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HILFIGER TOMMY CORP  
Form 10-K  
June 25, 2002

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

FORM 10-K

- ☒ [X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the fiscal year ended March 31, 2002.
- ☐ [ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the transition period from \_\_\_\_ to \_\_\_\_.

Commission file number 1-11226.

TOMMY HILFIGER CORPORATION  
(Exact name of registrant as specified in its charter)

British Virgin Islands 98-0372112  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

11/F, Novel Industrial Building  
850-870 Lai Chi Kok Road  
Cheung Sha Wan, Kowloon  
Hong Kong Not Applicable  
(Address of principal executive (Zip Code)  
offices)

Registrant's telephone number, including area code 852-2216-0668

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

Title of each class -----	Name of each exchange which registers the securities -----
Ordinary Shares, \$.01 par value per share	New York Stock Exchange
Tommy Hilfiger U.S.A., Inc. 6.50% Notes due 2003	New York Stock Exchange
Tommy Hilfiger U.S.A., Inc. 6.85% Notes due 2008	New York Stock Exchange
Tommy Hilfiger U.S.A., Inc. 9.00% Senior Bonds due 2031	New York Stock Exchange

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

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 X No \_\_\_

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405

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of Regulation S-K 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. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant based upon the closing price on May 31, 2002: Ordinary Shares, \$.01

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Par Value - \$1,286,916,750  
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The number of shares outstanding of the registrant's stock as of May 31, 2002: Ordinary Shares, \$.01 Par Value - 90,061,174 shares.  
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PART I

ITEM 1. BUSINESS

General

Tommy Hilfiger Corporation ("THC" or the "Company"; unless the context indicates otherwise, all references to the "Company" include THC and its subsidiaries), through its subsidiaries, designs, sources and markets men's and women's sportswear, jeanswear and childrenswear under the Tommy Hilfiger trademarks. Through a range of strategic licensing agreements, the Company also offers a broad array of related apparel, accessories, footwear, fragrance and home furnishings. The Company's products can be found in leading department and specialty stores throughout the United States, Canada, Europe, Mexico, Central and South America, Japan, Hong Kong and other countries in the Far East, as well as the Company's own network of specialty and outlet stores in the United States, Canada and Europe. Tommy Hilfiger, the Company's Honorary Chairman and Principal Designer, provides leadership and direction for the design process. The Company's apparel is designed to combine classic American styling with unique details and fit to give time-honored basics a fresh and updated look for customers who desire high quality, designer clothes at competitive prices. THC was incorporated as an International Business Company in the British Virgin Islands (the "BVI") in 1992 and is also registered and licensed as an external International Business Company in Barbados.

As of March 31, 2002, the Company was engaged in three reportable segments: Wholesale, Retail and Licensing. The Wholesale segment consists of the design and sourcing of men's sportswear and jeanswear, women's casualwear, junior jeanswear and childrenswear for wholesale distribution. The Retail segment reflects the operations of the Company's outlet, specialty and, through February 2001, flagship stores. The Licensing segment consists of the operations of licensing the Company's trademarks for specified products in specified geographic areas.

In the Wholesale segment, products are principally merchandised through the Company's in-store shop and fixtured area program, whereby participating retailers set aside floor space highlighted by distinctive fixtures dedicated for the exclusive sale of the Company's products by the retailer. In addition to continuing the in-store shop and fixtured area program, the Company plans to continue broadening its range of product offerings, both in-house and through licensing arrangements, and expanding its channels of distribution. Since 1992, the Company has introduced several in-house products, including childrenswear, athleticwear and jeanswear. Additionally, the Company has introduced new products through licensing agreements, including fragrances, robes and sleepwear, footwear, home furnishings and other accessories. See "Merchandising Strategies - Licensing and Distributorships."

As of March 31, 2002, the Company operated 110 outlet stores and 53 specialty retail stores, including 15 stores in Europe and 11 stores in Canada. See "Merchandising Strategies - Retailing."

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### Acquisition of European Licensee

On July 5, 2001, the Company acquired all of the issued and outstanding shares of capital stock of T.H. International N.V. ("THNV"), the owner of Tommy Hilfiger Europe B.V. ("TH Europe"), the Company's European licensee, for a purchase price of \$200,000,000 (such transaction being referred to herein as the "TH Europe Acquisition"). The TH Europe Acquisition was funded using available cash.

For more information relating to the TH Europe Acquisition, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and Note 2 to the Consolidated Financial Statements in Item 8.

### Merchandising Strategies

The Company generally organizes its apparel collections, including products produced under licensing arrangements, into three primary product lines: Core, Core Plus and Fashion.

#### Wholesale

Core. The Core line is comprised of the Company's seasonless, or very basic, products all in classic solid colors. Core items are made available for sale by the Company throughout the year and, therefore, generally are kept in stock by the Company. Since Core items are seasonless, they do not have fixed selling periods and, therefore, retailers' inventories of Core products tend to be maintained throughout the year and reordered as necessary. The Company receives orders from its large customers for Core products on an electronic data interchange ("EDI") system, which expedites reorders. See "Management Information Systems."

Core Plus. The Core Plus line is comprised of a broad selection of seasonal "basics" which are derived from Core but offer a greater variety of fabrics, colors and patterns, such as stripes and plaids. The Core Plus line also incorporates certain Fashion products that had previously been successful at retail. The Company sells four different seasonal groups of Core Plus products each year. As compared to Fashion items, Core Plus items provide the retailer with longer selling periods at regular prices. Because Core Plus is a broader product category than Fashion, with a longer regular-price selling period, the Company's shipping deadlines are more flexible and the Company may be able to place reorders when demand is high.

Fashion. The Fashion line represents the most updated component of the Company's product line. Fashion items consist of a group of product classifications coordinated around a seasonal theme. The Company offers Fashion products under at least two themes per season, thereby creating a flow of new merchandise in the marketplace.

#### Retailing

The Company believes its outlet store business has positioned it to take advantage of an important segment of the retail apparel industry that appeals to customers' value orientation and provides the Company with an additional channel of distribution. The Company stocks its outlet stores with first-quality products manufactured specifically for its outlet stores' customers and, to a small degree, with out-of-season products. The Company's outlet stores are located primarily in major outlet centers in the United States, Canada and Europe.

The Company believes that specialty stores are complementary to its department store distribution and will enable the Company to reach consumers who prefer this shopping format and to penetrate selected markets that are currently not served by department stores. Specialty retail store formats include sportswear stores and jeanswear stores or a combination thereof, each with appropriate licensed products.

The following is a summary of the Company's retail stores by type and geographic location as of March 31, 2002:

	Outlet	Specialty	Total
	-----	-----	-----
United States	98	39	137
Canada	4	7	11
Europe	8	7	15
	---	--	---
Total	110	53	163
	===	==	===

The above table excludes Tommy Hilfiger stores operated by franchisees. The Company currently plans to add approximately 6 outlet stores and 16 specialty stores, on a worldwide basis, by March 31, 2003. Planned store openings in the U.S. consist of 5 outlet stores and 5 specialty stores, for which the Company had signed leases during fiscal 2002. The remaining 1 outlet and 11 specialty stores are planned to be opened in Europe and Canada.

#### Licensing and Distributorships

In connection with the Company's business strategy of expanding its market penetration through product line and geographic expansion, the Company considers entering into licensing and distribution agreements with respect to certain products and geographic regions if the Company believes such arrangements provide more effective manufacturing, distribution and marketing of such products than could be achieved in-house. The Company continually pursues new opportunities in product categories which are believed to be complementary to its existing product lines, as well as opportunities for geographic expansion through licenses and distributorships to enhance its international presence.

As shown in the table below, the Company offers numerous products through license arrangements with companies which are among the industry leaders in their respective categories and has several strategic geographic licenses and distributorships:

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Product Category -----	License -----	at Retail -----
Men's socks	Mountain High Hosiery, Inc.	Holiday 1992
Men's neckwear	Superba, Inc.	Father's Day 1993
Men's belts, small leather goods and jewelry	Swank, Inc.	Fall 1993
Men's suits, sport coats, dress slacks, top coats, formal wear	Hartmarx Corporation	Fall 1994
Men's dress shirts	Oxford Industries, Inc.	Fall 1994
Men's underwear	Jockey International, Inc.	Fall 1994
Men's fragrance	Aramis, Inc. (Estee Lauder)	Father's Day 1995
Men's robes and sleepwear	Russell-Newman, Inc.	Holiday 1995
Men's golfwear	Oxford Industries, Inc.	Holiday 1995
Men's eyewear	Lantis Eyewear Corporation	Fall 1996
Women's fragrance	Aramis, Inc. (Estee Lauder)	Fall 1996
Men's footwear	The Stride Rite Corporation	Spring 1997
Children's socks	Mountain High Hosiery, Inc.	Spring 1997
Boy's blazers	Alperin, Inc.	Spring 1997
Men's sunglasses	Lantis Eyewear Corporation	Fall 1997
Children's footwear	The Stride Rite Corporation	Fall 1997
Boy's neckwear	Superba, Inc.	Holiday 1997
Athletics fragrance	Aramis, Inc. (Estee Lauder)	Spring 1998
Linens, bedding and bath products	Revman Industries, Inc.	Summer 1998
Women's footwear	The Stride Rite Corporation	Holiday 1998
Women's robes and sleepwear	Russell-Newman, Inc.	Holiday 1998
Women's sunglasses	Lantis Eyewear Corporation	Holiday 1998
Women's socks	Mountain High Hosiery, Inc.	Holiday 1998
Bath & body products	Aramis, Inc. (Estee Lauder)	Spring 1999
Women's handbags, belts and small leather goods and sportbags	Tommy Hilfiger Handbags & Small Leather Goods, Inc.	Fall 1999
Men's tailored clothing (Europe)	Stellson AG	Fall 1999
Cosmetics	Aramis, Inc. (Estee Lauder)	Fall 1999
Children's sunglasses	Lantis Eyewear Corporation	Fall 1999
Women's eyewear	Lantis Eyewear Corporation	Spring 2000
Children's eyewear	Lantis Eyewear Corporation	Spring 2000
Women's jewelry	Victoria & Co. Ltd. (Jones Apparel Group, Inc.)	Spring 2000
Women's intimate apparel	Bestform Inc. (VF Corporation)	Fall 2000
Women's golfwear	Oxford Industries, Inc.	Holiday 2000
Dolls	FAO Schwartz	Holiday 2000
Men's and women's watches	Movado Group, Inc.	Spring 2001
Women's swimwear	Jantzen, Inc. (Perry Ellis International, Inc.)	Spring 2001
Men's and Women's footwear (Europe)	HP Schubbandels GmbH	Spring 2002
Geographic Territory -----	Licensee/Distributor -----	Available at Retail -----
Central and South America	American Sportswear S.A.	1989
Japan	Tommy Hilfiger Japan Corporation	1991
Mexico	Baseco SA de CV	1995
Asia-Pacific	KSDP International	1998

In addition to a royalty payment or license fee, all of the Company's licensees and distributors are required to contribute to the advertisement and

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promotion of Tommy Hilfiger products on the basis of a percentage of their net sales of Tommy Hilfiger products or a percentage of their net purchases of Tommy Hilfiger products through the Company's buying offices (depending on the terms of the license or distributorship agreement), generally subject to minimum amounts.

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### Design

Tommy Hilfiger, the Company's Honorary Chairman and Principal Designer, provides leadership and direction for the design process. Designers are selected on the basis of their understanding of the retail industry and their ability to understand what consumers desire and which designs are most likely to be commercially viable. Design teams are responsible for separate product classifications. In addition, the Company has senior designers, whose responsibility is to coordinate the design teams. Design teams utilize computer aided design stations, which provide timely translation of designs into sample depictions varying in color, cut and style. The speed of production and breadth of the resulting output assist the Company in selecting desirable designs for the sourcing and research and development staffs to assess.

### Research and Development

The Company employs senior production executives who oversee a staff whose primary functions are to identify ways to develop new designs and products more efficiently, and to identify new and more cost-effective sourcing methods. In addition, the staff researches and identifies new sources for both fabrics and manufacturing worldwide in order to control or reduce manufacturing costs while maintaining the Company's quality standards.

### Wholesale Sales and Marketing

Tommy Hilfiger products are sold throughout the United States in major department and specialty retail store locations. The Company's department store customers include major United States retailers such as Dillard Department Stores, Federated Department Stores (including Macy's, Rich's, Bloomingdale's and Burdines), May Department Stores (including Lord & Taylor, Hecht's and Foley's), Belk Stores, Saks, Inc. (including Carson Pirie Scott, Proffitt's and Younkers) and Marshall Fields (Target Corporation). The Company believes that its relationships with major retailers, including the active sales involvement of the Company's senior management, are important elements of its marketing strategy. The Company's strategy is to continue to maintain and, where demand warrants, to selectively expand its United States in-store shop and fixtured area program, expand its product lines and market to new customers worldwide.

In Europe and Canada, the Company's wholesale sales are more broadly distributed, as the customer base is comprised principally of independent specialty retail stores. Further, TH Europe utilizes third party distributors for sales in select countries such as Italy, Portugal, Turkey, Greece, Norway and Israel. In addition, TH Europe has arrangements with third parties that own and operate franchise retail stores in select locations.

An important feature of the Company's sales and marketing strategy is its in-store shop and fixtured area program, whereby participating retailers set aside floor space highlighted by distinctive fixtures dedicated for exclusive sale of the Company's products by the retailer. This program enables the

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retailer to create an environment consistent with the Company's image and to display and stock a greater volume of the Company's products per square foot of retail space. Such shops and fixtured areas encourage longer-term commitment by the retailer to the Company's products, including the retailer's provision of upgraded staffing. These shops and fixtured areas are also believed to increase consumer product recognition and loyalty because of the retail customer's familiarity with the location of the Company's products in the store.

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The Company's marketing campaigns are developed and directed principally from its executive offices in New York and Amsterdam. Additionally, the Company maintains regional showroom facilities and sales offices in major cities throughout the U.S. and Europe.

The Company employs an extensive staff of merchandise coordinators located throughout the United States. These merchandisers educate the retailers' salespeople about the Company's current products, provide the Company with first-hand consumer feedback concerning consumer reaction to the Company's products and coordinate the in-store displays with the department stores. In addition to the coordinator program, the Company also conducts a training program for the department stores' Tommy Hilfiger selling specialists. The program is designed to educate specialists on the Company's image and merchandising standards and to promote the development and servicing of clientele. The program also educates specialists in customer assistance and advice, including merchandise selection and the coordination of complete outfits of Tommy Hilfiger products.

The Company sells substantially all its out-of-season products, which are principally from the Fashion and Core Plus product lines, to certain discount retailers. The net revenue from such sales represented less than 15% of the Company's total net revenue for each of the last three fiscal years.

### Advertising, Public Relations and Promotion

The Company believes that advertising to promote and enhance the Tommy Hilfiger brand and the image of Tommy Hilfiger products is important to its long-term growth strategy. All of the Company's licensees and distributors are required to contribute to the advertisement and promotion of Tommy Hilfiger products a percentage of their net sales of Tommy Hilfiger products or a percentage of their net purchases of Tommy Hilfiger products through the Company's buying offices (depending on the terms of the license or distributorship agreement), generally subject to minimum amounts. Advertising by the Company, its licensees and most of its distributors is coordinated by the Company and principally appears in magazines, newspapers, and outdoor advertising media. In addition, selected personal appearances by Tommy Hilfiger, corporate sponsorships and charitable programs are utilized to further enhance awareness of the Company's image and promote the Company's products. The Company employs an advertising and public relations staff to implement these efforts.

In December 1999, the Company's website, [tommy.com](http://tommy.com), was launched as a marketing vehicle to complement the ongoing development of the Tommy Hilfiger lifestyle brand. It is designed to strengthen the Company's relationship with customers, with the added benefit of driving traffic and sales in the Company's existing retail venues.

### Sourcing

The Company's sourcing strategy is to contract for the manufacture of



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its products. Outsourcing allows the Company to maximize production flexibility while avoiding significant capital expenditures, work-in-process inventory buildups and the costs of managing a large production work force. The Company inspects products manufactured by contractors to determine whether they meet the Company's standards. See "Quality Control."

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The Company imports most of its finished goods because it believes it can import higher quality products at lower costs than could be achieved domestically. Management maintains extensive and long-term relationships with leading manufacturers principally located in the United States, Mexico and Asia. Production in NAFTA countries (the U.S., Mexico and Canada) amounts to approximately 27% of the cost of products purchased annually. Other than NAFTA countries, no country from which the Company imports accounts for more than 10% of the total cost of products purchased annually. The Company monitors duty, tariff and quota-related developments and continually seeks to minimize its potential exposure to duty, tariff and quota-related risks through, among other measures, geographical diversification of its manufacturing sources, the maintenance of its buying offices in Hong Kong, India and the United States, allocation of production to merchandise categories where more quota is available and shifts of production among countries and manufacturers. The Company has also established a Code of Conduct for labor standards and factory conditions in its contract manufacturing facilities. A program to monitor compliance with the Code is administered by an independent law firm that engages a third-party, not for profit organization to conduct audits of factory compliance with the Code on a regular basis.

The Company's production and sourcing staff oversee all aspects of apparel manufacturing and production, the negotiation for raw materials and research and development of new products and sources. The Company's buying offices perform product development, sourcing, production scheduling and quality control functions. In addition, the Company contracts with various buying subagents that perform similar services for the Company and its licensees and geographic distributors, for specified commissions.

The Company has its products manufactured according to plans prepared each year which reflect prior years' experience, current fashion trends, economic conditions and management estimates of a line's performance. In certain cases, the Company separately negotiates with suppliers for the purchase of required raw materials by its contractors in accordance with the Company's specifications. The Company limits its exposure to holding excess inventory by committing to purchase a portion of total projected demand and the Company, in its experience, has been able to satisfy its excess demand through reorders. The Company believes that its policy of limiting its commitments for purchases early in the season reduces its exposure to excess inventory.

### Quality Control

The Company's quality control program is designed to ensure that purchased goods meet the Company's standards. The Company inspects prototypes of each product prior to cutting by the contractors and performs two in-line inspections and a final inspection prior to shipment. All finished goods are shipped to the Company's New Jersey facilities for re-inspection and distribution. While the Company's return policy permits customers to return defective products for credit, less than 1% of the Company's shipments in fiscal 2002 were returned as defective under this policy.

#### Management Information Systems

The Company believes that high levels of automation and technology are essential to maintain its competitive position and the Company continues to invest in computer hardware, systems applications and networks to enhance and to speed the apparel design process, to support the sale and distribution of products to its customers and to improve the integration and efficiency of its operations. The Company utilizes computer-aided design stations for use by the design teams, which provide timely translations of designs into sample depictions varying in color, cut and style. The Company also uses an EDI system to receive on-line orders from its customers and a related electronic method to accumulate sales information on its products. This technology enables the Company to provide valuable sales information and inventory maintenance information services to its customers who have adopted such technology. The Company's 10 largest customers communicate with the Company through EDI technology.

#### Distribution

In the United States, wholesale and retail distribution currently occurs at three major New Jersey facilities (located in Dayton, Cranbury and Secaucus) which average approximately 375,000 square feet. Additionally, the Company operates two other New Jersey facilities, which it expects to vacate during fiscal 2003 as a result of the opening of the Cranbury facility in May 2002. The facilities are operated by the Company and principally staffed by an independent contractor who charges the Company on the basis of the number of items processed, subject to a minimum annual fee. The Company maintains its distribution management group and certain administrative functions at its New Jersey facilities.

The Company's Canadian distribution is processed through a 174,000 square foot facility located in Montreal, Quebec.

Effective June 1, 2002, TH Europe's main distribution facility is a 263,000 square foot facility in Tegelen, The Netherlands. In connection with the opening of this facility, the Company intends to close several smaller facilities. In addition, TH Europe will continue to operate 4 other facilities totaling approximately 165,000 square feet.

#### Credit and Collection

The Company collects the majority of its receivables from U.S. customers through a credit company subsidiary of a large financial institution pursuant to an agreement whereby the credit company pays the Company after the credit company receives payment from the Company's customer. The credit company establishes maximum credit limits for each customer account. If the receivable becomes 120 days past due, or the customer becomes bankrupt or insolvent, the full amount of the receivable is reimbursable by the credit company. The Company has a similar arrangement with another large financial institution for credit services to its Canadian subsidiary. TH Europe has an agreement with a European credit insurance company from whom it obtains credit insurance on an individual customer basis. At March 31, 2002, approximately 75% of TH Europe's total receivables were covered by credit insurance, bank guarantees or other means. In all cases the Company believes that the credit risk associated with such financial institutions is minimal.

The Company also grants credit directly to certain select customers in

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the normal course of business without participation by a credit company. In such cases the Company monitors its credit exposure limits to avoid any significant concentration of risk.

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Bad debts as a percentage of net sales were less than 0.1% in each of the Company's last three fiscal years.

### Trademarks

The Company owns and utilizes the following principal trademarks: TOMMY HILFIGER(R), TOMMY JEANS(R), TOMMY(R), TOMMY GIRL(R), HILFIGER ATHLETICS(R), TH(R), TOMMY SPORT(TM) and TOMMY.COM(R), the distinctive flag logo, crest design and green eyelet device, and the signature tartan design and Ithaca striping. Tommy Hilfiger Licensing, Inc., a subsidiary of THC ("THLI"), has registered or applied for registration of these and other trademarks for use in the United States and in numerous countries worldwide, including, inter alia, Canada and various countries in Europe, Asia and South and Central America (collectively, the "Trademarks"). The Company regards the Trademarks and its other proprietary intellectual property rights as valuable assets in the marketing of its products and of the brand. THLI is a party to an agreement with Mr. Hilfiger that restricts (i) the sale, lease, license or other conveyance of the Trademarks, (ii) the amendment of the license agreement between THLI and Tommy Hilfiger U.S.A., Inc., a subsidiary of THC ("TH USA"), and (iii) the creation of any lien on the Trademarks, without Mr. Hilfiger's consent, until Mr. Hilfiger's death or until termination of Mr. Hilfiger's employment with TH USA without the consent of TH USA.

### Backlog

The Company generally receives orders approximately three to five months prior to the time the products are delivered to stores. Thus, at March 31, 2002, the Company's backlog of orders represents a significant portion of the Company's expected sales through September 30, 2002. At March 31, 2002, the Company's backlog of orders, including orders of TH Europe, which was acquired on July 5, 2001, was approximately \$754 million, compared to approximately \$671 million at March 31, 2001. The Company's backlog depends upon a number of factors, including the timing of "market weeks" during which a significant percentage of the Company's orders are received and the timing of shipments. Accordingly, a comparison of backlog from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments or net revenue realized from such shipments. The Company has provided its outlook for fiscal 2003 net revenue in "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview and Forward Outlook" in Item 7.

### Employees

At March 31, 2002, the Company had approximately 3,000 full-time employees and 1,900 part-time employees. Virtually all of the Company's part-time employees were employed in the Company's retail stores. None of the Company's employees is a member of a union. The Company considers its relations with its employees to be excellent.

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### Risk Factors

#### Competition

The apparel industry is highly competitive. The Company competes with numerous domestic and foreign designers, brands and manufacturers of apparel, accessories and other products, some of which may be significantly larger and have greater resources, than the Company. Management believes that the Company's ability to compete effectively depends upon its continued flexibility in responding to market demand and its ability to offer fashion conscious consumers a wide variety of high quality apparel at competitive prices.

#### Changes in Fashion Trends

The Company believes that its success depends in substantial part on its ability to anticipate, gauge and respond to changing consumer demand and fashion trends in a timely manner. The Company attempts to minimize the risk of changing fashion trends and product acceptance by closely monitoring retail sales trends. However, if fashion trends shift away from the Company's products, or if the Company otherwise misjudges the market for its product lines, it may be faced with a significant amount of unsold finished goods inventory or other conditions which could have a material adverse effect on the Company.

#### Uncertainties in Apparel Retailing

The apparel industry historically has been subject to substantial cyclical variations, and a recession in the general economy or uncertainties regarding future economic prospects that affect consumer spending habits could have a material adverse effect on the Company's results of operations. While various retailers, including some of the Company's customers, experienced financial difficulties in the past three years which increased the risk of extending credit to such retailers, the Company's bad debt experience has been limited. Under the Company's current credit and collection arrangements, the bankruptcy of a customer which continued to operate and carry the Company's products should not have a material adverse effect on the Company. However, financial problems of a retailer could cause the Company's credit company to limit the amount of receivables of such retailer that the Company may assign to the credit company, which may cause the Company to curtail business with such retailer or require the Company to assume more credit risk relating to such customer's receivables.

#### Dependence on Customers Under Common Control

The Company's department store customers include major United States retailers, certain of which are under common ownership. When considered together as a group under common ownership, sales to the department store customers which were owned by Dillard Department Stores, Federated Department Stores and May Department Stores accounted for approximately 15%, 12% and 11%, respectively, of the Company's fiscal 2002 consolidated net revenue. A decision by the controlling owner of a group of department stores to decrease the amount purchased from the Company or to cease carrying the Company's products could have a material adverse effect on the Company.

### Sourcing

The Company does not own or operate any manufacturing facilities and is

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therefore dependent upon third parties for the manufacture of all of its products. The inability of a manufacturer to ship orders of the Company's products in a timely manner, including as a result of local financial market disruption which could impair the ability of such suppliers to finance their operations, or to meet quality standards, could cause the Company to miss the delivery date requirements of its customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a reduction in purchase prices, any of which could have a material adverse effect on the Company's financial condition and results of operations. The Company has no long-term formal arrangements with any of its suppliers and historically has experienced only limited difficulty in satisfying its raw material and finished goods requirements. Although the Company believes it could replace such suppliers without a material adverse effect on the Company, there can be no assurance that such suppliers could be replaced in a timely manner, and the loss of such suppliers could have a material adverse effect on the Company's short-term operating results.

### Tax Matters

THC was incorporated in 1992 as an International Business Company in the BVI and is also registered and licensed as an external International Business Company in Barbados, where it has established residency for tax purposes. In addition, certain of THC's non-United States subsidiaries are incorporated in the BVI and other countries and are subject to taxation in those or other countries where the applicable statutory tax rates are substantially lower than those applicable to the Company's United States subsidiaries. As a result, the Company's overall effective tax rate is materially affected by the relative level of earnings in the various taxing jurisdictions to which the Company's earnings are subject.

As a tax resident of Barbados, THC is entitled to the benefits of an income tax treaty between Barbados and the United States. The Company has in the past and continues to conduct its operations in a manner that it believes is in full compliance with the requirements of the treaty, as well as other applicable tax laws. Nevertheless, recent legislative proposals in the United States have focused on the taxation of United States subsidiaries of non-United States corporations. Changes in tax rules incorporated in treaties, the Internal Revenue Code, regulations or other authorities may occur which could materially increase the Company's tax payments and reduce its net income and cash flow.

The Company's effective tax rate, which was 13% for the fiscal year ended March 31, 2002, has been and is expected to continue to be a major factor in the determination of the Company's profitability and cash flow. As such, a significant shift in the relative sources of the Company's earnings, or changes in tax rules or interpretations, could have a material adverse effect on the Company's results of operations and cash flow.

### Impact of Potential Future Acquisitions

From time to time, the Company has pursued, and may continue to pursue, acquisitions. For example, during the fiscal year ended March 31, 2002, the Company completed the TH Europe Acquisition for a purchase price of \$200 million, funded using available cash. If one or more acquisitions results in the Company becoming substantially more leveraged on a consolidated basis, the Company's flexibility in responding to adverse changes in economic, business or market conditions may be adversely affected.

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### ITEM 2. PROPERTIES

The principal executive offices of THC are located at 11/F, Novel Industrial Building, 850-870 Lai Chi Kok Road, Cheung Sha Wan, Kowloon, Hong Kong. TH USA's principal executive offices are located at 25 West 39th Street, New York, New York 10018.

The general location, use, ownership status and approximate size of the principal properties which the Company currently occupies are set forth below:

Location -----	Use ---	Ownership Status -----
Hong Kong .....	Executive offices and principal buying office of THC	Leased
New York, New York .....	USA Headquarters, sales offices and showrooms	Owned
New York, New York .....	Design, production and administrative offices	Owned
Dayton, New Jersey .....	Warehouse distribution and administrative offices	Leased
Secaucus, New Jersey .....	Warehouse distribution and administrative offices	Leased
Secaucus, New Jersey* .....	Warehouse distribution	Leased
Kearny, New Jersey* .....	Warehouse distribution	Leased
Cranbury, New Jersey .....	Warehouse distribution and administrative offices	Leased
Montreal, Quebec .....	Warehouse distribution, sales and administrative offices and showrooms	Leased
Amsterdam, The Netherlands..	TH Europe headquarters	Leased
Tegelen, The Netherlands ...	Principal warehouse distribution	Leased

\* During fiscal 2003, the Company plans to transfer operations of these facilities to the Company's Cranbury, NJ facility, which opened in May 2002.

A table summarizing the Company's retail stores, all of which are leased, by type and geographic location as of March 31, 2002 is presented under "Business - Merchandising Strategies - Retailing" in Item 1. The Company's outlet and specialty stores average approximately 5,700 and 5,800 square feet, respectively.

### ITEM 3. LEGAL PROCEEDINGS

Saipan Litigation. On January 13, 1999, two actions were filed against the Company and other garment manufacturers and retailers asserting claims that garment factories located on the island of Saipan, which allegedly supply product to the Company and other co-defendants, engage in unlawful practices relating to the recruitment and employment of foreign workers. One action, brought in San Francisco Superior Court (the "State Action"), was filed by a union and three public interest groups alleging unfair competition and false advertising by the Company and others. It seeks equitable relief, restitution and disgorgement of profits relating to the allegedly wrongful conduct, as well as interest and an award of fees to the plaintiffs' attorneys. The other, an action seeking class action status filed in Federal Court for the Central District of California and subsequently transferred to the Federal Court in Saipan (the "Federal Action"), was brought on behalf of an alleged class consisting of the Saipanese factory workers. The defendants include both companies selling goods purchased from factories located on the island of Saipan and the factories themselves. This complaint alleges claims under RICO, the Alien Tort Claims Act, federal anti-peonage and indentured servitude statutes and state and international law. It seeks equitable relief and damages, including treble and punitive damages, interest and an award of fees to the plaintiffs' attorneys.

In addition, the same law firm that filed the State Action and the Federal Action has filed an action seeking class action status in the Federal Court in Saipan. This action is brought on behalf of Saipanese garment factory workers against the Saipanese factories and alleges violation of federal and Saipanese wage and employment laws. The Company is not a defendant in this action.

The Company has entered into settlement agreements with the plaintiffs in the Federal Action and in the State Action. As part of these agreements, the Company specifically denies any wrongdoing or any liability with regard to the claims made in the Federal Action and the State Action. The settlement agreement provides for a monetary payment, in an amount that is not material to the Company's financial position, results of operations or cash flows, to a class of plaintiffs in the Federal Action, as well as the creation of a monitoring program for factories in Saipan. On May 10, 2002, the Federal Court issued an order granting preliminary approval of the settlement.

The Company and its subsidiaries are from time to time involved in routine legal matters incidental to their businesses.

In the opinion of the Company's management, based on advice of counsel, the resolution of the foregoing matters will not have a material effect on its financial position, its results of operations or its cash flows.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

## PART II

#### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED MATTERS

THC's Ordinary Shares, par value \$.01 per share (the "Ordinary Shares"), are listed and traded on the New York Stock Exchange under the symbol "TOM." As of May 31, 2002, there were approximately 1,400 record holders of the outstanding Ordinary Shares.

The following table sets forth, for each of the periods indicated, the high and low sales prices per Ordinary Share as reported on the New York Stock Exchange Composite Tape.

	High ----	Low ---
Fiscal Year ended March 31, 2002		
Fourth Quarter .....	\$16.06	\$11.20
Third Quarter .....	14.90	8.35
Second Quarter .....	14.60	8.46
First Quarter .....	15.65	10.05
Fiscal Year ended March 31, 2001		
Fourth Quarter .....	\$17.25	\$ 9.06

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Third Quarter .....	13.81	8.38
Second Quarter .....	11.44	7.00
First Quarter .....	14.88	6.31

THC has not paid any cash dividends since its IPO in 1992, and has no current plans to pay cash dividends. Future dividend policy will depend on the Company's earnings, capital requirements, financial condition, restrictions imposed by agreements governing indebtedness of THC and its subsidiaries, availability of dividends from subsidiaries, receipt of funds in connection with repayment of loans to subsidiaries or advances from operating subsidiaries and other factors considered relevant by the Board of Directors of THC. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" in Item 7 for a description of certain restrictions on the ability of subsidiaries of THC to pay dividends.

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## Equity Compensation Plan Information

The following table sets forth information regarding the Company's equity compensation plans as of March 31, 2002.

Plan Category(1)	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Nu Rem Future C (E Refl
-----	-----	-----	-----
	(a)	(b)	
Equity Compensation Plans Approved by Security Holders(2)	4,558,957	\$14.52	
Equity Compensation Plans Not Approved by Security Holders(3)	3,584,116	\$20.38	
	-----		
Total	8,143,073	\$17.10	
	=====		

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- (1) For descriptions of the Company's equity compensation plans, see Note 13 to the Consolidated Financial Statements in Item 8 and "Executive Compensation - Stock-Based Plans" in Item 11.
  - (2) Includes the 1992 Stock Incentive Plans (except as described in footnote 3), the 2001 Stock Incentive Plan and the Directors Option Plan (all as defined under "Executive Compensation - Stock-Based Plans" in Item 11).
  - (3) Securities included in this category are attributable solely to certain increases in the number of Ordinary Shares authorized and reserved for issuance under the 1992 Stock Incentive Plans that were not approved by the Company's shareholders.



## ITEM 6. SELECTED FINANCIAL DATA

## Selected Consolidated Financial Data

The following selected financial data have been derived from the Company's Consolidated Financial Statements. The information should be read in conjunction with the Consolidated Financial Statements and related Notes thereto that appear elsewhere in this Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7.

	Fiscal Year Ended March 3			
	2002/ (1) /	2001	2000/ (2) /	
	(in thousands, except per share a			
Statement of Operations Data:				
Net revenue .....	\$1,876,721	\$1,880,935	\$1,977,180	\$
Cost of goods sold .....	1,073,089	1,116,321	1,103,582	
Gross profit .....	803,632	764,614	873,598	
Total operating expenses .....	617,903	567,194	618,099	
Income from operations .....	185,729	197,420	255,499	
Interest expense .....	41,177	41,412	41,024	
Interest income .....	10,062	17,450	13,056	
Income before income taxes .....	154,614	173,458	227,531	
Provision for income taxes .....	20,069	42,497	55,173	
Net income .....	\$ 134,545	\$ 130,961	\$ 172,358	\$
Basic earnings per share .....	\$ 1.50	\$ 1.44	\$ 1.82	\$
Weighted average shares outstanding .....	89,430	91,239	94,662	
Diluted earnings per share .....	\$ 1.49	\$ 1.43	\$ 1.80	\$
Weighted average shares and share equivalents outstanding .....	90,000	91,534	95,632	

/(1)/ Reflects the acquisition in July 2001 of the Company's European licensee, TH Europe.

/(2)/ Reflects the acquisition in May 1998 of the Company's licensees, Pepe Jeans USA, Inc. ("Pepe USA") and Tommy Hilfiger Canada Inc. Selling, general and

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administrative expenses in fiscal 1999 included special acquisition-related charges of \$19,800 (\$11,900 after-tax or \$0.13 per diluted share). Fiscal 2000 results included special charges of \$62,153 (\$36,360 after tax or \$0.39 per diluted share), of which \$11,700 was included in cost of goods sold.

	As of March 31,			
	2002	2001	2000	
			(in thousands)	
Balance Sheet Data:				
Cash and cash equivalents .....	\$ 387,247	\$ 318,431	\$ 309,397	\$
Working capital .....	591,191	591,376	537,765	
Total assets .....	2,594,451	2,342,556	2,381,521	2
Short-term borrowings, including current portion of long-term debt .....	63,447	50,000	50,523	
Long-term debt .....	575,287	529,495	579,370	
Shareholders' equity .....	1,497,462	1,348,593	1,277,714	1

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### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(dollar amounts in thousands)

All references to years relate to the fiscal year ended March 31 of such year.

#### Results of Operations

The following table sets forth the Consolidated Statements of Operations data as a percentage of net revenue.

	Fiscal Year Ended March 31,		
	2002	2001	2000
Net revenue .....	100.0%	100.0%	100.0%
Cost of goods sold .....	57.2	59.3	55.8
Gross profit .....	42.8	40.7	44.2
Depreciation and amortization .....	6.1	5.7	5.0
Other SG&A expenses .....	26.8	24.5	23.7
Operating expenses before special charges ..	32.9	30.2	28.7
Special charges .....	--	--	2.6
Total operating expenses .....	32.9	30.2	31.3
Income from operations .....	9.9	10.5	12.9
Interest expense, net .....	1.7	1.3	1.4

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	-----	-----	-----
Income before taxes .....	8.2	9.2	11.5
Provision for income taxes .....	1.0	2.2	2.8
	-----	-----	-----
Net income .....	7.2	7.0	8.7
	=====	=====	=====

On July 5, 2001, the Company acquired TH Europe, its European licensee, for a purchase price of \$200,000, funded using available cash. The acquisition has been accounted for using the purchase method of accounting and, accordingly, the operating results of TH Europe are included in the consolidated results of the Company from the date of the acquisition. The TH Europe Acquisition is expected to create long-term value for the Company's shareholders through TH Europe's expected contribution to revenue and net income beginning with the year of acquisition. The acquisition is also expected to further the Company's evolution as a premier global lifestyle brand and to provide the Company with distribution channel as well as geographic diversification. The purchase price paid reflected the current profitability and cash flow generation of TH Europe, as well as the rapid rate of projected growth in revenue, net income and cash flows.

The business of TH Europe includes both wholesale distribution as well as the operation of retail stores. In addition, the TH Europe Acquisition results in a reduction in the Company's Licensing segment revenue as the Company's royalties from TH Europe are eliminated in consolidation subsequent to the acquisition.

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Because TH Europe was owned by an affiliate of the Company's two Co-Chairmen, its Honorary Chairman and its Chief Executive Officer, a Special Committee of Independent Directors, advised by independent legal and financial advisors, was established to review and negotiate the transaction. The TH Europe Acquisition was unanimously approved by the Special Committee and, upon its recommendation, by the Company's full Board of Directors.

The Company has a number of other business relationships with related parties. For more information with respect to these transactions, see Note 11 to the Consolidated Financial Statements in Item 8 and Item 13, "Certain Relationships and Related Transactions."

### Overview and Forward Outlook

The Company reported net revenue of \$1,876,721 in fiscal 2002, which was slightly below fiscal 2001 net revenue of \$1,880,935. Fiscal 2001, in turn, had a decrease in net revenue of 4.9% from net revenue of \$1,977,180 in fiscal 2000. The Company's revenue over the past two years was affected by the economic weakness generally seen throughout the apparel industry, a competitive pricing environment and the Company's objective to reduce its supply of inventory to the marketplace in response to market conditions. The Company's net revenue in fiscal 2002 benefited from the contribution of TH Europe which, as noted above, the Company acquired on July 5, 2001. Net revenue by segment (after elimination of intersegment revenue) was as follows:

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	Fiscal Year Ended March 31,		
	2002	2001	2000
Wholesale .....	\$1,440,888	\$1,484,544	\$1,635,242
Retail .....	379,781	330,965	280,255
Licensing .....	56,052	65,426	61,683
Total .....	\$1,876,721	\$1,880,935	\$1,977,180
	=====	=====	=====

Gross profit as a percentage of net revenue increased to 42.8% in fiscal 2002 from 40.7% in fiscal 2001. The increase was mainly due to the contribution of TH Europe, which operates at a higher gross margin than the Company's overall margin, improved gross margins in the Company's U.S. wholesale and retail businesses and an increase in the contribution to total revenue of the Retail segment, which generates a higher gross margin than the Wholesale segment. Gross margin decreased to 40.7% in fiscal 2001 from 44.8% (before special charges) in fiscal 2000. The decrease was due to reduced gross margins in the Company's Wholesale and Retail segments, partially offset by the higher relative contribution in fiscal 2001 of Retail and Licensing segment revenue, each of which produce higher gross margins than the Wholesale segment.

Operating expenses increased to \$617,903, or 32.9% of net revenue, in fiscal 2002 from \$567,194, or 30.2% of net revenue, in fiscal 2001. This increase was partially due to expenses of TH Europe since its acquisition. In addition, the Company incurred increased expenses due to the growth in the Retail segment, which opened or acquired 58 stores and expanded other stores since March 31, 2001. Partially offsetting these increases were net savings due to the Company's continuing efforts to reduce expenses. These efforts included reductions in corporate expenses and Wholesale segment expenses, resulting from divisional consolidations and other streamlining efforts. The Company expects these savings to continue for the foreseeable future. Operating expenses (before special charges) decreased slightly to \$567,194, or 30.2% of net revenue, in fiscal 2001 from \$567,646, or 28.7% of net revenue, in fiscal 2000. This decrease primarily resulted from savings realized by the Company's divisional consolidations and other

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streamlining efforts, partially offset by increased depreciation, amortization and expenses associated with retail stores opened and expanded since the prior year.

Gross interest expense decreased slightly from \$41,412 in fiscal year 2001 to \$41,177 in fiscal year 2002, after increasing slightly from \$41,024 in fiscal year 2000. The decrease from fiscal year 2001 was due to lower interest rates on, and a lower average principal balance under, the Company's credit facilities, partially offset by interest expense associated with the issuance of \$150,000 principal amount of 9% Senior Bonds due December 1, 2031 (the "2031 Bonds") and interest expense incurred by TH Europe since its acquisition. The increase from 2000 to 2001 was due to higher interest rates on outstanding borrowings.

Interest income decreased from \$17,450 in fiscal year 2001 to \$10,062 in fiscal year 2002, after increasing from \$13,056 in fiscal year 2000. The decrease from fiscal year 2001 was due to lower interest rates earned on invested cash balances. The increase from 2000 to 2001 was due to higher average

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interest rates on higher levels of invested cash balances.

The provision for income taxes decreased to 13.0% of income before taxes from 24.5% last year and 24.2% in fiscal 2000. These changes were primarily attributable to the relative level of earnings in the various taxing jurisdictions to which the Company's earnings are subject.

For fiscal year 2003, the Company expects that net revenue will be essentially unchanged from fiscal 2002. The Company believes that operating income as a percentage of net revenue will increase by approximately 100 basis points as compared to fiscal 2002. The projected improvement in operating income is expected to result from an improvement in gross margin, partially offset by an increase in operating expenses. The projected improvement in gross margin is due to anticipated changes in the Company's revenue mix and the expected growth in TH Europe. The projected increase in operating expenses is expected to result from the operations of TH Europe and the Company's expanded Retail segment, which operates at a higher cost structure than the Wholesale segment, offset somewhat by the elimination of amortization of goodwill and other intangible assets with indefinite lives of approximately \$32,000. Net income is projected to be approximately \$148,000 using an effective tax rate consistent with that of fiscal 2002. The Company's projections do not include the potential effect of fully adopting SFAS 142 which requires the Company to evaluate its intangible assets, including goodwill, for possible impairment, using newly defined criteria. The potential impact of this adoption, which would be recorded as a cumulative effect of a change in accounting principle and would be a non-cash and non-operating charge, could result in a material decrease to the Company's net income or result in a substantial net loss for fiscal year 2003.

### Segment Operations

The Company has three reportable segments: Wholesale, Retail and Licensing. The Company's reportable segments are business units that offer different products and services or similar products through different distribution channels. The Wholesale segment consists of the design and sourcing of men's sportswear and jeanswear, women's casualwear and jeanswear and childrenswear for wholesale distribution. The Retail segment is comprised of the operations of the Company's outlet and specialty stores. The Licensing segment consists of the operations of licensing the Company's trademarks for specified products in specified geographic areas. The Company evaluates performance and allocates resources based on segment profits. Segment profits are comprised of segment net revenue less cost of goods sold and selling, general and administrative expenses. Excluded from the calculation of segment profits, however, are the vast majority of executive compensation, certain marketing costs, brand image costs associated with its flagship stores (through February 2001), amortization of intangibles (including goodwill) and

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interest costs. Financial information for the Company's reportable segments is as follows (see Note 10 to the Consolidated Financial Statements in Item 8 for a reconciliation of total segment revenue to consolidated net revenue):

	Wholesale	Retail	Licensing
	-----	-----	-----
Fiscal year ended March 31, 2002			
	-----		

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Total segment revenue	\$ 1,440,888	\$ 379,781	\$ 109,861
Segment profits	155,951	54,429	65,878
Segment profit %	10.8%	14.3%	60.0%

## Fiscal year ended March 31, 2001

Total segment revenue	\$ 1,484,544	\$ 330,965	\$ 119,405
Segment profits	164,823	62,225	71,315
Segment profit %	11.1%	18.8%	59.7%

## Fiscal year ended March 31, 2000

Total segment revenue	\$ 1,635,242	\$ 280,255	\$ 120,256
Segment profits	269,472	73,548	77,190
Segment profit %	16.5%	26.2%	64.2%

## Wholesale Segment

Wholesale segment net revenue decreased by \$43,656, or 2.9% from fiscal 2001 to fiscal 2002 and by \$150,698, or 9.2%, from fiscal 2000 to fiscal 2001. Within the Wholesale segment, net revenue by component was as follows:

	Fiscal Year Ended March 31,		
	2002	2001	2000
Menswear	\$ 622,166	\$ 666,722	\$ 754,084
Womenswear	538,268	485,013	566,962
Childrenswear	280,454	332,809	314,196
	\$1,440,888	\$1,484,544	\$ 1,635,242
	=====	=====	=====

The decline in Wholesale net revenue from fiscal 2001 to fiscal 2002 was due to an overall volume reduction in the United States, mainly reflecting the Company's efforts to balance supply and demand. Within the menswear component, a reduced level of consumer spending together with the loss of some market share in men's jeans to a variety of new competitors offering fashion forward "street" wear also contributed to the decrease in revenue. Similarly, the childrenswear business has been negatively impacted by greatly reduced discretionary spending on better childrenswear in department stores. Partially offsetting these decreases was the performance of the womenswear component, which achieved an improvement of approximately 11%. This component benefited from the expansion of the Company's women's casual division through the introduction of "plus sizes". Each of the Wholesale divisions benefited from the addition of TH Europe in fiscal year 2002. The decrease in Wholesale net revenue from fiscal 2000 to fiscal 2001 was due to price reductions caused by an oversupply of product and the promotional environment of department stores where the Company's products are sold offset, in part, by the liquidation of substantially higher levels of prior season goods in fiscal year 2000.

The Company expects Wholesale segment revenue in fiscal year 2003 to be level with to 5% below fiscal 2002 revenue, with decreases in menswear and childrenswear, caused by lower levels of projected off-price sales and lower receipt plans by major retail customers in the U.S., offset somewhat by increases in the womenswear component and the European business.

Wholesale segment profits decreased by \$8,872, or 5.4%, from fiscal year 2001 to fiscal year 2002 and by \$104,649, or 38.8%, from fiscal year 2000 to fiscal year 2001. As a percentage of segment revenue, segment profits were 10.8%, 11.1% and 16.5% for fiscal years 2002, 2001 and 2000, respectively. The decrease in Wholesale segment profits from fiscal year 2001 to fiscal year 2002 was due to reduced volume in the Company's U.S. wholesale business. This decrease was partially offset by slightly higher U.S. gross margins and a reduction in U.S. SG&A expenses, as well as by the contribution in fiscal 2002 of TH Europe's wholesale operations, which operated at a higher segment profit percentage than the Company's U.S. business. The decrease in Wholesale segment profits from fiscal year 2000 to fiscal year 2001 was due to the decrease in segment revenue, which in turn resulted from price reductions caused by an oversupply of product and the promotional environment of department stores where the Company's products are sold. In addition, gross profit as a percentage of net revenue decreased from fiscal 2000 to fiscal 2001 due to the price reductions as well as the liquidation of substantially higher levels of prior season goods through the Company's normal off-price channels. These decreases were partially offset by a reduction in operating expenses, which reflects savings realized by the Company's divisional consolidations and other streamlining efforts.

#### Retail Segment

Retail segment revenue increased \$48,816, or 14.7%, from fiscal year 2001 to fiscal year 2002 and \$50,710, or 18.1%, from fiscal year 2000 to fiscal year 2001. The improvements in each year were due to increases in the number of stores and the expansion of certain stores into larger formats offset, in part, by decreases in sales at existing stores. Management believes that the decreases at existing stores was due to reduced customer traffic and softer economic conditions. The Company operated 163 (including 15 in Europe), 105 and 90 retail stores as of March 31, 2002, 2001 and 2000, respectively. Retail stores opened or acquired during fiscal years 2002 and 2001 contributed net revenue of \$59,310 and \$36,727, respectively, during those years.

Revenue in the Retail segment is expected to grow 10% to 15% in fiscal year 2003, driven by sales at stores opened within the past year in both the specialty and outlet divisions.

Retail segment profits decreased \$7,796, or 12.5%, from fiscal year 2001 to fiscal year 2002 and \$11,323, or 15.4%, from fiscal year 2000 to fiscal year 2001. As a percentage of segment revenue, segment profits were 14.3%, 18.8% and 26.2% for fiscal years 2002, 2001 and 2000, respectively. Segment profit and segment profit as a percentage of segment revenue decreased from fiscal year 2001 to fiscal year 2002 due to operating losses in the Company's U.S. specialty retail division. During fiscal year 2002, the Company opened 28 specialty stores in the U.S. This expansion coincided with a downturn in mall traffic, an intensely promotional climate throughout apparel retailing and a lackluster Fall and Holiday season for menswear. Partially offsetting this decrease was an improvement in gross margins of the Company's outlet division due to lower levels of markdowns as the division operated with much leaner inventories. Segment profit and segment profit as a percentage of net revenue decreased from fiscal year 2000 to fiscal year 2001 due to the promotional environment in department stores and reduced customer traffic, reflecting softer economic conditions and higher energy prices, all of which had the effect of reducing retail prices and, therefore, gross margins.

### Licensing Segment

Licensing segment revenue decreased by \$9,544, or 8.0%, from fiscal year 2001 to fiscal year 2002 after remaining essentially unchanged from fiscal year 2000 to fiscal year 2001. Segment revenue decreased in fiscal 2002 due principally to the elimination in consolidation of royalties from TH Europe since the date of the TH Europe Acquisition. New products introduced under licenses entered into during fiscal years 2002 and 2001 contributed a de minimus amount of revenue during those respective years.

The Company expects Licensing segment revenue in fiscal year 2003 to be level with to 5% below fiscal 2002 revenue.

Licensing segment profits decreased by \$5,437, or 7.6%, from fiscal year 2001 to fiscal year 2002 due to the reduction in licensing royalties from TH Europe mentioned above. Segment profit decreased \$5,875, or 7.6%, from fiscal year 2000 to fiscal year 2001 due to the inclusion in fiscal year 2000 of a legal settlement received from Wal-Mart Stores, Inc. of \$6,400.

### Liquidity and Capital Resources

Cash provided by operations continues to be the Company's primary source of funds to finance operating needs, capital expenditures and debt service. Capital expenditures primarily relate to construction of additional retail stores as well as maintenance or selective expansion of the Company's in-store shop and fixtured area program. The Company's sources of liquidity are cash on hand, cash from operations and the Company's available credit.

The Company's cash and cash equivalents balance increased from \$318,431 at March 31, 2001 to \$387,247 at March 31, 2002. This represented an overall increase of \$68,816 due primarily to cash provided by operating activities and the issuance of the 2031 Bonds. In fiscal 2002, the Company generated net cash from operating activities of \$353,300 consisting of \$245,100 of net income adjusted for non-cash items and \$108,200 of cash provided by changes in working capital, primarily reductions of \$51,016 and \$29,963 in inventory and accounts receivable, respectively. Partially offsetting this increase was cash used in investing activities. Cash used in investing activities included the \$200,000 cash purchase price for the TH Europe Acquisition and \$5,061 of related transaction expenses (net of cash acquired), as well as capital expenditures of \$96,923. Capital expenditures were made principally in support of the Company's retail store openings and expansions as well as facilities and selected in-store shops and fixtured areas. Cash provided by financing activities included \$144,921 of net proceeds (after underwriting discounts and transaction expenses) from the issuance of the 2031 Bonds, short-term borrowings under TH Europe's credit facility and the proceeds from the issuance of Ordinary Shares under the Company's employee stock option program, partially offset by scheduled debt repayments of \$50,000, the early retirement of \$85,000 principal amount of outstanding bank term and public debt and the pay-down of the \$20,000 principal amount of outstanding direct borrowings under TH USA's revolving credit line (all as described below). A more detailed analysis of the changes in cash equivalents is presented in the Consolidated Statements of Cash Flows.

At March 31, 2002, accrued expenses and other current liabilities included \$38,029 of open letters of credit for inventory purchased. Additionally, at March 31, 2002, TH USA was contingently liable for unexpired bank letters of credit of \$66,658 related to commitments of TH USA to suppliers for the purchase of inventories.



As of March 31, 2002, the Company's principal debt facilities consisted of \$225,000 of 6.50% notes maturing on June 1, 2003 (the "2003 Notes"), \$200,000 of 6.85% notes maturing on June 1, 2008 (the "2008 Notes"), the 2031 Bonds and a \$250,000 revolving credit facility (the "Credit Facility"). The 2003 Notes, 2008 Notes and the 2031 Bonds (collectively, the "Notes") were issued by TH USA and are fully and unconditionally guaranteed by THC. The indenture under which the Notes were issued contains covenants that, among other things, restrict the ability of subsidiaries of THC to incur additional indebtedness, restrict the ability of THC and its subsidiaries to incur indebtedness secured by liens or enter into sale and leaseback transactions and restrict the ability of THC and TH USA to engage in mergers or consolidations.

During fiscal 2002, the Company repurchased \$25,000 principal amount of the 2003 Notes in open market transactions.

The Credit Facility, which is guaranteed by THC, consists of an unsecured \$250,000 TH USA revolving credit line, expiring on March 31, 2003, of which up to \$150,000 may be used for direct borrowings. The Credit Facility is available for letters of credit, working capital and other general corporate purposes. As of March 31, 2002, there were no direct borrowings outstanding under the Credit Facility and \$104,687 of the available borrowings under the Credit Facility had been used to open the letters of credit described above. The weighted average annual interest rate for borrowings under the Credit Facility for the fiscal years ended March 31, 2002 and 2001 was 4.50% and 7.04%, respectively.

During fiscal 2002, in addition to making \$50,000 in scheduled amortization payments under its \$200,000 five-year term loan facility, the Company prepaid the remaining principal balance of \$60,000. The Company also paid down \$20,000 principal amount of outstanding direct borrowings under the Credit Facility.

The Credit Facility contains a number of covenants that, among other things, restrict the ability of subsidiaries of THC to dispose of assets, incur additional indebtedness, create liens on assets, pay dividends or make other payments in respect of capital stock, make investments, loans and advances, engage in transactions with affiliates, enter into certain sale and leaseback transactions, engage in mergers or consolidations or change the businesses conducted by them. The Credit Facility also restricts the ability of THC to create liens on assets or enter into sale and leaseback transactions. Under the Credit Facility, subsidiaries of THC may not pay dividends or make other payments in respect of capital stock to THC that in the aggregate exceed 33% of the Company's cumulative consolidated net income, commencing with the fiscal year ended March 31, 1998, less certain deductions. In addition, under the Credit Facility, THC and TH USA are required to comply with and maintain specified financial ratios and tests (based on the Company's consolidated financial results), including, without limitation, an interest expense coverage ratio, a maximum leverage ratio and a minimum consolidated net worth test.

The Company was in compliance with all covenants in respect of the Notes and the Credit Facility as of March 31, 2002.

Certain of the Company's non-U.S. subsidiaries have separate credit facilities for working capital or trade financing purposes. In addition to short-term borrowings of \$62,749, as of March 31, 2002 these subsidiaries were contingently liable for unexpired bank letters of credit of \$10,325 related to

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commitments of these subsidiaries to suppliers for the purchase of inventory and bank guarantees of \$913. Borrowings under these credit facilities bear interest at variable rates which, on a weighted average annual basis, amounted to 4.86% and 5.27% as of, and for the fiscal year ended, March 31, 2002, respectively.

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The Company attempts to mitigate the risks associated with adverse movements in interest rates by establishing and maintaining a favorable balance of fixed and floating rate debt and cash on hand. Management also believes that significant flexibility remains available in the form of additional borrowing capacity and the ability to prepay long-term debt, if so desired, in response to changing conditions in the debt markets. Because such flexibility exists, the Company does not normally enter into specific hedging transactions to further mitigate interest rate risks, except in the case of specific, material borrowing transactions. No interest rate hedging contracts were in place as of March 31, 2002.

The Company intends to fund its cash requirements for fiscal 2003 and future years from available cash balances, internally generated funds and borrowings available under the Credit Facility or similar replacement facilities. The Company believes that these resources will be sufficient to fund its cash requirements for such periods. The Company also believes that it will be able to renew its revolving credit line on terms similar to those of the Credit Facility, which expires on March 31, 2003.

As of March 31, 2002, the Company's contractual cash obligations by future period are as follows:

	Payments Due			
	Less Than 1 Year	1-3 Years	4-5 Years	After 5 Years
Operating leases	\$ 43,396	\$ 77,616	\$ 54,922	\$123,213
Debt repayments	63,447	225,667	--	350,000
Total	\$ 106,843	\$ 303,283	\$ 54,922	\$473,213

There were no significant committed capital expenditures at March 31, 2002. The Company expects fiscal 2003 capital expenditures to approximate \$75,000 to \$85,000. Existing cash may also be used to conduct the Company's debt repurchase program, announced April 19, 2002, which authorizes the repurchase of up to \$100,000 principal amount of the 2003 Notes (as defined below). As of June 21, 2002, \$31,000 principal amount of the 2003 Notes were repurchased under this program.

### Application of Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses during the period. Significant accounting policies employed by the Company, including the use of estimates, are presented in Note 1 to the Consolidated Financial Statements in Item 8.

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Critical accounting estimates are those that require management to make assumptions that are highly uncertain at the time and where different estimates that management reasonably could have used, or changes in the accounting estimates that are reasonably likely to occur from period to period, would have a material impact on the Company's financial position, results of operations, or cash flows. The Company's most critical accounting estimates relate to the following: adjustments to revenue, accounts receivable, inventories, and deferred tax assets and are discussed below. Because of the uncertainty inherent in these critical estimates, actual results could differ from such estimates and such differences could be material.

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### Adjustments to Revenue

Net revenue from wholesale product sales is recognized upon the transfer of title and risk of ownership to customers. Wholesale revenue is recorded net of discounts, as well as provisions for estimated returns, allowances and doubtful accounts. On a seasonal basis, the Company negotiates price adjustments with retailers as sales incentives or to partially reimburse them for the cost of certain promotions. The Company estimates the cost of such adjustments on an ongoing basis considering historical trends, projected seasonal results and an evaluation of current economic conditions. These costs are recorded as a reduction to net revenue. The Company's estimates of these costs have historically been reasonably accurate.

### Accounts Receivable

In the normal course of business, the Company grants credit directly to certain retail store customers. Accounts receivable are recorded net of an allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based upon an analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectibility based on historic trends and an evaluation of economic conditions.

### Inventories

Inventories are valued at the lower of cost (weighted average method) or market. Substantially all inventories are comprised of finished goods. The Company continually evaluates its inventories by assessing slow moving current product as well as prior seasons' inventory. Market value of non-current inventory is estimated based on historical sales trends for this category of inventory of the Company's individual product lines, the impact of market trends, an evaluation of economic conditions and the value of current orders relating to the future sales of this type of inventory.

### Deferred Tax Assets

The Company evaluates the probability of realizing its deferred tax assets on an ongoing basis. This evaluation includes estimating the Company's future taxable income in each of the taxing jurisdictions in which the Company operates as well as the feasibility of tax planning strategies. The Company is required to provide a valuation allowance if it is determined to be more likely than not that the Company will not be able to realize certain of its deferred tax assets. For certain of the Company's deferred tax assets, the Company had previously determined that it was not more likely than not that these assets will be realized and recorded the appropriate valuation allowance. Should the Company determine that it is more likely than not that it will realize certain of its deferred tax assets in the future, an adjustment would be required to

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reduce the existing valuation allowance and increase income. Conversely, if the Company should determine that an adjustment to increase the valuation allowance is required, such an adjustment would be charged to the results of operations in the period such conclusion was reached.

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### Seasonality

The Company's business is impacted by the general seasonal trends characteristic of the apparel and retail industries. The Company's Wholesale revenue, particularly those from its European operations, is generally highest during the second and fourth fiscal quarters, while the Company's Retail segment generally contributes its highest levels of revenue during the third fiscal quarter. As the timing of Wholesale product shipments and other events affecting the retail business may vary, results for any particular quarter might not be indicative of results for the full year.

### Inflation

The Company believes that inflation has not had a material effect on its net revenue or profitability in recent years.

### Exchange Rates

The Company receives United States dollars for substantially all of its product sales. Substantially all inventory purchases from contract manufacturers throughout the world are also denominated in United States dollars; however, purchase prices for the Company's products may be impacted by fluctuations in the exchange rate between the United States dollar and the local currencies of the contract manufacturers, which may have the effect of increasing the Company's cost of goods in the future. During the last three fiscal years, exchange rate fluctuations have not had a material impact on the Company's inventory costs; however, due to the number of currencies involved and the fact that not all foreign currencies react in the same manner against the United States dollar, the Company cannot quantify in any meaningful way the potential effect of such fluctuations on future income. The Company does not engage in hedging activities with respect to such exchange rate risk.

The Company does, however, seek to protect against adverse movements in foreign currency which might affect certain firm commitments or transactions. These include the purchase of inventory, capital expenditures and the collection of foreign royalty payments. The Company enters into forward contracts with maturities generally up to fifteen months to sell or purchase foreign currency in order to hedge against such risks. The Company does not use financial instruments for speculative or trading purposes. At March 31, 2002, the Company had contracts to exchange foreign currencies, principally, the Japanese yen, the Euro and the Canadian dollar, having a total notional amount of \$44,219. No significant gain or loss was inherent in such contracts at March 31, 2002. While a hypothetical 10% adverse change in all of the relevant exchange rates would potentially cause a decrease in the fair value of the contracts of approximately \$4,536, the Company would experience an offsetting benefit in the spot rate or would otherwise achieve its desired exchange rate for the underlying transactions.

### Recently Issued Accounting Standards

In July 2001, the FASB released SFAS No. 141, "Business Combinations"

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("SFAS 141"). This statement is effective for all business combinations completed after June 30, 2001. SFAS 141 prohibits the pooling-of-interests method of accounting for business combinations and prescribes criteria for the initial recognition and measurement of goodwill and other intangible assets, accounting for negative goodwill and the required disclosures in respect of business combinations.

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The Company has applied the provisions of SFAS 141 to the TH Europe Acquisition, since it was completed after June 30, 2001. Approximately, \$156,706 of goodwill and \$60,514 of indefinite lived intangibles, consisting of the acquired trademark rights, will continue to be evaluated for impairment under SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", or APB 17, "Intangible Assets", until the date that SFAS 142 is fully adopted.

In July 2001, the FASB also released SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). The Company adopted SFAS 142 on April 1, 2002, as required. SFAS 142 requires that goodwill, including previously existing goodwill, and intangible assets with indefinite useful lives not be amortized but that they be tested for impairment at least annually. The Company has applied certain provisions of SFAS 142 to the TH Europe Acquisition since it was completed after June 30, 2001. Accordingly, the goodwill and indefinite lived intangible assets associated with the TH Europe Acquisition are not amortized. The Company continued to amortize goodwill and intangible assets that existed prior to June 30, 2001 through March 31, 2002.

SFAS 142 provides new criteria for performing impairment tests on goodwill and intangible assets with indefinite useful lives. The impairment test for indefinite lived intangibles must be performed by the Company not later than June 30, 2002. The impairment test for goodwill is a two-step process. SFAS 142 introduces the concept of assessing goodwill impairment at the reporting unit level. By September 30, 2002, the Company must complete the first step of the transitional impairment test, which consists of comparing the carrying amount of the net assets of a reporting unit to its fair value. If the carrying amount exceeds the fair value, the second step of the goodwill impairment test must be completed as soon as possible, but no later than March 31, 2003. The second step of the impairment test consists of the comparison of the implied fair value of the reporting unit's goodwill to the carrying amount of such goodwill.

With respect to the Company's acquisition of its womenswear, jeanswear and Canadian licensees on May 8, 1998, the Company has unamortized goodwill and other intangibles of approximately \$611,290 and \$561,582, respectively, and deferred tax liabilities of \$230,522, as of March 31, 2002. Amortization expense related to goodwill and other intangibles was \$16,974 and \$17,558, respectively, for the fiscal year ended March 31, 2002. Effective April 1, 2002, the Company no longer amortizes existing goodwill or trademark rights, which are classified as indefinite life assets, or the related deferred tax liabilities. The combined effect of these adjustments is expected to be a reduction in operating expenses of approximately \$32,000 per year and an increase in income tax expense of approximately \$6,000 per year. Any impairment loss recognized as a result of adopting this standard would be recorded as a cumulative effect of a change in accounting principle in the Company's statements of operations for the fiscal year ending March 31, 2003 and would be a non-cash and non-operating charge. The Company has not completed its estimate of the impact of adopting SFAS 142 on the Company's financial statements at the date of this report, including whether any transitional impairment losses will be required to be recognized. However, any

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such loss could materially decrease the Company's reported results of net income and earnings per share or result in a substantial net loss for fiscal year 2003.

In October 2001, the FASB issued SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS 144 also extends the reporting requirements to report separately as discontinued operations, components of an entity that have either been disposed of or classified as held-for-sale. The Company adopted the

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provisions of SFAS 144 effective April 1, 2002, and such adoption did not have a significant effect on the Company's results of operations or financial position.

In November 2001, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 01-09 (formerly EITF Issue 00-25), "Accounting for Consideration Given to a Customer or a Reseller of the Vendor's Products." This consensus addresses the recognition, measurement and income statement classification of consideration from a vendor to a customer in connection with a customer's purchase or promotion of the vendor's products. Beginning January 1, 2002, the Company adopted the required accounting, which had no impact on the recognition, measurement or classification of revenue and expense in the Company's Consolidated Statement of Operations.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such statements are indicated by words or phrases such as "anticipate," "estimate," "project," "expect," "believe" and similar words or phrases. Such statements are based on current expectations and are subject to certain risks and uncertainties, including, but not limited to, the overall level of consumer spending on apparel, the financial strength of the retail industry generally and the Company's customers, distributors and franchisees in particular, changes in trends in the market segments and geographic areas in which the Company competes, the level of demand for the Company's products, actions by our major customers or existing or new competitors, changes in currency and interest rates, changes in applicable tax laws, regulations and treaties and changes in economic or political conditions or trade regulations in the markets where the Company sells or sources its products, as well as other risks and uncertainties set forth in the Company's publicly-filed documents, including this Annual Report on Form 10-K. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the sections entitled "Liquidity and Capital Resources" and "Exchange Rates" in Item 7, which sections are incorporated herein by reference.

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### ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Consolidated Balance Sheets as of March 31, 2002 and 2001

Consolidated Statements of Cash Flows for the years ended March 31, 2002, 2001 and 2000

Consolidated Statements of Changes in Shareholders' Equity for the years ended March 31, 2002, 2001 and 2000

Notes to Consolidated Financial Statements

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#### REPORT OF INDEPENDENT ACCOUNTANTS

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To the Board of Directors and Shareholders of  
Tommy Hilfiger Corporation:

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In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Tommy Hilfiger Corporation and its subsidiaries (the "Company") at March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

New York, New York  
May 17, 2002

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## TOMMY HILFIGER CORPORATION CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share amounts)

	For the Fiscal Year Ended March 31,		
	2002	2001	2000
Net revenue .....	\$1,876,721	\$1,880,935	\$1,900,000
Cost of goods sold .....	1,073,089	1,116,321	1,100,000
Gross profit .....	803,632	764,614	800,000
Depreciation and amortization .....	114,129	106,640	100,000
Other selling, general and administrative expenses .....	503,774	460,554	400,000
Special charges .....	--	--	--
Total operating expenses .....	617,903	567,194	500,000
Income from operations .....	185,729	197,420	300,000



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Interest expense .....	41,177	41,412	
Interest income .....	10,062	17,450	
	-----	-----	-----
Income before income taxes .....	154,614	173,458	2
Provision for income taxes .....	20,069	42,497	
	-----	-----	-----
Net income .....	\$ 134,545	\$ 130,961	\$ 1
	=====	=====	=====
Earnings per share:			
Basic earnings per share .....	\$ 1.50	\$ 1.44	\$
	=====	=====	=====
Weighted average shares outstanding .....	89,430	91,239	
	=====	=====	=====
Diluted earnings per share .....	\$ 1.49	\$ 1.43	\$
	=====	=====	=====
Weighted average shares and share equivalents outstanding ....	90,000	91,534	
	=====	=====	=====

See Accompanying Notes to Consolidated Financial Statements.

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## TOMMY HILFIGER CORPORATION CONSOLIDATED BALANCE SHEETS (in thousands, except share data)

	March 31,	
	2002	2001
	-----	-----
Assets		
Current assets		
Cash and cash equivalents .....	\$ 387,247	\$ 318,431
Accounts receivable .....	224,395	237,414
Inventories .....	184,972	205,446
Deferred tax and other current assets .....	97,274	90,353
	-----	-----
Total current assets .....	893,888	851,644
Property and equipment, at cost, net of accumulated depreciation and amortization .....	302,937	281,682
Intangible assets, net of accumulated amortization of \$135,794 and \$101,262 respectively .....	1,390,092	1,206,358
Other assets .....	7,534	2,872

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	-----	-----
Total Assets .....	\$2,594,451	\$2,342,556
	=====	=====
Liabilities and Shareholders' Equity		
Current liabilities		
Short-term borrowings .....	\$ 62,749	\$ --
Current portion of long-term debt .....	698	50,000
Accounts payable .....	28,980	38,628
Accrued expenses and other current liabilities ...	210,270	171,640
	-----	-----
Total current liabilities .....	302,697	260,268
Long-term debt .....	575,287	529,495
Deferred tax liability .....	214,964	202,123
Other liabilities .....	4,041	2,077
Commitments and contingencies		
Shareholders' equity		
Preference Shares, \$.01 par value-shares		
authorized 5,000,000; none issued .....	--	--
Ordinary Shares, \$.01 par value-shares		
authorized 150,000,000; issued 96,031,167		
and 95,169,402 respectively .....	960	952
Capital in excess of par value .....	598,527	589,184
Retained earnings .....	956,776	822,231
Accumulated other comprehensive income (loss) ....	2,430	(2,543)
Treasury shares, at cost: 6,192,600 Ordinary		
Shares .....	(61,231)	(61,231)
	-----	-----
Total shareholders' equity .....	1,497,462	1,348,593
	-----	-----
Total Liabilities and Shareholders' Equity ..	\$2,594,451	\$2,342,556
	=====	=====

See Accompanying Notes to Consolidated Financial Statements.

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## TOMMY HILFIGER CORPORATION CONSOLIDATED STATEMENTS OF CASH FLOWS (in thousands)

	For the Fiscal
	March
	-----
	2002
	-----
	200
	-----

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Cash flows from operating activities		
Net income .....	\$ 134,545	\$ 130
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization .....	117,326	108
Deferred taxes .....	(6,771)	9
Provision for special charges .....	--	
Changes in operating assets and liabilities		
Decrease (increase) in assets		
Accounts receivable .....	29,963	(16
Inventories .....	51,016	13
Other assets .....	(4,138)	
Increase (decrease) in liabilities		
Accounts payable .....	(15,613)	7
Accrued expenses and other liabilities .....	46,972	(61
	-----	-----
Net cash provided by operating activities .....	353,300	190
	-----	-----
Cash flows from investing activities		
Purchases of property and equipment .....	(96,923)	(73
Acquisition of businesses, net of cash acquired .....	(205,061)	
	-----	-----
Net cash used in investing activities .....	(301,984)	(73
	-----	-----
Cash flows from financing activities		
Proceeds of long-term debt .....	144,921	
Payments on long-term debt .....	(155,538)	(50
Proceeds from the exercise of stock options .....	7,997	3
Purchase of treasury shares .....	-	(61
Short-term bank borrowings (repayments), net .....	20,120	
	-----	-----
Net cash provided by (used in) financing activities .....	17,500	(108
	-----	-----
Net increase in cash .....	68,816	9
Cash and cash equivalents, beginning of period .....	318,431	309
	-----	-----
Cash and cash equivalents, end of period .....	\$ 387,247	\$ 318
	=====	=====

See Accompanying Notes to Consolidated Financial Statements.

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TOMMY HILFIGER CORPORATION  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(dollar amounts in thousands)

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	Ordinary Shares		Capital in excess of par value	Retained earnings	Accumulated other comprehensive income (loss)
	Outstanding	Amount			
Balance, March 31, 1999 .....	94,324,088	\$943	\$572,809	\$518,912	\$
Net income .....	--	--	--	172,358	
Foreign currency translation ...	--	--	--	--	
Exercise of stock options .....	506,550	5	8,928	--	
Tax benefits from exercise of stock options .....	--	--	3,183	--	
Balance, March 31, 2000 .....	94,830,638	948	584,920	691,270	
Net income .....	--	--	--	130,961	
Foreign currency translation ...	--	--	--	--	
Exercise of stock options .....	338,764	4	3,706	--	
Tax benefits from exercise of stock options .....	--	--	558	--	
Purchase of treasury shares ....	(6,192,600)	--	--	--	
Balance, March 31, 2001 .....	88,976,802	952	589,184	822,231	
Net income .....	--	--	--	134,545	
Foreign currency translation ...	--	--	--	--	
Change in fair value of hedging instruments .....	--	--	--	--	
Exercise of stock options .....	861,765	8	7,989	--	
Tax benefits from exercise of stock options .....	--	--	1,354	--	
Balance, March 31, 2002 .....	89,838,567	\$960	\$598,527	\$956,776	\$

Comprehensive income consists of net income, foreign currency translation and unrealized gains and losses on hedging instruments and totaled \$139,518, \$127,842 and \$173,349 in fiscal 2002, 2001 and 2000, respectively.

See Accompanying Notes to Consolidated Financial Statements.

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TOMMY HILFIGER CORPORATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(dollar amounts in thousands, except per share amounts)

Note 1 - Summary of Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements include the accounts of Tommy Hilfiger Corporation ("THC" or the "Company"; unless the context indicates

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otherwise, all references to the "Company" include THC and its subsidiaries) and all majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

### (b) Organization and Business

THC, through its subsidiaries, designs, sources and markets men's and women's sportswear, jeanswear and childrenswear under the Tommy Hilfiger trademarks. Through a range of strategic licensing agreements, the Company also offers a broad array of related apparel, accessories, footwear, fragrance and home furnishings. The Company's products can be found in leading department and specialty stores throughout the United States, Canada, Europe, Mexico, Central and South America, Japan, Hong Kong and other countries in the Far East, as well as the Company's own network of specialty and outlet stores in the United States, Canada and Europe. THC was incorporated as an International Business Company in the British Virgin Islands (the "BVI") in 1992 and is also registered and licensed as an external International Business Company in Barbados.

### (c) Cash and Cash Equivalents

The Company considers all financial instruments purchased with original maturities of three months or less to be cash equivalents.

### (d) Inventories

Inventories are valued at the lower of cost (weighted average method) or market. Substantially all inventories are comprised of finished goods.

### (e) Property and Equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the following estimated useful lives of the assets: furniture and fixtures - three to five years; buildings - twenty-five years; machinery and equipment - three to five years. Leasehold improvements are amortized using the straight-line method over the lesser of the terms of the leases or the estimated useful lives of the assets. Major additions and betterments are capitalized and repairs and maintenance are charged to operations in the period incurred. The Company's share of the cost of constructing in-store shop displays, which is principally paid directly to third party suppliers, is capitalized and included in furniture and fixtures and amortized in other selling, general and administrative expenses using the straight-line method over their estimated useful lives.

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### (f) Intangible Assets

Intangible assets are comprised principally of goodwill and other intangibles, including those acquired during fiscal 2002 in connection with the TH Europe Acquisition (as defined in Note 2), of \$767,996 and \$622,096 respectively. The principal intangible assets acquired were trademark rights associated with the licenses between the acquired companies and the Company.

### (g) Long Lived Assets

The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of long-lived assets

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may warrant revision or that the remaining balance may not be recoverable. When factors indicate that an asset should be evaluated for possible impairment, the Company reviews long lived assets to assess recoverability from future operations using undiscounted cash flows. Impairments would be recognized in earnings to the extent that carrying value exceeds fair value.

### (h) Income Taxes

The Company has recorded its provision for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on differences between the financial statement and tax bases of assets and liabilities using enacted tax rates that will be in effect at the time such differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

### (i) Earnings Per Share and Authorized Shares

Basic earnings per share were computed by dividing net income by the average number of common shares outstanding during the respective period. Diluted earnings per share reflect the potentially dilutive effect of common stock issuable under the Company's stock option plans. Diluted earnings per share have been computed by dividing net income by the average number of common shares outstanding plus the incremental shares that would have been outstanding assuming the exercise of stock options.

A reconciliation of shares used for basic earnings per share and those used for diluted earnings per share is as follows:

	Fiscal Year Ended March 31,		
	2002	2001	2000
Weighted average shares outstanding ...	89,430,000	91,239,000	94,662,000
Net effect of dilutive stock options based on the treasury stock method using average market price .....	570,000	295,000	970,000
Weighted average shares and share equivalents outstanding .....	90,000,000	91,534,000	95,632,000

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Options to purchase 3,640,340, 7,368,940 and 1,566,910 shares at March 31, 2002, 2001 and 2000, respectively, were not included in the computation of diluted earnings per share because the exercise prices of the options were greater than the average market price of the Company's Ordinary Shares, par value \$.01 per share (the "Ordinary Shares").

### (j) Revenue Recognition

Net revenue from wholesale product sales is recognized upon the

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transfer of title and risk of ownership to customers. Revenue is recorded net of discounts, as well as provisions for estimated returns, allowances and doubtful accounts. Retail store revenue is recognized at the time of sale. Licensing royalties and buying agency fees are recognized as earned.

Net wholesale revenue from major customers as a percentage of consolidated net revenue was as follows:

	Fiscal Year Ended March 31,		
	2002	2001	2000
	----	----	----
Customer A	15%	17%	18%
Customer B	12%	13%	15%
Customer C	11%	13%	13%

### (k) Foreign Currency Translation

The consolidated financial statements of the Company are prepared in United States dollars as this is the currency of the primary economic environment in which the Company operates, and the vast majority of its revenue is received and expenses are disbursed in United States dollars. Adjustments resulting from translating the financial statements of those non-United States subsidiaries which do not use the United States dollar as their functional currency are recorded in shareholders' equity.

### (l) Advertising Costs

Advertising costs are charged to operations when incurred and totaled \$44,841, \$56,329 and \$57,141 during the years ended March 31, 2002, 2001 and 2000, respectively. Also, included in other current assets is \$6,832 and \$4,299 of prepaid advertising costs at March 31, 2002 and 2001, respectively.

The Company has no long-term commitments for cooperative advertising. On a seasonal basis, the Company makes certain arrangements with retailers to share the cost of specified advertising programs. The Company classifies such costs in SG&A expenses.

### (m) Shipping and Handling Costs

Amounts billed to customers that relate to shipping and handling on related sales transactions are de minimus. Shipping and handling costs incurred by the Company are recorded as SG&A expenses.

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### (n) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### (o) Segments and Foreign Operations

The Company's operations are reported on the basis of three segments: Wholesale, Retail, and Licensing, as further discussed in Note 10.

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Substantially all of the Company's net revenue and income from operations as well as identifiable assets constitute foreign operations in that THC is incorporated in the BVI.

### (p) Stock Options

The Company uses the intrinsic value method to account for stock-based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" and has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

### (q) Recently Issued Accounting Standards

In July 2001, the FASB released SFAS No. 141, "Business Combinations" ("SFAS 141"). This statement is effective for all business combinations completed after June 30, 2001. SFAS 141 prohibits the pooling-of-interests method of accounting for business combinations and prescribes criteria for the initial recognition and measurement of goodwill and other intangible assets, accounting for negative goodwill and the required disclosures in respect of business combinations.

The Company has applied the provisions of SFAS 141 to the TH Europe Acquisition (as defined in Note 2), since it was completed after June 30, 2001. Approximately, \$156,706 of goodwill and \$60,514 of indefinite lived intangibles, consisting of the acquired trademark rights, will continue to be evaluated for impairment under SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", or APB 17, "Intangible Assets", until the date that SFAS 142 is fully adopted.

In July 2001, the FASB also released SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). The Company adopted SFAS 142 on April 1, 2002, as required. SFAS 142 requires that goodwill, including previously existing goodwill, and intangible assets with indefinite useful lives not be amortized but that they be tested for impairment at least annually. The Company has applied certain provisions of SFAS 142 to the TH Europe Acquisition since it was completed after June 30, 2001. Accordingly, the goodwill and indefinite lived intangible assets associated with the TH Europe Acquisition are not amortized. The Company continued to amortize goodwill and intangible assets that existed prior to June 30, 2001 through March 31, 2002.

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SFAS 142 provides new criteria for performing impairment tests on goodwill and intangible assets with indefinite useful lives. The impairment test for indefinite lived intangibles must be performed by the Company not later than June 30, 2002. The impairment test for goodwill is a two-step process. SFAS 142 introduces the concept of assessing goodwill impairment at the reporting unit level. By September 30, 2002, the Company must complete the first step of the transitional impairment test, which consists of comparing the carrying amount of the net assets of a reporting unit to its fair value. If the carrying amount exceeds the fair value, the second step of the goodwill impairment test must be completed as soon as possible, but no later than March 31, 2003. The second step of the impairment test consists of the comparison of the implied fair value of the reporting unit's goodwill to the carrying amount of such goodwill.

With respect to the Company's acquisition of its womenswear, jeanswear and Canadian licensees on May 8, 1998, the Company has unamortized goodwill and



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other intangibles of approximately \$611,290 and \$561,582, respectively, and deferred tax liabilities of \$230,522, as of March 31, 2002. Amortization expense related to goodwill and other intangibles was \$16,974 and \$17,558, respectively, for the fiscal year ended March 31, 2002. Effective April 1, 2002, the Company no longer amortizes existing goodwill or trademark rights, which are classified as indefinite life assets, or the related deferred tax liabilities. The combined effect of these adjustments is expected to be a reduction in operating expenses of approximately \$32,000 per year and an increase in income tax expense of approximately \$6,000 per year. Any impairment loss recognized as a result of adopting this standard would be recorded as a cumulative effect of a change in accounting principle in the Company's statements of operations for the fiscal year ending March 31, 2003 and would be a non-cash and non-operating charge. The Company has not completed its estimate of the impact of adopting SFAS 142 on the Company's financial statements at the date of this report, including whether any transitional impairment losses will be required to be recognized. However, any such loss could materially decrease the Company's reported results of net income and earnings per share or result in a substantial net loss for fiscal year 2003.

In October 2001, the FASB issued SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS 144 also extends the reporting requirements to report separately as discontinued operations, components of an entity that have either been disposed of or classified as held-for-sale. The Company adopted the provisions of SFAS 144 effective April 1, 2002, and such adoption did not have a significant effect on the Company's results of operations or financial position.

In November 2001, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 01-09 (formerly EITF Issue 00-25), "Accounting for Consideration Given to a Customer or a Reseller of the Vendor's Products." This consensus addresses the recognition, measurement and income statement classification of consideration from a vendor to a customer in connection with a customer's purchase or promotion of the vendor's products. Beginning January 1, 2002, the Company adopted the required accounting, which had no impact on the recognition, measurement or classification of revenue and expense in the Company's Consolidated Statement of Operations.

### (r) Reclassification of Prior Year Balances

Certain prior year balances have been reclassified to conform to current year presentation.

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## Note 2 - Acquisition of European Licensee

On July 5, 2001, the Company acquired all of the issued and outstanding shares of capital stock of T.H. International N.V., the owner of Tommy Hilfiger Europe B.V. ("TH Europe"), the Company's European licensee, for a purchase price of \$200,000 (such transaction being referred to herein as the "TH Europe Acquisition"). The TH Europe Acquisition was funded using available cash.

The TH Europe Acquisition is expected to create long-term value for the Company's shareholders through TH Europe's expected contribution to revenue and net income beginning with the year of the acquisition. The acquisition is also expected to further the Company's evolution as a premier global lifestyle brand and to provide the Company with distribution channel as well as geographic diversification. The purchase price paid reflected the current profitability and cash flow generation of TH Europe, as well as the rapid rate of projected growth

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in revenue, net income and cash flows.

The TH Europe Acquisition has been accounted for under the purchase method of accounting and, accordingly, the operating results of the acquired companies are included in the consolidated results of the Company from the date of the acquisition. The purchase price, including transaction costs, has been allocated as follows:

Cash	\$ 1,728
Accounts Receivable	16,944
Inventories	30,540
Other current assets	6,769
Property, plant and equipment	15,508
Indefinite lived intangible assets, including goodwill	211,839
Other assets	94
Short-term bank borrowings	(42,629)
Accounts payable	(5,965)
Accrued expenses and other current liabilities	(12,891)
Long-term debt	(1,273)
Deferred tax liability	(11,925)
Other liabilities	(1,950)
	-----
Total Purchase Price	\$ 206,789
	=====

The Company has applied the provisions of SFAS 141 and certain provisions of SFAS 142 to the TH Europe Acquisition. See Note 1(q).

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### Note 3 - Cash Equivalents

As of March 31, 2002, the balance in Cash and Cash Equivalents was comprised of short-term money market funds and overnight deposits at several major international financial institutions earning interest at a weighted average interest rate of 1.77 %. As part of its ongoing control procedures, the Company monitors its concentration of deposits with various financial institutions in order to avoid any undue exposure.

### Note 4 - Financial Instruments

#### Accounts Receivable

The Company collects the majority of its receivables from U.S. customers through a credit company subsidiary of a large financial institution pursuant to an agreement whereby the credit company pays the Company after the credit company receives payment from the Company's customer. The credit company establishes maximum credit limits for each customer account. If the receivable becomes 120 days past due, or the customer becomes bankrupt or insolvent, the full amount of the receivable is reimbursable by the credit company. The Company has a similar arrangement with another large financial institution for credit services to its Canadian subsidiary.

The Company's European subsidiary has an agreement with a European credit insurance company from whom it obtains credit insurance on an individual

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customer basis. At March 31, 2002, approximately 75% of its total receivables were covered by credit insurance, bank guarantees or other means. In all cases the Company believes that the credit risk associated with such financial institutions is minimal.

The Company also grants credit directly to certain select customers in the normal course of business without participation by a credit company. In such cases the Company monitors its credit exposure limits to avoid any significant concentration of risk. Bad debts have been minimal.

### Foreign Currency Risk Management

The Company records all derivative instruments (including certain derivative instruments embedded in other contracts) in the balance sheet as either an asset or liability measured at its fair value. Changes in the derivative's fair value are recognized currently in either income (loss) from continuing operations or accumulated other comprehensive income (loss), depending on the timing and designated purpose of the derivative.

The Company uses foreign currency forward contracts with maturities generally up to fifteen months to mitigate the risks associated with adverse movements in foreign currency which might affect certain firm commitments or transactions, including the purchase of inventory, capital expenditures and the collection of foreign royalty payments. These instruments are designated as cash flow hedges and, accordingly, any unrealized gains or losses are included in accumulated other comprehensive income (loss), net of related tax effects, with the corresponding asset or liability recorded in the balance sheet. Any portion of a cash flow hedge that is deemed to be ineffective is recognized in current-period earnings. Other comprehensive income (loss) is reclassified to current-period earnings when the hedged transaction is recognized in earnings.

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The Company does not use financial instruments for speculative or trading purposes.

At March 31, 2002, the Company had contracts to exchange foreign currencies, principally, the Japanese yen, the Euro and Canadian dollar having a total notional amount of \$44,219. No significant gains or losses were recognized in earnings during fiscal year 2002 or are expected to be released from other comprehensive income/(loss) in fiscal year 2003.

### Fair Value of Other Financial Instruments

The fair value of the Company's cash and cash equivalents is equal to their carrying value at March 31, 2002. The fair value of the Company's 2003 and 2008 Notes and the 2031 Bonds, having a face value of \$575,000, is approximately \$534,573 based on quoted market prices as of March 31, 2002. The fair value of the Company's other monetary assets and liabilities approximate carrying value due to the relatively short-term nature of these items.

### Note 5 - Property and Equipment

Property and equipment consists of the following:

March 31,	
-----	
2002	2001

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	-----	-----
Furniture and fixtures .....	\$268,136	\$273,687
Buildings and land .....	111,407	105,770
Leasehold improvements .....	91,208	51,456
Machinery and equipment .....	44,618	31,246
	-----	-----
	515,369	462,159
Less: accumulated depreciation and amortization .....	212,432	180,477
	-----	-----
	\$302,937	\$281,682
	=====	=====

## Note 6 - Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities are comprised of the following:

	March 31,	
	-----	-----
	2002	2001
	-----	-----
Letters of credit payable .....	\$ 38,029	\$ 36,176
Accrued compensation .....	37,972	34,238
Merchandise payable .....	17,046	9,644
Accrued interest .....	11,175	11,392
Other accrued liabilities .....	106,048	80,190
	-----	-----
	\$210,270	\$171,640
	=====	=====

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## Note 7 - Long-Term Debt

Long-term debt consists of the following:

	March 31,	
	-----	-----
	2002	2001
	-----	-----
Unsecured 9.00% bonds due December 1, 2031 .....	\$ 150,000	\$ --
Unsecured 6.85% notes due June 1, 2008, less unamortized discount of \$298 at March 31, 2002 .....	199,702	199,653
Unsecured 6.50% notes due June 1, 2003, less unamortized discount of \$82 at March 31, 2002 .....	224,918	249,842
Term and revolving credit facilities at a weighted average interest rate of approximately 6.33% at March 31, 2001 .....	--	130,000

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Obligation under capital lease .....	1,365	--
	-----	-----
	575,985	579,495
Less current maturities .....	(698)	(50,000)
	-----	-----
	\$ 575,287	\$ 529,495
	=====	=====

The 6.50% notes maturing on June 1, 2003 (the "2003 Notes"), the 6.85% notes maturing on June 1, 2008 and the 9.00% bonds maturing on December 1, 2031 (collectively, the "Notes") were issued by Tommy Hilfiger U.S.A., Inc., a subsidiary of THC ("TH USA"), and are fully and unconditionally guaranteed by THC. The indenture under which the Notes were issued contains covenants that, among other things, restrict the ability of subsidiaries of THC to incur additional indebtedness, restrict the ability of THC and its subsidiaries to incur indebtedness secured by liens or enter into sale and leaseback transactions and restrict the ability of THC and TH USA to engage in mergers or consolidations.

During fiscal 2002, the Company repurchased \$25,000 principal amount of the 2003 Notes in open market transactions.

The revolving credit facility (the "Credit Facility"), which is guaranteed by THC, consists of an unsecured \$250,000 TH USA revolving credit line, expiring on March 31, 2003, of which up to \$150,000 may be used for direct borrowings. The Credit Facility is available for letters of credit, working capital and other general corporate purposes. As of March 31, 2002, there were no direct borrowings outstanding under the Credit Facility, and \$104,687 of the available borrowings under the Credit Facility had been used to open letters of credit.

During fiscal 2002, in addition to making \$50,000 in scheduled amortization payments under its \$200,000 five-year term loan facility, the Company prepaid the remaining principal balance of \$60,000. The Company also paid down \$20,000 principal amount of outstanding direct borrowings under the Credit Facility.

The Credit Facility contains a number of covenants that, among other things, restrict the ability of subsidiaries of THC to dispose of assets, incur additional indebtedness, create liens on assets, pay dividends or make other payments in respect of capital stock, make investments, loans and advances, engage in transactions with affiliates, enter into certain sale and leaseback transactions, engage in mergers or consolidations or change the businesses conducted by them. The Credit Facility also restricts the ability of THC to create liens on assets or enter into sale

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and leaseback transactions. Under the Credit Facility, subsidiaries of THC may not pay dividends or make other payments in respect of capital stock to THC that in the aggregate exceed 33% of the Company's cumulative consolidated net income, commencing with the fiscal year ended March 31, 1998, less certain deductions. In addition, under the Credit Facility, THC and TH USA are required to comply with and maintain specified financial ratios and tests (based on the Company's consolidated financial results), including, without limitation, an interest expense coverage ratio, a maximum leverage ratio and a minimum consolidated net worth test.

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The Company was in compliance with all covenants in respect of the Notes and the Credit Facility as of March 31, 2002. The Company believes that it will be able to renew its revolving credit line on terms similar to those of the Credit Facility, which expires on March 31, 2003.

Certain of the Company's non-U.S. subsidiaries have separate credit facilities for working capital or trade financing purposes. In addition to short-term borrowings of \$62,749, as of March 31, 2002 these subsidiaries were contingently liable for unexpired bank letters of credit of \$10,325 related to commitments of these subsidiaries to suppliers for the purchase of inventory and bank guarantees of \$913. Borrowings under these credit facilities bear interest at variable rates which, on a weighted average annual basis, amounted to 4.86% and 5.27% as of, and for the fiscal year ended, March 31, 2002, respectively.

### Note 8 - Commitments and Contingencies

#### Leases

The Company leases office, warehouse and showroom space, retail stores and office equipment under operating leases, which expire not later than 2022. The Company normalizes fixed escalations in rental expense under its operating leases. Minimum annual rentals under non-cancelable operating leases, excluding operating cost escalations and contingent rental amounts based upon retail sales, are payable as follows:

Fiscal Year Ending March 31,	
-----	
2003 .....	\$ 43,396
2004 .....	41,933
2005 .....	35,683
2006 .....	29,151
2007 .....	25,771
Thereafter .....	123,213

Rent expense, including operating cost escalations and contingent rental amounts based upon retail sales, was \$34,781, \$22,561 and \$20,092 for the years ended March 31, 2002, 2001 and 2000, respectively.

#### Letters of credit

The Company was contingently liable at March 31, 2002 for unexpired bank letters of credit of \$76,983 related to commitments for the purchase of inventories and bank guarantees of \$913.

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#### Legal matters

Saipan Litigation. On January 13, 1999, two actions were filed against the Company and other garment manufacturers and retailers asserting claims that garment factories located on the island of Saipan, which allegedly supply product to the Company and other co-defendants, engage in unlawful practices relating to the recruitment and employment of foreign workers. One action, brought in San Francisco Superior Court (the "State Action"), was filed by a union and three public interest groups alleging unfair competition and false advertising by the Company and others. It seeks equitable relief, restitution and disgorgement of profits relating to the allegedly wrongful conduct, as well as interest and an award of fees to the plaintiffs' attorneys. The other, an action seeking class action status filed in Federal Court for the Central

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District of California and subsequently transferred to the Federal Court in Saipan (the "Federal Action"), was brought on behalf of an alleged class consisting of the Saipanese factory workers. The defendants include both companies selling goods purchased from factories located on the island of Saipan and the factories themselves. This complaint alleges claims under RICO, the Alien Tort Claims Act, federal anti-peonage and indentured servitude statutes and state and international law. It seeks equitable relief and damages, including treble and punitive damages, interest and an award of fees to the plaintiffs' attorneys.

In addition, the same law firm that filed the State Action and the Federal Action has filed an action seeking class action status in the Federal Court in Saipan. This action is brought on behalf of Saipanese garment factory workers against the Saipanese factories and alleges violation of federal and Saipanese wage and employment laws. The Company is not a defendant in this action.

The Company has entered into settlement agreements with the plaintiffs in the Federal Action and in the State Action. As part of these agreements, the Company specifically denies any wrongdoing or any liability with regard to the claims made in the Federal Action and the State Action. The settlement agreement provides for a monetary payment, in an amount that is not material to the Company's financial position, results of operations or cash flows, to a class of plaintiffs in the Federal Action, as well as the creation of a monitoring program for factories in Saipan. On May 10, 2002, the Federal Court issued an order granting preliminary approval of the settlement.

The Company and its subsidiaries are from time to time involved in routine legal matters incidental to their businesses.

In the opinion of the Company's management, based on advice of counsel, the resolution of the foregoing matters will not have a material effect on its financial position, its results of operations or its cash flows.

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### Note 9 - Income Taxes

The components of the provision for income taxes are as follows:

	Fiscal Year Ended March 31,		
	2002	2001	2000
Current:			
U.S. Federal .....	\$ 3,445	\$18,320	\$ 92,332
State and Local .....	(222)	270	25,850
Non-U.S. ....	23,617	14,824	16,779
	26,840	33,414	134,961
Deferred:			
U.S. Federal .....	(3,750)	12,640	(55,683)
State and Local .....	(3,021)	(3,557)	(24,105)
Non-U.S. ....	--	--	--

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	-----	-----	-----
	(6,771)	9,083	(79,788)
	-----	-----	-----
Provision for income taxes .....	\$20,069	\$42,497	\$55,173
	=====	=====	=====

Significant components of the Company's deferred tax assets and liabilities are summarized as follows:

	March 31,	
	2002	2001
	-----	-----
Deferred tax assets - current:		
Inventory costs .....	\$ 6,406	\$ 9,479
Non-deductible accruals .....	38,002	37,125
Accrued compensation .....	11,734	10,391
Other items, net .....	5,324	7,801
	-----	-----
	61,466	64,796
	-----	-----
Deferred tax assets (liabilities) - non-current:		
Depreciation and amortization .....	19,996	12,740
Intangible assets, other than goodwill .....	(242,790)	(237,129)
Net operating loss carry forwards .....	19,788	14,561
Other, net .....	(958)	10,705
	-----	-----
Subtotal .....	(203,964)	(199,123)
Valuation allowance .....	(11,000)	(3,000)
	-----	-----
Total deferred tax assets (liabilities) - non-current .....	(214,964)	(202,123)
	-----	-----
Total net deferred tax liabilities .....	\$ (153,498)	\$ (137,327)
	=====	=====

As of March 31, 2002, the Company had state net operating loss carryforwards of approximately \$19,788 which begin to expire in 2007. As of March 31, 2002, the Company has recorded valuation allowances of \$11,000 against these carryforwards in jurisdictions where management believes it is more likely than not that certain of the assets will not be used to reduce future tax payments.

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The U.S. and non-U.S. components of income before income taxes are as follows:

Fiscal Year Ended March 31,



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	2002	2001	2000
U.S. ....	\$ (5,066)	\$ 24,691	\$ 82,965
Non-U.S. ....	159,680	148,767	144,566
	-----	-----	-----
	\$154,614	\$173,458	\$227,531
	=====	=====	=====

The provision for income taxes differs from the amounts computed by applying the applicable U.S. federal statutory rate to income before taxes as follows:

	Fiscal Year Ended March 31,		
	2002	2001	2000
	-----	-----	-----
Provision for income taxes at the			
U.S. federal statutory rate .....	\$ 54,115	\$ 60,710	\$ 79,636
State and local income taxes, net of			
federal benefits .....	(10,003)	(2,408)	1,330
Non-U.S. income taxed at different			
rates .....	(34,892)	(24,326)	(34,950)
Valuation allowance .....	8,000	3,000	--
Goodwill amortization .....	5,787	5,787	5,787
Other .....	(2,938)	(266)	3,370
	-----	-----	-----
Provision for income taxes .....	\$ 20,069	\$ 42,497	\$ 55,173
	=====	=====	=====

THC is not taxed on income in the BVI, where it is incorporated. THC and its subsidiaries are subject to taxation in the jurisdictions in which they operate.

Provision has not been made for taxes on undistributed non-BVI earnings of \$283,751 at March 31, 2002, as those earnings have been and are expected to be reinvested. As a result of various tax planning strategies available to the Company, it is not practical to estimate the amount of tax, if any, that might be payable on the eventual remittance of such earnings.

## Note 10 - Segment Reporting

The Company has three reportable segments: Wholesale, Retail and Licensing. The Company's reportable segments are business units that offer different products and services or similar products through different distribution channels. The Wholesale segment consists of the design and sourcing of men's sportswear and jeanswear, women's casualwear and jeanswear and childrenswear for wholesale distribution. The Retail segment reflects the operations of the Company's outlet, specialty and, through February 2001, flagship stores. The Licensing segment consists of the operations of licensing the Company's trademarks for specified products in specified geographic areas. The Company evaluates performance and allocates resources based on segment profits. The accounting policies of the reportable segments are the same as those described in Note 1. Segment profits are comprised of segment net revenue less cost of goods sold and selling, general and administrative expenses.

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Excluded from segment profits, however, are the vast majority of executive compensation, certain marketing costs, brand image costs associated with the Company's flagship stores (through February 2001), amortization of intangibles including goodwill, special charges and interest costs. Financial information for the Company's reportable segments is as follows:

	Wholesale	Retail	Licensing	Total
	-----	-----	-----	-----
Fiscal year ended March 31, 2002				
-----				
Total segment revenue .....	\$1,440,888	\$ 379,781	\$ 109,861	\$1,930,530
Segment profits .....	155,951	54,429	65,878	276,258
Depreciation and amortization included in segment profits.	51,758	12,239	826	64,823
Fiscal year ended March 31, 2001				
-----				
Total segment revenue .....	\$1,484,544	\$ 330,965	\$ 119,405	\$1,934,914
Segment profits .....	164,823	62,225	71,315	298,363
Depreciation and amortization included in segment profits.	54,317	7,332	965	62,614
Fiscal year ended March 31, 2000				
-----				
Total segment revenue .....	\$1,635,242	\$ 280,255	\$ 120,256	\$2,035,753
Segment profits .....	269,472	73,548	77,190	420,210
Depreciation and amortization included in segment profits.	46,090	9,179	1,171	56,440

A reconciliation of total segment revenue to consolidated net revenue is as follows:

	Fiscal Year Ended March 31,		
	-----	-----	-----
	2002	2001	2000
	-----	-----	-----
Total segment revenue .....	\$1,930,530	\$1,934,914	\$2,035,753
Intercompany revenue .....	(53,809)	(53,979)	(58,573)
Consolidated net revenue .....	\$1,876,721	\$1,880,935	\$1,977,180
	=====	=====	=====

Intercompany revenue represents buying agency commissions from consolidated subsidiaries which is classified under Licensing for segment reporting purposes.

A reconciliation of total segment profits to consolidated income before income taxes is as follows:

	Fiscal Year Ended March 31,		
	-----	-----	-----
	2002	2001	2000
	-----	-----	-----

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Segment profits .....	\$ 276,258	\$ 298,363	\$ 420,210
Corporate expenses not allocated .....	90,529	100,943	102,558
Special charges .....	--	--	62,153
Interest expense, net .....	31,115	23,962	27,968
	-----	-----	-----
Consolidated income before income taxes .....	\$ 154,614	\$ 173,458	\$ 227,531
	=====	=====	=====

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The Company was incorporated in the BVI; accordingly all sales outside the BVI are considered foreign. Countries representing 5% or more of consolidated net revenue are as follows:

	Fiscal Year Ended March 31,		
	2002	2001	2000
	-----	-----	-----
United States .....	\$1,616,726	\$1,771,721	\$1,855,968
Europe .....	156,536	--	--
Canada .....	80,311	76,392	88,680
Other .....	23,148	32,822	32,532
	-----	-----	-----
Consolidated net revenue .....	\$1,876,721	\$1,880,935	\$1,977,180
	=====	=====	=====

The Company's long-lived assets by country are as follows:

	March 31,	
	2002	2001
	-----	-----
United States .....	\$1,340,386	\$1,369,137
Europe .....	240,346	1,150
Canada .....	99,632	97,234
Other .....	20,199	23,391
	-----	-----
Total .....	\$1,700,563	\$1,490,912
	=====	=====

The Company does not desegregate assets on a segment basis for internal management reporting and, therefore, such information is not presented.

### Note 11 - Related Parties

See related disclosures in Note 2.

Prior to the TH Europe Acquisition, the Company was party to a third-party geographic license agreement for Europe and certain other countries with TH Europe, a related party. Under this agreement, the licensee paid Tommy Hilfiger Licensing, Inc., a subsidiary of THC ("THLI"), a royalty based on a percentage of the value of licensed products sold by the licensee. Subject to certain exceptions, all products sold by or through the licensee had to be purchased through Tommy Hilfiger (Eastern Hemisphere) Limited, a wholly owned subsidiary of THC ("THEH"), or TH USA pursuant to buying agency agreements. Under these agreements, THEH and TH USA were paid a buying agency commission

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based on a percentage of the cost of products sourced through them. The distribution of products under this arrangement began in fiscal 1998. Results of operations include \$2,129, for the three months ended June 30, 2001, and \$9,554 and \$6,372 for the years ended March 31, 2001 and 2000, respectively, of royalties and commissions under this arrangement. In addition, TH Europe subleases certain office space in Amsterdam from a related party for annual rent of approximately \$115. In fiscal year 2001, TH Europe also purchased certain fixtures and inventory from the Company for an aggregate purchase price of \$358.

The Company is party to a geographic license agreement for Japan with a related party. Subject to certain exceptions, all products sold by or through the licensee must be purchased through THEH or TH USA pursuant to buying agency agreements. Under these agreements, THEH and TH USA are paid a buying agency commission based on a percentage of the cost of

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products sourced through them. Pursuant to these arrangements, royalties and commissions totaled \$2,616, \$3,562 and \$3,429 in fiscal 2002, 2001 and 2000, respectively.

Affiliates of the Company hold an indirect 45% equity interest in Macauniter Malhas E Confecoes Lda., a company which serves as TH Europe's distributor in Portugal and also operates a Tommy Hilfiger store under a franchise arrangement with TH Europe. In fiscal year 2002, with respect to the period after the closing of the TH Europe Acquisition, TH Europe sold \$1,349 of merchandise to this company pursuant to such arrangements.

An affiliate of the Company holds an indirect 25% equity interest in Pepe Jeans SL, which serves as TH Europe's sales and collection agent in Spain. In the fiscal year ended March 31, 2002, with respect to the period after the closing of the TH Europe Acquisition, commissions and fees paid by TH Europe pursuant to these arrangements totaled \$2,946.

TH USA purchases finished goods in the ordinary course of business from other affiliated companies. Such purchases amounted to \$90,408, \$63,245 and \$64,670 during the fiscal years ended March 31, 2002, 2001 and 2000, respectively. In addition, contractors of the Company purchase raw materials in the ordinary course of business from affiliates of the Company. Such purchases amounted to \$9,796, \$5,168 and \$9,364 during the fiscal years ended March 31, 2002, 2001 and 2000, respectively.

TH USA sells merchandise in the ordinary course of business to a retail store that is owned by a relative of a director and executive officer of the Company. Sales to this customer amounted to approximately \$338, \$690 and \$522 during the years ended March 31, 2002, 2001 and 2000, respectively.

THEH has two consulting agreements with affiliates. THEH paid fees of \$1,000 under these agreements during each of the fiscal years ended March 31, 2002, 2001 and 2000.

Under the terms of an agreement with an affiliate, Tommy Hilfiger (HK) Limited, a subsidiary of THC ("THHK"), reimburses an affiliate for certain general and administrative expenses, including rent for office space, incurred by the affiliate on behalf of THHK. Payments made to the affiliate for the years ended March 31, 2002, 2001 and 2000 were \$394, \$318 and \$401, respectively.

### Note 12 - Retirement Plans

The Company maintains employee savings plans for eligible U.S.

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employees. The Company's contributions to the plans are discretionary with matching contributions of up to 50% of employee contributions up to a maximum of 6% of an employee's compensation. For the years ended March 31, 2002, 2001 and 2000, the Company made plan contributions of \$1,871, \$1,753 and \$1,486 respectively.

Effective January 1, 1998, the Company adopted a supplemental executive retirement plan which provides certain members of senior management with a supplemental pension. The supplemental executive retirement plan is an unfunded plan for purposes of both the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974. The Company recorded expense related to this plan of \$1,500, \$1,300 and \$2,000 for the fiscal years ended March 31, 2002, 2001 and 2000, respectively. Included in accrued expenses and other current liabilities is \$6,400 and \$4,900 at March 31, 2002 and 2001, respectively, related to this plan.

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Effective January 1, 1998, the Company adopted a voluntary deferred compensation plan which provides certain members of senior management with an opportunity to defer a portion of base salary or bonus pursuant to the terms of the plan. The voluntary deferred compensation plan is an unfunded plan for purposes of both the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974. Included in accrued expenses and other current liabilities is \$629 and \$355 at March 31, 2002 and 2001, respectively, related to this plan.

### Note 13 - Stock-Based Plans

In September 1992, the Company and its subsidiaries adopted the Tommy Hilfiger U.S.A. and Tommy Hilfiger (Eastern Hemisphere) Limited 1992 Stock Incentive Plans (the "1992 Stock Incentive Plans") authorizing the issuance up to 5,940,000 Ordinary Shares to directors, officers and employees of the Company and its subsidiaries. Through October 2001, a total of 13,500,000 additional Ordinary Shares of THC were authorized and reserved for issuance under the 1992 Stock Incentive Plans.

In October 2001, the Company's shareholders approved the Tommy Hilfiger Corporation 2001 Stock Incentive Plan (together with the 1992 Stock Incentive Plans, the "Employee Stock Incentive Plans"), authorizing the issuance of up to 3,500,000 Ordinary Shares. Following such approval, no further grants may be made under the 1992 Stock Incentive Plans, but grants previously made under such plans remain outstanding in accordance with their terms.

In August 1994, the shareholders of the Company approved the Tommy Hilfiger Corporation Non-Employee Directors Stock Option Plan (the "Directors Option Plan"). Under the Directors Option Plan, directors who are not officers or employees of the Company are eligible to receive stock option grants. The total number of Ordinary Shares for which options may be granted under the Directors Option Plan may not exceed 400,000, subject to certain adjustments.

Options granted under the Employee Stock Incentive Plans and the Directors Option Plan vest over periods ranging from 1-6 years with a maximum term of 10 years. The exercise price of all options granted under the Employee Stock Incentive Plans and the Directors Option Plan is the market price on the dates of grant.

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Transactions involving the Employee Stock Incentive Plans and the Directors Option Plan are summarized as follows:

	Option Shares	Weighted Average Exercise Price Per Share
	-----	-----
Outstanding as of March 31, 1999 ...	6,973,450	\$22.89
Granted .....	4,757,125	\$16.69
Exercised .....	(506,550)	\$17.59
Canceled .....	(1,160,120)	\$25.65
	-----	
Outstanding as of March 31, 2000 ...	10,063,905	\$19.92
Granted .....	1,175,000	\$ 7.47
Exercised .....	(338,764)	\$11.16
Canceled .....	(2,269,101)	\$21.58
	-----	
Outstanding as of March 31, 2001 ...	8,631,040	\$18.09
Granted .....	1,487,543	\$10.70
Exercised .....	(861,765)	\$ 9.21
Canceled .....	(1,374,745)	\$19.84
	-----	
Outstanding as of March 31, 2002 ...	8,143,073	\$17.10

Options exercisable at March 31, 2002, 2001 and 2000 were 3,022,948, 2,361,013 and 982,620, respectively, at weighted average exercise prices of \$19.53, \$18.75 and \$18.78, respectively.

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The following table summarizes information concerning currently outstanding and exercisable options:

Options Outstanding			Options Exercisable		
-----			-----		
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
-----					
\$3.75 - \$11.53	4,232,733	8.24	\$ 10.36	996,968	\$ 11.11
\$11.77 - \$23.00	1,379,940	5.74	\$ 18.86	890,440	\$ 19.73

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\$23.06 - \$25.23	1,514,030	6.17	\$ 25.01	741,530	\$ 25.02
\$25.69 - \$40.06	1,016,370	6.36	\$ 31.00	394,010	\$ 30.09
	-----	-----	-----	-----	-----
	8,143,073	7.20	\$ 17.10	3,022,948	\$ 19.53
	=====	=====	=====	=====	=====

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations in accounting for its stock option awards. Accordingly, no compensation expense has been recognized for stock options granted in 2002, 2001 and 2000. Had compensation cost been recorded based upon the fair value at the grant dates as an alternative provided by SFAS No. 123, "Accounting for Stock Based Compensation", the Company's net income and diluted earnings per share would have been reduced by approximately \$7,501 and \$0.08, respectively, in 2002, \$10,687 and \$0.12, respectively, in 2001 and \$10,153 and \$0.10, respectively, in 2000. These amounts are for disclosure purposes only and may not be representative of future calculations since the estimated fair value of stock options is amortized to expense over the vesting period, and additional options may be granted in future years. The fair values of options granted were estimated at \$4.55 in 2002, \$3.17 in 2001 and \$8.24 in 2000 on the dates of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions for 2002, 2001 and 2000, respectively: volatility of 66%, 53% and 44%; risk free interest rate of 4.0%, 6.3% and 6.4%; expected life of 3.0 years, 3.2 years and 5.6 years; and no future dividends.

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## Note 14 - Statements of Cash Flows

	Fiscal Year Ended March 31,		
	2002	2001	2000
	-----	-----	-----
Supplemental disclosure of cash flow information:			
Cash paid during the year:			
Interest.....	\$41,887	\$41,452	\$ 41,349
	=====	=====	=====
Income Taxes.....	\$ 7,325	\$45,318	\$114,702
	=====	=====	=====

The impact of exchange rate movements on cash balances was insignificant in fiscal years 2002, 2001 and 2000.

## Note 15 - Special Charges

During the quarter ended March 31, 2000, the Company recorded a special charge of \$62,153, before income taxes, principally related to the following: a redirection of the Company's full-price retail store program, which includes the closure of its flagship stores in Beverly Hills, California and London, England; the postponement of the launch of a new women's dress-up division; and the consolidation of the junior sportswear and junior jeans divisions. This charge

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consisted of provisions of \$44,857 for the write-off of fixed assets and operating leases of the Company's flagship stores and the write-off of fixed assets related to the dress-up and junior sportswear divisions, \$11,700 for inventory of the junior sportswear division and, to a lesser extent, the flagship stores, and \$5,596 for severance and other costs. Inventory provisions have been included in cost of sales in fiscal year 2000. As of March 31, 2002, the Company had utilized the full provision recorded in fiscal 2000.

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### Note 16 - Condensed Consolidating Financial Information

The Notes discussed in Note 7 were issued by TH USA and are fully and unconditionally guaranteed by THC. Accordingly, condensed consolidating balance sheets as of March 31, 2002 and 2001, and the related condensed consolidating statements of operations and cash flows for each of the three years in the period ended March 31, 2002 are provided. The operations of TH USA, excluding its subsidiaries, comprise the U.S. operations of certain wholesale divisions, together with TH USA corporate overhead charges not allocated to subsidiaries, including amortization of intangibles (including goodwill). The non-guarantor subsidiaries of TH USA comprise the Company's U.S. retail, licensing and other wholesale divisions, as well as the Company's Canadian operations. Such operations contributed net revenue of \$1,238,069, \$1,265,424 and \$1,367,253 for the fiscal years ended March 31, 2002, 2001 and 2000, respectively. The other non-guarantor subsidiaries of THC are primarily those non-U.S. subsidiaries involved in investing and buying office operations. These condensed consolidating financial statements have been prepared using the equity method of accounting in accordance with the requirements for presentation of such information under which TH USA's and THC's results reflect 100% of the earnings of their respective subsidiaries in each of the years presented. See Note 7 for a description of certain restrictions on the ability of subsidiaries of THC to pay dividends to THC.

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### Condensed Consolidating Statements of Operations Year Ended March 31, 2002

	Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	Parent Company Guarantor (THC)	Eliminations
	-----	-----	-----	-----
Net revenue .....	\$ 552,711	\$ 1,458,515	\$ --	\$ (134,505)
Cost of goods sold .....	385,943	741,899	--	(54,753)
	-----	-----	-----	-----
Gross profit .....	166,768	716,616	--	(79,752)
	-----	-----	-----	-----



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Depreciation and amortization .....	64,257	49,872	--	--
Other operating expenses .....	153,463	437,278	(6,263)	(80,704)
	-----	-----	-----	-----
Total operating expenses .....	217,720	487,150	(6,263)	(80,704)
	-----	-----	-----	-----
Income/(loss) from operations .....	(50,952)	229,466	6,263	952
Interest expense .....	38,501	2,676	--	--
Interest income .....	3,724	4,606	1,732	--
Intercompany interest expense(income)	94,396	(18,158)	(76,238)	--
	-----	-----	-----	-----
Income/(loss) before taxes .....	(180,125)	249,554	84,233	952
Provision/(benefit) for income taxes.	(68,053)	80,950	7,172	--
Equity in net earnings of unconsolidated subsidiaries.....	119,060	--	48,832	(167,892)
	-----	-----	-----	-----
Net income/(loss).....	\$ 6,988	\$ 168,604	\$ 125,893	\$ (166,940)
	=====	=====	=====	=====

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Condensed Consolidating Statements of Operations  
Year Ended March 31, 2001

	Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	Parent Company Guarantor (THC)	Eliminations
	-----	-----	-----	-----
Net revenue .....	\$ 693,132	\$ 1,332,220	\$ --	\$ (144,417)
Cost of goods sold .....	457,330	724,146	--	(65,155)
	-----	-----	-----	-----
Gross profit .....	235,802	608,074	--	(79,262)
	-----	-----	-----	-----
Depreciation and amortization .....	64,809	41,831	--	--
Other operating expenses .....	180,427	369,190	(7,271)	(81,792)
	-----	-----	-----	-----
Total operating expenses .....	245,236	411,021	(7,271)	(81,792)
	-----	-----	-----	-----
Income/(loss) from operations .....	(9,434)	197,053	7,271	2,530
Interest expense .....	41,402	10	--	--
Interest income .....	3,528	7,823	6,099	--

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Intercompany interest expense (income) .....	89,092	(10,365)	(78,727)	--
Income/(loss) before taxes .....	(136,400)	215,231	92,097	2,530
Provision/(benefit) for income taxes...	(29,525)	64,537	7,485	--
Equity in net earnings of unconsolidated subsidiaries.....	111,104	--	44,387	(155,491)
Net income/(loss) .....	\$ 4,229	\$ 150,694	\$ 128,999	\$ (152,961)

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Condensed Consolidating Statements of Operations  
Year Ended March 31, 2000

	Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	Parent Company Guarantor (THC)	Eliminations
Net revenue .....	\$ 704,036	\$ 1,436,920	\$ --	\$ (163,776)
Cost of goods sold .....	449,132	729,475	--	(75,025)
Gross profit .....	254,904	707,445	--	(88,751)
Depreciation and amortization .....	62,079	36,062	--	--
Other operating expenses .....	184,487	382,168	(9,004)	(88,146)
Special charges .....	--	50,453	--	--
Total operating expenses .....	246,566	468,683	(9,004)	(88,146)
Income/(loss) from operations .....	8,338	238,762	9,004	(605)
Interest expense .....	41,419	100	(495)	--
Interest income .....	2,347	4,565	6,144	--
Intercompany interest expense (income) .....	73,790	5	(73,795)	--
Income/(loss) before taxes .....	(104,524)	243,222	89,438	(605)
Provision/(benefit) for income taxes...	(30,795)	78,160	7,808	--
Equity in net earnings of unconsolidated subsidiaries.....	130,155	--	91,557	(221,712)

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Net income/(loss).....	\$ 56,426	\$ 165,062	\$ 173,187	\$ (222,317)
	=====	=====	=====	=====

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## Condensed Consolidating Balance Sheets March 31, 2002

	Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	Parent Company Guarantor (THC)
	-----	-----	-----
<b>Assets</b>			
Current Assets			
Cash and cash equivalents.....	\$ 135,729	\$ 135,143	\$ 116,000
Accounts receivable.....	51,781	172,614	
Inventories.....	46,134	143,500	
Deferred tax and other current assets.....	86,684	8,735	1,000
	-----	-----	-----
Total current assets.....	320,328	459,992	118,000
Property, plant and equipment, at cost, less accumulated depreciation and amortization .....	152,438	150,499	
Intangible assets, net of accumulated amortization ..	1,150,464	239,378	
Investment in subsidiaries .....	552,746	206,790	428,000
Other assets .....	5,559	1,974	
	-----	-----	-----
Total Assets .....	\$2,181,535	\$ 1,058,633	\$ 547,000
	=====	=====	=====
<b>Liabilities and Shareholder's Equity</b>			
Current liabilities			
Short-term borrowings .....	\$ --	\$ 62,749	\$ --
Current portion of long-term debt .....	--	698	
Accounts payable .....	6,879	22,101	
Accrued expenses and other current liabilities .....	78,628	131,174	
Intercompany payable / (receivable) .....	1,075,847	(290,387)	(784,000)
	-----	-----	-----
Total current liabilities .....	1,161,354	(73,665)	(784,000)
Long-term debt .....	574,620	667	
Deferred tax liability .....	262,256	(47,292)	
Other liabilities .....	325	3,716	
Shareholders' equity .....	182,980	1,175,207	1,331,000
	-----	-----	-----
Total Liabilities and Shareholders' Equity..	\$2,181,535	\$ 1,058,633	\$ 547,000
	=====	=====	=====

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## Condensed Consolidating Balance Sheets

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March 31, 2001

	Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	Parent Company Guarantor (THC)
	-----	-----	-----
Assets			
Current Assets			
Cash and cash equivalents.....	\$ 45,001	\$173,171	\$ 100,2
Accounts receivable.....	105,716	131,698	
Inventories.....	76,511	133,720	
Deferred tax and other current assets.....	14,715	74,157	1,5
	-----	-----	-----
Total current assets.....	241,943	512,746	101,8
Property, plant and equipment, at cost, less accumulated depreciation and amortization.....	170,398	111,284	
Intangible assets, net of accumulated amortization.....	1,181,259	24,849	
Investment in subsidiaries.....	433,686	--	380,0
Other assets.....	469	2,397	
	-----	-----	-----
Total Assets.....	\$2,027,755	\$651,276	\$ 481,8
	=====	=====	=====
Liabilities and Shareholders' Equity			
Current liabilities			
Current portion of long-term debt.....	\$ 50,000	\$ --	\$
Accounts payable.....	20,813	17,815	
Accrued expenses and other current liabilities.....	56,334	114,511	8
Intercompany payable / (receivable).....	982,480	(266,097)	(716,3
	-----	-----	-----
Total current liabilities.....	1,109,627	(133,771)	(715,4
Long-term debt.....	529,495	--	
Deferred tax liability.....	213,995	(11,872)	
Other liabilities.....	--	2,078	
Shareholders' equity .....	174,638	794,841	1,197,3
	-----	-----	-----
Total Liabilities and Shareholders' Equity..	\$2,027,755	\$651,276	\$ 481,8
	=====	=====	=====

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Condensed Consolidating Statements of Cash Flows  
Year Ended March 31, 2002

Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	Parent Company Guarantor (THC)
----------------------------------	-------------------------------	---

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	-----	-----	-----
Cash flows from operating activities			
Net income/(loss) .....	\$ 6,988	\$ 168,604	\$ 125
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization .....	72,937	44,389	
Deferred taxes .....	(18,731)	11,960	
Changes in operating assets and liabilities .....	185,917	(7,823)	(68)
	-----	-----	-----
Net cash provided by (used in) operating activities .	247,111	217,130	56
	-----	-----	-----
Cash flows from investing activities			
Purchases of property and equipment . .....	(27,244)	(69,679)	
Acquisition of businesses, net of cash acquired .....	-	(205,061)	
Net activity in equity in net earnings of unconsolidated subsidiaries .....	(119,060)	-	(48)
	-----	-----	-----
Net cash provided by (used in) investing activities..	(146,304)	(274,740)	(48)
	-----	-----	-----
Cash flows from financing activities			
Proceeds of long-term debt .....	144,921	-	
Payments on long-term debt .....	(155,000)	(538)	
Proceeds from the exercise of stock options .....	-	-	7
Purchase of treasury shares .....	-	-	
Repayments of short-term bank borrowings, net .....	-	20,120	
Capital contribution .....	-	-	
	-----	-----	-----
Net cash provided by (used in) financing activities .	(10,079)	19,582	7
	-----	-----	-----
Net increase (decrease) in cash .....	90,728	(38,028)	16
Cash and cash equivalents, beginning of period .....	45,001	173,171	100
	-----	-----	-----
Cash and cash equivalents, end of period .....	\$ 135,729	\$ 135,143	\$ 116
	=====	=====	=====

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Condensed Consolidating Statements of Cash Flows  
Year Ended March 31, 2001

	Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	Par Com Guar (T
	-----	-----	-----
Cash flows from operating activities			
Net income/(loss) .....	\$ 4,229	\$ 150,694	\$ 12
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization .....	64,809	43,426	
Deferred taxes .....	(14,039)	23,122	

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Changes in operating assets and liabilities .....	62,562	(112,370)	(
Net cash provided by (used in) operating activities ..	117,561	104,872	12
Cash flows from investing activities			
Purchases of property and equipment .....	(26,956)	(46,934)	
Net activity in equity in net earnings of unconsolidated subsidiaries .....	(111,104)	--	(4
Net cash provided by (used in) investing activities ..	(138,060)	(46,934)	(4
Cash flows from financing activities			
Payments on long-term debt .....	(50,000)	--	
Proceeds from the exercise of stock options .....	--	--	(6
Purchase of treasury shares .....	--	--	(9
Repayments of short-term bank borrowings, net .....	--	(523)	
Capital contribution .....	90,000	--	
Net cash provided by (used in) financing activities ..	40,000	(523)	(14
Net increase (decrease) in cash .....	19,501	57,415	(6
Cash and cash equivalents, beginning of period .....	25,500	115,756	16
Cash and cash equivalents, end of period .....	\$ 45,001	\$ 173,171	\$ 10

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## Condensed Consolidating Statements of Cash Flow Year Ended March 31, 2000

	Subsidiary Issuer (TH USA)	Non-Guarantor Subsidiaries	G
Cash flows from operating activities			
Net income / (loss).....	\$ 56,426	\$ 165,062	\$17
Adjustments to reconcile net income to net cash provided by operating activites			
Depreciation and amortization.....	62,079	37,317	
Deferred taxes.....	(8,945)	(70,843)	
Provision for special charges.....	--	62,153	
Changes in operating assets and liabilities.....	52,997	(71,041)	(
Net cash provided by (used in) operating activities....	162,557	122,648	16
Cash flows from investing activities			
Purchases of property and equipment.....	(96,945)	(55,039)	
Net activities in equity in net earnings of			

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unconsolidated subsidiaries.....	(130,155)	--	(9
Net cash provided by (used in) investing activities....	(227,100)	(55,039)	(9
Cash flows from financing activities			
Proceeds of long-term debt.....	20,000	--	
Payments on long-term debt.....	(40,000)	--	
Proceeds from the exercise of stock options.....	--	--	
Repayments of short-term bank borrowings, net.....	--	(711)	
Net cash provided by (used in) financing activities....	(20,000)	(711)	
Net increase (decrease) in cash.....	(84,543)	66,898	8
Cash and cash equivalents, beginning of period.....	110,043	48,858	8
Cash and cash equivalents, end of period.....	\$ 25,500	\$ 115,756	\$16

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## Note 17 - Quarterly Financial Data (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2002				
Net revenue .....	\$ 355,688	\$ 546,442	\$ 474,793	\$ 499,798
Gross profit .....	151,742	238,484	201,349	212,057
Net income .....	9,013	47,875	36,958	40,698
Basic earnings per share ..	0.10	0.54	0.41	0.45
Diluted earnings per share.	0.10	0.53	0.41	0.45
2001				
Net revenue .....	\$ 399,878	\$ 533,301	\$ 475,759	\$ 471,997
Gross profit .....	159,779	223,941	198,098	182,796
Net income .....	9,736	44,924	42,701	33,600
Basic earnings per share ..	0.10	0.49	0.47	0.38
Diluted earnings per share.	0.10	0.49	0.47	0.37

The quarterly financial data for the years ended March 31, 2002 and 2001 are unaudited; however, in the opinion of the Company, the interim data

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includes all adjustments, consisting only of normal recurring adjustments, necessary to present such data fairly.

### Note 18 - Share Split

On June 4, 1999, the Company announced that its Board of Directors had approved and declared a two-for-one split of the Ordinary Shares. The split was effected in the form of a dividend of one Ordinary Share per Ordinary Share issued and outstanding or held by the Company in its treasury (the "Share Split"), and was paid on July 9, 1999 to shareholders of record at the close of business on June 18, 1999. In connection with the Share Split, the Board of Directors of the Company also approved an increase in the number of authorized Ordinary Shares to 150,000,000 from 75,000,000. All earnings per share and share equivalents have been restated to reflect the Share Split.

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### Note 19 - Share Repurchase Program

On April 7, 2000 the Company announced that its Board of Directors authorized the repurchase of up to \$150,000 of its outstanding Ordinary Shares over a period of up to 18 months using available cash. Under this share repurchase program, the Company repurchased 6,192,600 Ordinary Shares at an aggregate cost of \$61,231 during fiscal year 2001. In connection with the TH Europe Acquisition, the Company's Board of Directors terminated the remaining portion of the share repurchase program, effective June 28, 2001.

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## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

## PART III

## ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

### Directors and Executive Officers

Name	Age	Present Position
----	---	-----
Silas K. F. Chou	55	Co-Chairman of the Board and Director
Lawrence S. Stroll	42	Co-Chairman of the Board and Director
Thomas J. Hilfiger	51	Honorary Chairman of the Board, Principal Designer and Director
Joel J. Horowitz	51	Chief Executive Officer, President and Director
Ronald K.Y. Chao	63	Director
Lester M.Y. Ma	55	Director



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Joseph M. Adamko	69	Director
Clinton V. Silver	72	Director
Simon Murray	62	Director
Joel H. Newman	60	Chief Financial Officer, Executive Vice President-Finance and Operations and Assistant Secretary
Arthur Bargonetti	68	Senior Vice President-Operations
Joseph Scirocco	45	Senior Vice President and Treasurer
Lawrence T.S. Lok	45	Secretary

Silas K.F. Chou has been Co-Chairman of the Board of the Company since 1998 and served as Chairman of the Board from 1992 to 1998. Mr. Chou has been a Director of the Company since 1992. Mr. Chou also served as Managing Director of Novel Enterprises Limited ("Novel Enterprises"), where he continues to serve as a director, from 1996 to 2001 and has been Chairman of the Board of Novel Denim Holdings Limited, a company quoted on the Nasdaq National Market and an affiliate of Novel Enterprises ("Novel Denim"), since 1996. In addition, Mr. Chou was Chairman of the Board of Pepe Jeans London Corporation and its predecessor (collectively, "PJLC") from 1992 to 1998.

Lawrence S. Stroll has been Co-Chairman of the Board of the Company since 1998 and served as Chief Executive Officer of Tommy Hilfiger (HK) Limited, a subsidiary of the Company ("THHK"), from 1993 to 1998. Mr. Stroll has been a Director of the Company since 1992. In addition, Mr. Stroll was Group Chief Executive Officer of PJLC from 1993 to 1998.

Thomas J. Hilfiger has been a Director and Principal Designer of the Company since 1992 and Honorary Chairman of the Board of the Company since 1994. Mr. Hilfiger was Vice Chairman of the Board of the Company and its predecessors from 1989 to 1994, and President of Tommy Hilfiger, Inc. from 1982 to 1989. Mr. Hilfiger has been designing clothes under the Tommy Hilfiger trademarks since 1984.

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Joel J. Horowitz is Chief Executive Officer and President of the Company. Mr. Horowitz has served as Chief Executive Officer since 1994 and as President since 1995. From 1989 to 1994, Mr. Horowitz served as President and Chief Operating Officer of the Company and its predecessors. Mr. Horowitz has been a Director of the Company since 1992.

Ronald K.Y. Chao has been a Director of the Company since 1992. Since 1996, Mr. Chao has been Vice Chairman of Novel Enterprises. Prior thereto, Mr. Chao served as the Managing Director of Novel Enterprises. In addition, Mr. Chao has served as a director of Novel Denim since 1997.

Lester M.Y. Ma has been a Director of the Company since 1992 and served as its Treasurer from 1996 to 1997. Mr. Ma has been an Executive Director and Group Chief Accountant of Novel Enterprises for more than the past five years. In addition, Mr. Ma has been a director of Novel Denim since 1992 and its Treasurer since 1997.

Joseph M. Adamko has been a Director of the Company since 1993. Since 1992, Mr. Adamko has been Vice Chairman and a director of Sterling Bancorp and Sterling National Bank. Prior thereto, Mr. Adamko was employed by Manufacturers Hanover Trust Company of New York in a variety of positions for over 30 years, including

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most recently as a Managing Director.

Clinton V. Silver has been a Director of the Company since 1994. Mr. Silver was employed by Marks & Spencer plc, an international retailer based in London, as Deputy Chairman from 1991 to 1994 and as a consultant from 1994 to 1999. In addition, Mr. Silver served as a director of Marks & Spencer plc from 1974 to 1994 and as Joint Managing Director from 1990 to 1994. Mr. Silver also served as Chairman of the British Fashion Council from 1994 to 1997.

Simon Murray has been a Director of the Company since 1997. From 1993 to 1997, Mr. Murray was the Executive Chairman Asia Pacific of Deutsche Bank AG. Since 1998, Mr. Murray has been the Chairman of General Enterprise Management Services Limited, a private equity fund management company sponsored by Simon Murray & Company Ltd. Mr. Murray is also a director of a number of public companies in the Far East, including Cheung Kong Holdings Limited, Hutchison Whampoa Limited and Orient Overseas (International) Limited, and other companies in Europe, including Hermes International and Vivendi Universal.

Joel H. Newman was appointed Chief Financial Officer and Executive Vice President-Finance and Operations of the Company in 2001, after serving as Chief Financial and Administrative Officer and Executive Vice President since 2000. Prior thereto, Mr. Newman served as Chief Administrative Officer and Executive Vice President-Finance from 1998 to 2000 and as Executive Vice President-Operations from 1997 to 1998. Since 1993, Mr. Newman has also held various senior operations and financial positions with TH USA, for which he currently serves as Chief Operating Officer. Prior to joining the Company, Mr. Newman held various senior operations and financial positions with major companies in the apparel wholesale and retail industries.

Arthur Bargonetti has been Senior Vice President-Operations of the Company since 1998. From 1994 to 1998, Mr. Bargonetti served as Chief Operating Officer and Executive Vice President of Pepe USA. Prior thereto, Mr. Bargonetti was the Chief Operating Officer and Executive Vice President of Bidermann Industries U.S.A., Inc.

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Joseph Scirocco has been Senior Vice President and Treasurer of the Company since 1997. Prior to joining the Company, Mr. Scirocco was employed in the Retail and Consumer Products Group of Price Waterhouse LLP, where he had served as an Audit Partner since 1990.

Lawrence T.S. Lok has served as Secretary of the Company since 1994. In addition, Mr. Lok has been Secretary of Novel Enterprises since 1994 and of Novel Denim since 1997. Mr. Lok has also served as Deputy Financial Controller of Novel Enterprises for more than the past five years.

Ronald K.Y. Chao and Silas K.F. Chou are brothers.

### Terms of Directors

The Company's Board of Directors is divided into three classes with staggered three-year terms. At each Annual Meeting of Shareholders, the successors of the class of directors whose terms expire at such meeting are elected for three-year terms. The terms of Messrs. Chou, Hilfiger and Adamko expire in 2002; the terms of Messrs. Stroll, Ma and Silver expire in 2003; and the terms of Messrs. Horowitz, Chao and Murray expire in 2004.

### Section 16(a) Beneficial Ownership Reporting Compliance

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Section 16(a) of the Exchange Act requires the Company's officers and directors, and certain persons who own more than 10% of a registered class of the Company's equity securities (collectively, "Reporting Persons"), to file reports of ownership and changes in ownership ("Section 16 Reports") with the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange. Reporting Persons are required by the SEC to furnish the Company with copies of all Section 16 Reports they file.

Based solely on its review of the copies of such Section 16 Reports received by it, or written representations received from certain Reporting Persons, all Section 16(a) filing requirements applicable to the Company's Reporting Persons during and with respect to the fiscal year ended March 31, 2002 have been complied with on a timely basis.

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## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth the compensation paid and accrued by the Company and its subsidiaries for the fiscal years ended March 31, 2002, 2001 and 2000 to the Company's chief executive officer and the four other most highly compensated executive officers (the "Named Executive Officers").

Name and Principal Position -----	Fiscal Year ----	Annual Compensation -----		Long-Term Compensation ----- Awards ----- Securities Underlying Stock Options -----
		Salary (\$) -----	Bonus (\$) -----	
Joel J. Horowitz Chief Executive Officer and President	2002	662,678	10,053,000 (1)	--
	2001	625,000	12,097,000 (1)	--
	2000	581,600	16,631,000 (1)	--
Thomas J. Hilfiger Honorary Chairman of the Board and Principal Designer	2002	22,360,000 (3)	--	--
	2001	24,925,000 (3)	--	--
	2000	26,851,000 (3)	--	--
Silas K.F. Chou Co-Chairman of the Board	2002	900,000 (4)	623,274	--
	2001	750,000 (4)	545,532	--
	2000	750,000 (4)	750,000	--
Lawrence S. Stroll Co-Chairman of the Board	2002	600,000 (5)	623,274	--
	2001	750,000 (5)	545,532	--
	2000	750,000 (5)	750,000	--
Joel H. Newman Chief Financial Officer and Executive Vice President-Finance	2002	750,000	600,000	--
	2001	650,000	550,000	100,000
	2000	600,000	600,000	165,000

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and Operations

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- (1) Pursuant to an incentive plan approved by shareholders of the Company, Mr. Horowitz receives an annual bonus equal to 5% of the Company's operating earnings (as defined below). "See Certain Employment Agreements."
  - (2) Amount represents employer matching contribution under the Tommy Hilfiger U.S.A. 401(k) Profit Sharing Plan (the "401(k) Plan").
  - (3) Pursuant to an employment agreement entered into prior to the Company's initial public offering, Mr. Hilfiger receives annual salary payments equal to \$900,000 plus 1.5% of the net sales of TH USA and its subsidiaries over \$48,333,333. See "Certain Employment Agreements."
  - (4) Includes \$400,000 of the fees paid pursuant to a consulting agreement between Tommy Hilfiger (Eastern Hemisphere) Limited, a subsidiary of THC ("THEH"), and Fasco International, Inc. ("Fasco International"), an affiliate of Messrs. Chou and, until August 2001, Stroll. See "Certain Relationships and Related Transactions - Other Relationships and Transactions" in Item 13.
  - (5) Includes \$100,000 of the fees paid pursuant to a consulting agreement between THEH and Fasco International, and all of the fees paid pursuant to a consulting agreement between THEH and another affiliate of Mr. Stroll. See "Certain Relationships and Related Transactions - Other Relationships and Transactions" in Item 13.
  - (6) Amount represents employer matching contribution under the 401(k) Plan of \$5,100 plus reimbursement for supplemental term life insurance premium payments of \$10,000.

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### Option Grants in Fiscal 2002

During fiscal year 2002, no Company stock option grants were made to any of the Named Executive Officers.

### Agregated Option Exercises in Fiscal 2002 and Fiscal Year-End Option Values

The following table sets forth information regarding stock option exercises during fiscal year 2002 by the only Named Executive Officer who has received Company option grants, and the values of such officer's unexercised options as of March 31, 2002.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securites Underlying Unexercised Stock Options at Fiscal Year-End (#) Exercisable/Unexercisable	Value of Unex Money Stoc Fiscal Y Exercisable
-----	-----	-----	-----	-----
Joel H. Newman	33,334	221,796	495,000/66,666	465,09

### Supplemental Executive Retirement Plan

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The Company maintains the Tommy Hilfiger U.S.A., Inc. Supplemental Executive Retirement Plan (the "SERP"), a nonqualified unfunded plan, to provide retirement benefits to senior executives designated by the Chief Executive Officer of TH USA. As of March 31, 2002, Mr. Newman was the only Named Executive Officer participating in the SERP.

Pension Plan Table. The following table shows the estimated hypothetical annual benefit payable under the SERP to participants retiring at age 65 based on the specified final average compensation and years of service.

Final Average Base Salary -----	Years of Service -----			
	15 --	20 --	25 --	30 --
\$ 250,000	\$ 75,000	\$100,000	\$125,000	\$125,000
300,000	90,000	120,000	150,000	150,000
350,000	105,000	140,000	175,000	175,000
400,000	120,000	160,000	200,000	200,000
450,000	135,000	180,000	225,000	225,000
500,000	150,000	200,000	250,000	250,000
750,000	225,000	300,000	375,000	375,000

The benefit payable under the SERP is a lifetime annuity equal to 2% of the participant's average base salary for the last three full calendar years of employment multiplied by the participant's years of service (up to a maximum of 25 years). Payments to vested participants commence after termination of employment and upon the earlier of (i) the attainment of age 65 or (ii) the request of the participant at any time after the attainment of age 55 (in which case the annual amount is reduced by 5% per year for each year it is paid before the participant's attainment of age 65). Participants become vested under the SERP upon the earliest of (a) the completion of 10 years of service, (b) the attainment of age 40 and completion of five years of service or (c) the attainment of age 65; provided that a participant who is terminated for "cause" (as defined in the SERP) will forfeit all rights to the SERP benefit (whether or not vested). Payments under the SERP are subject to any applicable Social Security or other taxes required to be withheld by law.

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For purposes of the SERP, the amount specified in the Annual Compensation portion of the Summary Compensation Table under the heading "Salary" would constitute "base salary." As of March 31, 2002, Mr. Newman had completed 9 years of service and was vested under the SERP.

### Certain Employment Agreements

Subsidiaries of the Company had employment agreements with Messrs. Hilfiger, Horowitz and Newman during fiscal year 2002.

The employment agreement with Tommy Hilfiger, the Company's Honorary Chairman of the Board and Principal Designer, provides for his employment as the designer of all products carrying the Tommy Hilfiger trademarks until his death, disability or incompetence. Mr. Hilfiger receives an annual base salary of

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\$900,000, subject to adjustments. If net sales of TH USA and its subsidiaries are less than \$48,333,333 in any year, Mr. Hilfiger's base salary for such year is reduced by 1.5% of such shortfall, to not less than \$500,000. If net sales are greater than \$48,333,333 in any fiscal year, Mr. Hilfiger receives an additional payment equal to 1.5% of such excess. If Mr. Hilfiger terminates his employment without the consent of TH USA other than by reason of his death, disability or incompetence, TH USA will have no further obligations under the agreement. The employment agreement provides that TH USA and its subsidiaries cannot enter into any line of business without the consent of Mr. Hilfiger if he shall reasonably determine that such line of business would be detrimental to the Tommy Hilfiger trademarks.

The employment agreement with Mr. Horowitz provides for his employment as Chief Executive Officer of the Company and TH USA until March 31, 2004. The agreement provided for an annual base salary in fiscal year 2002 of \$662,678. The base salary is subject to increase each year by the average percentage increase for all employees of TH USA.

The Company is subject to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), under which public companies are not permitted to deduct for federal income tax purposes annual compensation paid to certain executive officers in excess of \$1,000,000 per executive, unless such excess is paid pursuant to an arrangement based upon performance and approved by shareholders and provided that the other requirements set forth in Section 162(m) and related regulations are met. Payments required to be made pursuant to the aforementioned employment agreement with Mr. Hilfiger, which was entered into prior to the effective date of Section 162(m), are not subject to such restrictions.

On August 6, 1998, the Company's Compensation Committee approved and the Board of Directors adopted, and on November 2, 1998, the shareholders approved, the renewal of the Tommy Hilfiger U.S.A., Inc. Supplemental Executive Incentive Compensation Plan (the "SEIC Plan"), which was scheduled to terminate on April 1, 1999, for each of the five fiscal years in the period ending March 31, 2004. The purpose of the SEIC Plan is to provide a significant and flexible economic opportunity to Mr. Horowitz, Chief Executive Officer and President of the Company and Chief Executive Officer of TH USA, in an effort to reward his contribution to the Company and its subsidiaries. The SEIC Plan is administered by the Company's Compensation Committee and provides for a cash award to Mr. Horowitz equal to 5% of the Company's consolidated earnings before depreciation, interest on financing of fixed assets, non-operating expenses and taxes ("operating earnings"). Awards under the plan are calculated and paid quarterly based on 3.75% of operating earnings for the first three fiscal quarters, with the remaining amount of the bonus (based on the 5% rate) payable at the end of the fiscal year. The amount of the award is reduced by the amount of any other bonuses paid or payable under any

employment or bonus agreement between the Company or TH USA and Mr. Horowitz. The SEIC Plan does not contain any cap on the maximum amount of the bonus payable thereunder. The SEIC Plan bonus payable to Mr. Horowitz in respect of fiscal year 2002 was \$10,053,000. While the Company believes that compensation payable pursuant to the SEIC Plan will be deductible for federal income tax purposes pursuant to Section 162(m), there can be no assurance in this regard.

The employment agreements with Messrs. Hilfiger and Horowitz also provide that such executives are eligible to receive additional annual bonuses

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at the discretion of TH USA's Board of Directors or Compensation Committee. If, however, compensation is awarded based on an arrangement that does not satisfy the requirements of Section 162(m), the Company would not be allowed to deduct for tax purposes any payments in excess of the \$1,000,000 limitation. No discretionary bonuses were paid to these executives with respect to the Company's last three fiscal years.

Messrs. Hilfiger and Horowitz have agreed to waive any additional compensation attributable to the net sales and operating earnings of the Company's acquired European licensee to which they might otherwise be contractually entitled under their existing employment arrangements. See "Certain Relationships and Related Transactions - The TH Europe Acquisition" in Item 13.

The employment agreement with Mr. Newman, the Company's Chief Financial and Administrative Officer and Executive Vice President, provides for his employment with TH USA until March 31, 2003. Thereafter, the agreement automatically renews for successive one-year terms unless terminated upon prior notice by either party. The agreement provided for an annual base salary in fiscal year 2002 of \$750,000, and provides for base salaries of \$850,000 and \$950,000 in fiscal years 2003 and 2004 (if renewed for such year), respectively. Mr. Newman received \$600,000 in bonuses in fiscal year 2002. Under the agreement, Mr. Newman is entitled to receive minimum bonuses of \$567,000 and \$634,000 in fiscal years 2003 and 2004 (if renewed for such year), respectively; provided that if the Company achieves or exceeds its annual budget for a specified fiscal year, the minimum bonus will be 100% of the base salary for such year. Upon execution of the agreement, Mr. Newman received a grant of 100,000 stock options under the 1992 Stock Incentive Plans and the exercisability of 66,000 stock options previously granted to Mr. Newman were accelerated to the date of execution. In addition, under the agreement, the exercisability of all stock options granted to Mr. Newman prior to March 31, 2000 that had not previously become exercisable were accelerated to March 31, 2002.

If Mr. Newman's employment is terminated by the Company without "cause" (as defined in the agreement) or due to a long-term disability or by Mr. Newman with "good reason" (as defined in the agreement), or the Company does not renew the agreement at the end of the initial term or any renewal term, Mr. Newman will, subject to certain conditions, be entitled to receive base salary continuation until the end of the initial term or then current renewal term plus one year (subject to mitigation from compensation and benefits received from other employment or Company-sponsored long-term disability payments), as well as a pro rated annual bonus for the fiscal year in which the termination occurs.

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### Stock-Based Plans

Employee Stock Incentive Plans. At the Company's 2001 annual meeting, the shareholders approved the Tommy Hilfiger Corporation 2001 Stock Incentive Plan (the "2001 Stock Incentive Plan"). Following such approval, no further grants may be made under the Tommy Hilfiger U.S.A. and Tommy Hilfiger (Eastern Hemisphere) Limited 1992 Stock Incentive Plans (the "1992 Stock Incentive Plans"; and together with the 2001 Stock Incentive Plan, the "Employee Stock Incentive Plans"). Grants previously made under the 1992 Stock Incentive Plans remain outstanding in accordance with their terms.

The 2001 Stock Incentive Plan authorizes the grant of stock options,

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stock appreciation rights related to stock options and restricted stock to officers, employees and directors of the Company and its subsidiaries with respect to up to 3,500,000 Ordinary Shares (subject to certain adjustments as provided in the plan); provided that no more than 350,000 of those shares may be awarded pursuant to grants of restricted stock. No participant under the 2001 Stock Incentive Plan may be granted awards covering in excess of 700,000 Ordinary Shares in any fiscal year of the Company.

The 2001 Stock Incentive Plan is administered by the Company's Compensation Committee. Awards under the plan are subject to such terms and conditions as may be determined by the Compensation Committee and specified in the applicable award agreement; provided that any stock option or related stock appreciation right must have an exercise price of not less than fair market value at, and may not be exercisable more than 10 years after, the date of grant. An award agreement may provide for acceleration or immediate vesting in the event of a change of control of the Company or any of its subsidiaries.

Messrs. Chou, Stroll, Hilfiger, Horowitz and Chao are not eligible for grants under the 2001 Stock Incentive Plan. Currently, over half of the full-time employees of the Company and its subsidiaries are participants in the Employee Stock Incentive Plans.

Directors Option Plan. In August 1994, the shareholders of the Company approved the Tommy Hilfiger Corporation Non-Employee Directors Stock Option Plan (the "Directors Option Plan"). Options for up to 400,000 Ordinary Shares (subject to certain adjustments as provided in the plan) may be granted under the Directors Option Plan. Each director who is not an officer or employee of the Company or any subsidiary of the Company (a "Non-Employee Director") receives an initial stock option to purchase 20,000 Ordinary Shares, and subsequent annual grants of options to purchase 2,000 Ordinary Shares, in each case at an exercise price equal to the fair market value at the date of grant.

The Directors Option Plan is administered by the Company's Compensation Committee. However, grants of stock options to participants under the Plan and the amount, nature and timing of the grants are not subject to the determination of such committee.

The term of each stock option granted under the Directors Option Plan is 10 years unless earlier terminated by termination of the director status of a Non-Employee Director, and the stock options are exercisable in equal installments over five years from the date of grant.

### Director Compensation

Directors who are officers or employees of the Company or any of its subsidiaries receive no additional compensation for their service on the Board and its Committees. All Non-Employee Directors receive the following retainers: \$40,000 per annum for members of the Board; \$5,000 per annum for members of standing committees; and \$3,000 per annum for Chairmen of standing committees. The Non-Employee Directors also receive \$2,000 for attendance at each meeting of the Board or a Committee. In addition, the Non-Employee Directors participate in the Directors Option Plan. See "Stock-Based Plans."

In May 2001, a Special Committee of Independent Directors, consisting of Messrs. Murray, Adamko and Silver, was formed to consider and negotiate the possible acquisition of the Company's European licensee. In fiscal year 2002,



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each member of the Special Committee received a retainer of \$25,000 and a \$2,000 per meeting attendance fee. Mr. Adamko attended all, and Messrs. Murray and Silver attended all but one, of the 14 meetings held by the Special Committee.

### Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee consists of Mr. Adamko, who is the Chairman, Mr. Silver and Mr. Murray.

Sportswear Holdings Limited, a BVI corporation ("Sportswear"), is indirectly 50% owned by Westleigh Limited, a BVI corporation privately owned by members of the Chao family (including Messrs. Silas K.F. Chou, Co-Chairman of the Board and a Director of the Company, and Ronald K.Y. Chao, a Director of the Company) and an affiliate of Novel Enterprises ("Westleigh"), and 50% owned by Flair Investment Holdings Limited, a BVI corporation in which Mr. Stroll, Co-Chairman of the Board and a Director of the Company, has an indirect beneficial ownership interest ("Flair"). AIHL-Pepe Limited, a BVI corporation (collectively with its predecessors and certain of its affiliates, "AIHL"), is owned 70% by Sportswear, 22.5% by Mr. Hilfiger, Honorary Chairman of the Board, Principal Designer and a Director of the Company, and 7.5% by Mr. Horowitz, Chief Executive Officer, President and a Director of the Company.

Mr. Ma, a Director of the Company, may have certain economic interests based on the performance of AIHL and its affiliates. Novel Enterprises and its affiliates also hold other interests in the apparel industry, including an approximately 50% ownership interest in Novel Denim.

During the Company's last fiscal year, (i) Messrs. Chou, Stroll, Hilfiger, Horowitz, Chao and Ma were executive officers and/or directors of AIHL, (ii) Messrs. Chou, Stroll, Chao and Ma were executive officers and/or directors of Sportswear, (iii) Messrs. Chou and Chao were executive officers and/or directors of Westleigh, (iv) Messrs. Chou, Chao and Ma were executive officers and/or directors of Novel Enterprises and (v) Mr. Chou was an executive officer, director and Chairman of the compensation committee, Mr. Ma was an executive officer and director and Mr. Chao was a director, of Novel Denim.

See Item 13, "Certain Relationships and Related Transactions."

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### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth data as of May 31, 2002 concerning the beneficial ownership of Ordinary Shares by (i) the persons known to the Company to beneficially own more than 5% of the outstanding Ordinary Shares, (ii) all directors and nominees and each Named Executive Officer and (iii) all directors and executive officers as a group.

Amount Beneficially Owned	Percent of Class(1)
-----	-----

FMR Corp. (2)

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82 Devonshire Street Boston, MA 02109 .....	10,134,600	11.3%
Franklin Resources, Inc. (3) One Franklin Parkway San Mateo, CA 94403-1906.....	7,570,168	8.4%
PRIMECAP Management Company (4) 225 South Lake Avenue #400 Pasadena, CA 91101 .....	6,069,575	6.7%
Vanguard Horizon Funds - Vanguard Capital Opportunity Fund (5) 100 Vanguard Boulevard Malvern, PA 19355 .....	5,754,800	6.4%
Lord, Abbett & Co. (6) 90 Hudson Street Jersey City, NJ 07302 .....	4,666,104	5.2%
Directors and Named Executive Officers:		
Silas K.F. Chou .....	1,015,324 (7)	1.1%
Lawrence S. Stroll .....	1,015,324 (7)	1.1%
Thomas J. Hilfiger .....	3,968,548	4.4%
Joel J. Horowitz .....	516,182	*
Ronald K.Y. Chao .....	1,028,924 (7) (8)	1.1%
Lester M.Y. Ma .....	42,400 (9)	*
Joseph M. Adamko .....	26,800 (10)	*
Clinton V. Silver .....	9,600 (11)	*
Simon Murray .....	22,400 (11)	*
Joel H. Newman .....	528,333 (12)	*
All directors and executive officers as a group (13 persons) .....	6,373,187 (13)	7.0%

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\* Less than 1%.

- (1) Shares outstanding with respect to each person includes the right to acquire beneficial ownership of Ordinary Shares pursuant to currently exercisable stock options, if any, held by such person under Company stock option plans. See footnotes 8, 9, 10, 11, 12 and 13. For purposes of this table, "currently exercisable" stock options includes options becoming vested and exercisable within 60 days from May 31, 2002.
- (2) Information based on Amendment No. 1 to Schedule 13G dated March 11, 2002 filed with the SEC by FMR Corp. ("FMR"). According to the Schedule 13G, FMR, a parent holding company, had sole dispositive power over all of the shares and sole voting power over 368,200 of the shares.

- (3) Information based on Amendment No. 1 to Schedule 13G dated February 12, 2002 filed with the SEC by Franklin Resources, Inc. ("Franklin"). According to Schedule 13G, subsidiaries of Franklin, a parent holding company, had sole dispositive power over all of the shares and sole voting power over 7,569,700 of the shares.
- (4) Information based on Amendment No. 3 to Schedule 13G dated May 31, 2002 filed with the SEC by PRIMECAP Management Company ("PRIMECAP"). According

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to the Schedule 13G, PRIMECAP, an investment adviser, had sole dispositive power over all of the shares and sole voting power over 2,254,775 of the shares.

- (5) Information based on Amendment No. 1 to Schedule 13G dated February 12, 2002 filed with the SEC by Vanguard Horizon Funds - Vanguard Capital Opportunity Fund ("Vanguard"). According to the Schedule 13G, Vanguard, an investment company, had shared dispositive power and sole voting power over all of the shares.
- (6) Information based on Schedule 13G dated January 16, 2002 filed with the SEC by Lord, Abbett & Co. ("Lord, Abbett"). According to the Schedule 13G, Lord, Abbett, an investment adviser, had sole dispositive power and sole voting power over all of the shares.
- (7) Sportswear directly owns 1,015,324 Ordinary Shares. Sportswear is indirectly 50% owned by Westleigh, which is privately owned by members of the Chao family (including Messrs. Chou and Chao), and 50% owned by Flair, in which Mr. Stroll has an indirect beneficial ownership interest. Each of Sportswear, Westleigh and Flair, as well as Messrs. Chou, Chao and Stroll, may be deemed to have shared dispositive power and shared voting power over, and thus to beneficially own, all of the Ordinary Shares owned by Sportswear through their respective direct or indirect ownership interests in Sportswear.
- (8) Includes 13,600 Ordinary Shares issuable upon the exercise of currently exercisable stock options under the Directors Option Plan.
- (9) Issuable upon the exercise of currently exercisable stock options under the 1992 Stock Incentive Plans and the Directors Option Plan.
- (10) Includes 20,000 Ordinary Shares issuable upon the exercise of currently exercisable stock options under the Directors Option Plan.
- (11) Issuable upon the exercise of currently exercisable stock options under the Directors Option Plan.
- (12) Issuable upon the exercise of currently exercisable stock options under the 1992 Stock Incentive Plans.
- (13) Includes 866,333 Ordinary Shares issuable upon the exercise of currently exercisable stock options held by all directors and executive officers under the 1992 Stock Incentive Plans and the Directors Option Plan. The 1,015,324 Ordinary Shares directly owned by Sportswear and attributed to each of Messrs. Chou, Chao and Stroll in this table are only counted once.

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain relationships and transactions between the Company and certain directors and officers of the Company and certain of their affiliates are described below.

#### The TH Europe Acquisition

On June 29, 2001, THC and THEH entered into a stock purchase agreement (the "Stock Purchase Agreement") with TH Europe Holdings Limited, a subsidiary of AIHL ("TH Europe Holdings"), pursuant to which THEH agreed to acquire from TH Europe Holdings all of the issued and outstanding shares of capital stock of THNV, the owner of TH Europe, the Company's European licensee, for a cash purchase price of \$200,000,000. Also on June 29, 2001, AIHL executed a guarantee of the performance by TH Europe Holdings of its obligations under the Stock Purchase Agreement. The TH Europe Acquisition was completed on July 5, 2001.

At the time of the execution of the Stock Purchase Agreement, Messrs. Chou and Stroll entered into a non-competition agreement with the Company restricting their ability to compete in Europe with the THNV businesses for two years following the TH Europe Acquisition. In addition, Messrs. Hilfiger and Horowitz executed waivers with respect to any additional compensation attributable to the net sales and operating earnings of THNV and its consolidated subsidiaries to which they might otherwise be contractually entitled under their existing employment arrangements.

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In fiscal year 2002, with respect to the period prior to the closing of the TH Europe Acquisition, the Company's results of operations included \$2,129,000 of royalties and buying

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agency commissions paid by TH Europe. In addition, TH Europe subleases certain office space in Amsterdam from a subsidiary of AIHL for annual rent of approximately \$115.

### Other Relationships and Transactions

The Company is party to a lock-up agreement (the "Lock-Up Agreement") and a registration rights agreement (the "Registration Rights Agreement"), in each case with AIHL, Anasta Holdings Limited, Sportswear, Westleigh, Flair, Mr. Hilfiger and Mr. Horowitz (collectively, the "AIHL Affiliates"), relating to the Ordinary Shares paid by the Company as part of the purchase price consideration for the May 8, 1998 acquisition (the "1998 Acquisition") of its womenswear, jeanswear and Canadian licensees (the "Purchase Price Shares"). The Lock-Up Agreement prohibited the transfer of the Purchase Price Shares until May 8, 2000, and imposes additional restrictions until May 8, 2003 on transfers of the shares as a block, subject to certain exceptions. Under the Registration Rights Agreement, the AIHL Affiliates, along with their successors and permitted transferees under the Lock-Up Agreement, have the right to require the Company to register sales of the Purchase Price Shares. At the time of the 1998 Acquisition, Messrs. Chou and Stroll also entered into a non-competition agreement with the Company that restricted their ability to compete in the United States or Canada with the womenswear and jeanswear businesses until May 8, 2002.

The Company is party to a geographic license agreement for Japan with Tommy Hilfiger Japan Corporation ("THJC"). Affiliates of AIHL hold a 20% equity interest in THJC. Under the license agreement, THJC pays THLI a royalty based on a percentage of the value of licensed products sold by it. Subject to certain exceptions, all products sold by or through THJC must be purchased through THEH or TH USA pursuant to buying agency agreements. Under these agreements, THEH and TH USA are paid a buying agency commission based on a percentage of the cost of products sourced through them. Pursuant to these arrangements, royalties and buying agency commissions totaled \$2,616,000 during fiscal year 2002.

TH USA purchases finished goods in the ordinary course of business from affiliates of Novel Enterprises. Such purchases amounted to \$90,408,000 during the fiscal year ended March 31, 2002. In addition, contractors of the Company purchase raw materials in the ordinary course of business from affiliates of Novel Enterprises pursuant to the Company's designation of such sources as acceptable suppliers. Such purchases amounted to \$9,796,000 during the fiscal year ended March 31, 2002.

Members of the Chao family (including Messrs. Chou and Chao) hold an indirect 45% equity interest in Macauniter Malhas E Confeccoes Lda., a company which serves as TH Europe's distributor in Portugal and also operates a Tommy Hilfiger store under a franchise arrangement with TH Europe. In fiscal year 2002, with respect to the period after the closing of the TH Europe Acquisition, TH Europe sold \$1,349,000 of merchandise to this Company pursuant to such arrangements.

AIHL holds an indirect 25% equity interest in Pepe Jeans SL, which serves as TH Europe's sales and collection agent in Spain. In fiscal year 2002,

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with respect to the period after the closing of the TH Europe Acquisition, commissions and fees paid by TH Europe pursuant to these arrangements totaled \$2,946,000.

TH USA sells merchandise in the ordinary course of business to a retail store that is owned by Mr. Hilfiger's sister. Sales to this customer amounted to approximately \$338,000 during fiscal year 2002.

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THEH has a consulting agreement with Fasco International, an affiliate of Messrs. Chou and, until August 2001, Stroll. The fees paid by THEH under this agreement totaled \$500,000 during fiscal year 2002.

THEH has a consulting agreement with another affiliate of Mr. Stroll. THEH paid fees under this agreement of \$500,000 in fiscal year 2002.

Under the terms of an agreement with Novel Enterprises, the Company reimburses Novel Enterprises for certain general and administrative expenses, including rent for office space, incurred by it on behalf of the Company. Payments made to Novel Enterprises under this agreement for the fiscal year ended March 31, 2002 were \$394,000.

The Audit Committee of the Board of Directors reviews transactions between the Company and its affiliates to seek to provide that such transactions are on terms which are no less favorable as a whole to the Company than could be obtained from unaffiliated parties.

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### PART IV

#### ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

##### Index to Financial Statements and Financial Statement Schedules

##### (a) 1. Financial Statements

The following consolidated financial statements of the Company are included in Item 8:

Consolidated Statements of Operations for the years ended March 31, 2002, 2001 and 2000

Consolidated Balance Sheets as of March 31, 2002 and 2001

Consolidated Statements of Cash Flows for the years ended March 31, 2002, 2001 and 2000

Consolidated Statements of Changes in Shareholders' Equity for the years ended March 31, 2002, 2001 and 2000

Notes to Consolidated Financial Statements

##### (a) 2. Financial Statement Schedules

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All schedules have been omitted because of the absence of the conditions under which they are required or because the required information is included in the Consolidated Financial Statements or Notes thereto.

### (a) 3. Exhibits

Exhibit Number -----		Description -----
3.	--	Memorandum of Association and Articles of Association of THC, as amended to reflect all amendments to date) (previously filed as Exhibit 3.4 to TH Report on Form 10-K for the fiscal year ended March 31, 1999 and incorporated herein by reference)
4.1	--	Indenture, dated as of May 1, 1998, among TH USA, as Issuer, THC, as Guarantor, and The Chase Manhattan Bank, as Trustee (previously filed as Exhibit 4.2 to TH Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference)
4.2	--	Forms of TH USA 6.50% Note due 2003 and 6.85% Note due 2008 (previously filed as Exhibit 4.1 to THC's Current Report on Form 8-K dated May 5, 1998 and incorporated herein by reference)
4.3	--	Form of TH USA 9% Bond due 2031 (previously filed as Exhibit 4.1 to THC's Current Report on Form 8-K dated November 28, 2001 and incorporated herein by reference)
*10.1	--	TH USA 1992 Stock Incentive Plan, as amended and restated (previously filed as Exhibit 4.1 to Registration No. 333-96011 and incorporated herein by reference)
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*10.2	--	THEH 1992 Stock Incentive Plan, as amended and restated (previously filed as Exhibit 4.2 to Registration No. 333-96011 and incorporated herein by reference)
*10.3	--	THC 2001 Stock Incentive Plan (previously filed as Appendix B to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference)
*10.4	--	THC Non-Employee Directors Stock Option Plan (previously filed as Exhibit 10.4 to Registration No. 33-88906 and incorporated herein by reference)
*10.5	--	TH USA Supplemental Executive Incentive Compensation Plan (previously filed as Exhibit A to THC's Proxy Statement dated September 25, 1998 and incorporated herein by reference)
*10.6	--	TH USA Voluntary Deferred Compensation Plan (previously filed as Exhibit 10.6 to THC's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference)
*10.7	--	TH USA Supplemental Executive Retirement Plan (previously filed as Exhibit 10.7 to THC's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference)
*10.8	--	Amended and Restated Employment Agreement, dated as of June 30, 1992, between Thomas J. Hilfiger and Thomas J. Hilfiger (previously filed as Exhibit 10.3 to Registration No. 33-48587 and incorporated herein by reference)
*10.9	--	Waiver of Certain Payments, dated as of June 29, 2001, by Thomas J. Hilfiger (previously filed as Exhibit 10.3 to THC's Current Report on Form 8-K dated November 28, 2001 and incorporated herein by reference)
*10.10	--	Amended and Restated Employment Agreement, dated as of June 30, 1992, between Thomas J. Hilfiger and Joel J. Horowitz (the "Horowitz Employment Agreement") (previously filed as Exhibit 10.3 to Registration No. 33-48587 and incorporated herein by reference)

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*10.11	--	Exhibit 10.4 to Registration No. 33-48587 and incorporated herein by reference. Amendment, dated as of March 8, 1994, to the Horowitz Employment Agreement (previously filed as Exhibit 7 to THC's Annual Report on Form 20-F for the year ended March 31, 1994 and incorporated herein by reference)
*10.12	--	Amendment No. 2, dated as of August 7, 1998, to the Horowitz Employment Agreement (previously filed as Exhibit 10(b) to THC's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998 and incorporated herein by reference)
*10.13	--	Waiver of Certain Payments, dated as of June 29, 2001, by Joel J. Horowitz (previously filed as Exhibit 10.4 to THC's Current Report on Form 8-K dated July 6, 2001 and incorporated herein by reference)
*10.14	--	Employment Agreement, dated as of June 12, 2000, between TH USA and Joel Horowitz (previously filed as Exhibit 10.11 to THC's Annual Report on Form 10-K for the fiscal year ended March 31, 2001 and incorporated herein by reference)

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*10.15	--	Consulting Agreement, dated April 1, 1991, between Polostro Limited and TH USA ("Polostro Consulting Agreement") (previously filed as Exhibit 10.13 to Registration No. 33-48587 and incorporated herein by reference)
*10.16	--	Amendment, dated April 1, 1993, to the Polostro Consulting Agreement (previously filed as Exhibit 18 to THC's Annual Report on Form 20-F for the fiscal year ended March 31, 1994 and incorporated herein by reference)
*10.17	--	Amendment No. 2, dated November 2, 1998, to the Polostro Consulting Agreement (previously filed as Exhibit 10(c) to THC's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998 and incorporated herein by reference)
*10.18	--	Consulting Agreement, dated April 1, 1996, between Fasco International, Inc. and THEH (previously filed as Exhibit 10.25 to THC's Annual Report on Form 10-K for the fiscal year ended March 31, 1996 and incorporated herein by reference)
10.19	--	Credit Agreement, dated as of May 8, 1998, among THC, as Guarantor, TH USA as Borrower, the several Lenders from time to time parties thereto, Fleet Bank as Documentation Agent, Nationsbank, N.A., as Syndication Agent, and The Manhattan Bank, as Administrative Agent (previously filed as Exhibit 10.4 to THC's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference)
10.20	--	Trademark Agreement, dated June 30, 1992, between Thomas J. Hilfiger and Hilfiger, Inc. (previously filed as Exhibit 10.15 to Registration No. 33-48587 and incorporated herein by reference)
10.21	--	License Agreement, dated as of January 1, 2001, between THLI and THJC (portions of this exhibit, which have been filed separately with the Securities and Exchange Commission, have been omitted and are the subject of a request made to the Commission for confidential treatment) (previously filed as Exhibit 10.19 to THC's Annual Report on Form 10-K for the fiscal year ended March 31, 2001 and incorporated herein by reference)
10.22	--	Lock-Up Agreement, dated as of January 31, 1998, by and among THC, PJLC, Investments Limited ("Blackwatch"), AIHL, Anasta Holdings Limited ("Anasta Holdings"), Sportswear, Westleigh, Flair, Thomas J. Hilfiger and Joel J. Horowitz (previously filed as Exhibit 10.1 to THC's Current Report on Form 8-K dated April 1, 2001 and incorporated herein by reference)
10.23	--	Registration Rights Agreement, dated as of May 8, 1998, by and among THC, Blackwatch, AIHL, Anasta, Sportswear, Westleigh, Flair, Thomas J. Hilfiger and Joel J. Horowitz (previously filed as Exhibit 10.26 to THC's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 and incorporated herein by reference)
10.24	--	Stock Purchase Agreement, dated as of June 29, 2001, by and among THC, TH USA, Europe Holdings (previously filed as Exhibit 10.1 to THC's Current Report on Form 8-K dated July 6, 2001 and incorporated herein by reference)

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- 10.25            --        Guarantee, dated as of June 29, 2001, by AIHL in favor of THC and THEH (p  
                              filed as Exhibit 10.2 to THC's Current Report on Form 8-K dated July 6, 2  
                              incorporated herein by reference)
- 10.26            --        Non-Competition Agreement, dated as of June 29, 2001, by and among

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- Silas K.F. Chou, Lawrence S. Stroll and THC (previously filed as Exhibit  
                              on Form 8-K dated July 6, 2001 and incorporated herein by reference)
11.            --        Statement re: Computation of Per Share Earnings
21.            --        Subsidiaries of THC
23.            --        Consent of PricewaterhouseCoopers LLP
24.            --        Powers of Attorney

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\* Management contract or compensatory plan or arrangement.

(b)            Reports on Form 8-K

The Company did not file any Current Reports on Form 8-K during the  
three months ended March 31, 2002.

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### SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities  
Exchange Act of 1934, the registrant has duly caused this report to be signed on  
its behalf by the undersigned, thereunto duly authorized.

TOMMY HILFIGER CORPORATION

/s/ Joel J. Horowitz

-----  
Joel J. Horowitz  
Chief Executive Officer and President

June 21, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report  
has been signed below by the following persons on behalf of the registrant and  
in the capacities and on the date indicated.

                              \*  
-----  
(Silas K.F. Chou)

Co-Chairman of the Board and Director

Ju

                              \*  
-----  
(Lawrence S. Stroll)

Co-Chairman of the Board and Director

Ju

Honorary Chairman of the Board, Principal

Ju



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----- (Thomas J. Hilfiger)	Designer and Director	
/s/ Joel J. Horowitz ----- (Joel J. Horowitz)	Chief Executive Officer, President and Director (principal executive officer)	Ju
* ----- (Ronald K.Y. Chao) * ----- (Lester M.Y. Ma) * ----- (Joseph Adamko) * ----- (Clinton V. Silver) * ----- (Simon Murray) * ----- (Joel H. Newman)	Director  Director  Director  Director  Director  Chief Financial Officer, Executive Vice President-Finance and Operations and Assistant Secretary (principal financial officer)	Ju  Ju  Ju  Ju  Ju
* ----- (Joseph Scirocco)	Senior Vice President and Treasurer (principal accounting officer)	Ju
* /s/ Joel J. Horowitz ----- Joel J. Horowitz (Attorney-in-Fact)		

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		herein by reference)
4.3	--	Form of TH USA 9% Bond due 2031 (previously filed as Exhibit 4.1 to THC's Annual Report on Form 8-K dated November 28, 2001 and incorporated herein by reference)
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