below. Moreover, if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions, the special terms and conditions for such country will apply to Participant, to the extent that the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons.

COUNTRY-SPECIFIC TERMS AND CONDITIONS

Terms and Conditions

This document includes additional terms and conditions that govern Awards granted under the Plan if Participant works and/or resides in one of the countries listed below. If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfer employment after the Grant Date or is considered a resident of another country for local law purposes, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall apply to Participant.

Notifications

This document also includes information regarding exchange controls and certain other issues of which Participant should be aware with respect to Participant's participation in the Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of March 2015. Such laws are often complex and change frequently. As a result, the Company strongly recommends that Participant not rely on the information noted in this document as the only source of information relating to the consequences of Participant's participation in the Plan because the information may be out of date by the time Participant vests in Awards or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to Participant's particular situation, and the Company is not in a position to assure Participant of a particular result. Accordingly, Participant is advised to seek appropriate professional advice as to how the relevant laws in Participant's country may apply to his or her situation.

If Participant is a citizen or resident of a country other than the one in which Participant currently is residing and/or working, transfers employment after the Grant Date or is considered a resident of another country for local law purposes, the notifications contained herein may not apply to Participant.

Australia

Notifications

Compliance with Laws. Notwithstanding anything else in the Plan or the Terms and Conditions for Non-U.S. Participants, Participant will not be entitled to and shall not claim any benefits under the Plan if the provision of such benefit would give rise to a breach of Part 2D.2 of the Corporations Act 2001 (*Cth.*) (the "Act"), any other provision of the Act, or any other applicable statute, rule or regulation which limits or restricts the giving of such benefits. Further, the Employer is under no obligation to seek or obtain the approval of its shareholders in a general meeting for the purpose of overcoming any such limitation or restriction.

Securities Law Information. If Participant acquires Shares pursuant to an Award and offers the Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice on disclosure obligations prior to making any such offer.

Exchange Control Information. Exchange control reporting is required for cash transactions exceeding A\$10,000 and international fund transfers. The Australian bank assisting with the transaction will file the report. If there is no Australian bank involved in the transfer, Participant will be required to file the report.

Canada

Terms and Conditions

Form of Settlement. Notwithstanding any terms and conditions in the Plan or any grant materials, the Awards will be settled in Shares only, not cash.

Termination of Service. This provision replaces Section 4 of the Terms and Conditions for Non-U.S. Participants:

For purposes of an Award, Participant's employment or service relationship is considered terminated as of the earlier of (a) the date Participant's employment with the Company or any Subsidiary or Affiliate is terminated; (b) the date on which Participant ceases to provide active service to the Company or any Subsidiary or Affiliate; or (c) the date on which Participant receives a notice of termination from the Employer (in all cases regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or rendering services or the terms of Participant's employment or service contract, if any). Participant's rights to participate in the Plan will not be extended by any notice period (*e.g.*, employment would not include any contractual notice or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any). The Committee shall have the exclusive discretion to determine when Participant is no longer actively providing services for purposes of an Award (including whether Participant may still be considered to be providing services while on a leave of absence).

Notifications

Securities Law Information. Participant is permitted to sell Shares acquired under the Plan through the designated broker, if any, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Shares are listed (*i.e.*, New York Stock Exchange ("NYSE")).

Foreign Asset/Account Reporting Information. Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of the foreign property exceeds C\$100,000 at any time during the year. Foreign property includes Shares acquired under the Plan and may include unvested Awards. The unvested Awards must be reported -- generally at a nil cost -- if the \$100,000 cost threshold is exceeded because of other foreign property Participant holds. If Shares are acquired, their cost generally is the adjusted cost base ("ACB") of the Shares. The ACB would normally equal the Fair Market Value of the Shares at vesting, but if Participant owns other shares, this ACB may have to be averaged with the ACB of the other shares. If due, the Form must be filed by April 30 of the following year. Participant should speak with a personal tax advisor to determine the scope of foreign property that must be considered for purposes of this requirement.

China

The following provisions apply only if Participant is subject to exchange control restrictions or regulations in China, as determined by the Company in its sole discretion.

Terms and Conditions

Settlement of Awards and Sale of Shares. To comply with exchange control regulations in China, Participant agrees that the Company is authorized to force the sale of Shares to be issued to Participant upon vesting and settlement of the Awards at any time (including immediately upon settlement or after termination of Participant's employment, as described below), and Participant expressly authorizes the Company's designated broker to complete the sale of such Shares (on Participant's behalf pursuant to this authorization without further consent). Participant agrees to sign any agreements, forms and/or consents that may be reasonably requested by the Company (or the designated broker) to effectuate the sale of the Shares and shall otherwise cooperate with the Company with respect to such matters, provided that Participant shall not be permitted to exercise any influence over how, when or whether the sales occur. Participant acknowledges that the Company's designated broker is under no obligation to arrange for the sale of the Shares at any particular price.

Upon the sale of the Shares, the Company agrees to pay the cash proceeds from the sale of Shares (less any applicable Tax-Related Items, brokerage fees or commissions) to Participant in accordance with applicable exchange control laws and regulations including, but not limited to, the restrictions set forth below under "Exchange Control Requirements."

Participant understands and agrees that the Company, in its discretion in the future, may require that any Shares acquired upon settlement of the Awards be immediately sold.

Treatment of Award Upon Termination of Employment or Service. Due to exchange control regulations in China, Participant understands and agrees that any Shares held by Participant under the Plan must be sold within six (6) months following Participant's termination of employment or service, or within such other period as determined by the Company or required by the China State Administration of Foreign Exchange ("SAFE") (the "Mandatory Sale Date"). This includes any portion of Shares that vest upon Participant's termination of employment or service. Participant understands that any Shares held by Participant under the Plan that have not been sold by the Mandatory Sale Date will automatically be sold by the Company's designated broker at the Company's direction (on Participant's behalf pursuant to this authorization without further consent).

If all or a portion of Shares subject to Participant's Awards become distributable at some time following Participant's termination of employment or service, that portion will vest and become distributable immediately upon termination of Participant's employment or service based on the assumption that the target performance criteria are achieved; provided, however, that if Participant is a "covered employee," within the meaning of Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended, the Awards shall become forfeitable as of the date of termination of Participant's employment. Any Shares acquired by Participant according to this paragraph must be sold by the Mandatory Sale Date, as described above.

Exchange Control Requirements. Participant understands and agrees that, to facilitate compliance with exchange control requirements, Participant is required to immediately repatriate to China the cash proceeds from the sale of the Shares and any dividends paid on such Shares. Participant further understands that such repatriation of the cash proceeds will be effectuated through a special exchange control account established by the Company or its Subsidiaries or Affiliates, and Participant hereby consents and agrees that the proceeds may be transferred to such special account prior to being delivered to Participant. The Company may deliver the proceeds to Participant in U.S. dollars or local currency at the Company's discretion. If the proceeds are

paid in U.S. dollars, Participant understands that he or she will be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are converted to local currency, there may be delays in delivering the proceeds to Participant and due to fluctuations in the Share trading price and/or the U.S. dollar/PRC exchange rate between the sale/payment date and (if later) when the proceeds can be converted into local currency, the proceeds that Participant receives may be more or less than the market value of the Shares on the sale/payment date (which is the amount relevant to determining Participant's tax liability). Participant agrees to bear the risk of any currency fluctuation between the sale/payment date and the date of conversion of the proceeds into local currency.

Participant further agrees to comply with any other requirements that may be imposed by the Company in the future to facilitate compliance with exchange control requirements in China.

Notifications

Foreign Asset/Account Reporting Information. PRC residents are required to report to SAFE details of their foreign financial assets and liabilities, as well as details of any economic transactions conducted with non-PRC residents, either directly or through financial institutions. Under these rules, Participant may be subject to reporting obligations for the Awards and any cash proceeds acquired under the Plan and Plan-related transactions. It is Participant's responsibility to comply with this reporting obligation and Participant should consult his or her personal advisor in this regard.

France

Terms and Conditions

Language Acknowledgement. *En acceptant l'attribution (the "Award"), vous confirmez ainsi avoir lu et compris les documents relatifs à cette attribution qui vous ont été communiqués en langue anglaise.*

By accepting the Award, Participant confirms having read and understood the documents relating to the Award which were provided to Participant in English.

Notifications

Foreign Asset/Account Reporting Information. If Participant holds Shares outside of France or maintains a foreign bank account (including accounts that were opened and closed during the tax year), Participant is required to report such to the French tax authorities when filing Participant's annual tax return. Further, if Participant has a foreign account balance exceeding €1,000,000, Participant may have additional monthly reporting obligations. Failure to comply could trigger significant penalties.

Germany

Notifications

Exchange Control Information. Cross-border payments in excess of €12,500 must be reported to the German Federal Bank. From September 2013, the German Federal Bank no longer will accept reports in paper form and all reports must be filed electronically. The electronic "General Statistics Reporting Portal" (*Allgemeines Meldeportal Statistik*) can be accessed on the German Federal Bank's website: www.bundesbank.de.

Hong Kong

Terms and Conditions

Restrictions on Sale and Transferability. In the event that Shares are vested pursuant to an Award within six months of the Grant Date, Participant (and Participant's heirs) hereby agrees that such Shares may not be offered to the public or otherwise disposed of prior to the six-month anniversary of the Grant Date. Any Shares acquired under the Plan are accepted as a personal investment.

Form of Settlement. Notwithstanding any terms and conditions in the Plan or any grant materials, the Awards will be settled in Shares only, not cash.

Notifications

Securities Warning. An Award and any Shares issued thereunder do not constitute a public offering of securities under Hong Kong law and are available only to service providers of the Company or its Subsidiaries or Affiliates. The Plan, the Plan prospectus and any other incidental communication materials (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, (ii) have not been reviewed by any regulatory authority in Hong Kong, and (iii) are intended only for Participant's personal use and may not be distributed to any other person. If Participant is in any doubt about any of the contents of the Plan or the Plan prospectus, Participant should obtain independent professional advice.

Occupational Retirement Schemes Ordinance Information. The Company specifically intends that the Plan will not be an occupational retirement scheme for purposes of the Occupational Retirement Schemes Ordinance.

India

Terms and Conditions

Notifications

Exchange Control Information. Participant must repatriate all proceeds received from the sale of Shares to India within 90 days of receipt and any cash dividends paid on such Shares within 180 days of receipt. Participant will receive a foreign inward remittance certificate ("FIRC") from the bank where Participant deposits the foreign currency. Participant should maintain the FIRC as evidence of the repatriation of funds in the event that the Reserve Bank of India or the Employer requests proof of repatriation. It is Participant's responsibility to comply with applicable exchange control laws in India.

Foreign Account/Asset Reporting Information. Participant is required to declare in his or her annual tax return (a) any foreign assets held by Participant or (b) any foreign bank accounts for which Participant has signing authority. It is Participant's responsibility to comply with this reporting obligation, and Participant is advised to confer with his or her personal tax advisor in this regard.

Italy

Terms and Conditions

Data Privacy Notice. The following provision replaces in its entirety Section 6 of the Terms and Conditions for Non-U.S. Participants:

Pursuant to Section 13 of Legislative decree 196/2003 (the "Privacy Code"), the Company informs Participant of the following in relation to the collection, use and transfer, in electronic or other form, of Participant's personal data by and among, as applicable, the Employer and the Company exclusively for the purpose of implementing, administering, and managing Participant's participation in the Plan.

Participant understands that the Company and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number or code, salary, nationality, job title, e-mail address, designated beneficiary, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares awarded, canceled, vested, unvested or outstanding in Participant's favor ("Data"). Said Data will be processed by the Company exclusively for the purpose of implementing, administering and managing the Plan. For example, Participant understands that the Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant is aware that providing the Company with the Data is necessary for the implementation, administration and management of Participant's participation in the Plan and that Participant's refusal to provide such Data would make it impossible for the Company to perform its obligations under the Plan and may affect Participant's ability to participate in the Plan.

According to Art. 3 of the Privacy Code (data minimization principle), the information systems and software are configured by minimizing the use of personal and identification data which are not necessary to meet the purposes for which Data have been collected. Participant is aware that Participant Data shall be accessible within the Company only by the persons who need to access it because of their duties and position in relation to the implementation, management and administration of Participant's participation in the Plan in their capacity as persons specifically charged with data processing operations by the Representative of the Controller as below specified and by the Data Processor, if appointed. The Controller of personal data processing is Carla Reggiani at V.le Aldo Moro, 27 Casalecchio di Reno (Bo), Italy.

Participant understands that Data may be transferred to Merrill Lynch or such other third parties assisting in the implementation, administration and management of the Plan, including Participant's requisite transfer of such Data as may be required to a broker or other third party with whom Participant may elect to deposit any Shares acquired pursuant to Participant's participation in the Plan. The Data also may be communicated to other companies of the Company, to professionals, independent consultants and business partners of the Company, and to whomever is the legitimate addressee of communications as provided by applicable laws and regulations. The Data will under no circumstances be further disseminated. Furthermore, these recipients, who may receive, possess, use, retain and transfer such Data as data Controller or Processor, as applicable, for the above mentioned purposes, may be located in any country, or elsewhere, also outside of the European Union and the recipient's country may have different data privacy laws and protections than Participant's country.

The processing activity, including any communication, of the transfer of Data abroad, out of the European Union, as herein specified and pursuant to applicable laws and regulations, does not require Participant's consent thereto as the processing is necessary to the performance of contractual obligations related to the implementation, administration and management of the Plan. Participant understands that Data processing relating to the purposes specified above shall take place under automatised or non-automatised conditions that comply with the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations, with specific but not limited reference to Annex B to the Privacy Code (Technical Specifications Concerning Minimum Security Measures).

Participant understands that his or her Data will be held only as long as is required by the law or is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that, pursuant to Art. 7 of D.lgd 196/2003, Participant has the right including, but not limited to, at any moment, to access, delete, update, request the rectification of Participant's Data and cease, for legitimate reasons, the data processing. Furthermore, Participant is aware that his or her Data will not be used for direct marketing purposes. In addition, the Data provided can be reviewed and questions or complaints can be addressed by contacting the Representative of the Controller as above specified.

Plan Document Acknowledgment. Participant acknowledges that her or she has read and specifically and expressly approve the sections of the Plan and the Terms and Conditions for Non-U.S. Participants, as well as the Data Privacy Notice above.

Notifications

Foreign Asset/Account Reporting Information. If Participant is an Italian resident who, at any time during the fiscal year, holds foreign financial assets (including cash and Shares) which may generate income taxable in Italy, Participant is required to report these assets on Participant's annual tax return for the year during which the assets are held, or on a special form if no tax return is due. These reporting obligations also apply if Participant is the beneficial owner of foreign financial assets under Italian money laundering provisions.

Tax Information. Italian residents may be subject to tax on the value of financial assets held outside of Italy. The taxable amount will be the fair market value of the financial assets, assessed at the end of the calendar year. For the purposes of the market value assessment, the documentation issued by the Plan broker may be used.

Japan

Notifications

Foreign Asset/Account Reporting Information. If Participant is a resident of Japan or a foreign national who has established permanent residency in Japan, Participant will be required to report details of any assets (including any Shares acquired under the Plan) held outside of Japan as of December 31st of each year, to the extent such assets have a total net fair market value exceeding ¥50,000,000. Such report will be due by March 15th of the following year. Participant should consult with his or her personal tax advisor as to whether the reporting obligation applies to Participant and whether he or she will be required to report details of any outstanding Awards or Shares held by Participant in the report.

Korea

Notifications

Exchange Control Information. Korean residents who realize US\$500,000 or more from the sale of shares of Stock or receipt of dividends in a single transaction are required to repatriate the proceeds to Korea within 18 months of receipt.

Foreign Asset/Account Reporting Information. Participant will be required to declare all foreign accounts (*i.e.*, non-Korean bank accounts, brokerage accounts, etc.) in countries that have not entered into an "intergovernmental agreement for automatic exchange of tax information" with Korea to the Korean tax authorities and file a report if the monthly balance of such accounts exceeds a certain limit (currently KRW 1 billion or an equivalent amount in foreign currency). Participant should consult his or her personal tax advisor regarding reporting requirements in Korea, including whether or not there is an applicable intergovernmental agreement between Korea and any other country where Participant may hold Shares or cash acquired in connection with the Plan.

Panama

There are no country-specific provisions.

Singapore

Notifications

Securities Law Information. The grant of Awards is being made in reliance on section 273(1)(f) of the Securities and Futures Act (Chap. 289, 2006 Ed.) ("**SFA**") for which it is exempt from the prospectus and registration requirements under the SFA and is not made to Participant with a view to the Awards being subsequently offered for sale to any other party. The Plan has not been lodged or registered as a prospectus with the Monetary Authority of Singapore. Participant should note that the Awards are subject to section 257 of the SFA and Participant will not be able to make (i) any subsequent sale of the Shares in Singapore or (ii) any offer of such subsequent sale of the Shares subject to the Awards in Singapore, unless such sale or offer is made (a) after six months of the Grant Date or (b) pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the SFA.

Chief Executive Officer and Director Reporting Information. If Participant is the Chief Executive Officer ("**CEO**") or a director, associate director or shadow director of a Singapore Subsidiary or Affiliate, Participant is subject to certain notification requirements under the Singapore Companies Act. Among these requirements is an obligation to notify the Singapore Subsidiary or Affiliate in writing when Participant receives an interest (*e.g.*, Award, Shares) in the Company or any related companies. In addition, Participant must notify the Singapore Subsidiary or Affiliate when Participant sells Shares of the Company or any related company (including when Participant sells Shares acquired pursuant to the Awards). These notifications must be made within two business days of acquiring or disposing of any interest in the Company or any related company. In addition, a notification must be made of Participant's interests in the Company or any related company within two business days of becoming the CEO or a director, associate director or shadow director.

Spain

Terms and Conditions

Labor Law Acknowledgment. By accepting an Award, Participant consents to participate in the Plan and acknowledges that he or she has received a copy of the Plan document.

Participant understands and agrees that, unless otherwise provided in the Plan or any other Award document, the Awards will be forfeited without entitlement to the underlying Shares or to any amount as indemnification in the event of a termination of Participant's employment or service prior to vesting by reason of, including, but not limited to: resignation, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without good cause (*i.e.*, subject to a "despido improcedente"), individual or collective layoff on objective grounds, whether adjudged to be with cause or adjudged or recognized to be without cause, material modification of the terms of employment under Article 41 of the Workers' Statute, relocation under Article 40 of the Workers' Statute, Article 50 of the Workers' Statute, unilateral withdrawal by the Employer, and under Article 10.3 of Royal Decree 1382/1985.

Furthermore, Participant understands that the Company has unilaterally, gratuitously and discretionally decided to grant Awards under the Plan to individuals who may be employees or other service providers of the Company or a Subsidiary or Affiliate. The decision is a limited decision that is entered into upon the express assumption and condition that any grant will not economically or otherwise bind the Company or any Subsidiary or Affiliate on an ongoing basis, other than as expressly set forth in the Agreement. Consequently, Participant understands that the Awards are granted on the assumption and condition that the Awards and the Shares underlying the Awards shall not become a part of any employment or service contract (either with the Company, the Employer or any other Subsidiary or Affiliate) and shall not be considered a mandatory benefit, salary for any purposes (including severance compensation) or any other right whatsoever. In addition, Participant understands that the Awards would not be granted to Participant but for the assumptions and conditions referred to above; thus, Participant acknowledges and freely accepts that, should any or all of the assumptions be mistaken or should any of the conditions not be met for any reason, then any Award shall be null and void.

Notifications

Securities Law Notification. No "offer of securities to the public," as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the grant of an Award. The Plan has not been nor will it be registered with the *Comisión Nacional del Mercado de Valores*, and does not constitute a public offering prospectus.

Exchange Control Information. If Participant acquires Shares issued pursuant to an Award and wishes to import the ownership title of such Shares (*i.e.*, share certificates) into Spain, Participant must declare the importation of such securities to the Spanish *Dirección General de Política Comercial y de Inversiones Extranjeras* (the "**DGPCIE**"). Generally, the declaration must be made in January for Shares acquired or sold during (or owned as of December 31 of) the prior year; however, if the value of Shares acquired or sold exceeds the applicable threshold (currently €1,502,530) (or Participant holds 10% or more of the share capital of the Company or such other amount that would entitle Participant to join the Company's board of directors), the declaration must be filed within one month of the acquisition or sale, as applicable. In addition, Participant also must file a declaration of ownership of foreign securities with the Directorate of Foreign Transactions each January.

When receiving foreign currency payments derived pursuant to the Awards (*e.g.*, proceeds from the sale of Shares), Participant must inform the financial institution receiving the payment of the basis upon which such payment is made if the payment exceeds €50,000. Upon request, Participant will need to provide the institution with the following information: Participant's name, address, and fiscal identification number; the name and corporate domicile of the Company; the amount of the payment; the currency used; the country of origin; the reasons for the payment; and any additional information required.

Foreign Asset/Account Reporting Information. Participant is required to electronically declare to the Bank of Spain any security accounts (including brokerage accounts held abroad), as well as the security (including Shares acquired under the Plan) held in such accounts and any transactions carried out with non-residents if the value of the transactions for all such accounts during the prior year or the balances in such accounts as of December 31 of the prior year exceeds €1,000,000. If neither the total balances nor total transactions with non-residents during the relevant period exceed €50,000,000, a summarized form declaration may be used. More frequent reporting is required if such transaction value or account balance exceeds €100,000,000.

In addition, to the extent Participant holds Shares and/or have bank accounts outside of Spain with a value in excess of €50,000 (for each type of asset) as of December 31, Participant will be required to report information on such assets on Participant's tax return for such year. After such Shares and/or accounts are initially reported, the reporting obligation will apply for subsequent years only if the value of any previously reported Shares or accounts increases by more than €20,000 as of each subsequent December 31.

Sweden

There are no country-specific provisions.

Switzerland

Notifications

Securities Law Information. The Plan is considered a private offering in Switzerland; therefore, it is not subject to registration under Swiss securities laws. Neither this document nor any other materials relating to the Awards constitute a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, and neither this document nor any other materials relating to the Awards may be publicly distributed nor otherwise made publicly available in Switzerland.

Taiwan

Notifications

Securities Law Information. The offer of participation in the Plan is available only for employees of the Company and its Subsidiaries and Affiliates. The offer of participation in the Plan is not a public offer of securities by a Taiwanese company.

Exchange Control Information. Participant may remit foreign currency (including proceeds from the sale of shares of Stock) into or out of Taiwan up to US\$5,000,000 per year without special permission. If the transaction amount is TWD500,000 or more in a single transaction, Participant must submit a Foreign Exchange Transaction Form to the remitting bank and provide supporting documentation to the satisfaction of the remitting bank.

United Kingdom

Terms and Conditions

Responsibility for Taxes. The following provision supplements Section 1 of the Terms and Conditions for Non-U.S. Participants:

Participant agrees that, if Participant does not pay or the Employer or the Company does not withhold from Participant the full amount of income tax that Participant owes in relation to an Award within 90 days after the end of U.K. the tax year in which the taxable event occurs, or such other period specified in Section 222(1)(c) of the U.K. Income Tax (Earnings and Pensions) Act 2003 (the "Due Date"), then the amount of income tax that should have been withheld shall constitute a loan owed by Participant to the Employer, effective as of the Due Date. Participant agrees that the loan will bear interest at Her Majesty's Revenue & Customs' ("HMRC") official rate and will be immediately due and repayable by Participant, and the Company and/or the Employer may recover it at any time thereafter by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

Notwithstanding the foregoing, if Participant is an executive officer or director (as within the meaning of Section 13(k) of the Exchange Act), the terms of the immediately foregoing provision will not apply. In the event that Participant is an executive officer or director and the income tax that is due is not collected from or paid by Participant by the Due Date, the amount of any uncollected income tax may constitute a benefit to Participant on which additional income tax and national insurance contributions may be payable. Participant is responsible for reporting and paying any income tax due on this additional benefit directly to the HMRC under the self-assessment regime and for reimbursing the Company or the Employer (as appropriate) for the value of any employee national insurance contributions due on this additional benefit, which the Company or the Employer may recover from Participant by any of the means referred to in Section 1 of the Terms and Conditions for Non-U.S. Participants.

RALPH LAUREN CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

	Fiscal Years Ended				
	March 28, 2015	March 29, 2014	March 30, 2013	March 31, 2012	April 2, 2011
	(millions)				
Earnings, as defined:					
Income before provision for income taxes	\$ 987	\$ 1,096	\$ 1,089	\$ 1,015	\$ 825
Add:					
Equity in losses of equity-method investees	11	9	10	9	8
Fixed charges	172	170	162	164	124
Subtract:					
Income attributable to noncontrolling interests	—	—	1	—	—
Earnings available to cover fixed charges	\$ 1,170	\$ 1,275	\$ 1,260	\$ 1,188	\$ 957
Fixed Charges:					
Interest expense	\$ 17	\$ 19	\$ 19	\$ 22	\$ 18
Interest component of rent expense	155	151	143	142	106
Total fixed charges	\$ 172	\$ 170	\$ 162	\$ 164	\$ 124
Ratio of earnings to fixed charges^(a)	6.8	7.5	7.8	7.3	7.7

^(a) All ratios shown in the above table have been calculated using unrounded numbers.

SUBSIDIARIES OF THE COMPANY

Entity Name	Jurisdiction of Formation
Acqui Polo CV	Netherlands
Acqui Polo GP, LLC	Delaware
Ralph Lauren Retail, Inc. (f/k/a Fashions Outlet of America, Inc.)	Delaware
RL Finance BV (f/k/a Polo Fin BV)	Netherlands
Ralph Lauren Holding BV (f/k/a Polo Hold BV)	Netherlands
Ralph Lauren Asia Pacific Limited (f/k/a Polo Ralph Lauren Asia Pacific, Limited)	Hong Kong
Ralph Lauren Europe Sàrl (f/k/a Polo Ralph Lauren Europe Sàrl)	Switzerland
PRL Fashions Inc.	Delaware
PRL International, Inc.	Delaware
PRL Netherlands Limited, LLC (f/k/a Acqui Polo Limited, LLC)	Delaware
PRL USA Holdings, Inc.	Delaware
The Polo/Lauren Company LP	New York

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 pertaining to the 1997 Long-Term Stock Incentive Plan (Registration No. 333-141298), Form S-8 pertaining to the 1997 Long-Term Stock Incentive Plan (Registration No. 333-46808), Form S-8 pertaining to the 1997 Long-Term Stock Incentive Plan and 1997 Stock Option Plan for Non-Employee Directors (Registration No. 333-29023), Form S-8 pertaining to the 2010 Long-Term Stock Incentive Plan (Registration No. 333-169619), Form S-8 pertaining to the Amended and Restated 2010 Long-Term Stock Incentive Plan (Registration No. 333-191338), Form S-3 pertaining to the registration of 10,350,000 Class A Common Shares (Registration No. 333-167503) of Ralph Lauren Corporation, and Form S-3 pertaining to the September 2013 registered public debt offering (Registration No. 333-191302) by Ralph Lauren Corporation, of our reports dated May 15, 2015, with respect to the consolidated financial statements of Ralph Lauren Corporation and the effectiveness of internal control over financial reporting of Ralph Lauren Corporation included in this Annual Report (Form 10-K) for the year ended March 28, 2015.

/s/ ERNST & YOUNG LLP

New York, NY
May 15, 2015

CERTIFICATION

I, Ralph Lauren, certify that:

1. I have reviewed this annual report on Form 10-K of Ralph Lauren Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RALPH LAUREN

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

Date: May 15, 2015

CERTIFICATION

I, Robert L. Madore, certify that:

1. I have reviewed this annual report on Form 10-K of Ralph Lauren Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT L. MADORE

Robert L. Madore

*Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)*

Date: May 15, 2015

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

In connection with the Annual Report of Ralph Lauren Corporation (the "Company") on Form 10-K for the period ended March 28, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ralph Lauren, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ RALPH LAUREN

Ralph Lauren

May 15, 2015

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

**Certification of Robert L. Madore Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Ralph Lauren Corporation (the "Company") on Form 10-K for the period ended March 28, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert L. Madore, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ ROBERT L. MADORE

Robert L. Madore

May 15, 2015

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

