

RALPH LAUREN CORP  
Form DEF 14A  
July 02, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**RALPH LAUREN CORPORATION**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO THE OWNERS OF CLASS A COMMON STOCK AND CLASS B COMMON STOCK**  
**OF**  
**RALPH LAUREN CORPORATION**

**Purpose of the Meeting**

The 2012 Annual Meeting of Stockholders of Ralph Lauren Corporation, a Delaware corporation will be held at the St. Regis Hotel, 20th Floor Penthouse, 2 East 55th Street, New York, New York, on Thursday, August 9, 2012, at 9:30 a.m., local time, for the following purposes:

1. To elect twelve directors to serve until the 2013 Annual Meeting of Stockholders;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 30, 2013;
3. To approve, on an advisory basis, the compensation of our named executive officers and our compensation philosophy, policies and practices as described herein;
4. To approve our Amended and Restated Executive Officer Annual Incentive Plan; and
5. To transact such other business as may properly come before the meeting and any adjournments or postponements thereof.

The foregoing items of business are described more fully in the Proxy Statement accompanying this Notice. Only stockholders of record at the close of business on June 21, 2012 are entitled to notice of, and to vote at, the 2012 Annual Meeting of Stockholders and any adjournments or postponements thereof.

**Who May Attend**

Only stockholders, their proxy holders and our invited guests may attend the meeting. If you are a stockholder whose shares are registered in your name, please bring photo identification. If you are a stockholder whose shares are held through an intermediary such as a bank or broker and you plan to attend the meeting, please bring photo identification and a letter from your bank or broker that confirms that you are the beneficial owner of those shares or a copy of your account statement reflecting your ownership as of June 21, 2012.

**Notice Regarding the Availability of Proxy Materials**

Pursuant to the rules of the Securities and Exchange Commission, the Proxy Statement and Annual Report on Form 10-K are available at: <http://investor.ralphlauren.com>.

**Your Vote is Important**

Please vote as promptly as possible by signing, dating and returning the enclosed proxy card. In the event a stockholder decides to attend the meeting, it, he or she may, if so desired, revoke the proxy by voting the shares in person at the meeting.

By Order of the Board of Directors

AVERY S. FISCHER

*Senior Vice President, General Counsel and Secretary*

New York, New York

July 2, 2012

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**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS**

**General Information Regarding the Annual Meeting of Stockholders and Proxy Materials**

This Proxy Statement is furnished to the stockholders of Ralph Lauren Corporation, a Delaware corporation, in connection with the solicitation by its Board of Directors of proxies for its 2012 Annual Meeting of Stockholders to be held at the St. Regis Hotel, 20th Floor Penthouse, 2 East 55th Street, New York, New York on Thursday, August 9, 2012, at 9:30 a.m., local time, and at any adjournments or postponements thereof.

This Proxy Statement, the form of proxy (proxy card) and the Annual Report on Form 10-K for the fiscal year ending March 31, 2012 ( Fiscal 2012 ) are being mailed to our stockholders on or about July 2, 2012. In this Proxy Statement, we refer to Ralph Lauren Corporation as the Corporation, we or us. A proxy delivered pursuant to this solicitation may be revoked by the person executing the proxy at any time before it is voted by giving written notice to our Secretary, by delivering a later dated proxy, or by voting in person at the Annual Meeting of Stockholders. The address of our principal executive offices is 650 Madison Avenue, New York, New York 10022.

Our fiscal year ends on the Saturday closest to March 31. All references to Fiscal 2011 represent the fiscal year ending April 2, 2011. All references to Fiscal 2010 represent the fiscal year ending April 3, 2010. All references to Fiscal 2009 represent the fiscal year ending March 28, 2009. All references to Fiscal 2013 represent the fiscal year ending March 30, 2013.

**Questions and Answers about the Annual Meeting and Voting**

***Why did I receive these materials?***

You received these materials because you were a stockholder of Ralph Lauren Corporation on June 21, 2012, the record date for the Annual Meeting of Stockholders (the Record Date ). At the Annual Meeting of Stockholders, stockholders will be asked to vote on several items of business. Since it is not practical or convenient for all stockholders to attend the meeting in person, our Board of Directors is seeking your proxy to vote on these matters.

***Who is entitled to vote?***

Only holders of record of shares of our Class A Common Stock and Class B Common Stock (together, the Common Stock ) at the close of business on the Record Date are entitled to notice of, and to vote at, the Annual Meeting of Stockholders and adjournments or postponements thereof. The presence, in person or by proxy, of the holders of one-third of the total number of shares of Common Stock outstanding on the Record Date will constitute a quorum for the transaction of business at the Annual Meeting of Stockholders.

On June 21, 2012, there were 60,563,951 outstanding shares of Class A Common Stock and 30,831,276 outstanding shares of Class B Common Stock. Except for the election of directors, the Class A Common Stock and Class B Common Stock vote together as a single class on all matters presented for the consideration of our stockholders. The Class A Common Stock is publicly traded on the New York Stock Exchange ( NYSE ) under the symbol RL ; the Class B Common Stock is owned by Ralph Lauren and entities owned by, or established for the benefit of, Mr. Lauren, or members of his family. Each owner of record of Class A Common Stock on the record date is entitled to one vote for each share. Each owner of record of Class B Common Stock on the record date is entitled to ten votes for each share.

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***What is the difference between a stockholder of record and a stockholder who holds stock in street name ?***

If you hold shares of Ralph Lauren Corporation directly in your name with our transfer agent, Computershare, you are a stockholder of record or registered stockholder. The Notice of Annual Meeting, Proxy Statement, Annual Report on Form 10-K and proxy card have been sent directly to you by the Corporation or by our representative.

If you own your shares indirectly through a broker, bank or other financial institution, your shares are said to be held in street name. Technically, your bank or broker will vote those shares. In this case, the Notice of Annual Meeting, Proxy Statement, Annual Report on Form 10-K and proxy card have been forwarded to you by your broker, bank, other financial institution, or other designated representative. Through this process, your bank or broker collects voting instructions from all of its customers who hold shares of Ralph Lauren Corporation and then submits those votes to us.

***What are broker discretionary voting and broker non-votes?***

For shares held in street name, when a broker or bank does not receive voting instructions from its customers, the question arises whether the broker or bank nonetheless has the discretion to vote those shares.

For routine matters, the NYSE gives brokers and banks the discretion to vote, even if they have not received voting instructions from their customers or the beneficial owners of such shares. In this Proxy Statement, only the ratification of our independent registered public accounting firm, Ernst & Young LLP ( Ernst & Young ), (Proposal 2) is a matter considered routine by the NYSE.

For non-routine matters, the NYSE prohibits brokers and banks from casting votes on behalf of the beneficial owners if they have not received voting instructions. When the bank or broker is unable to vote under these rules, it reports the number of unvoted shares to us as broker non-votes. In this Proxy Statement, the election of directors (Proposal 1), the advisory vote on executive compensation (Proposal 3) and the approval of our Amended and Restated Executive Officer Annual Incentive Plan (Proposal 4) are matters considered non-routine by the NYSE. As a result, on each of these items, if you hold your shares in street name, your shares will be voted only if you give instructions to your bank or broker.

**Table of Contents*****What are my voting options and what vote is needed to pass the proposals included in this Proxy Statement?***

Only votes cast FOR a nominee will be counted in the election of directors. Proxy cards specifying that votes should be withheld with respect to one or more nominees will result in those nominees receiving fewer votes but will not count as a vote against the nominees. You have the right to vote FOR or AGAINST each of the other proposals, or to ABSTAIN from voting. The following table summarizes each proposal, the Board of Directors recommendation, the affirmative vote required for approval and whether broker discretionary voting is allowed.

Proposal Number	Proposal	Board Recommendation	Affirmative Vote Required for Approval	Broker Discretionary Voting Allowed
1	Election of Directors Three directors (the Class A Directors ) will be elected by a plurality vote of the shares of Class A Common Stock present in person or by proxy at the 2012 Annual Meeting of Stockholders and eligible to vote.	FOR each nominee	Plurality vote	No
	Nine directors (the Class B Directors ) will be elected by a plurality vote of the shares of Class B Common Stock present in person or by proxy at the 2012 Annual Meeting of Stockholders and eligible to vote.	FOR each nominee	Plurality vote	No
2	Ratification of the appointment of Ernst & Young as our independent registered public accounting firm for the fiscal year ending March 30, 2013	FOR	Majority of votes cast	Yes
3	Approval, on an advisory basis, of the compensation of our named executive officers and our compensation philosophy, policies and practices	FOR	Majority of votes cast	No
4	Approval of our Amended and Restated Executive Officer Annual Incentive Plan	FOR	Majority of votes cast	No

***How will broker non-votes and abstentions be counted?***

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Only FOR and AGAINST votes are counted for purposes of determining the votes cast in connection with each proposal. Therefore, broker non-votes and abstentions will not be counted as a vote FOR the election of directors in Proposal 1 and will have no effect on determining whether the affirmative vote constitutes a majority of the votes cast with respect to Proposals 2, 3 and 4.

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**(PROPOSAL 1)**

**ELECTION OF DIRECTORS**

Our Second Amended and Restated By-laws provide that our Board of Directors may fix the number of directors constituting the entire Board of Directors between six and twenty. The Board of Directors has currently fixed the number of directors constituting the entire Board of Directors at twelve. Our Board of Directors is presently divided into two classes, with all directors being elected annually. Pursuant to our Amended and Restated Certificate of Incorporation, the three Class A Directors will be elected by the holders of Class A Common Stock and the nine Class B Directors will be elected by the holders of Class B Common Stock, each to serve until the 2013 Annual Meeting of Stockholders and until his or her successor is elected and qualified.

On November 8, 2011, the Board of Directors appointed Judith A. McHale to serve as a Class B Director until the 2012 Annual Meeting of Stockholders, and Ms. McHale has been nominated for election as a Class B Director at the Annual Meeting of Stockholders.

Each of our current directors has been nominated for re-election at the 2012 Annual Meeting of Stockholders. Joel L. Fleishman, Frank A. Bennack, Jr. and Steven P. Murphy have been nominated for election as Class A Directors. Ralph Lauren, Roger N. Farah, Jackwyn L. Nemerov, John R. Alchin, Arnold H. Aronson, Joyce F. Brown, Hubert Joly, Judith A. McHale and Robert C. Wright have been nominated for election as Class B Directors. We know of no reason why any nominee would be unable or unwilling to serve. If any nominee becomes unable or unwilling to serve for any reason, our Board of Directors, based on the recommendation of the Nominating & Governance Committee, may either reduce the number of directors or designate a substitute nominee. If a substitute nominee is designated, the persons named in the enclosed proxy will vote all proxies that would otherwise be voted for the named nominee or nominees for the election of such substitute nominee or nominees.

**OUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH NOMINEE AS A DIRECTOR TO HOLD OFFICE UNTIL THE 2013 ANNUAL MEETING OF STOCKHOLDERS AND UNTIL HIS OR HER SUCCESSOR IS ELECTED AND QUALIFIED. PROXIES RECEIVED BY THE BOARD OF DIRECTORS WILL BE SO VOTED UNLESS STOCKHOLDERS SPECIFY IN THEIR PROXIES THAT AUTHORITY IS WITHHELD AS TO ONE OR MORE NOMINEES.**

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**CLASS A DIRECTOR NOMINEES FOR ELECTION**

**Frank A. Bennack, Jr.**

Age 79

Mr. Bennack has been a director of the Corporation since January 1998. In June 2008, he resumed his former role as Chief Executive Officer of The Hearst Corporation. Mr. Bennack has been the Chairman of the Executive Committee and Vice Chairman of the board of directors of The Hearst Corporation since 2002, after serving as President and Chief Executive Officer of The Hearst Corporation since 1979. He serves on the board of Lincoln Center for the Performing Arts and has served on the boards of Hearst-Argyle Television, Inc., Wyeth Corporation and JPMorgan Chase & Co. The Board of Directors has determined that he is an audit committee financial expert.

**Experience, Qualifications, Attributes and Skills**

Mr. Bennack brings to our Board of Directors a distinguished career and extensive business experience as Executive Vice Chairman and Chief Executive Officer of The Hearst Corporation, one of the nation's largest private companies engaged in a broad range of publishing, broadcasting, cable networking and diversified communications activities. His current position as Hearst's Executive Vice Chairman and Chief Executive Officer gives him critical insights into the operational issues facing a large corporation and provides our Board of Directors with valuable experience in the areas of finance, financial reporting and strategic planning. As a result of his current and past service as a member of the boards of other various public companies and non-profit organizations, he provides our Board of Directors with knowledge with respect to governance and other important matters that come before our Board of Directors. Mr. Bennack's service as a member of the Board of Directors since 1998 provides him with extensive knowledge of our business.

**Joel L. Fleishman**

Age 78

Mr. Fleishman, a director of the Corporation since January 1999, has been Professor of Law and Public Policy Studies at the Sanford School of Public Policy at Duke University since 1971 and the Director of the Samuel and Ronnie Heyman Center for Ethics, Public Policy and the Professions at Duke University since 1989. He is also the Faculty Chair of the Center for Strategic Philanthropy and Civil Society. He currently serves as Chairman of the board of directors of the Urban Institute and was, until December 2011, Chairman of the Visiting Committee of the Kennedy School of Government, Harvard University. He is also a founding member of the Board of Trustees of the Partnership for Public Service. Mr. Fleishman has served on the board of Boston Scientific Corporation.

**Experience, Qualifications, Attributes and Skills**

Mr. Fleishman brings strong leadership and extensive public policy and legal experience to our Board of Directors. He also brings a unique perspective to the Board of Directors from his long tenure in the academic world. Mr. Fleishman's long-standing scholarly work and public service and extensive experience as a



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professor of law and public policy provides our Board of Directors with valuable insight into a variety of legal and ethical issues relevant to us. He also served as a board member of Boston Scientific Corporation and, as a result of this service, he has a broad understanding of the operational, financial and strategic issues facing a public company. He has been our director since 1999 and accordingly, his knowledge of our business is an important aspect of his service on our Board of Directors.

**Steven P. Murphy**

Age 58

Mr. Murphy has been a director of the Corporation since November 2005. He has been the Chief Executive Officer of Christie's International plc, one of the world's largest fine art auctioneers, since September 2010. He previously served as the President and Chief Executive Officer of Rodale Inc., a privately held publishing company, from 2002 to December 2009 and joined Rodale in 2000 as its President and Chief Operating Officer. Mr. Murphy held the position of Executive Vice President and Managing Director of Disney Publishing Worldwide from 1998 until 2000. From 1991 to 1998, he served as President of EMI Music/Angel records.

**Experience, Qualifications, Attributes and Skills**

Mr. Murphy brings to the Board of Directors extensive business and management experience obtained through his current role as Chief Executive Officer of Christie's International plc as well as through his former role as a Chief Executive Officer of Rodale, Inc., a publishing and media company. As Chief Executive Officer of Christie's International plc, Mr. Murphy has insight into operational issues facing a large international corporation and provides the Board of Directors with valuable experience in the areas of finance and strategic planning. As Chief Executive Officer of Rodale, he had broad-based responsibilities with respect to financial reporting, marketing, sales and the creation of product development. In addition, Mr. Murphy's extensive experience in the area of publishing and entertainment provides the Board of Directors with insight into the areas of media, communications and technology. As a result of this service, he has a broad understanding of the operational, financial and strategic issues facing large companies and provides the Board of Directors with valuable perspective with respect to these matters that come before the Board of Directors.

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**CLASS B DIRECTOR NOMINEES FOR ELECTION**

**Ralph Lauren**

Age 72 Mr. Lauren has been Chairman, Chief Executive Officer and a director of the Corporation since prior to our initial public offering in 1997, and was a member of our Advisory Board or the Board of Directors of our predecessors since their organization. He founded our business in 1967. For over 45 years, Mr. Lauren has cultivated the iconography of America into a global lifestyle brand.

**Experience, Qualifications, Attributes and Skills**

Mr. Lauren is an internationally recognized fashion designer. His unique role as our founder and Chief Executive Officer provides our Board of Directors with valuable leadership, including the areas of design, brand management and marketing. Mr. Lauren's contributions to us over the past 45 years have been instrumental in defining our image and direction. As one of the world's most innovative design leaders and a fashion icon, Mr. Lauren's career has spanned four decades that have resulted in numerous unique tributes for his role within the fashion industry. He is uniquely qualified to bring strategic insight, experience and in-depth knowledge of our business and the fashion industry to the Board of Directors.

**Roger N. Farah**

Age 59 Mr. Farah has been President & Chief Operating Officer and a director of the Corporation since April 2000. He was Chairman of the board of directors of Venator Group, Inc. (now Foot Locker, Inc.) from December 1994 until April 2000, and was Chief Executive Officer of Venator Group, Inc. from December 1994 until August 1999. He is Chairman of the Finance Committee and a member of the Executive Committee of the National Retail Federation. He is currently a member of the board of directors of each of Aetna Inc. and The Progressive Corporation.

**Experience, Qualifications, Attributes and Skills**

Mr. Farah's day-to-day leadership as our President & Chief Operating Officer provides our Board of Directors with intimate knowledge of our operations, challenges and opportunities. He has strong marketing, brand management and consumer insights developed in his over 30 years of experience in the retail industry. In addition, Mr. Farah has significant public company experience as demonstrated by his service on a number of public company boards of directors, including Aetna Inc. and The Progressive Corporation. He has experience in managing diversified global companies and serves on the boards of other public companies, and as a result, has a broad understanding of the challenges facing public companies. Mr. Farah is uniquely qualified to bring strategic insight, experience and in-depth knowledge of our business and the fashion industry to the Board of Directors.





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of accounting and audit-related issues. In addition, his service as a member of the board of various financial institutions provides our Board of Directors with perspective in the areas of corporate finance and governance matters.

**Arnold H. Aronson**

Age 77

Mr. Aronson has been a director of the Corporation since November 2001. He has been a Managing Director, Retail Strategies at Kurt Salmon, a global management consulting firm specializing in services to retail and consumer products companies, since 1997. In his career, he served as Chairman and Chief Executive Officer of Saks Fifth Avenue, Inc., The Batus Retail Group (the then parent entity of, among others, Saks Fifth Avenue, Marshall Fields and Kohl's) and subsequently, Woodward & Lothrop/John Wanamaker. Mr. Aronson currently serves as a member of the board of trustees of New School University, as Chairman of the board of governors of its Eugene Lang College and is a member of the board of governors and former Chairman of its Parsons School of Design.

**Experience, Qualifications, Attributes and Skills**

Mr. Aronson has substantial business and retail industry experience. His experiences as a consultant in a global management consulting firm specializing in retail and consumer products companies and as a chief executive officer of major retail companies provides our Board of Directors with valuable insight into operational and strategic issues related to the retail industry. As a former chief executive officer of several major retail entities, including Saks Fifth Avenue, Inc., Mr. Aronson has intimate knowledge in the areas of marketing, financial reporting and merchandising. In addition, his service on the boards of academic institutions provides our Board of Directors with valuable understanding of governance matters.

**Dr. Joyce F. Brown**

Age 65

Dr. Brown has been a director of the Corporation since May 2001. She has been the President of the Fashion Institute of Technology and Chief Executive Officer of the Educational Foundation for the Fashion Industries since 1998. From 1983 to 1992, Dr. Brown served as Vice Chancellor, as well as the University Dean of the City University of New York and Acting President of Baruch College. From 1993 to 1994, she served as the Deputy Mayor of Public and Community Affairs for the City of New York. From 1994 to 1998, she was a Professor of Clinical Psychology at the Graduate School and University Center of the City University of New York, where she is now Professor Emerita. Dr. Brown is currently a member of the board of directors of USEC Inc. and has served on the boards of PAXAR Corporation and Linens 'n Things, Inc.

**Experience, Qualifications, Attributes and Skills**

Dr. Brown brings to our Board of Directors extensive leadership and insight into the fashion industry through her roles as President

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of the Fashion Institute of Technology, a complex, multi-faceted college that focuses on educating and preparing the next generation of leaders in the fashion industry, and Chief Executive Officer of the Educational Foundation for the Fashion Industries. In addition, Dr. Brown's prior government service provides our Board of Directors with unique perspectives into regulatory issues and processes. She also possesses public company experience as demonstrated by her past service on the board of Linens 'n Things and her current service on the board of USEC Inc.

**Hubert Joly**

Age 52

Mr. Joly has been a director of the Corporation since June 2009. He has served as the President and Chief Executive Officer of Carlson, a hospitality and travel company, since March 2008. Mr. Joly also serves as a member of Carlson's board of directors. He joined Carlson in 2004 as President and Chief Executive Officer of Carlson Wagonlit Travel. Previously, he served as Executive Vice President, American Assets at Vivendi Universal from 2002 to 2004 and in various other positions at Vivendi Universal since 1999. Mr. Joly currently serves on the boards of The Rezidor Hotel Group, Carlson Wagonlit Travel, the Minneapolis Institute of Arts, the Minnesota Business Partnership and the World Travel and Tourism Council.

**Experience, Qualifications, Attributes and Skills**

Mr. Joly brings to our Board of Directors extensive management and leadership experience obtained through his roles as President and Chief Executive Officer and a director of Carlson. His current position as Chief Executive Officer of Carlson gives him critical insights into the operational issues facing a large international corporation and provides our Board of Directors with valuable insight in the areas of finance, financial reporting and strategic planning. In his current position and as a former executive at Vivendi and Electronic Data Systems, Mr. Joly possesses a deep understanding of international issues affecting us.

**Judith A. McHale**

Age 65

Ms. McHale was appointed a director of the Corporation in November 2011 and served as a director of the Corporation from 2001 to 2009. She served as the Under Secretary of State for Public Diplomacy and Public Affairs for the U.S. Department of State from 2009 to 2011. In 2006, Ms. McHale worked in partnership with the Global Environment Fund, a private equity firm, to launch the GEF/Africa Growth Fund, an investment vehicle intending to focus on supplying expansion capital to small and medium-sized enterprises that provide consumer goods and services in emerging African markets. From June 2004 to December 2006, Ms. McHale served as the President and Chief Executive Officer of Discovery Communications, Inc., the parent company of Discovery Channel and served as its President and Chief Operating Officer from 1995 to 2004. She has served on the boards of directors of Host Hotel & Resorts, Inc. and DigitalGlobe Inc.

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**Experience, Qualifications, Attributes and Skills**

Ms. McHale brings to the Board of Directors extensive business and management experience. Through her roles as President and Chief Executive Officer and as Chief Operating Officer of Discovery, Ms. McHale had broad-based responsibilities with respect to financial reporting, marketing, sales and the creation of product development for a public company which provides the Board with valuable insight into operational and strategic issues facing us. In addition, Ms. McHale's prior government service provides the Board of Directors with unique perspectives on regulatory issues and processes.

**Robert C. Wright**

Age 69

Mr. Wright has been a director of the Corporation since May 2007. He is a Co-Founder of Autism Speaks and has been a Senior Advisor at Lee Equity Partners, LLC, an investment firm, since May 2008 and Chief Executive Officer of the Palm Beach Civic Association since April 2010. He served as the Vice Chairman of the board of directors of General Electric Company and as an Executive Officer and a member of the Corporate Executive Office of GE from 2000 to May 2008. Mr. Wright joined NBC as President and Chief Executive Officer in 1986, and was made Chairman and Chief Executive Officer of the network in 2001. He then served as Chairman and Chief Executive Officer of NBC Universal from 2004 to 2007, and continued to serve as Chairman of the NBC Universal board of directors until 2007. Prior to his association with NBC and NBC Universal, Mr. Wright served as President of General Electric Financial Services and, before that, as President of Cox Cable Communications. Mr. Wright has served on the boards of directors of GE and NBC Universal and is currently a member of the board of directors of AMC Networks, Inc., EMI Group Global Inc. and Mission Products. He has also served as member of the board of trustees for New York Presbyterian Hospital and RAND Corporation.

**Experience, Qualifications, Attributes and Skills**

Mr. Wright brings to the Board of Directors extensive business leadership and management experience. Mr. Wright's roles as Vice Chairman of GE's board of directors and President and Chief Executive Officer of NBC Universal give him knowledge and insight into the complex issues facing us, in particular on the operational, financial, strategic planning and corporate governance fronts. These experiences provide him with a thorough understanding of, and appreciation for, the role of the Board of Directors. In addition, Mr. Wright's service as a member of the boards of non-profit organizations provides our Board of Directors with an added perspective in the areas of social responsibility and governance matters.

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### **CORPORATE GOVERNANCE**

The Board of Directors and management are committed to sound corporate governance. We have in place a comprehensive corporate governance framework which incorporates the corporate governance requirements of the Sarbanes-Oxley Act of 2002, the Securities and Exchange Commission (the SEC) and the NYSE. Consistent with our commitment to corporate governance, we do not rely on the exceptions from certain of the NYSE's corporate governance listing requirements available to majority controlled companies. The key components of our corporate governance framework are set forth in the following documents:

our Amended and Restated Certificate of Incorporation;

our Second Amended and Restated By-Laws;

our Corporate Governance Policies;

our Audit Committee Charter;

our Nominating & Governance Committee Charter;

our Compensation & Organizational Development Committee (the Compensation Committee) Charter;

our Code of Business Conduct and Ethics; and

our Code of Ethics for Principal Executive Officers and Senior Financial Officers.

Each of the above documents is available on our investor relations website at <http://investor.ralphlauren.com> by clicking on Corporate Governance. Copies of these documents are available to stockholders without charge upon written request to our Investor Relations Department, 625 Madison Avenue, New York, New York 10022. Only the Board of Directors may grant a waiver under our codes of ethics to any director or executive officer, and any such waiver will be promptly posted on our website.

### **Our Leadership Structure**

Mr. Ralph Lauren has been our Chairman of the Board of Directors and Chief Executive Officer (CEO) for over 45 years. Mr. Lauren is not only our Chairman and CEO but is also our founder and creator. His name is inextricably linked to our various brands. His aesthetic vision and direction are unique and integral components of our success. Mr. Lauren's career has resulted in numerous tributes for his contributions to the fashion industry, including the Council of Fashion Designers of America's four highest honors: the Lifetime Achievement Award, the Womenswear Designer of the Year Award, the Menswear Designer of the Year Award and the Retailer of the Year Award. In addition, Mr. Lauren and entities controlled by the Lauren family own approximately 73% of the voting power of our outstanding Common Stock. Given the unparalleled mark that Mr. Lauren has on our Corporation, our Board of Directors believes that it is appropriate and in the best interest of our stockholders for Mr. Lauren to serve as both Chairman and CEO.

Our Board of Directors also believes that the current combination of the Chairman and CEO roles fosters effective decision-making and alignment on corporate strategy. The combined role of Chairman and CEO enables decisive leadership and enhances our ability to communicate our vision and strategy clearly and consistently to stockholders, employees and customers. Unified leadership for our Board of Directors and the Corporation best allows for focus on the oversight and implementation of our strategic initiatives and business plan.

### **Director Independence and Non-Management Director Meetings**

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Our Board of Directors believes that a majority of our directors should be independent, and has determined that all of our non-management directors, John R. Alchin, Arnold H. Aronson, Frank A. Bennack, Jr., Dr. Joyce F. Brown, Joel L. Fleishman, Hubert Joly, Judith A. McHale, Steven P. Murphy and Robert C. Wright, are

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independent. In considering the independence of our non-management directors, we considered, among other factors, commercial transactions made from time to time in the ordinary course of business between the Corporation and certain entities affiliated with non-management directors. In each case, the transactions have substantially the same terms as are prevailing at the time for comparable businesses and the indirect interest of the non-management director in the transaction was found to be immaterial and in amounts that do not impair the independence of the relevant non-management director under our Corporate Governance Policies and the NYSE's corporate governance listing standards. We also considered charitable contributions to entities affiliated with our non-management directors. The indirect interests of non-management directors in these charitable contributions were found to be immaterial and in amounts that do not impair the independence of the relevant non-management director under the NYSE's corporate governance listing standards. Our guidelines for determining directors' independence are set forth as Appendix A to this Proxy Statement.

As stated in our Corporate Governance Policies, our Board of Directors believes that appointing a lead director is not desirable because the Board's size makes interaction among all members relatively easy. As a result, we do not have a lead director. At each of our regularly scheduled Board of Directors and committee meetings, the independent directors participate in an executive session without the Chairman and CEO or any members of our management present. In Fiscal 2012, all of our non-management directors met together as a full Board of Directors five times without any management representatives present. During these executive sessions of independent directors, the Chairs of each of the Audit Committee, the Compensation Committee and the Nominating & Governance Committee preside on a rotating basis based on the topics to be discussed.

### **Director Attendance at Annual Meetings of Stockholders and Meetings of the Board of Directors**

As provided in our Corporate Governance Policies, directors are expected to attend each Annual Meeting of Stockholders. All of the eleven directors then constituting the entire Board of Directors attended the 2011 Annual Meeting of Stockholders. Our twelfth director joined our Board of Directors in November 2011, after our 2011 Annual Meeting of Stockholders.

The Board of Directors held five meetings during Fiscal 2012. All of the members of our Board of Directors attended at least 75% of the meetings held by the Board of Directors and the committees of the Board of Directors on which he or she served. The Board of Directors and its committees also act from time to time by unanimous written consent in lieu of meetings.

**Table of Contents****Independent Committees of the Board of Directors**

Our Board of Directors has established three committees consisting solely of independent directors: the Audit Committee, the Compensation Committee and the Nominating & Governance Committee. The table below indicates the membership of our committees.

Director	Audit Committee	Compensation Committee	Nominating & Governance Committee
Alchin, John R.	X		
Aronson, Arnold H.	X		X
Bennack, Jr., Frank A.	C	X	
Brown, Dr. Joyce F.	X		C
Fleishman, Joel L.		C	X
Joly, Hubert		X	
McHale, Judith A.			X <sup>(1)</sup>
Murphy, Steven P.		X	X <sup>(2)</sup>
Wright, Robert C.			X

C = Chair

X = Member

(1)Appointed to the Committee on November 8, 2011

(2)Resigned from the Committee as of November 8, 2011

**Audit Committee.** The Audit Committee appoints our independent registered public accounting firm, and approves in advance all audit and permitted non-audit services performed by them and the scope and cost of their annual audits. The Audit Committee reviews (i) the results of the independent registered public accounting firm's annual audits and quarterly reviews, (ii) management's compliance with our major accounting and financial reporting policies, (iii) the adequacy of our financial organization and management's procedures and policies relating to our internal control over financial reporting and (iv) our compliance with applicable laws relating to accounting practice. The Audit Committee met four times in Fiscal 2012. The Board of Directors has determined that each member of the Audit Committee is financially literate and that at least two members of the Audit Committee, Mr. Bennack, its Chair, and Mr. Alchin, are audit committee financial experts, as defined by the SEC. The Audit Committee has adopted a formal policy for the approval of the performance of all audit and non-audit services of the independent registered public accounting firm. This policy is described under (PROPOSAL 2) RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

**Compensation Committee.** The Compensation Committee reviews and approves the compensation of executive officers and certain key members of our senior management, and compensation plans and arrangements with respect to our executive officers. The Compensation Committee also administers the plans in which executive officers may participate, including our 2010 Long-Term Stock Incentive Plan (the 2010 Stock Incentive Plan), which replaced our 1997 Long-Term Stock Incentive Plan (the 1997 Stock Incentive Plan), and our Executive Officer Annual Incentive Plan. In addition, the Compensation Committee maintains oversight in the development of succession plans for certain key executive positions within our senior management and may review and provide guidance on certain of our programs relating to our diversity, talent review and leadership development. The Compensation Committee met seven times in Fiscal 2012. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers who serve on our Board of Directors or Compensation Committee. There are no Compensation Committee interlocks.



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*Nominating & Governance Committee.* The Nominating & Governance Committee identifies individuals qualified to become directors, recommends director nominees to the Board of Directors, develops and recommends corporate governance policies to the Board of Directors, exercises oversight of the evaluation of the members of the Board of Directors and committees and recommends to the Board of Directors policies and principles for CEO succession, selection and performance reviews. The Nominating & Governance Committee met three times in Fiscal 2012.

### **Board of Directors Oversight of Risk**

Our management is responsible for understanding and managing the risks that we face in our business, and the Board of Directors is responsible for overseeing management's overall approach to risk management. The involvement of the full Board of Directors in reviewing our strategic objectives and business plans is a significant element of the Board of Directors' assessment of management's approach and tolerance for risk. In addition, the committees of the Board of Directors, primarily through the Audit Committee and Compensation Committee, report to the full Board of Directors at regularly scheduled Board of Directors meetings on any identified material risks within that committee's area of responsibilities. The Audit Committee has responsibility for oversight of corporate finance and financial reporting related risks, including those related to our accounting, auditing and financial reporting practices. The Compensation Committee is responsible for the oversight of our compensation policies and practices, including conducting annual risk assessments, and evaluating and approving our executive compensation and benefit plans and programs.

### **Analysis of Risks Arising from Compensation Policies and Programs**

The Compensation Committee has reviewed an assessment by management of our compensation programs and practices for our employees, including our executive and non-executive programs and practices. This assessment focused on program design features and controls to evaluate whether such programs encourage unnecessary or excessive risk taking, and how policies and programs are structured to mitigate any such risks.

Selected key elements of our compensation programs that were reviewed include the following:

*Pay Mix and Structure:* Our executive compensation programs emphasize a balanced approach to both short-term and long-term performance through our annual cash incentive bonus program and long-term equity awards. Equity awards generally include a mix of options and restricted performance share units ( RPSUs ) so that equity awards deliver value to executives through both stock price appreciation and company performance. In addition, a significant portion of variable pay is delivered through equity awards with vesting schedules and performance periods covering multiple years, thus emphasizing long-term company performance.

*Incentive Caps:* Our executive annual cash incentive bonus plan as well as our non-executive commission and bonus plans do not allow for unlimited payouts. We believe that the range of payouts should be capped to avoid encouraging decisions that maximize short-term gain at the expense of long-term viability. In addition to caps on all cash incentive bonus awards, Pro-Rata RPSUs cannot exceed target levels and Cliff RPSUs cannot exceed a fixed percentage above target levels.

*Performance:* To strengthen the relationship between pay and performance, our executive annual cash incentive bonus plan, our non-executive commission and bonus plans and RPSU awards are subject to the achievement of pre-established performance targets, which are established independently of plan participants. We believe that our incentive plan metrics are appropriately balanced between short-term incentives such as net income before taxes and long-term metrics such as a cumulative three-year net income figure for our Cliff RPSUs.

*Change in Control Policy:* The change in control arrangements for our named executive officers ( NEOs ) provide for cash payments only upon actual termination of employment. Most executives

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with employment agreements are subject to double-trigger vesting so that (with the exception of awards under our prior 1997 Stock Incentive Plan) acceleration of vesting does not occur unless the executive's employment is actually terminated under certain limited circumstances following a change in control. Our 2010 Stock Incentive Plan provides for double-trigger vesting.

*Ownership Guidelines:* We have adopted stock ownership guidelines for the NEOs and select other members of our senior management group that are intended to align the interests of these executives with our stockholders. As a result, executives may be less likely to take short-term risk if a significant portion of their personal financial investment is linked to our long-term holdings.

*Clawback Policy:* We have adopted a clawback policy applicable to our NEOs. Under our clawback policy, the Compensation Committee may, in its reasonable discretion, require an NEO to reimburse us for the amount of any payment previously received by such officer under our cash incentive bonus plan as well as equity plan if, as a result of such officer's intentional misconduct or gross negligence, we are required to restate our financial statements.

As a result of this review, the Compensation Committee determined that any risks that may result from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on our Corporation.

## **Director Nominating Procedures and Diversity**

The Nominating & Governance Committee identifies and evaluates candidates for nomination as directors and submits its recommendations to the full Board of Directors for its consideration. The Nominating & Governance Committee, guided by the membership criteria established by the Board of Directors in our Corporate Governance Policies, seeks highly qualified candidates who combine a broad spectrum of experience and expertise with a reputation for integrity. We seek to maintain a majority of independent directors and the Board of Directors considers a number of factors in selecting director candidates. Although we do not have a formal policy concerning diversity considerations, the Nominating & Governance Committee does consider diversity with respect to viewpoint, skills and experience in determining the appropriate composition of the Board of Directors and identifying director nominees. In addition, the Board of Directors considers the contributions the individual can make to the Board of Directors and management as we strive for a body of directors reflecting different genders, ethnic and religious backgrounds and professional experiences and expertise. In the Board of Directors' annual self-evaluation, one of the factors that the Board of Directors considers is whether the membership of the Board of Directors provides an adequate mix of characteristics, experience and skills to serve us and our stockholders effectively. The Nominating & Governance Committee solicits and receives suggestions for, as well as comments upon, director candidates from other directors, including the Chairman of the Board of Directors, and usually engages third parties either to assist in the search for director candidates or to assist in gathering information regarding director candidates' background and experience. If the Nominating & Governance Committee engages a third party to assist it, the Nominating & Governance Committee approves the fees that we pay for these services.

The Nominating & Governance Committee will consider candidates recommended by our directors, members of management and stockholders, and will evaluate candidates recommended by stockholders on the same basis as other candidates. Candidates should have experience in positions with a high degree of responsibility and be leaders in the companies or institutions with which they are affiliated. Upon receiving a stockholder recommendation, the Nominating & Governance Committee will initially determine the need for additional or replacement members of the Board of Directors and then evaluate the candidate based on the information it receives with the stockholder recommendation or that it may otherwise acquire, and may, in its discretion, consult with the Chairman and other members of our Board of Directors. If the Nominating & Governance Committee determines that a more comprehensive evaluation is warranted, it may obtain additional information about the director candidate's background and experience, including by means of interviews with the candidate.

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Our stockholders may recommend candidates at any time, but the Nominating & Governance Committee requires recommendations for election at an annual meeting of stockholders to be submitted to the Nominating & Governance Committee no later than 120 days before the first anniversary of the date of the proxy statement sent to stockholders in connection with the previous year's Annual Meeting of Stockholders in order to be considered for nomination by the Nominating & Governance Committee. The Nominating & Governance Committee believes this deadline is appropriate and in the best interests of us and our stockholders because it ensures that it has sufficient time to evaluate properly all proposed candidates. Therefore, to submit a candidate for consideration for nomination at the 2013 Annual Meeting of Stockholders, a stockholder must submit the recommendation, in writing, by March 12, 2013. The written notice must include:

all information relating to each potential candidate whom the stockholder is recommending that would be required to be disclosed in a solicitation of proxies for the election of such person as a director pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended ( Exchange Act ), including such person's written consent to being named in the proxy statement as a nominee and to serve as a director if elected;

the name and address of the stockholder giving the notice, as they appear on our books, and of the beneficial owner of those shares; and

the class and number of shares which are owned beneficially or of record by the stockholder and the beneficial owner.

Recommendations must be sent to the Nominating & Governance Committee, Office of the Corporate Secretary/Legal Department, **Ralph Lauren Corporation, 625 Madison Avenue, New York, New York 10022.**

Our stockholders may directly nominate an individual for election as a director at an annual meeting of stockholders by complying with the nominating procedures set forth in our Second Amended and Restated By-laws, which are described below under the caption Additional Matters Stockholder Proposals for the 2013 Annual Meeting of Stockholders.

### **Director Communications**

Stockholders and interested parties may contact any of our directors, including the Chairman of the Board of Directors, the Chairs of the Board of Directors independent committees, any committee of the Board of Directors, the Board of Directors non-management directors as a group or the entire Board of Directors, by writing to them as follows: [Name(s)/Title(s)], c/o Legal Department and Office of the Corporate Secretary, Ralph Lauren Corporation, 625 Madison Avenue, New York, New York 10022. Communications received in this manner will be handled in accordance with the procedures approved by our independent directors, who have also requested that certain items that are unrelated to the duties and responsibilities of the Board of Directors should be excluded, such as spam, junk mail and mass mailings, product complaints, product inquiries, new product suggestions, resumés and other forms of job inquiries, surveys and business solicitations or advertisements. In addition, material that is threatening, illegal or similarly unsuitable will be excluded, with the provision that any communication that is filtered out will be available to any non-management director upon request.

### **Audit Committee Communications**

Complaints and concerns relating to accounting, internal control over financial reporting or auditing matters may be communicated to the Audit Committee, which consists solely of non-employee directors, through the Office of the Secretary/Legal Department as described above under Director Communications. Any such communication may be anonymous.

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All complaints and concerns will be reviewed by the Audit Committee or a designated member of the Audit Committee. If the Audit Committee or its member designee determines that a reasonable basis exists for conducting a formal investigation, the Audit Committee will direct and supervise the investigation, and may retain independent legal counsel, accountants and other advisors as it deems necessary. Confidentiality will be maintained to the fullest extent consistent with the need to conduct an adequate review. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee.

We will not discharge, demote, suspend, threaten, harass or in any manner discriminate or retaliate against any employee in the terms and conditions of his or her employment or otherwise to the extent prohibited by law based upon any lawful actions of such employee with respect to good faith reporting of complaints regarding accounting, internal controls or auditing matters.

### **AUDIT COMMITTEE REPORT**

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the Corporation's consolidated financial statements, the Corporation's compliance with legal and regulatory requirements, the Corporation's system of internal control over financial reporting and the qualifications, independence and performance of the Corporation's internal and independent registered public accounting firm. The Audit Committee has the sole authority and responsibility to select, evaluate and, when appropriate, replace the Corporation's independent registered public accounting firm. The Audit Committee currently is composed of four independent directors and operates under a written charter adopted by the Audit Committee and ratified by the Board of Directors.

Management is responsible for the Corporation's financial reporting process, including the Corporation's internal control over financial reporting, and for the preparation of the Corporation's consolidated financial statements in accordance with generally accepted accounting principles. Ernst & Young, as the Corporation's independent registered public accounting firm for the fiscal year ending March 31, 2012, was responsible for auditing those financial statements and expressing its opinion as to the fairness of the financial statement presentation in accordance with generally accepted accounting principles, and the effectiveness of the Corporation's internal control over financial reporting. The Audit Committee's responsibility is to oversee and review these processes. The Audit Committee is not, however, professionally engaged in the practice of accounting or auditing and does not provide any expert or other special assurance as to such financial statements concerning compliance with laws, regulations or generally accepted accounting principles or as to auditor independence. The Committee relies, without independent verification, on the information provided to us and on the representations made by management and the independent registered public accounting firm.

In this context, the Audit Committee has met and held discussions with management and Ernst & Young LLP, the Corporation's independent registered public accounting firm for the fiscal year ended March 31, 2012. Management represented to the Committee that the Corporation's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed with management, the Corporation's internal auditors and Ernst & Young, the Corporation's consolidated financial statements for Fiscal 2012 and the Corporation's internal control over financial reporting. The Committee also discussed with Ernst & Young the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees). Ernst & Young provided to the Committee the written disclosures and the letter required by Independence Standards Board Standard No. 1, as amended (Independence Discussions with Audit Committees), and the Committee discussed their independence with them. In determining Ernst & Young's independence, the Committee considered whether their provision of non-audit services to the Corporation was compatible with maintaining independence. The Committee received regular updates on Ernst & Young's fees and the scope of audit and non-audit services it provided. All such services were provided consistent with applicable rules and the Corporation's pre-approval policies and procedures.

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Based on our discussions with management, the Corporation's internal auditors and Ernst & Young and our review of the audited financial statements, including the representations of management and Ernst & Young with respect thereto, and subject in all cases to the limitations on our role and responsibilities referred to above and set forth in the Audit Committee Charter, the Committee recommended to the Board of Directors that the Corporation's audited consolidated financial statements for the fiscal year ended March 31, 2012 be included in the Corporation's Annual Report on Form 10-K. The Committee also approved, subject to stockholder ratification, the selection of Ernst & Young LLP as the Corporation's independent registered public accounting firm for the fiscal year ending March 30, 2013.

Members of the Audit Committee

Frank A. Bennack, Jr. (Chair)

John R. Alchin

Arnold H. Aronson

Dr. Joyce F. Brown

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of our Common Stock as of June 21, 2012 by: (i) each of our NEOs, (ii) each director, (iii) each stockholder who is known by us to beneficially own in excess of five percent of any class of our voting securities and (iv) all directors and executive officers as a group. Except as otherwise indicated, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by such person. The rules of the SEC consider a person to be the beneficial owner of any securities over which the person has or shares voting power or investment power. In addition, a person is deemed to be the beneficial owner of securities if that person has the right to acquire beneficial ownership of such securities within 60 days, including through conversion or exercise of an option or other right. Unless otherwise indicated below, the address of each stockholder is 650 Madison Avenue, New York, New York 10022. As of June 21, 2012, there were 985 holders of record of our Class A Common Stock.

	Class A Common Stock		Class B Common Stock(1)		Voting Power of Total Common Stock%
	Number	%	Number	%	
Lauren, Ralph	1,081,831(2)	1.8	25,379,743(3)	82.3%	69.1%
Farah, Roger N.	68,711(4)	*			*
Nemerov, Jackwyn L.	94,400(5)	*			*
Travis, Tracey T.	15,305(6)	*			*
Kosh, Mitchell A.	9,063(7)	*			*
Alchin, John R.	20,726(8)	*			*
Aronson, Arnold H.	20,548(9)	*			*
Bennack, Jr., Frank A. .	33,868(10)	*			*
Brown, Dr. Joyce F.	4,593(11)	*			*
Fleishman, Joel L. .	36,396(12)	*			*
Joly, Hubert .	8,288(13)	*			*
McHale, Judith A. .	1,690(14)	*			*
Murphy, Steven P. .	19,868(15)	*			*
Wright, Robert C. .	24,726(16)	*			*
FMR LLC and related parties	3,857,375(17)	6.4			1.0
Lone Pine Capital LLC and related parties	4,679,814(18)	7.7			1.3
Prudential Financial, Inc. and related parties	5,956,677(19)	9.8			1.6
T. Rowe Price Associates, Inc.	3,727,708(20)	6.2			1.0
All directors and executive officers as a group (14 persons)	1,440,013(21)	2.3%	25,379,743(3)	82.3%	69.2%

\* Less than 1.0%

(1) Each share of Class B Common Stock is convertible at the option of the holder into one share of Class A Common Stock. Each share of Class B Common Stock will be automatically converted into one share of Class A Common Stock upon transfer to a person who is not a member of the Lauren family.

(2) Includes 975,001 options vested as of June 21, 2012 or within 60 days thereafter representing the right to purchase shares of Class A Common Stock.

Does not include (i) unvested options to purchase 99,999 shares of Class A Common Stock, (ii) 150,965 unvested performance based restricted stock units ( RPSUs ), subject to upward or downward adjustment,

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(iii) 178,412 unvested restricted stock units ( RSUs ) that entitle Mr. Lauren to receive an equal number of shares of Class A Common Stock and that are subject to accelerated vesting in certain circumstances as described under Executive Employment Agreements Ralph Lauren s Employment Agreement and (iv) 308,660 vested RSUs (the underlying shares of our Class A Common Stock for these RSUs will not be

delivered until Mr. Lauren s separation of service from the Corporation or, if earlier, upon a change of control (as defined in Mr. Lauren s employment agreement)).

- (3) Includes (i) 1,245,132 shares of Class B Common Stock held by certain grantor retained annuity trusts established by Mr. Lauren of which Mr. Lauren and Roger N. Farah are the trustees, (ii) 1,629,044 shares of Class B Common Stock held by Ricky Lauren, Mr. Lauren s wife, (iii) 120,365 shares of Class B Common Stock held by a successor trust of which Mr. Lauren is an investment trustee for the benefit of Mr. Lauren s issue and for various trusts of which Mr. Lauren is a grantor, (iv) 58,317 shares of Class B Common Stock held by a successor trust of which Ms. Lauren is an investment trustee for the benefit of Ms. Lauren s issue and for various trusts of which Mr. Lauren is a grantor and (v) 8,792,342 shares of Class B Common Stock held by Lauren Family, L.L.C., a limited liability company of which Mr. Lauren has the power to remove and replace the managers, provided that any such replacement manager is not related to or subordinate to Mr. Lauren. The managers of Lauren Family, L.L.C. are Mr. Lauren s children, Andrew Lauren, David Lauren and Dylan Lauren. Actions by Lauren Family, L.L.C. require the consent of a majority of the managers.

This amount does not include 5,451,533 shares of Class B Common Stock held by a trust for the benefit of Mr. Lauren s issue of which neither Mr. Lauren nor Ms. Lauren serves as a trustee.

- (4) Includes options vested as of June 21, 2012 or within 60 days thereafter representing the right to purchase 68,711 shares of Class A Common Stock. Does not include unvested options to purchase 135,504 shares of Class A Common Stock and an aggregate of (i) 61,900 unvested RPSUs, subject to upward or downward adjustment, (ii) 33,518 unvested RSUs that entitle Mr. Farah to receive an equal number of shares of Class A Common Stock and (iii) 172,319 vested RSUs (the underlying shares of our Class A Common Stock for these RSUs will not be delivered until Mr. Farah s separation of service from the Corporation or, if earlier, upon a change of control (as defined in Mr. Farah s employment agreement)).

Does not include an aggregate of 1,245,132 shares of Class B Common Stock held by grantor retained annuity trusts established by Mr. Lauren and Ms. Lauren of which Mr. Farah is a co-trustee. Does not include an aggregate of 5,430,215 shares of Class B Common Stock held by successor trusts established by Mr. Lauren and Ms. Lauren for the benefit of their issue of which Mr. Farah serves as one of the trustees.

- (5) Includes options vested as of June 21, 2012 or within 60 days thereafter representing the right to purchase 50,778 shares of Class A Common Stock. Does not include unvested options to purchase 29,037 shares of Class A Common Stock or unvested RPSUs with respect to 118,040 shares of Class A Common Stock, a portion of which are subject to upward or downward adjustment.
- (6) Includes options vested as of June 21, 2012 or within 60 days thereafter representing the right to purchase 6,791 shares of Class A Common Stock. Does not include unvested options to purchase 3,193 shares of Class A Common Stock or unvested RPSUs with respect to 7,310 shares of Class A Common Stock, a portion of which are subject to upward or downward adjustment.
- (7) Includes options vested as of June 21, 2012 or within 60 days thereafter representing the right to purchase 4,078 shares of Class A Common Stock. Does not include unvested options to purchase 3,193 shares of Class A Common Stock or unvested RPSUs with respect to 7,310 shares of Class A Common Stock, a portion of which are subject to upward or downward adjustment.
- (8) Includes 715 restricted shares of Class A Common Stock and vested options representing the right to purchase 13,615 shares of Class A Common Stock. Does not include unvested options representing the right to purchase 1,805 shares of Class A Common Stock.

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- (9) Includes 3,000 shares owned by Mr. Aronson's spouse, 715 restricted shares of Class A Common Stock and vested options representing the right to purchase 12,723 shares of Class A Common Stock. Does not include unvested options to purchase 1,805 shares of Class A Common Stock.
- (10) Includes 715 restricted shares of Class A Common Stock and vested options representing the right to purchase 16,723 shares of Class A Common Stock. Does not include unvested options to purchase 1,805 shares of Class A Common Stock.
- (11) Includes 715 restricted shares of Class A Common Stock and vested options representing the right to purchase 1,730 shares of Class A Common Stock. Does not include unvested options to purchase 1,805 shares of Class A Common Stock.
- (12) Includes 4,000 shares held indirectly in a retirement account, 715 restricted shares of Class A Common Stock and vested options representing the right to purchase 19,723 shares of Class A Common Stock. Does not include unvested options to purchase 1,805 shares of Class A Common Stock.
- (13) Includes 715 restricted shares of Class A Common Stock and options vested as of June 21, 2012 or within 60 days thereafter representing the right to purchase 3,267 shares of Class A Common Stock. Does not include unvested options to purchase 1,805 shares of Class A Common Stock.
- (14) Ms. McHale rejoined the Board of Directors on November 8, 2011.
- (15) Includes 715 restricted shares of Class A Common Stock and vested options representing the right to purchase 15,223 shares of Class A Common Stock. Does not include unvested options to purchase 1,805 shares of Class A Common Stock.
- (16) Includes 715 restricted shares of Class A Common Stock and vested options representing the right to purchase 13,615 shares of Class A Common Stock. Does not include unvested options to purchase 1,805 shares of Class A Common Stock.
- (17) According to a Schedule 13G filed on February 14, 2012: (i) Fidelity Management & Research Company ( Fidelity ), a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 3,802,014 shares of Class A Common Stock as a result of Fidelity acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940 (the Fidelity Funds ); (ii) Fidelity Management Trust Company ( FMTC ), a wholly-owned subsidiary of FMR LLC and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 20,752 shares of Class A Common Stock as a result of its serving as investment manager of the institutional account(s); (iii) FMR LLC beneficially owns 739 shares of Class A Common Stock through Strategic Advisors, Inc. ( SAI ), a wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940; (iv) Pyramis Global Advisors, LLC ( PGALLC ), an indirect wholly-owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 5,330 shares of Class A Common Stock as a result of its serving as investment adviser to institutional accounts, non-U.S. mutual funds, or investment companies registered under Section 8 of the Investment Company Act of 1940 owning such shares; (v) Pyramis Global Advisors Trust Company ( PGATC ) is the beneficial owner of 26,040 shares of Class A Common Stock; and (vi) FIL Limited ( FIL ), a qualified institution under section 240.13d-1(b)(1)(ii), is the beneficial owner of 2,500 shares of Class A Common Stock. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Each of FMR LLC and Edward C. Johnson 3d, Chairman of FMR LLC, may be deemed to beneficially own the shares of Class A





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Common Stock beneficially owned by Fidelity, SAI and PGATC. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the Fidelity Funds each has the sole power to dispose of the 3,802,014 shares of Class A Common Stock owned by the Fidelity Funds. Neither FMR LLC nor Edward C. Johnson 3d has the sole power to vote or direct the voting of the shares of Class A Common Stock owned directly by the Fidelity Funds, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds' Boards of Trustees. Edward C. Johnson 3d and FMR LLC, through its control of FMTC, each has sole dispositive power over 20,752 shares and sole power to vote or to direct the voting of 20,752 shares of Class A Common Stock owned by the institutional account(s) as reported above. Each of Edward C. Johnson 3d and FMR LLC, through its control of SAI, has the sole power to vote or direct the vote of, and to dispose of, the 739 shares of Class A Common Stock owned by individuals to which they provide advisory services. Edward C. Johnson 3d and FMR LLC, through its control of PGALLC, each has sole dispositive power over 5,330 shares and sole power to vote or to direct the voting of 5,330 shares of Class A Common Stock owned by the institutional accounts or funds advised by PGALLC as reported above. Each of Edward C. Johnson 3d and FMR LLC, through its control of PGATC, has the sole power to vote or direct the vote over 26,040 shares of Class A Common Stock and sole dispositive power over 26,040 shares of Class A Common Stock owned by institutional accounts managed by PGATC. Partnerships controlled predominantly by members of the family of Edward C. Johnson 3d, Chairman of FMR LLC and FIL, or trusts for their benefit, own shares of FIL voting stock. While the percentage of total voting power represented by these shares may fluctuate as a result of changes in the total number of shares of FIL voting stock outstanding from time to time, it normally represents more than 25% and less than 50% of the total votes which may be cast by all holders of FIL voting stock. FMR LLC and FIL are separate and independent corporate entities, and their Boards of Directors are generally composed of different individuals. FMR LLC and FIL are of the view that they are not acting as a group for purposes of Section 13(d) under the Exchange Act and that they are not otherwise required to attribute to each other the beneficial ownership of securities beneficially owned by the other corporation within the meaning of Rule 13d-3 promulgated under the Exchange Act. Therefore, they are of the view that the shares held by the other corporation need not be aggregated for purposes of Section 13(d). However, FMR LLC made the Schedule 13G filed on February 14, 2012 on a voluntary basis as if all of the shares are beneficially owned by FMR LLC and FIL on a joint basis. The address of each of these persons, other than FIL, PGALLC and PGATC, is 82 Devonshire Street, Boston, Massachusetts 02109. The address of FIL is Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda. The address for PGALLC and PGATC is 900 Salem Street, Smithfield, Rhode Island 02917.

- (18) According to a Schedule 13G filed on February 14, 2012, Stephen F. Mandel, Jr. is the Managing Member of Lone Pine Managing Member LLC and in that capacity directs its operations. Lone Pine Managing Member LLC is the Managing Member of each of Lone Pine Associates LLC, Lone Pine Members LLC and Lone Pine Capital LLC and has the power to direct the affairs of Lone Pine Associates LLC, Lone Pine Members LLC and Lone Pine Capital LLC. Lone Pine Associates LLC is the general partner of Lone Spruce, L.P., Lone Sequoia, L.P. and Lone Balsam, L.P. and has the power to direct the affairs of Lone Spruce, L.P., Lone Sequoia, L.P. and Lone Balsam, L.P., including decisions respecting the disposition of the proceeds from the sale of shares. Lone Pine Capital LLC is the investment manager of Lone Cypress, Ltd., Lone Kauri, Ltd. and Lone Monterey Master Fund, Ltd. and has the power to direct the receipt of dividends from or the proceeds of the sale of shares held by Lone Cypress, Ltd., Lone Kauri, Ltd. and Lone Monterey Master Fund, Ltd. Lone Pine Members LLC is the general partner of Lone Cascade, L.P. and Lone Sierra, L.P., and has the power to direct the affairs of Lone Cascade, L.P. and Lone Sierra, L.P., including decisions respecting the disposition of the proceeds from the sale of shares. The address of the persons referred to above is Two Greenwich Plaza, Greenwich, Connecticut 06830.
- (19) According to a Schedule 13G filed on February 14, 2012, by Prudential Financial, Inc. ( Prudential ) and a Schedule 13G filed on February 14, 2012 by Jennison Associates LLC ( Jennison ), 5,956,677 shares of Class A Common Stock are beneficially owned by Prudential for its own benefit or for the benefit of its clients by its separate accounts, externally managed accounts, registered investment companies, subsidiaries and/or other affiliates, including 5,866,488 shares of Class A Common Stock owned by investment

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companies, insurance companies, separate accounts and institutional portfolios managed by Jennison, which is 100% indirectly owned by Prudential. Prudential's address is 751 Broad Street, Newark, New Jersey 07102. Jennison's address is 466 Lexington Avenue, New York, New York 10017.

- (20) According to a Schedule 13G filed on February 10, 2012, T. Rowe Price Associates, Inc. ( Price Associates ), an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 3,727,708 shares of Class A Common Stock with the sole power to vote or direct the vote over 1,194,938 shares of Class A Common Stock and sole dispositive power over 3,727,708 shares of Class A Common Stock. Price Associates' address is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (21) Includes options vested, as of June 21, 2012 or within 60 days thereafter, granted under our 1997 Stock Incentive Plan, our 2010 Stock Incentive Plan and our prior 1997 Non-Employee Director Stock Option Plan (such plan expired on December 31, 2006) representing the right to purchase 1,201,978 shares of Class A Common Stock. Does not include unvested options granted under the 1997 Stock Incentive Plan and the 2010 Stock Incentive Plan, representing the right to purchase 285,366 shares of Class A Common Stock, 345,525 unvested RPSUs (a portion of which are subject to upward or downward adjustment), 211,930 unvested RSUs, 5,720 unvested restricted shares of Class A Common Stock granted under our 1997 Stock Incentive Plan and 2010 Stock Incentive Plan or 480,979 vested RSUs (the underlying shares of our Class A Common Stock for these RSUs will not be delivered to either Mr. Lauren or Mr. Farah, as the case may be, until his separation of service from the Corporation or if earlier, upon a change of control (as defined in each of their employment agreements) granted under the 1997 Stock Incentive Plan.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and executive officers to file initial reports of ownership and reports of changes in ownership of our Class A Common Stock with the SEC and to provide copies of these reports to us. These filing requirements also apply to certain beneficial owners of more than ten percent of our Class A Common Stock. To our knowledge, based solely on our review of the copies of Section 16(a) reports furnished to us during and with respect to Fiscal 2012 and on written representations from certain reporting persons that no Form 5s were required to be filed by such persons, all reportable transactions during that fiscal year were reported on a timely basis except for a grant made to Roger Farah that was inadvertently reported late, consisting of 33,518 restricted share units granted under Mr. Farah's employment agreement, dated October 14, 2009, as filed.

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**DIRECTOR COMPENSATION**

On August 11, 2011, the Board of Directors approved changes to the annual compensation provided to non-employee directors. The fee changes for annual retainers became effective on August 12, 2011 and the changes for annual equity awards became effective for Fiscal 2013. The changes in compensation for non-employee directors are as follows:

increased the annual retainer fee for each non-employee director from \$45,000 to \$60,000;

increased the annual retainer fee for the Chairs of the Audit Committee and the Compensation Committee from \$15,000 to \$20,000 (the annual retainer fee for the Chair of the Nominating & Governance Committee remains the same at \$15,000); and

increased the annual equity award for each non-employee director with a target equity value of from \$94,000 to \$100,000. One-half of the target equity value will be delivered in the form of options to purchase shares of our Class A Common Stock and one-half will be delivered in the form of restricted shares of Class A Common Stock. The options and the restricted shares of Class A Common Stock will vest over three years in equal annual installments.

The fee paid to non-employee directors for each meeting of a committee of the Board of Directors that a director attends remained unchanged at \$2,000 per committee meeting. The annual retainer and attendance fees are paid to the non-employee directors in quarterly installments in arrears.

A non-employee director also receives a grant of options to purchase 7,500 shares of our Class A Common Stock at the time that the director initially joins our Board of Directors. These options will vest over three years in equal annual installments and the exercise term is seven years. The annual equity award to non-employee directors is awarded on April 1 of each year to those non-employee directors who have served as directors for at least half of the preceding fiscal year.

Our Board of Directors and Compensation Committee believe it is important for key members of our senior management team and our non-employee directors to build and maintain a long-term ownership position in the Corporation, to further align their financial interests with those of our stockholders and to encourage the creation of long-term value. As a result, on May 17, 2010, the Compensation Committee established stock ownership guidelines for our non-employee directors, our NEOs and select other members of our senior management group, to further link their interests with those of stockholders. The guidelines provide that non-employee directors and such executives must attain ownership of a specific number of shares by June 2015, which is approximately five years from the implementation of the guidelines. Non-employee directors and executives who join us (or were included in the group) after the implementation of the guidelines will have five years from June 30<sup>th</sup> in the year most closely following the date they joined us (or were included) to attain the requisite numbers of shares specified in the guidelines. For directors, the guideline is based on a fixed share target of 2,400 shares. Further details on the guidelines for executive officers are provided in Compensation Discussion and Analysis.

We reimburse our non-employee directors for reasonable travel and other related expenses to attend Board of Directors and Committee meetings and for director education courses. Non-employee directors are also provided with a merchandise discount on most of our products.

**Table of Contents****Director Compensation Table**

The following table provides information concerning the compensation of our non-employee directors in Fiscal 2012. Directors who are our employees receive no compensation for their services as directors and do not serve on any committees of the Board of Directors.

Name	Fees		Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	Earned or Paid in Cash	Stock Awards					
	(\$)(1)	(\$)(2)	(\$)(2)	(\$)	(\$)	(\$)(3)	(\$)
Alchin, John R.	62,602					652	63,254
Aronson, Arnold H.	68,602					652	69,254
Bennack, Jr., Frank A.	92,802					652	93,454
Brown, Dr. Joyce F.	83,602					652	84,254
Fleishman, Joel L.	90,802					652	91,454
Joly, Hubert	66,602					91	66,693
McHale, Judith A. (4)	23,901						23,901
Murphy, Steven P.	72,602					652	73,254
Wright, Robert C.	58,602					652	59,254

- (1) Effective August 12, 2011, the annual retainer for each non-employee director increased from \$45,000 to \$60,000. The annual retainer for the Chair of each of the Audit Committee and Compensation Committee increased from \$15,000 to \$20,000 and the Chair of the Nominating & Governance Committee remained at \$15,000. The fee paid to non-employee directors for each meeting of a committee of the Board of Directors that such non-employee director attends is \$2,000 per committee meeting. In Fiscal 2012, the Audit Committee met four times, the Compensation Committee met seven times and the Nominating & Governance Committee met three times.
- (2) The non-employee directors did not receive any stock-based awards during Fiscal 2012. We grant annual stock-based awards to non-employee directors on April 1 of each year. Since our fiscal year ends on the Saturday closest to March 31<sup>st</sup>, in certain years there may be no grants made during our fiscal year (as in Fiscal 2012 which began on April 3, 2011 and ended on March 31, 2012), and in certain years, there may be two years' worth of grants made during a fiscal year (as in Fiscal 2010, which began on March 29, 2009 and ended on April 3, 2010). The grants made to our non-employee directors on April 1, 2012 were made during our Fiscal 2013 and will be disclosed in next year's Proxy Statement.
- (3) This amount represents deferred cash dividends paid during Fiscal 2012 in connection with the vesting of restricted shares of our Class A Common Stock.
- (4) Judith A. McHale rejoined the Board of Directors on November 8, 2011.

**Table of Contents****Director Equity Table**

At the end of Fiscal 2012, each non-employee director held options to purchase shares of our Class A Common Stock and shares of restricted stock as follows:

	<b>Options</b>	<b>Restricted Stock</b>
Alchin, John R.	14,697	1,110
Aronson, Arnold H.	13,805	1,110
Bennack, Jr., Frank A.	17,805	1,110
Brown, Dr. Joyce F.	2,812	1,110
Fleishman, Joel L.	20,805	1,110
Joly, Hubert	4,349	736
McHale, Judith A. (1)	0	0
Murphy, Steven P.	16,305	1,110
Wright, Robert C.	14,697	1,110

(1) Judith A. McHale rejoined the Board of Directors on November 8, 2011 and did not receive any equity awards during Fiscal 2012.

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## COMPENSATION DISCUSSION AND ANALYSIS

**Summary of Our Performance and Impact on Compensation**

We reported very strong financial results for Fiscal 2012, exceeding the financial targets that we established at the beginning of the fiscal year and the strong performance we achieved in Fiscal 2011. On May 22, 2012, we reported:

	Fiscal 2012 (\$ in millions except per share amount)	Fiscal 2011 (\$ in millions except per share amount)	Change %
Net Revenue	\$6,859.5	\$5,660.3	21%
Net Income	\$681.0	\$567.6	20%
Diluted Earnings Per Share (EPS)	\$7.13	\$5.75	24%

Our key performance outcomes included:

**Strong Sales Growth.** For Fiscal 2012, we reported over 21% growth in sales compared to Fiscal 2011.

**Record Level of Operating Income.** For Fiscal 2012, we reported record operating income of approximately \$1 billion, representing an approximate 23% increase over Fiscal 2011, which at that time was also a record level. Despite significant pressure on gross profit from higher cost of goods such as cotton and increased labor costs, expenses related to the integration of our recently acquired assets in South Korea and home textiles business, and costs associated with our continuing development in global e-commerce, we maintained our operating margin during Fiscal 2012. Our operating income has increased over three-fold in the past ten years, representing an approximate 13% compound annual growth rate. Our total shareholder annual rate of return was 18.3% for the 2001-2011 period, ranking us 38<sup>th</sup> among the Fortune 500 companies according to a recent survey conducted by *Fortune* magazine.

**Strong Earnings Per Share.** For Fiscal 2012, we reported diluted earnings per share of \$7.13 (representing an approximate 24% increase over Fiscal 2011), reflecting strength in our core products and strong performance across many of our channels.

**Stockholder Value Strengthened.** Our total shareholder return has been approximately 38%, 299% and 102% for the one-year, three-year and five-year periods ending March 30, 2012 (the last business day of our Fiscal 2012), respectively, which far outpaces the 8%, 84% and 10% TSR for the S&P 500 Index for the corresponding periods.

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During Fiscal 2012, we also strengthened stockholder value by:

doubling our quarterly dividend from \$0.10 per share to \$0.20 per share; and

repurchasing approximately 3.2 million shares of our Class A Common Stock under our Common Stock repurchase program.

Our stock price increased during Fiscal 2012 by approximately 38%, from \$126.63 per share as of the close of business on April 1, 2011, the last business day of our Fiscal 2011, to a stock price of \$174.33 per share as of the close of business on March 30, 2012, the last business day of our Fiscal 2012.

***Progress Toward Global Strategic Objectives.*** Our strong results were achieved while also executing our strategic initiatives, including:

successfully integrating our recently acquired assets in South Korea (the territory that was formerly licensed to Doosan Corporation), closing 95 points of distribution in greater China to support our brand elevation efforts and integrating our newly acquired home textile operations;

continuing product innovation and expansion, particularly with the growth in accessories and the global launch of our *Denim & Supply* brand;

increasing direct-to-consumer reach, particularly with the launch of several new e-commerce sites;

continuing to upgrade and implement several of our systems and infrastructure; and

enhancing our talent and management structure.

Our operating results were reflected in the pay determination for our NEOs as follows:

***Annual Incentive Bonus Payments at Maximum.*** Participants in our Executive Officer Annual Incentive Plan (the "EOAIP") are eligible for a bonus opportunity based 100% on our financial performance. For Fiscal 2012, the pre-established performance measure was net income before taxes and the maximum goals were set at a level that required improvement above the record results achieved for Fiscal 2011. Our results for Fiscal 2012 significantly exceeded the net income before taxes goal required for a maximum payout.

***Equity Awards Performance Goals Achieved.*** The performance goal of net income before taxes for the Fiscal 2012 Pro-Rata RPSUs was achieved. In addition, the three-year performance goal of cumulative net earnings established in Fiscal 2010 for the Cliff RPSUs, that were eligible for vesting at the end of Fiscal 2012, was achieved at the maximum level of performance. A description of these equity awards, their applicable vesting schedules, performance measures and achievement levels are described in more detail beginning on p. 37.



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### **Executive Compensation Programs**

#### ***Overview***

We maintain executive compensation programs designed to reward sustained business growth and results. These programs, taken together, are designed to drive stockholder value through the following principles:

attract, motivate and retain highly qualified executives;

establish challenging goals balanced between short-term and long-term objectives;

award a meaningful portion of compensation in variable (versus fixed) pay, with a significant portion of variable compensation in the form of long-term equity awards;

promote collaborative leadership behavior designed to achieve goals in a complex global organization; and

avoid unnecessary or excessive risk-taking that could reward executives at the expense of stockholders.

#### ***Pay for Performance***

The Compensation Committee believes that the effectiveness of our compensation philosophy and programs has contributed to notable performance and achievements, even during highly uncertain and challenging economic environments, that exceed many of our industry peers and compare very favorably to the S&P 500 Index and companies in the Fortune 500. The Compensation Committee strongly believes that our compensation practices accomplish the goal of pay for performance by rewarding our executives for the achievement of both short-term and long-term superior financial and strategic performance. To align our executives' compensation with stockholders' interests, the Compensation Committee maintains that a majority of our executives' compensation should be at-risk in the form of annual incentive opportunity and long-term equity awards. In Fiscal 2012, the percentage of total compensation that was at-risk for each of our NEOs was as follows: Ralph Lauren, our Chairman and CEO, Roger Farah, our President & Chief Operating Officer ( COO ), Jackwyn Nemerov, our Executive Vice President, Tracey T. Travis, our Senior Vice President and Chief Financial Officer ( CFO ), and Mitchell A. Kosh, our Senior Vice President, Human Resources, was 96%, 71%, 91%, 65% and 67%, respectively.

At our 2011 Annual Meeting of Stockholders, we held our first stockholder advisory vote on the compensation of our NEOs, and our stockholders approved our Fiscal 2011 executive compensation programs. We have a policy of robust engagement with stockholders, including continuing outreach to, and dialogue with, our major institutional investors and we have received expressions of overwhelming support for our management team and satisfaction with our performance. We and the Compensation Committee have considered the dialogue with our stockholders and the results of the vote on our Fiscal 2011 executive compensation programs and concluded that we continue to provide a competitive pay for performance package that effectively incentivizes our NEOs and encourages long-term retention. Our strong financial results reinforce the Compensation Committee's view that our executive compensation programs are achieving their objectives, particularly since our results were attained despite highly uncertain global economic conditions and after substantial investment in our strategic growth initiatives that are meant to support long-term stockholder value creation.

On June 26, 2012, we entered into a new five year employment agreement with Mr. Lauren (the New Employment Agreement ), as discussed in more detail below. The term of Mr. Lauren's Former Employment Agreement (as defined below) was scheduled to end on March 30, 2013 and the New Employment Agreement, which supersedes the Former Employment Agreement, commenced as of June 26, 2012, and extends through April 1, 2017, the last day of our 2017 fiscal year. As a result of the Compensation Committee's ongoing consideration of our executive compensation programs and consistent with the Compensation Committee's continued desire to provide a competitive pay-for-performance package, drive stockholder value and incentivize for strong long-term financial results, the Compensation Committee, in consultation with its independent compensation consultant, Exequity LLP ( Exequity ), rebalanced Mr. Lauren's total compensation with more at-



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risk long term equity based compensation and less total target (and less potential maximum) cash compensation. The Compensation Committee continued to set total target and maximum compensation for Mr. Lauren at a level it currently deems appropriate for his unique role and extraordinary talent. Under the New Employment Agreement, the Compensation Committee and Mr. Lauren agreed to the following key changes:

reduced Mr. Lauren's total target cash compensation by 25%, from \$14.25 million to \$10.75 million;

stabilized the aggregate target grant date fair value of Mr. Lauren's annual equity awards at \$14 million. In Fiscal 2012 and in previous fiscal years, Mr. Lauren's target annual equity grants were denominated in a fixed number of shares which resulted in an aggregate grant date fair value of \$15,311,750 in Fiscal 2012;

Ø The value of Mr. Lauren's new annual equity award represents an increase in aggregate target grant date fair value of 39%, as compared to \$10,068,417, the average of the previous three fiscal years. In the three previous fiscal years, Mr. Lauren's target annual equity grants were denominated in a fixed number of shares which resulted in an aggregate grant date fair value of \$15,311,750 in Fiscal 2012, \$8,619,250 in Fiscal 2011 and \$6,274,250 in Fiscal 2010.

incorporated relative total shareholder return (TSR) as an additional modifier and as a relative performance metric for a portion of Mr. Lauren's long-term equity awards to further align with long-term stockholder performance;

eliminated single trigger vesting upon change of control for future equity awards (which had previously remained applicable for grants of his RPSUs);

required that the Corporation's performance criteria be met in order for Mr. Lauren's future RPSUs to vest upon certain terminations of employment; and

reduced Mr. Lauren's separation payments upon a termination without cause or a resignation for good reason from three years base salary plus three times his two-year bonus average to two years base salary plus two times his two-year bonus average in addition to a pro-rated portion of the current year's bonus (based on actual performance).

See a complete copy of the New Employment Agreement, as previously filed with the SEC, and Executive Employment Agreements and Potential Payments Upon Termination or Change in Control in this Proxy Statement for a more complete description of the key changes in Mr. Lauren's New Employment Agreement as compared to his amended and restated employment agreement dated as of March 30, 2008, and amended as of June 29, 2009 and November 9, 2010 (the Former Employment Agreement) that was in effect during Fiscal 2012.

***Determination of Compensation for Executives***

*Market Data.* Since we operate in three distinct but integrated business segments: wholesale, retail and licensing, and our products include apparel for men, women and children, accessories, home furnishings and fragrance, we believe our product breadth, multi-channel distribution and global reach are unique among luxury and apparel companies. As a result, while the Compensation Committee considers, among other things, competitive market compensation paid by other companies in our industries in establishing our executive compensation programs, it does not use a designated peer group as a primary comparative metric. From time to time, the Compensation Committee also reviews compensation levels at various categories of companies such as leading apparel manufacturers, high profile, branded retail organizations, family-named companies and other companies in which the chief executive officer of such companies could be perceived as personifying their organizations. However, the Compensation Committee does not set executive compensation at, or near, any particular target percentile within a peer group, but instead, uses compensation market data across multiple peer groups as a consideration in setting our executive compensation levels.



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*Other Considerations.* In addition to market data, the Compensation Committee considers other factors in determining executive compensation levels, including internal pay equity, nature and scope of responsibility, an executive's current performance and expected future contributions, succession planning considerations relative to development and retention, and our performance, financial plans and budget. In determining the compensation and performance of Mr. Lauren, the Compensation Committee also takes into consideration that Mr. Lauren is not only the CEO of a unique, complex, global organization with highly successful wholesale, retail and licensing divisions in multiple product categories, but he is also the founder, creator and name behind our brands. Mr. Lauren brings extraordinary and rare talent to our company that the Compensation Committee believes is unrivaled by others in our industry. The Compensation Committee believes that Mr. Lauren's aesthetic vision, direction, and the public's association of his name and likeness with our branded products are unique and integral components of our success, and that his contributions to our longstanding, consistent achievement over the last 45 years have been, and continue to be, instrumental in creating significant stockholder value. These factors were taken into account both with respect to Mr. Lauren's compensation during Fiscal 2012 and with respect to the terms that the Compensation Committee approved in Mr. Lauren's New Employment Agreement.

### ***Role of the Compensation Committee, Management and Consultants***

*Role of the Compensation Committee and Management.* In addition to its responsibilities to, among other things, review and administer our compensation plans and to maintain oversight in the development of succession plans for certain key executive positions within our senior management, with respect to executive compensation, the Compensation Committee is responsible for reviewing and approving the employment agreements for each of Mr. Lauren and Mr. Farah, which include their salary, bonus and certain other compensation components. In determining the long-term incentive component of Mr. Lauren's and Mr. Farah's compensation pursuant to each of their employment agreements, the Compensation Committee considered, among such other factors as it may deem relevant, our performance, stockholder returns, the value of similar incentive awards to executive officers at comparable companies and the awards given to each of Mr. Lauren and Mr. Farah in past years. As noted under *Determination of Compensation for Executives - Market Data*, while the Compensation Committee considers market information, the Compensation Committee believes that considerations unique to our company have a greater impact in setting executive compensation. On an annual basis, the Compensation Committee also reviews and approves the corporate performance goals and objectives relevant to the compensation payable to Mr. Lauren and Mr. Farah.

Subject to previously approved applicable contractual obligations, the Compensation Committee also reviews and approves, on an annual basis, the compensation of key members of our senior management, including our other three NEOs, Ms. Nemerov, Ms. Travis and Mr. Kosh, and reviews and approves the corporate performance goals and objectives relevant to the compensation payable to each of them. In addition, the Compensation Committee regularly reviews the design and structure of our executive compensation programs to ensure that management's interests are closely aligned with stockholders' interests and that the compensation programs are designed to further our strategic priorities.

*Role of Compensation Consultants.* The Compensation Committee has utilized the services of an independent advisor to provide guidance in association with significant executive compensation decisions. In Fiscal 2012, the Compensation Committee continued to engage Exequity to provide these independent advisory services, including in connection with the components of Mr. Lauren's New Employment Agreement. The Compensation Committee retains sole responsibility for engaging any advisor and meets with its advisor, as needed, in the Compensation Committee's sole discretion.

Separate from the Compensation Committee's consultant, during Fiscal 2012, our management continued to retain the services of Compensation Advisory Partners, LLC (CAP), as its independent compensation consultant. CAP's role is to assist management in the development and analysis of executive compensation matters.

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***Employment Agreements***

We have a longstanding practice of entering into employment agreements with our corporate officers and select members of our senior management. We believe that employment agreements provide greater assurance of continuity and retention of critical creative and operating talent in a highly competitive industry. Employment agreements for our CEO (including the New Employment Agreement) and our President & COO are developed and approved by the Compensation Committee in consultation with the Compensation Committee's independent compensation and legal advisors. Employment agreements for our other three NEOs are established by Messrs. Lauren and Farah in consultation with, and subject to the approval of, the Compensation Committee.

The guidelines for salary, bonus and certain other compensation components for each NEO are set forth in his or her respective employment agreement, and, if applicable, in amendments to that employment agreement. The agreements also provide certain benefits, including in the event of various termination or change in control situations. We believe that these benefits in such situations enhance the value of the business by preserving the continuity of management during potential change in control situations and by focusing our senior executives on our long-term priorities. See [Executive Employment Agreements](#), [Summary Compensation Table](#) and [Potential Payments Upon Termination or Change in Control](#) below for a more detailed description of the payments and benefits provided under each NEO's employment agreement.

**Table of Contents****Key Components of Executive Compensation**

The principal elements of our executive compensation programs in Fiscal 2012 are summarized in the following table and described in more detail below.

<b>Compensation Element</b>	<b>Brief Description</b>	<b>Objectives</b>	<b>Fiscal 2012 Compensation</b>
<i>Base Salary</i>	Fixed compensation	Provide a competitive, fixed level of cash compensation to attract and retain talented and skilled executives.	Base salary increases of less than 4% were provided to two NEOs: Ms. Travis and Mr. Kosh.
<i>Annual Cash Incentive Bonus</i>	Variable, performance-based cash compensation earned based on achieving pre-established annual goals.	Motivate and reward executives to achieve or exceed our current-year financial goals.	Bonuses were based on actual performance against our overall performance measure of net income before taxes and, except for Mr. Lauren, bonuses may be adjusted up or down by 10%, based upon the achievement (or failure to achieve) of an additional strategic financial goal of selling, general and administrative expenses.
<i>Long-Term Equity Incentives</i>	Variable equity compensation to promote achievement of longer-term goals.		Long-term equity incentive awards were granted to each of Mr. Lauren, Mr. Farah and Ms. Nemerov pursuant to each of their respective employment agreements and were granted to Ms. Travis and Mr. Kosh pursuant to the recommendation of Messrs. Lauren and Farah, subject to the approval of the Compensation Committee. Mr. Lauren received options and Cliff RPSUs and Mr. Farah received options and RSUs. Each of Ms. Nemerov, Ms. Travis and Mr. Kosh received options, Pro-Rata RPSUs and Cliff RPSUs.
Stock Options	Stock options are granted at fair market value and generally have pro-rata three year vesting and a seven year term.	Align compensation with stockholders interests.	
Pro-Rata RPSUs	Earned and eligible for payout ratably over three years based on achievement of a pre-established performance goal for the current fiscal year and continued employment until the second and third vesting dates.	Facilitate and reward achievement of our annual financial goals through a combination of performance goal and time-based payouts.	
Cliff RPSUs	Earned based on our achievement of a pre-established cumulative net earnings goal for a period of three fiscal years and continued employment.	Aid in retention of key executives in highly competitive market for talent.	
		Align executives and stockholders interests by linking rewards with achievement of goals for a multi-year period based on our long-term growth plan.	

Restricted Stock Units  
(RSUs)

Earned and eligible for payout over a number of years based on the passage of time and continued employment.

Aid in retention of key executives in highly competitive market for talent.

Provided in limited and unique situations in which time-based awards are appropriate in relation to other forms of equity compensation.

Aid in attraction and retention of select key executives in a highly competitive market for talent.

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**Table of Contents*****Base Salary***

Base salaries for our NEOs are set forth in their respective employment agreements and are designed to provide a fixed level of compensation. Periodically, the Compensation Committee may consider proposals from our management to approve increases to the base salaries for our NEOs other than Mr. Lauren and Mr. Farah; however the Compensation Committee believes that a significant portion of any NEO's total compensation should be at risk.

***Fiscal 2012 Base Salaries***

For Fiscal 2012, base salaries for our NEOs were as follows:

<b>Name</b>	<b>Fiscal 2012 Base Salary</b>	<b>Percent Change from Prior Year</b>
Lauren, Ralph	\$ 1,250,000	0%
Farah, Roger N.	\$ 900,000	0%
Nemerov, Jackwyn L.	\$ 900,000	0%
Travis, Tracey T.	\$ 750,000	3.4%
Kosh, Mitchell A.	\$ 700,000	3.7%

During Fiscal 2012, Ms. Travis and Mr. Kosh received base salary increases which became effective in June 2011. Ms. Travis's annual base salary increased from \$725,000 to \$750,000 and Mr. Kosh's annual base salary increased from \$675,000 to \$700,000. We believe that these increases were appropriate in light of each of their current and historical contributions to our company. None of the other NEOs received increases in their respective base salaries. Pursuant to Mr. Lauren's New Employment Agreement, during Fiscal 2013 beginning June 26, 2012, Mr. Lauren's annual base salary was increased to \$1,750,000. The increase in base salary partially offsets the reduction in the bonus portion of Mr. Lauren's total cash compensation under his New Employment Agreement and is based on the Compensation Committee's decision to rebalance Mr. Lauren's total compensation with more at-risk long term equity based compensation and less total cash compensation. The Compensation Committee also deems this increase in base salary, beginning in Fiscal 2013, appropriate due to Mr. Lauren's unique role in the Corporation and his extraordinary talent.

***Annual Cash Incentive Bonuses Under the Executive Officer Annual Incentive Plan ( EOAIP )***

Our NEOs participate in the EOAIP, a stockholder approved, short-term cash incentive bonus plan. The EOAIP is designed to promote achievement of our key financial goals for the current year. We are seeking stockholder approval of the EOAIP to continue to enable us to pay compensation under the EOAIP that may be eligible for deduction by us without regard to the limitations imposed under Section 162(m) ( Section 162(m) ) of the Internal Revenue Code of 1986, as amended (the Code ). See Proposal 4 Proposal to Amend the EOAIP.

Key features of the EOAIP include:

Payouts are based on different levels of achievement, which include Threshold, Target and Maximum levels. The Compensation Committee establishes the Threshold, Target and Maximum levels each year. In Fiscal 2012, the Compensation Committee determined the following levels:

***Threshold***

The minimum level of performance for which a bonus is paid and typically set at 80% of the Target level. No bonuses will be earned if the Threshold level of performance is not achieved.

***Target***

100% achievement of financial goals.

***Maximum***

Achievement at a superior level of performance of up to 110% of Fiscal 2012 Target level.

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No payouts are made in any year in which we fail to earn a profit.

Participants are eligible for a bonus opportunity based 100% on our overall financial performance without consideration of performance of specific divisions or any discretionary performance factors. Bonus payments are subject to adjustments, if applicable, as described further below.

Participants may have individual payout schedules based upon each such participant's existing employment agreement.

All bonuses under the EOAIP are capped, subject to the respective employment agreements of each NEO.

The Compensation Committee has the authority to:

- Ø determine the EOAIP participants from among our executive officers;
- Ø establish the financial performance goals (from the list of performance measures previously approved by stockholders) and payout schedules, including any adjustments to the extent permitted under Section 162(m) of the Code, to omit, among other things, the effect of unbudgeted extraordinary items, any gain or loss on the disposal of a business segment, unusual or infrequently occurring events and transactions and cumulative effects of changes in accounting principles;
- Ø establish the required achievement levels against pre-determined performance goals under the EOAIP; and
- Ø exercise discretion to reduce or eliminate, but not increase, the bonus amounts payable under the EOAIP.

The Compensation Committee believes that maintaining the EOAIP for our corporate officers provides the Committee with the flexibility to maintain an incentive plan for these officers that is tightly aligned with their significant roles and broad responsibilities within our company and reflects their contributions to our overall success.

***Fiscal 2012 Cash Incentive Bonuses Paid Under the EOAIP***

Each year, we engage in an extensive and deliberate process to establish our budget, performance measures and performance targets which are then presented to the Compensation Committee for approval. After our independent auditors issue their final audit opinion for the completed fiscal year, the Compensation Committee determines the extent to which, if any, performance has been achieved against pre-established targets and, based upon the degree of achievement, approves the annual cash incentive bonuses payable to each NEO under the EOAIP. The Compensation Committee believes that the performance of each of our NEOs is represented by our results and thus, individual performance is not considered in determining their bonuses. Each of Mr. Farah, Ms. Nemerov, Ms. Travis and Mr. Kosh have their respective bonuses adjusted from minus 10% to plus 10% based upon the degree of achievement of an additional strategic financial goal established by the Compensation Committee. The bonus payment for Mr. Lauren is based solely on actual performance against our overall performance measures, as selected by the Compensation Committee for the applicable fiscal year, and is not adjusted based on performance against the aforementioned specific strategic financial goal.

For Fiscal 2012, under the EOAIP, the performance measure selected was net income before taxes and the strategic financial goal performance measure selected was our selling, general and administrative expenses (excluding expense for cash bonuses and expense for stock awards) as a percentage of net revenues. The Compensation Committee believes that net income before taxes is aligned with stockholders' interests and is a comprehensive indicator of our annual performance. The Compensation Committee also believes that managing selling, general and administrative expenses as a percentage of net revenues is an important part of our ongoing strategic objectives.



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In Fiscal 2012, the target net income before taxes figure for payment of awards was approximately \$854.7 million. Following our achievement of record earnings in Fiscal 2011 during a persistently challenging global economic environment, the Compensation Committee established Fiscal 2012 financial targets taking into consideration factors such as higher cost of goods, additional investment costs for new product development, the expansion and reorganization of international markets and the anticipated impact from the tsunami in Japan. As a result, the Compensation Committee established the Fiscal 2012 financial goals to require a sufficiently challenging, higher level of performance relative to the prior fiscal year's results in order to achieve maximum bonus payouts. In Fiscal 2012, the actual net income before taxes figure for payment of awards was approximately \$1,017.2 million, after giving effect to various adjustments approved by the Compensation Committee in accordance with the rules previously established by the Compensation Committee at the beginning of the fiscal year. Despite the anticipated and actual increase in cost of goods and significant strategic investments, our Fiscal 2012 adjusted results increased approximately 20% over our Fiscal 2011 adjusted net income before taxes figure for payment of awards. Our Fiscal 2012 results were primarily influenced by the strength of our retail segment as well as the expansion of our international businesses which helped to offset the impact of higher cost of goods and strategic investments.

Our NEOs were each eligible for a bonus in Fiscal 2012 when we reached 80% of the net income before taxes target. The Compensation Committee believes that the actual degree of achievement, which far exceeded target and Fiscal 2011 results, represents outstanding performance and that the payment of bonuses at the maximum level is consistent with such performance. The table below sets forth the threshold bonus, target bonus, maximum bonus and actual Fiscal 2012 bonus for each of our NEOs:

Name	Threshold Bonus	Target Bonus	Maximum Bonus(2)	Actual Fiscal 2012 Bonus (3)
Lauren, Ralph (1)	\$ 6,500,000	\$ 13,000,000	\$ 19,500,000	\$ 19,500,000
Farah, Roger N. (1)	\$ 3,000,000	\$ 6,000,000	\$ 9,000,000	\$ 9,900,000
Nemerov, Jackwyn L. (1)	\$ 900,000	\$ 1,800,000	\$ 2,700,000	\$ 2,970,000
Travis, Tracey T.	\$ 200,000	\$ 400,000	\$ 800,000	\$ 880,000
Kosh, Mitchell A.	\$ 200,000	\$ 400,000	\$ 800,000	\$ 880,000

- (1) Threshold, target and maximum bonus amounts payable to Mr. Lauren, Mr. Farah and Ms. Nemerov are set forth in their respective employment agreements.
- (2) The maximum bonus amount shown for the four NEOs other than Mr. Lauren does not reflect adjustments up or down by 10% which may be made based on relative achievement of the strategic financial goals.
- (3) Except for Mr. Lauren, this amount reflects upward adjustment of 10% to reflect our performance against our strategic financial goal (our selling, general and administrative expenses as a percentage of net revenues at the maximum level).

The bonus opportunities established for Fiscal 2012 for our NEOs were the same as those established for Fiscal 2010 and Fiscal 2011, and the bonus payouts were the same, even though Fiscal 2011 net income before taxes exceeded Fiscal 2010 net income before taxes by approximately 20% and Fiscal 2012 net income before taxes exceeded Fiscal 2011 net income before taxes by approximately 23%. Beginning in Fiscal 2013, pursuant to Mr. Lauren's New Employment Agreement, Mr. Lauren's annual target bonus opportunity is reduced from \$13 million to \$9 million and his annual maximum bonus opportunity is reduced from \$19.5 million to \$13.5 million.

**Long-Term Equity-Based Incentives**

We maintain a program of long-term equity-based incentives that are intended to align executive and stockholder interests and encourage executive decision making that maximizes stockholder value creation over the long term. We also require, through our stock ownership guidelines, our directors, our NEOs and select other members of our senior management team, to hold a certain amount of equity in order to build and maintain a

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long-term ownership position in our company. See *Stock Ownership Guidelines*. In addition, certain shares underlying vested RSUs held by Messrs. Lauren and Farah must continue to be held and are not distributable to them until their employment is terminated.

All equity awards to our NEOs in Fiscal 2012 were granted under our 2010 Stock Incentive Plan. During Fiscal 2012, these awards consisted of stock options, restricted performance share units and restricted stock units.

### *Ø Stock Options*

In Fiscal 2012, we granted non-qualified stock options that vest ratably over a three-year period subject to continued employment through the applicable vesting date, with the exception of Mr. Farah. Pursuant to Mr. Farah's employment agreement, one-third of the stock options granted to him on July 15, 2011 will vest on each of July 15, 2012 and March 30, 2013, and the remaining one-third will also vest on March 30, 2013, provided that Mr. Farah remains continuously employed through such vesting dates. With respect to the last tranche of stock options, which vests on March 30, 2013, Mr. Farah may not exercise those stock options until March 29, 2014 (the last day of our 2014 fiscal year).

Stock options are granted at an exercise price equal to the fair market value (calculated as the average of the high and low stock prices on the NYSE) of our Class A Common Stock on the grant date. We have not issued stock options with accelerated vesting features except as specified in certain employment agreements. In addition, we have not re-priced or re-issued any stock options. The 2010 Stock Incentive Plan, and our predecessor plan, the 1997 Stock Incentive Plan, each prohibits the re-pricing or re-issuing of stock options.

The vast majority of stock options are granted to our eligible executives, including our NEOs, at or about the time of the regular Compensation Committee meetings which are usually scheduled at least one year in advance of the actual meeting dates. In Fiscal 2012, the Compensation Committee set the grant date for this annual award of stock options approximately three weeks before our first fiscal quarter earnings release date, making the grants effective in mid-July. In addition to these annual equity awards, grants may be made to certain newly hired or promoted executives at the end of each fiscal quarter. Such awards are typically granted and priced as of the last business day for the fiscal quarter following the hiring or promotion of an executive.

### *Ø Restricted Performance Share Units (RPSUs): Cliff RPSUs and Pro-Rata RPSUs*

In Fiscal 2012, we granted Cliff RPSUs and Pro-Rata RPSUs, both of which provide a recipient with the opportunity to receive shares of our Class A Common Stock based on our achievement of performance goals over a specified period. Our achievement of our performance goals is subject to adjustment to exclude the effect of certain unbudgeted events and transactions, as permitted under the 2010 Stock Incentive Plan, in accordance with the rules established by the Compensation Committee at the beginning of Fiscal 2012.

The performance measures for each kind of RPSU are set by the Compensation Committee at the time of grant and may include one or more factors such as the following:

net earnings or net income (before or after taxes);

basic or diluted earnings per share;

net operating profit;

net revenue or net revenue growth;

gross profit or gross profit growth; or

return on assets.

Cliff RPSUs. Cliff RPSUs granted in Fiscal 2012 vest based on our cumulative net earnings for the performance period fiscal years 2012 - 2014. The Compensation Committee believes that cumulative net

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earnings is an appropriate performance measure since it is a comprehensive measure that assesses our overall performance over a significant period of time, including the effects of our strategic and capital plans, and is aligned with measures often used by the investment community. In the case of Mr. Lauren's Cliff RPSUs, his New Employment Agreement includes an additional performance modifier based on TSR. The Compensation Committee believes that, in tying a portion of our CEO's potential compensation with this performance metric, we better align our CEO's compensation with relative TSR by the S&P 500. The Compensation Committee will also apply this performance modifier to a percentage of the Cliff RPSUs awarded to the other NEOs and select other members of our senior management group in future fiscal years.

The grant provides a target number of shares that will vest and be paid out subject to achievement of pre-established financial goals. The performance and payout levels are summarized as follows:

<b>Performance Level</b>	<b>% of Goal Achieved</b>	<b>% of Target Cliff RPSUs Vested</b>
<b>Threshold</b>	<b>70%</b>	<b>75%</b>
<b>Target</b>	<b>100%</b>	<b>100%</b>
<b>Maximum</b>	<b>110%</b>	<b>150%</b>

*No payout is earned for performance below Threshold and vesting is interpolated for performance between 70% and 100% of target, and for performance between 100% and 110% of target.*

The Compensation Committee believes the payout percentages provide an appropriate balance between the performance level required relative to the level of payout, based on targets that require significant effort for achievement over a multi-year period. Once an award is granted in any fiscal year, the pre-established performance measures, performance goals, vesting schedule or payout schedule cannot be modified for that grant, unless otherwise approved by the Compensation Committee, during the applicable performance term.

In June 2012, Cliff RPSU awards that were granted in Fiscal 2010 vested based upon our achievement of pre-established financial goals. Our cumulative net earnings performance target for the three year fiscal period from Fiscal 2010 through Fiscal 2012 was approximately \$976.9 million. The target for the Fiscal 2010 Cliff RPSUs was based on the three year plan established during the fall of 2008, as our fiscal year 2010 began on March 29, 2009. In establishing the targets for the Fiscal 2010 Cliff RPSUs, we required ongoing performance improvement based on the three year plan, even in a persistently challenging and highly uncertain global business environment. In addition to considering the difficult global economic environment, the Compensation Committee established these financial targets in Fiscal 2010 for the three year performance period taking into consideration various other factors, including additional investment costs for new product development, infrastructure enhancements and the expansion and reorganization of international markets. Actual performance for the three year period was approximately \$1,813.2 million, or approximately 185% of target, after giving effect to various adjustments, approved by the Compensation Committee in accordance with the terms of the awards. Based on this performance, the Cliff RPSUs that vested in June 2012 were paid out at maximum, or 150% of target.

**Pro-Rata RPSUs.** Pro-Rata RPSUs granted in Fiscal 2012 vest one-third each year over three years. All three tranches of the Fiscal 2012 Pro-Rata RPSUs were earned and available for vesting based on our achievement of the Fiscal 2012 performance goal. The Compensation Committee believes that the use of net income before taxes as a measure for the award of Pro-Rata RPSUs is, like the performance measure utilized under the EOAI, a comprehensive indicator of our annual performance. Unlike Cliff RPSUs, the Pro-Rata RPSUs do not provide for payouts above or below the target shares awarded.

The performance level that had to be achieved in order for the Fiscal 2012 Pro-Rata RPSUs to be earned and available for vesting was the Threshold level of approximately \$683.8 million, which, in this case, was

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approximately 80% of the target net income before taxes figure of approximately \$854.7 million (the same target level established under our EOAIP). We significantly exceeded our plan and the target net income before taxes performance level, after giving effect to various adjustments approved by the Compensation Committee in accordance with the terms of the awards. As a result, in June 2012, 100% of the target shares for the first tranche of the Fiscal 2012 Pro-Rata RPSUs vested and were paid out. The second and third tranches of the Fiscal 2012 Pro-Rata RPSUs will vest based solely on continuous service from the grant date to the respective vesting dates for the second and third tranches. If the performance goal had not been achieved in Fiscal 2012, all three tranches of the Fiscal 2012 Pro-Rata RPSU awards would have been forfeited.

Ø *Restricted Stock Units (RSUs)*

In limited situations, we may grant time-based RSUs to certain executives. Pursuant to Mr. Farah's employment agreement, we granted RSUs to Mr. Farah during Fiscal 2012 which will vest on March 30, 2013, provided that Mr. Farah remains continuously employed through such vesting date. Mr. Farah's employment agreement provides that the delivery of shares of our Class A Common Stock in respect of such vested RSUs shall be made within ten days after March 29, 2014, the last day of our 2014 fiscal year.

*Fiscal 2012 Long-Term Equity-Based Incentive Awards*

The Compensation Committee establishes guidelines annually for determining long-term equity-based incentive grants to our executives under the 2010 Stock Incentive Plan. These guidelines generally provide that the type of awards and the number of shares to be granted to employees are based on their position levels within our company. Messrs. Lauren and Farah and Ms. Nemerov receive long-term equity-based incentive awards as provided under their respective employment agreements and, in Mr. Lauren's case, under an amendment to his Former Employment Agreement effective June 29, 2009 with respect to our Fiscal 2010, Fiscal 2011 and Fiscal 2012. This amendment provides that Mr. Lauren will no longer be entitled to grants of time-based RSUs and will instead receive grants of Cliff RPSUs which are performance-based. Mr. Lauren's New Employment Agreement provides for performance-based equity awards and establishes an annual stock award grant with a target value of \$14 million, as further described below under Executive Employment Agreements and under Potential Payments Upon Termination or Change in Control.

In Fiscal 2012, consistent with each of their respective employment agreements that were in effect during Fiscal 2012, Mr. Lauren received stock options and Cliff RPSUs, Mr. Farah received stock options and RSUs, and Ms. Nemerov received stock options, Cliff RPSUs and Pro-Rata RPSUs. In Fiscal 2012, Mr. Lauren's and Ms. Nemerov's total compensation increased as a result of an increase in our stock price which is a factor in calculating the grant date fair value for such equity awards. See Summary Compensation Table. Messrs. Lauren and Farah recommended annual equity awards for Ms. Travis and Mr. Kosh, which are subject to the approval of the Compensation Committee. In Fiscal 2012, Ms. Travis and Mr. Kosh each received an increase in the value of their equity awards. These increases reflect the Compensation Committee's determination, based upon Messrs. Lauren and Farah's recommendation, that these increases were appropriate in light of Ms. Travis and Mr. Kosh's current and historical contributions to our company and the length of time since each of them had received an increase in the value of their equity awards. In Fiscal 2012, Ms. Travis and Mr. Kosh each received three types of long-term equity awards: stock options, Pro-Rata RPSUs and Cliff RPSUs.



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In Fiscal 2012, each of our NEOs received the following long-term equity grants:

Name	Stock Options (1)	Cliff RPSUs	Pro-Rata RPSUs	RSUs (2)
Lauren, Ralph	100,000	75,000		
Farah, Roger N.	73,740	—		33,518
Nemerov, Jackwyn L. (3)	15,801	49,365	5,574	
Travis, Tracey T.	2,898	2,634	1,023	
Kosh, Mitchell A.	2,898	2,634	1,023	

- (1) The stock options granted to each of our NEOs have a term of seven years. All options vest ratably on the first three anniversaries of the date of grant, with the exception of those granted to Mr. Farah. Pursuant to Mr. Farah's employment agreement, his stock options will vest one-third on July 15, 2012 and two-thirds on March 30, 2013 (representing the second and third tranches), provided that Mr. Farah remains continuously employed through such vesting dates. With respect to the last tranche of stock options, Mr. Farah may not exercise those stock options until March 29, 2014 (the last day of our 2014 fiscal year).
- (2) Pursuant to Mr. Farah's employment agreement, RSUs granted in Fiscal 2012 to Mr. Farah vest fully as of March 30, 2013 if he remains continuously employed through such date, with payment to be made within ten days after March 29, 2014, the end of our 2014 fiscal year.
- (3) Of the 49,365 Cliff RPSUs that Ms. Nemerov received, 35,000 of these Cliff RPSUs provide for payout between 75%-100% of target shares but unlike the Cliff RPSUs for the other executives, do not provide opportunity for a payout above 100% of target shares. In addition, these 35,000 Cliff RPSUs will be eligible to vest in full after the end of fiscal 2014, subject to our achievement of the same cumulative, three-year net earnings performance goal as established and approved by the Compensation Committee for the Cliff RPSUs issued to all other executives in Fiscal 2012.

**Employee Benefits.** We provide a number of benefit plans to all eligible employees, including our NEOs. These benefits include programs such as medical, dental, life insurance, business travel accident insurance, short and long-term disability coverage and a 401(k) plan. Our NEOs are also eligible for an annual executive physical, financial counseling and an annual car allowance (except for those NEOs who receive the use of an automobile and driver as provided below).

**Other Benefits.** We provide our NEOs with other benefits that we believe are reasonable, competitive and consistent with our overall executive compensation programs. We believe that these benefits generally allow our executives to work more efficiently, promote our brand and are legitimate business expenses. The costs of these benefits constitute only a small percentage of each NEO's total compensation. We provide the use of an automobile and driver to Mr. Lauren and to Ms. Nemerov. In addition, pursuant to their respective employment agreements that were in effect during Fiscal 2012 and for security purposes, Mr. Lauren and Mr. Farah are required to use private aircraft for any travel and are reimbursed for the expense of such travel. Under Mr. Lauren's Former Employment Agreement and New Employment Agreement, we will reimburse Mr. Lauren up to a maximum aggregate amount of \$200,000 for any expense incurred as a result of Mr. Lauren's use of his private aircraft, or other acceptable private aircraft, for personal travel. Our other NEOs are also permitted to use our aircraft for personal travel on a limited basis. We also provide a merchandise discount on most of our products to all of our employees, including our NEOs. See the "All Other Compensation" column of the "Summary Compensation Table" and related footnotes for a discussion of all perquisites and other personal benefits provided to our NEOs.

**Deferred Compensation.** We maintain a Supplemental Executive Retirement Plan (SERP) for certain of our executives, generally for those who had a title of Vice President and above when they were admitted to such plan. In October 2004, we ceased admitting new participants under the SERP. During Fiscal 2009, we suspended annual contributions to the SERP, and participants were allowed to withdraw their balances in early Fiscal 2010 if they no longer wished to remain a participant in the SERP. Participants who remain in the SERP continue to receive interest on SERP balances based on the mid-term Applicable Federal Rate. All of the 29 remaining participants in the SERP are 100% vested.

Of the three NEOs who were participants in the SERP, only Mr. Kosh remains a participant.

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The SERP account balance for remaining participants is payable upon termination of employment as follows:

<b>Amount of Vested Balance</b>	<b>Payment Provision</b>
\$200,000 or more	Payment is made in equal installments over 3 years
Less than \$200,000	Lump-Sum Payment

Other provisions consistent with IRS rules apply in the event of a participant's disability, retirement or death.

In addition, Mr. Farah is entitled to receive deferred compensation pursuant to the provisions of his employment agreement. See the Nonqualified Deferred Compensation table for a detailed description of these arrangements.

**Related Considerations**

**Stock Ownership Guidelines.** Our Board of Directors and Compensation Committee believe it is important for key members of our senior management team and directors to build and maintain a long-term ownership position in our company, to further align their financial interests with those of our stockholders and to encourage the creation of long-term value. Our compensation structure for these individuals provides for a significant percentage of compensation to be equity-based, which places a substantial portion of compensation at risk over a long-term period. In June 2010, the Compensation Committee established stock ownership guidelines for our non-employee directors, our NEOs and select other members of our senior management group to further link the interests of these individuals with those of stockholders. The guidelines provide that non-employee directors and such executives who were covered by the guidelines at the time of implementation must attain ownership of a specific number of shares by June 2015, which is approximately five years from the implementation of the guidelines. Non-employee directors who become members of the Board, and executives who join us or otherwise become subject to the guidelines after implementation of the guidelines, will have five years from June 30<sup>th</sup> in the year most closely following the date they joined us or become subject to the guidelines to attain the requisite numbers of shares specified in the guidelines. These shares must be held by such executives until they leave us or until they are no longer covered by the guidelines, as the case may be. Directors must hold the shares until they no longer serve as a member of our Board of Directors. For executives, the guidelines are based on fixed share targets which vary depending on the executive's position and level within our company. Further details on the guidelines for non-employee directors are provided in the Director Compensation section. If an executive or director does not meet his or her ownership requirement within the applicable five year period, such executive or director will not be permitted to dispose of any shares acquired upon the exercise of stock options or upon the vesting of RPSUs, RSUs or restricted stock, as the case may be, until he or she satisfies the requirements of the guidelines.

Stock ownership guidelines for our NEOs are:

<b>Name</b>	<b>Share Ownership Target</b>
Lauren, Ralph	80,000 shares
Farah, Roger N.	45,000 shares
Nemerov, Jackwyn L.	35,000 shares
Travis, Tracey T.	18,000 shares
Kosh, Mitchell A.	18,000 shares

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Shares directly or beneficially owned by the executive count toward the achievement of ownership guidelines, including shares underlying vested RSUs that may not be distributed to Messrs. Lauren and Farah until their employment is terminated. The Compensation Committee believes that this is the most consistent method of determining ownership, as unvested RPSUs, unvested RSUs and vested but unexercised stock options may not determine the actual number of shares that an individual owns until a future date.

***Certain Tax Matters.*** Although Section 162(m) of the Code generally disallows a tax deduction to public companies for compensation over \$1,000,000 paid to covered employees (which are defined as our NEOs, other than the CFO), qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. Our EOAIP, 1997 Stock Incentive Plan and 2010 Stock Incentive Plan are designed to permit the deductibility of awards payable to our NEOs for Federal income tax purposes even if the compensation paid to any such officer exceeds \$1,000,000. Under both Mr. Lauren's Former Employment Agreement and his New Employment Agreement, a portion of his annual base salary will not be deductible since it exceeds \$1,000,000. See Executive Employment Agreements.

In assessing compensation proposals with respect to our NEOs, the Compensation Committee considers, among other things, the tax deductibility of such compensation, but reserves the right to compensate our NEOs in a manner commensurate with performance and the competitive environment for executive and creative talent. As a result, some portions of the compensation paid to an NEO whose compensation is subject to the deduction limits described above may not be deductible by us.

***Accounting Matters.*** Each element of the compensation paid to our executives is expensed in our financial statements as required by U.S. generally accepted accounting principles. The financial statement impact of various compensation awards is an important factor that the Compensation Committee considers in determining the amount, form, and design of each pay component for our executives.

***Adjustment or Recovery of Awards.*** In August 2007, we amended the EOAIP to include adoption of a formal policy regarding the recovery of awards granted under the EOAIP in connection with a restatement of our financial statements. Under this policy, if, as a result of a NEO's intentional misconduct or gross negligence, we are required to prepare an accounting restatement due to our material noncompliance with any financial reporting requirement under the securities laws, the Compensation Committee may, in its reasonable discretion, require such executive to promptly reimburse us for the amount of any payment previously received by the executive pursuant to the EOAIP that was earned or accrued during the twelve month period following the earlier of the first public issuance or filing with the SEC of any financial document embodying such financial reporting requirement that required such accounting restatement. In May 2009, we also adopted this policy with regard to awards granted to our NEOs under the 1997 Stock Incentive Plan (which policy continues to apply under the 2010 Stock Incentive Plan). We have not experienced any situations or occasions that could have resulted in a recovery of an award or payment under such policy. If we do experience a situation or occasion that could result in such a recovery in the future, the Compensation Committee would assess the circumstances relating to the potential recovery and take such legally permissible actions as it believes to be appropriate in its discretion at such time. We may also seek repayment in our sole and absolute discretion, or, if applicable, in the reasonable discretion of the Compensation Committee, of bonus payments or awards provided to executives based upon the occurrence of various events including, but not limited to, termination of employment for cause, a material violation of our material written policies, a breach of a fiduciary duty or duty of loyalty to us, or a breach of any restrictive covenants.

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**COMPENSATION COMMITTEE REPORT**

The Compensation Committee, composed entirely of independent directors, reviewed and discussed the above Compensation Discussion and Analysis (CD&A) with management and with the other members of the Board of Directors. Based on these reviews and discussions, the Compensation Committee recommended to the Board of Directors that the CD&A be included in our Annual Report on Form 10-K and this Proxy Statement.

Members of the Compensation Committee:

Joel L. Fleishman (Chair)

Frank A. Bennack, Jr.

Hubert Joly

Steven P. Murphy

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

The following table sets forth a summary of all compensation awarded or paid to or earned by our NEOs serving as of March 31, 2012, the end of Fiscal 2012, for services rendered in all capacities to us (including our subsidiaries) for Fiscal 2012, Fiscal 2011 and Fiscal 2010.

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Non-Equity Incentive Plan Compensation \$(5)	Change in Pension Value and Nonqualified Deferred Compensation	All Other Compensation \$(7)	Total \$(8)
							\$(6)		
Lauren, Ralph Chairman & CEO	2012	1,250,000		10,089,750	5,222,000	19,500,000		264,032	36,325,782
	2011	1,250,000		5,639,250	2,980,000	19,500,000		331,925	29,701,175
	2010	1,250,000		4,061,250	2,213,000	19,500,000		675,757	27,700,007
Farah, Roger N. President & COO	2012	900,000		4,455,883	3,850,703	9,900,000		193,575	19,300,161
	2011	900,000		4,581,219	3,945,311	9,900,000		203,005	19,529,535
	2010	900,000		4,481,508	3,868,821	9,900,000		165,975	19,316,304
Nemerov, Jackwyn L. Executive Vice President	2012	900,000		7,265,086	825,128	2,970,000		130,915	12,091,129
	2011	900,000		5,319,486	845,456	2,970,000		98,182	10,133,124
	2010	900,000		5,367,343	829,066	2,970,000		78,281	10,144,690
Travis, Tracey T. SVP and CFO	2012	744,231		484,107	137,278	880,000		49,368	2,294,984
	2011	725,000		363,775	101,876	880,000		49,223	2,119,874
	2010	725,000		379,313	108,284	880,000		47,622	2,140,219
Kosh, Mitchell A. SVP Human Resources	2012	694,231		484,107	137,278	880,000		51,181	2,246,797
	2011	675,000		363,775	101,876	880,000		52,192	2,072,843
	2010	661,538		379,313	108,284	880,000		53,182	2,082,317

- (1) The amounts reported in this column represent base salaries paid to each of the NEOs for the applicable fiscal year as provided for in each of their respective employment agreements. See Executive Employment Agreements.
- (2) The NEOs did not receive any discretionary bonuses, sign-on bonuses, or other annual bonus payments that are not contingent on the achievement of stipulated performance goals. Cash bonus payments that are contingent on achieving pre-established and communicated goals, including payments under the EOAIP, appear in the column headed, Non-Equity Incentive Plan Compensation.