POLO RALPH LAUREN CORP
Form DEF 14A
July 01, 2010

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 x   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))**

þ Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

POLO RALPH LAUREN CORPORATION

(Name of Registrant as Specified In Its Charter)

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

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þ No fee required.

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

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(1) Amount Previously Paid:

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(4) Date Filed:

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE OWNERS OF CLASS A COMMON STOCK AND CLASS B COMMON STOCK OF POLO RALPH LAUREN CORPORATION:

The 2010 Annual Meeting of Stockholders of Polo Ralph Lauren Corporation, a Delaware corporation (the Company), will be held at the St. Regis Hotel, 20th Floor Penthouse, 2 East 55th Street, New York, New York, on Thursday, **August 5, 2010, at 9:30 a.m.**, local time, for the following purposes:

1. To elect eleven directors to serve until the 2011 Annual Meeting of Stockholders;

2. To adopt the Company s 2010 Long-Term Stock Incentive Plan (the 2010 Stock Incentive Plan);

3. To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending April 2, 2011; and

4. To transact such other business as may properly come before the meeting and any adjournments or postponements thereof.

Stockholders of record at the close of business on June 21, 2010 are entitled to notice of, and to vote at, the Annual Meeting of Stockholders and any adjournments or postponements thereof.

By Order of the Board of Directors

AVERY S. FISCHER

Senior Vice President, General Counsel and Secretary

New York, New York

June 29, 2010

EACH STOCKHOLDER IS URGED TO EXECUTE AND RETURN THE ENCLOSED PROXY PROMPTLY. 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.

ONLY STOCKHOLDERS, THEIR PROXY HOLDERS AND THE COMPANY S INVITED GUESTS MAY ATTEND THE MEETING. 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 A COPY OF THE ACCOUNT STATEMENT REFLECTING YOUR OWNERSHIP AS OF JUNE 21, 2010 SO THAT THE COMPANY CAN VERIFY YOUR STOCKHOLDER STATUS WHEN YOU CHECK IN AT THE REGISTRATION DESK FOR THE MEETING. FOR SECURITY PURPOSES, THE COMPANY MAY REQUIRE PHOTO IDENTIFICATION FOR ADMISSION.

Important Notice Regarding the Availability of

Proxy Materials for the Annual Meeting of Stockholders

to be Held on August 5, 2010

The proxy statement and annual report to stockholders 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.

PROXY STATEMENT

FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held On August 5, 2010

This proxy statement is furnished to the stockholders of Polo Ralph Lauren Corporation, a Delaware corporation, in connection with the solicitation by the Company s Board of Directors of proxies for the 2010 Annual Meeting of Stockholders of the Company to be held at the St. Regis Hotel, 20th Floor Penthouse, 2 East 55th Street, New York, New York on Thursday, August 5, 2010, at 9:30 a.m., local time, and at any adjournments or postponements thereof. This proxy statement and the accompanying proxy are being mailed to the Company s stockholders on or about July 1, 2010. In this proxy statement, we refer to Polo Ralph Lauren Corporation as the Company, 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 the Secretary of the Company, by delivering a later dated proxy, or by voting in person at the Annual Meeting of Stockholders. The address of the Company s principal executive offices is 650 Madison Avenue, New York, New York 10022.

Only holders of record of shares of the Company s Class A Common Stock and Class B Common Stock (together, the Common Stock) at the close of business on June 21, 2010, the record date for the Annual Meeting of Stockholders, 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. 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. On June 21, 2010, there were 64,066,084 outstanding shares of Class A Common Stock and 31,780,021 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 the stockholders of the Company.

The Company s Board of Directors has by resolution fixed the number of directors at eleven. 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 Annual Meeting of Stockholders and eligible to vote, and eight 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 Annual Meeting of Stockholders and eligible to vote. The approval of the Company s 2010 Stock Incentive Plan and the ratification of the appointment of Ernst & Young LLP (Ernst & Young) as the Company s independent registered public accounting firm for the fiscal year ending April 2, 2011 will require the affirmative vote of a majority of the total votes cast on the proposal by the shares of Common Stock present in person or by proxy at the Annual Meeting of Stockholders and eligible to vote. 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.

All properly executed proxies delivered pursuant to this solicitation and not revoked will be voted at the Annual Meeting of Stockholders in accordance with the directions given in such proxies. With respect to the election of directors to serve until the 2011 Annual Meeting of Stockholders, holders of either class of Common Stock may vote in favor of all nominees for election by that class, withhold their votes as to specific nominees, or withhold their votes as to all nominees for election by that class. With respect to the approval of the 2010 Stock Incentive Plan, stockholders may vote in favor of approval, vote against approval, or abstain from voting. With respect to the ratification of the appointment of Ernst & Young as the Company s independent registered public

accounting firm for the fiscal year ending April 2, 2011, stockholders may vote in favor of ratification, vote against ratification, or abstain from voting. Stockholders should specify their choices on the enclosed form of proxy. If no specific instructions are given with respect to the matters to be acted upon, the shares represented by a properly signed proxy will be voted FOR the election of all nominees for election as directors in the applicable class (Proposal 1), FOR the proposal to approve the Company s 2010 Stock Incentive Plan (Proposal 2) and FOR the proposal to ratify the appointment of Ernst & Young as the Company s independent registered public accounting firm for the fiscal year ending April 2, 2011 (Proposal 3).

Abstentions and broker non-votes are included in determining whether a quorum is present but will not be counted as votes cast on proposals presented to stockholders. If you hold your shares through a broker, bank or other financial institution, new rules that have taken effect since last year s meeting will change the manner in which your vote in the election of directors will be handled at our 2010 Annual Meeting. In the past, if you did not transmit voting instructions to your broker before the stockholder meeting, your broker was allowed to vote your shares on your behalf for the election of directors and other matters considered to be routine. Your broker is no longer permitted to vote on your behalf for the election of directors unless you provide specific instructions.

(PROPOSAL 1)

ELECTION OF DIRECTORS

The Company s Second Amended and Restated By-laws provide that its 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 eleven. The Company s Board of Directors is presently divided into two classes, with all directors being elected annually. Pursuant to the Company s Amended and Restated Certificate of Incorporation, the three Class A Directors will be elected by the holders of Class A Common Stock and the eight Class B Directors will be elected by the holders of Class B Common Stock, each to serve until the 2011 Annual Meeting of Stockholders and until his or her successor is elected and qualified.

Each of the Company s current directors have been nominated for re-election at the 2010 Annual Meeting of Stockholders. Joel L. Fleishman, Frank A. Bennack, Jr. and Steven P. Murphy have been nominated for election as Class A Directors, and Ralph Lauren, Roger N. Farah, Jackwyn L. Nemerov, John R. Alchin, Arnold H. Aronson, Joyce F. Brown, Hubert Joly and Robert C. Wright have been nominated for election as Class B Directors. The Company knows 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, the 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.

THE BOARD OF DIRECTORS OF THE COMPANY RECOMMENDS A VOTE FOR EACH NOMINEE AS A DIRECTOR TO HOLD OFFICE UNTIL THE 2011 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.

CLASS A DIRECTOR NOMINEES FOR ELECTION

Frank A. Bennack, Jr. Age 77

Mr. Bennack has been a director of the Company since January 1998. In June 2008, Mr. Bennack 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.

Mr. Bennack was, until June 7, 2010, the Chairman of Lincoln Center for the Performing Arts. Mr. Bennack has served on the boards of Hearst-Argyle Television, Inc., Wyeth Corporation and JPMorgan Chase & Co. The Company s Board of Directors has determined that Mr. Bennack is an audit committee financial expert.

Experience, Qualifications, Attributes and Skills

Mr. Bennack brings to our Board a distinguished career and extensive business experience as 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 Chairman and Chief Executive Officer gives Mr. Bennack critical insights into the operational issues facing a large corporation and provides our Board with valuable experience in the areas of finance, financial reporting and strategic planning. As a result of past Board service to our Company and Mr. Bennack s current and past service as a member of the boards of other various public companies and non-profit organizations, he provides our Board with knowledge of our business and perspective with respect to governance and other important matters that come before our Board.

Joel L. Fleishman Age 76

Mr. Fleishman, a director of the Company since January 1999, has been Professor of Law and Public Policy at the Terry Sanford Institute 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. Mr. Fleishman currently serves as Chairman of the board of directors of the Urban Institute and Chairman of the Visiting Committee of the Kennedy School of Government, Harvard University. 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. He also brings a unique perspective to the Board from his long tenure in the academic world. Mr. Fleishman s long-standing scholarly work

and public service and extensive experience as a professor of law and public policy provides our Board with valuable insight into a variety of legal and ethical issues relevant to our Company. Mr. Fleishman also has 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. Mr. Fleishman has been a director of the Company since 1999 and as a result, his knowledge of our business is an important aspect of his service on our Board.

Steven P. Murphy Age 56

Mr. Murphy has been a director of the Company since November 2005. He served as the President and Chief Executive Officer of Rodale Inc., a privately held publishing company, from 2002 to December 2009. He 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, Mr. Murphy served as President of EMI Music/Angel records.

Experience, Qualifications, Attributes and Skills

Mr. Murphy brings to the Board extensive business and management experience obtained through his role as a Chief Executive Officer of Rodale, Inc., a publishing and media company, and through executive positions with various entertainment companies. As Chief Executive Officer of Rodale, Mr. Murphy 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 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 public companies and provides the Board with valuable perspective with respect to these matters that come before the Board.

CLASS B DIRECTOR NOMINEES FOR ELECTION

Ralph Lauren Age 70

Mr. Lauren has been the Chairman, Chief Executive Officer and a director of the Company since prior to the Company s initial public offering in 1997, and was a member of the Advisory Board or Board of Directors of the Company s predecessors since their organization. Mr. Lauren founded the Company s business in 1967. For over 43 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 the founder and chief executive officer of the Company provides our Board with valuable leadership in the area of design, brand management and marketing. Mr. Lauren s contributions to the Company over the past 43 years have been instrumental in defining the Company s 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. Mr. Lauren is uniquely qualified to bring strategic insight, experience and in-depth knowledge of our business and the fashion industry to the Board.

Roger N. Farah Age 57

Mr. Farah has been the President, Chief Operating Officer and a director of the Company since April 2000. He was Chairman of the board of directors of Venator Group, Inc. (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. Mr. Farah 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 boards of Aetna Inc. and The Progressive Corporation. Mr. Farah has served on the board of directors of Toys R Us, Inc.

Experience, Qualifications, Attributes and Skills

Mr. Farah s day-to-day leadership as the Company s President and Chief Operating Officer provides our Board with intimate knowledge of the Company s operations, challenges and opportunities. Mr. Farah 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 past and current service on a number of public company boards, including Aetna Inc., The Progressive Corporation and Toys R Us, Inc. 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.

Jackwyn L. Nemerov Age 58

Ms. Nemerov has been an Executive Vice President of the Company since September 2004 and a director of the Company since February 2007. She was President & Chief Operating Officer of Jones Apparel Group, Inc. from January 1998 until March 2002. Prior to that, Ms. Nemerov was affiliated with Allied Stores, Bernard Chaus and Gloria Vanderbilt for Murjani.

Experience, Qualifications, Attributes and Skills

Ms. Nemerov brings strong leadership and business experience to our Board. She has over 30 years of retail, brand management and operations experience. Her position as the Company s Executive Vice President provides our Board with valuable insight and perspective into the Company s operations, wholesale division, licensed products and global manufacturing and merchandising. Ms. Nemerov brings to our Board extensive management experience in the apparel and retail industry and her in-depth knowledge of this industry provides our Board with critical insights into key aspects of the Company s core business.

John R. Alchin Age 62

Mr. Alchin has been a director of the Company since February 2007. He served as Executive Vice President and Co-Chief Financial Officer and Treasurer of Comcast Corporation, a broadband cable provider offering a variety of consumer entertainment and communication products and services, from November 2002 to December 2007. He served as Executive Vice President and Treasurer of Comcast from January 2000 to November 2002. Mr. Alchin joined Comcast in 1990 as Senior Vice President and Treasurer. Mr. Alchin is currently a member of the board of trustees of BNY Mellon Funds Trust, a member of the board of trustees of the Philadelphia Museum of Art, Chairman of PMA Finance Committee and Co-Chair of PMA Corporate Executive Board. Mr. Alchin also serves on the audit committee of BNY Mellon Funds Trust. Prior to serving on the board of trustees of BNY Mellon Funds Trust, Mr. Alchin served as a member of the board of directors and on the audit committee of BNY Hamilton Funds, Inc. The Company s Board of Directors has determined that Mr. Alchin is an audit committee financial expert.

Experience, Qualifications, Attributes and Skills

Mr. Alchin brings to the Board substantial business and financial experience. Mr. Alchin s experience as a Co-Chief Financial Officer and Treasurer of Comcast Corporation, a major broadband cable operator and content and programming supplier, provides our Board with valuable insight in the areas of corporate finance and capital formation, financial reporting, investor relations and treasury functions. Mr. Alchin s financial expertise offers our Board with a deep understanding of accounting and audit-related issues. In addition, Mr. Alchin s service as a member of the board of various financial institutions provides our Board with perspective in the areas of corporate finance and governance matters.

Arnold H. Aronson Age 75

Mr. Aronson has been a director of the Company since November 2001. He has been the Managing Director, Retail Strategies at Kurt Salmon Associates, a global management consulting firm specializing in services to retail and consumer products companies, since 1997. In his career, Mr. Aronson

served as Chairman and Chief Executive Officer of Saks Fifth Avenue, Inc., Batus Retail Group, the then parent entity of among others, Saks Fifth Avenue, Marshall Fields and Kohls and then of Woodward & Lothrop/John Wanamaker. Mr. Aronson currently serves as Vice Chairman of the board of trustees of The New School University and as Chairman of the board of governors of its Eugene Lang College and is a member of the board of governors of its Parsons School of Design.

Experience, Qualifications, Attributes and Skills

Mr. Aronson has substantial business and retail industry experience. Mr. Aronson s experience as an executive in a consulting firm specializing in retail and consumer companies as well as his experiences as a chief executive officer of major retail companies provides our Board 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 Fifths Avenue, Inc. and Marshall Fields, Mr. Aronson has intimate knowledge in the areas of marketing, financial reporting and merchandising. In addition, Mr. Aronson s service on the boards of academic institutions provides our Board with valuable understanding of governance matters.

Dr. Joyce F. Brown Age 63

Dr. Brown has been a director of the Company 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, Dr. Brown 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. Dr. Brown has served on the boards of PAXAR Corporation and Linens n Things, Inc.

Experience, Qualifications, Attributes and Skills

Dr. Brown brings to our Board extensive leadership and insight into the fashion industry through her roles as President 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 the Board with unique perspectives into regulatory issues and processes. Dr. Brown 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 50	Mr. Joly has been a director of the Company since June 2009. Mr. Joly has served as the President and Chief Executive Officer of Carlson Companies, Inc. (Carlson), a hospitality and travel company, since March 2008. Mr. Joly also serves as a member of Carlson s board of directors. Mr. Joly joined Carlson in 2004 as President and Chief Executive Officer of Carlson Wagonlit Travel. Previously, Mr. Joly served as Executive Vice President, American Assets at Vivendi Universal (Vivendi) 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 extensive management and leadership experience obtained through his roles as President and Chief Executive Officer and a director of Carlson as well as his role as Chairman of the Board of Carlson Wagonlit Travel, a global leader in business travel management. Mr. Joly s 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 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 the Company.
Robert C. Wright	Age 67	Mr. Wright has been a director of the Company since May 2007. Mr. Wright is a Co-Founder of Autism Speaks. He has also been a Senior Advisor at Lee Equity Partners, LLC, an investment firm, since May 2008. He served as the Vice Chairman of the board of General Electric Company (GE) 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 GE and NBC Universal. Mr. Wright 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 extensive business leadership and management experience. Mr. Wright s roles as Vice Chairman of GE s board and President and Chief Executive Officer of NBC Universal gives him knowledge and insight into the complex issues facing our Company, in particular on the operational, financial, strategic planning and corporate governance fronts. These experiences provide Mr. Wright with a thorough understanding of, and appreciation for, the role of the Board. In addition, Mr. Wright s service as a member of the boards of non-profit organizations provides our Board with an added perspective in the areas of governance matters.

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

As provided in the Company s 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 2009 Annual Meeting of Stockholders.

The Company s Board of Directors held four meetings during its 2010 fiscal year, which ended on April 3, 2010. All of the members of the Company s 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 Company s Board of Directors and its committees also act from time to time by unanimous written consent in lieu of meetings.

CORPORATE GOVERNANCE

The Company s Board of Directors and management are committed to sound corporate governance. The Company has 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 the Company s commitment to corporate governance, the Company does not rely on the exceptions from certain of the NYSE s corporate governance listing requirements available to majority controlled companies. The key components of the Company s corporate governance framework are set forth in the following documents:

- the Company s Amended and Restated Certificate of Incorporation;
- the Company s Second Amended and Restated By-Laws;
- the Company s Corporate Governance Policies;
- the Company s Audit Committee Charter;
- the Company s Nominating & Governance Committee Charter;
- the Company s Compensation & Organizational Development Committee Charter;
- the Company s Code of Business Conduct and Ethics; and
- the Company s Code of Ethics for Principal Executive Officers and Senior Financial Officers.

Each of the above documents is available on the Company s 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 the Company s Investor Relations Department, 625 Madison Avenue, New York, New York 10022. Only the Board of Directors may grant a waiver under the Company s codes of ethics to any director or executive officer, and any such waiver will be promptly posted on the Company s website.

Company Leadership Structure

Mr. Ralph Lauren has been the Chairman of the Board and Chief Executive Officer (CEO) of the Company for over 43 years. Mr. Lauren is not only the Chairman and CEO of the Company but is also the founder, creator and name which is inextricably linked to the Company s various brands. His aesthetic vision and direction are unique and integral components of the Company s 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 83% of the voting power of the Company s outstanding Common Stock. Given the unparalleled mark that Mr. Lauren has on the Company, the Board believes that it is appropriate and in the best interest of the Company s stockholders for Mr. Lauren to serve as both Chairman and CEO.

The Board 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 the Company s ability to communicate its vision and strategy clearly and consistently to stockholders, employees and customers in the fashion and retail industry. Unified leadership for the Board and the Company best allows for focus on the oversight and implementation of the Company s strategic initiatives and business plan.

Director Independence and Non-Management Director Meetings

The Company s Board of Directors believes that a majority of its directors should be independent, and has determined that all of its non-management directors, Mr. John R. Alchin, Mr. Arnold H. Aronson, Mr. Frank A. Bennack, Jr., Dr. Joyce F. Brown, Mr. Joel L. Fleishman, Mr. Hubert Joly, Mr. Steven P. Murphy and Mr. Robert C. Wright, are independent in accordance with the guidelines established under the Company s Corporate Governance Policies and the NYSE s corporate governance listing standards. The Company s guidelines for determining directors independence are set forth as Appendix A to this proxy statement.

At each of the Company s regularly scheduled Board and Committee meetings, the independent directors participate in an executive session without the Chairman and CEO or any members of the Company s management present. In fiscal 2010, all of the Company s non-management directors met together as a full Board four times without any management representatives present. During these executive sessions of independent directors, the Chairs of each of the Audit Committee, the Compensation & Organizational Development Committee and the Nominating & Governance Committee preside on a rotating basis based on the topics to be discussed.

Board Oversight of Risk

The Company s management is responsible for understanding and managing the risks that the Company faces in its business, and the Board of Directors is responsible for overseeing management s overall approach to risk management. The involvement of the full Board in reviewing the Company s strategic objectives and business plans is a significant element of the Board s assessment of management s approach and tolerance for risk. In addition, the committees of the Board, primarily through the Audit Committee and Compensation & Organizational Development Committee, report to the full Board at each regularly scheduled Board meeting 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 the Company s accounting, auditing and financial reporting practices. The Compensation & Organizational Development Committee is responsible for the oversight of the Company s compensation policies and practices, including conducting risk assessments, evaluating and approving the Company s executive compensation and benefit plans and programs.

Analysis of Risks Arising from Compensation Policies and Programs

The Compensation & Organizational Development Committee has reviewed an assessment by management of the Company s compensation programs and practices for its employees, including its 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. As a result of this review, the Compensation & Organizational Development Committee determined that any risks that may result from the Company s compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on the Company.

Independent Committees of the Board of Directors

The Company s Board of Directors has established three committees consisting solely of independent directors the Audit Committee, the Compensation & Organizational Development Committee and the Nominating & Governance Committee.

Director	Audit Committee	Compensation & Organizational Development Committee	Nominating & Governance Committee
John R. Alchin	X		
Arnold H. Aronson	X		X
Frank A. Bennack, Jr.	C	X	
Dr. Joyce F. Brown	X		C
Joel L. Fleishman		C	X
Hubert Joly		X	
Steven P. Murphy		X	X
Robert C. Wright			X

C = Chair

X = Member

Audit Committee. The Audit Committee appoints the Company s 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 the Company s major accounting and financial reporting policies, (iii) the adequacy of the Company s financial organization and management s procedures and policies relating to its internal control over financial reporting, and (iv) the Company s compliance with applicable laws relating to accounting practice. The Audit Committee met five times in fiscal 2010. 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 3) RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

Compensation & Organizational Development Committee. The Compensation & Organizational Development Committee reviews and approves the compensation of executive officers and certain key members of the Company s senior management and compensation plans and arrangements with respect to the Company s executive officers, and also administers the plans in which executive officers may participate, including the Company s 1997 Long-Term Stock Incentive Plan (the 1997 Stock Incentive Plan) and its Executive Officer Annual Incentive Plan (the EOAIP). In addition, the Compensation & Organizational Development Committee maintains oversight in the development of succession plans for certain key executive positions within the Company s senior management and may review and provide guidance on certain of the Company s programs relating to the Company s diversity, talent review and leadership development. The Compensation & Organizational Development Committee met 16 times in fiscal 2010. None of the Company s 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 the Company s Board of Directors or Compensation & Organizational Development Committee.

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 Chief Executive Officer succession, selection and performance reviews. The Nominating & Governance Committee met four times in fiscal 2010.

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 the Company s Corporate Governance Policies, seeks highly qualified candidates who combine a broad spectrum of experience and expertise with a reputation for integrity. The Company seeks to maintain a majority of independent directors and the Board of Directors considers a number of factors in selecting director candidates. Although the Company does 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 and identifying Director nominees. In addition, the board considers the contributions the individual can make to the Board of Directors and management as the Company strives for a body of directors reflecting different genders, ethnic backgrounds and professional experiences and expertise. In the Board s annual self-evaluation, one of the factors that the Board considers is whether the membership of the Board provides an adequate mix of characteristics, experience and skills to serve the Company and its 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 the Company pays for these services.

The Nominating & Governance Committee will consider candidates recommended by the Company s 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 the Company s 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.

The Company s 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 the Company and the Company s 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 2011 Annual Meeting of Stockholders, a stockholder must submit the recommendation, in writing, by March 4, 2011. 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 the Company s 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 Secretary, Polo Ralph Lauren Corporation, 625 Madison Avenue, New York, New York 10022.

The Company s 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 the Company s Second Amended and Restated By-laws, which are described below under the caption ADDITIONAL MATTERS Stockholder Proposals for the 2011 Annual Meeting of Stockholders.

Director Communications

Stockholders and interested parties may contact any of the Company s 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, Polo Ralph Lauren Corporation, 625 Madison Avenue, 12th Floor, New York, New York 10022.

Communications received in this manner will be handled in accordance with the procedures approved by the Company s 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
- 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 as described above under Director Communications. Any such communication may be anonymous.

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.

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of his or her employment 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 Company s consolidated financial statements, the Company s compliance with legal and regulatory requirements, the Company s system of internal control over financial reporting and the qualifications, independence and performance of its internal and independent registered public accounting firm. The Audit Committee has the sole authority and responsibility to select, evaluate and, when appropriate, replace the Company 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 Company s financial reporting process, including the Company s internal control over financial reporting, and for the preparation of the Company s consolidated financial statements in accordance with generally accepted accounting principles. Ernst & Young LLP (Ernst & Young),

as the Company s independent registered public accounting firm for the fiscal year ending April 3, 2010, 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 Company s internal control over financial reporting. Our responsibility is to oversee and review these processes. We are not, however, professionally engaged in the practice of accounting or auditing and do 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. We rely, 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, we have met and held discussions with management and Ernst & Young, the Company s independent registered public accounting firm for the fiscal year ended April 3, 2010. Management represented to us that the Company s consolidated financial statements were prepared in accordance with generally accepted accounting principles, and we have reviewed and discussed with management, the Company s internal auditors and Ernst & Young the Company s consolidated financial statements for the fiscal year ended April 3, 2010 and the Company s internal control over financial reporting. We 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 us the written disclosures and the letter required by Independence Standards Board Standard No. 1, as amended (Independence Discussions with Audit Committees), and we discussed their independence with them. In determining Ernst & Young s independence, we considered whether their provision of non-audit services to the Company was compatible with maintaining independence. We 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 our pre-approval policies and procedures.

Based on our discussions with management, our 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, we recommended to the Board of Directors that the Company s audited consolidated financial statements for the fiscal year ended April 3, 2010 be included in the Company s Annual Report on Form 10-K. We also approved, subject to stockholder ratification, the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending April 2, 2011.

Members of the Audit Committee

Frank A. Bennack, Jr. (Chair)

John R. Alchin

Arnold H. Aronson

Dr. Joyce F. Brown

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company s Common Stock as of June 21, 2010 by: (i) each stockholder who is known by the Company to beneficially own in excess of five percent of any class of the Company s voting securities, (ii) each director, (iii) each of the executive officers whose names appear in the summary compensation table under the heading SUMMARY COMPENSATION TABLE below (the named executive officers) 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, 2010, there were 1,098 holders of record of the Company s Class A Common Stock.

	Class A Common Stock		Class B Common Stock(1)		Voting Power of Total Common Stock %
	Number	%	Number	%	
Ralph Lauren	1,381,590(2)	2.1%	29,004,109(3)	91%	76.1%
Roger N. Farah	168,364(4)	*			*
Jackwyn L. Nemerov	252,861(5)	*			*
John R. Alchin	16,255(6)	*			*
Arnold H. Aronson	18,897(7)	*			*
Frank A. Bennack, Jr.	40,397(8)	*			*
Dr. Joyce F. Brown	6,260(9)	*			*
Joel L. Fleishman	40,309(10)	*			*
Hubert Joly	7,046(11)	*			*
Steven P. Murphy	15,397(12)	*			*
Robert C. Wright	22,255(13)	*			*
Tracey T. Travis	31,379(14)	*			*
Mitchell A. Kosh	18,423(15)	*			*
FMR LLC	8,068,217(16)	12.6			2.1
Wells Fargo & Company	4,090,918(17)	6.4			1.1
All directors and executive officers as a group (13 persons)	2,019,433(18)	3.1%	29,004,109(3)	91%	76.2%

* 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 1,245,836 options vested as of June 21, 2010 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) 75,221 unvested performance based restricted stock units, subject to upward or downward adjustment, (iii) 277,992 unvested restricted stock units 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) 204,118 vested restricted stock units (the underlying shares of the Company s Class A Common Stock for these restricted stock units will not be delivered until Mr. Lauren s separation of service from the Company or, if earlier, upon a change of control).

(3) Includes (i) 4,741,830 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) 1,531,607 shares of Class B Common Stock held by certain grantor retained annuity trusts established by Ricky Lauren, Mr. Lauren s wife, of which Ms. Lauren and Mr. Farah are the trustees, (iii) 918,770 shares of Class B Common Stock held by Ms. Lauren, and (iv) 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 (i) 200,000 shares of Class B Common Stock held by a trust for the benefit of Mr. Lauren s issue of which Mr. Lauren is not a trustee, (ii) 1,026,289 shares of Class B Common Stock held by successor trusts for the benefit of Mr. Lauren s issue and for various trusts of which Mr. Lauren is a grantor (Mr. Lauren is not a trustee of the successor trusts and Mr. Farah is one of the trustees of these successor trusts) and (iii) 1,549,623 shares of Class B Common Stock held by successor trusts for the benefit of Ms. Lauren s issue and for various trusts of which Mr. Lauren is a grantor (Mr. Lauren is not a trustee of the successor trusts and Mr. Farah is one of the trustees of these successor trusts).

(4) Includes vested options representing the right to purchase 50,000 shares of Class A Common Stock. Does not include unvested options to purchase 126,639 shares of Class A Common Stock and an aggregate of (i) 58,141 performance based restricted stock units, subject to upward or downward adjustment, and (ii) 170,563 vested restricted stock units (the underlying shares of the Company s Class A Common Stock for these restricted stock units will not be delivered until Mr. Farah s separation of service from the Company or, if earlier, upon a change of control (as defined in Mr. Farah s employment agreement)).

Does not include an aggregate of 6,273,437 shares of Class B Common Stock held by grantor retained annuity trusts established by Ralph Lauren and Ricky Lauren of which Mr. Farah is a co-trustee. Does not include an aggregate of 2,575,912 shares of Class B Common Stock held by successor trusts established by Ralph Lauren and Ricky 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, 2010 or within 60 days thereafter representing the right to purchase 234,054 shares of Class A Common Stock. Does not include unvested options to purchase 36,445 shares of Class A Common Stock or unvested performance based restricted stock units with respect to 91,238 shares of Class A Common Stock, a portion of which are subject to upward or downward adjustment.

(6) Includes 1,556 restricted shares of Class A Common Stock and vested options representing the right to purchase 9,801 shares of Class A Common Stock. Does not include unvested options representing the right to purchase 3,951 shares of Class A Common Stock.

(7) Includes 3,000 shares owned by Mr. Aronson s spouse, 1,556 restricted shares of Class A Common Stock and vested options representing the right to purchase 9,909 shares of Class A Common Stock. Does not include unvested options to purchase 3,951 shares of Class A Common Stock.

(8) Includes 1,556 restricted shares of Class A Common Stock and vested options representing the right to purchase 21,909 shares of Class A Common Stock. Does not include unvested options to purchase 3,951 shares of Class A Common Stock.

(9) Includes 1,556 restricted shares of Class A Common Stock and vested options representing the right to purchase 3,240 shares of Class A Common Stock. Does not include unvested options to purchase 3,951 shares of Class A Common Stock.

(10) Includes 4,000 shares held indirectly in a retirement account, 1,556 restricted shares of Class A Common Stock and vested options representing the right to purchase 21,909 shares of Class A Common Stock. 9,500 shares of Class A Common Stock are pledged in a margin brokerage account. Does not include unvested options to purchase 3,951 shares of Class A Common Stock.

(11) Includes 546 restricted shares of Class A Common Stock and options vested as of June 21, 2010 or within 60 days thereafter representing the right to purchase 2,500 shares of Class A Common Stock. Does not include unvested options to purchase 6,356 shares of Class A Common Stock.

(12) Includes 1,556 restricted shares of Class A Common Stock and vested options representing the right to purchase 11,409 shares of Class A Common Stock. Does not include unvested options to purchase 3,951 shares of Class A Common Stock.

(13) Includes 1,556 restricted shares of Class A Common Stock and vested options representing the right to purchase 9,801 shares of Class A Common Stock. Does not include unvested options to purchase 3,951 shares of Class A Common Stock.

(14) Includes options vested as of June 21, 2010 or within 60 days thereafter representing the right to purchase 29,070 shares of Class A Common Stock. Does not include unvested options to purchase 8,082 shares of Class A Common Stock or unvested performance based restricted stock units with respect to 10,544 shares of Class A Common Stock, a portion of which are subject to upward or downward adjustment.

(15) Includes options vested as of June 21, 2010 or within 60 days thereafter representing the right to purchase 16,395 shares of Class A Common Stock. Does not include unvested options to purchase 5,247 shares of Class A Common Stock or unvested performance based restricted stock units with respect to 10,544 shares of Class A Common Stock, a portion of which are subject to upward or downward adjustment.

(16) According to a Schedule 13G filed February 16, 2010: (i) Fidelity Management & Research Company (Fidelity), a wholly-owned subsidiary of FMR LLC, is the beneficial owner of 7,650,863 shares of Class A Common Stock as a result of Fidelity acting as investment advisor to various investment companies registered under Section 8 of the Investment Company Act of 1940 (the Fidelity Funds); (ii) Strategic Advisers, Inc. (SAI) is the beneficial owner of 50 shares of Class A Common Stock; (iii) FIL Limited (FIL) is the beneficial owner of 224,720 shares of Class A Common Stock; (iv) Pyramis Global Advisors, LLC (PGALLC) is the beneficial owner of 50,070 shares of Class A Common Stock; and (v) Pyramis Global Advisors Trust Company (PGATC) is the beneficial owner of 142,514 shares of Class A Common Stock. Each of FMR LLC and Edward C. Johnson 3d, Chairman of FMR LLC, may be deemed to beneficially own the shares of Class A Common Stock beneficially owned by Fidelity, SAI, PGALLC and PGATC. Each of Edward C. Johnson 3d and FMR LLC, through its control of Fidelity and the Fidelity Funds, has the sole power to dispose of the 7,650,863 shares of Class A Common Stock owned by the Fidelity Funds. 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 50 shares of Class A Common Stock owned by individuals to which they provide advisory services. FIL has sole dispositive power over 224,720 shares of Class A Common Stock and sole power to vote or direct the vote over 197,100 shares of Class A Common Stock. Each of Edward C. Johnson 3d and FMR LLC, through its control of PGALLC has the sole power to vote or direct the vote of, and to dispose of, the 50,070 shares of Class A Common Stock owned by institutional accounts managed by PGALLC. 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 133,774 shares of Class A Common Stock and sole dispositive power over 142,514 shares of Class A Common Stock owned by institutional accounts managed by PGATC. Neither FMR LLC nor Edward C. Johnson has the sole power to vote or direct the voting of the shares of Class A Common Stock owned directly by the Fidelity Funds. 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.

(17) According to a Schedule 13G filed January 28, 2010, Wells Fargo & Company (WFC), on behalf of itself and certain of its subsidiaries, including Metropolitan West Capital Management, LLC (MWCM), an investment advisor, may be deemed to be the beneficial owner of an aggregate of 4,090,918 shares of Class A Common Stock. WFC has sole voting power over 1,861,673 shares of Class A Common Stock, shared voting power over 12,068 shares of Class A Common Stock, sole dispositive power over 4,032,863 shares of Class A Common Stock and shared dispositive power over 12,307 shares of Class A Common

Stock. MWCM has sole voting power over 1,644,810 shares of Class A Common Stock and sole dispositive power over 3,776,947 shares of Class A Common Stock. The address for WCF is 420 Montgomery Street, San Francisco, CA 94104. The address for MWCM is 610 Newport Ctr Dr, #1000, Newport Beach, CA 92660.

(18) Includes options vested, as of June 21, 2010 or within 60 days thereafter, granted under the Company s 1997 Stock Incentive Plan and the Company s prior 1997 Non-Employee Director Stock Option Plan (such plan expired on December 31, 2006) representing options for the right to acquire 1,665,833 shares of Class A Common Stock and 11,438 restricted shares of Class A Common Stock granted under the Company s 1997 Stock Incentive Plan. Does not include unvested options granted under the 1997 Stock Incentive Plan, representing options for the right to acquire 310,425 shares of Class A Common Stock, 245,688 unvested performance based restricted stock units (a portion of which are subject to upward or downward adjustment), 277,992 unvested restricted stock units or 374,681 vested restricted stock units (the underlying shares of the Company s Class A Common Stock for these restricted stock units will not be delivered to either Mr. Lauren or Mr. Farah, as the case may be, until his separation of service from the Company 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 the Company s directors and executive officers to file initial reports of ownership and reports of changes in ownership of the Company s Class A Common Stock with the SEC and to provide copies of these reports to the Company. These filing requirements also apply to certain beneficial owners of more than ten percent of the Company s Class A Common Stock. To the Company s knowledge, based solely on the Company s review of the copies of Section 16(a) reports furnished to the Company during and with respect to the fiscal year ended April 3, 2010 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.

DIRECTOR COMPENSATION

The compensation for non-employee directors is as follows:

- an annual retainer fee for each non-employee director of $45,000;
- an annual retainer fee for each Committee Chair of $15,000; and
- an annual equity award for non-employee directors with a target equity value of $94,000. One-half of the target equity value will be delivered in the form of options to purchase shares of the Company s 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 exercise term for stock options granted after August 11, 2006 is seven years. Previously, the exercise term for such options was ten years.

The fee paid to non-employee directors for each meeting of a Committee of the Board of Directors that a director attends is $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 the Company s Class A Common Stock at the time that the director joins the Board of Directors of the Company. 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 1st of each year to those non-employee directors who have served as directors for at least half of the preceding fiscal year.

The Company s Board of Directors and Compensation & Organizational Development Committee believe it is important for key members of the Company s senior management team and its non-employee directors to build and maintain a long-term ownership position in the Company, 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 & Organizational Development Committee established stock ownership guidelines for the Company s non-employee directors and the named executive officers and select other members of the Company s 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 within five years of the implementation of the guidelines. Non-employee directors and executives who join the Company after the implementation of the guidelines will have five years from the date that they joined the Company 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 .

The Company reimburses its non-employee directors for reasonable travel expenses to attend Board of Directors and Committee meetings. Non-employee directors are also provided with a merchandise discount on most Company products.

DIRECTOR COMPENSATION TABLE FISCAL YEAR 2010

The following table provides information concerning the compensation of the Company s non-employee directors for fiscal 2010. Directors who are employees of the Company receive no compensation for their services as directors and do not serve on any Committees of the Board of Directors.

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
John R. Alchin(4)	55,000	93,292	94,086			52	242,430
Arnold H. Aronson(5)	61,000	93,292	94,086			124	248,502
Frank A. Bennack, Jr.(6)	102,000	93,292	94,086			124	289,502
Dr. Joyce F. Brown(7)	78,000	93,292	94,086			124	265,502
Joel L. Fleishman(8)	100,000	93,292	94,086			124	287,502
Hubert Joly(9)	39,500	46,639	215,353				301,492
Judith A. McHale(10)	12,799	46,653	47,033			124	106,609
Steven P. Murphy(11)	85,000	93,292	94,086			124	272,502
Robert C. Wright(12)	53,000	93,292	94,086			52	240,430

(1) The annual retainer for each non-employee director is $45,000 plus an additional $15,000 for each Committee Chair. The fee paid to non-employee directors for each meeting of a Committee of the Board of Directors that a director attends is $2,000 per Committee meeting.

(2) The stock compensation amounts shown reflect the aggregate grant date fair value, assuming no risk of forfeiture, of awards granted during fiscal 2010. These amounts have been calculated in accordance with Accounting Standards Codification topic 718, Stock Compensation (ASC 718), as issued by the Financial Accounting Standards Board. The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options granted, which requires the input of both subjective and objective assumptions. The Company determines the fair value of restricted stock using the average of the high/low stock price on the date of grant, as adjusted to reflect the absence of dividends for those restricted securities that are not entitled to dividend equivalents. The assumptions used in the valuation of stock-based awards are discussed in Note 20 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year 2010.

The Company grants annual equity awards to non-employee directors each year on April 1st. The Company utilizes a 52-53 week fiscal year ending on the Saturday closest to March 31st, which resulted in fiscal 2010 ending on April 3, 2010 and reflecting a 53-week period. As such, non-employee directors received two annual equity awards grants during fiscal 2010, on April 1, 2009 and April 1, 2010.

(3) This amount represents deferred cash dividends paid during fiscal 2010 on outstanding restricted shares of the Company s Class A Common Stock.

(4) John R. Alchin is a member of the Audit Committee. Fiscal 2010 compensation included:

$45,000 in annual retainer fees;

$10,000 for attendance at meetings of the Audit Committee;

$94,086 representing the aggregate grant date fair value of annual grants of options to purchase 2,889 and 1,356 shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively; and

$93,292 representing the aggregate grant date fair value of annual grants of 1,122 and 546 restricted shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively.

At the end of fiscal 2010, Mr. Alchin held options to purchase 13,752 shares of the Company s Class A Common Stock and 1,556 shares of restricted stock.

(5) Arnold H. Aronson is a member of the Nominating & Governance Committee and Audit Committee. Fiscal 2010 compensation included:

- $45,000 in annual retainer fees;
- $16,000 for attendance at meetings of the Audit Committee and Nominating & Governance Committee;
- $94,086 representing the aggregate grant date fair value of annual grants of options to purchase 2,889 and 1,356 shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively; and
- $93,292 representing the aggregate grant date fair value of annual grants of 1,122 and 546 restricted shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively.

At the end of fiscal 2010, Mr. Aronson held options to purchase 13,860 shares of the Company s Class A Common Stock and 1,556 shares of restricted stock.

(6) Frank A. Bennack, Jr. is Chair of the Audit Committee and a member of the Compensation & Organizational Development Committee. Fiscal 2010 compensation included:

- $45,000 in annual retainer fees;
- $15,000 for an annual retainer fee as Chair of the Audit Committee;
- $42,000 for attendance at meetings of the Audit Committee and Compensation & Organizational Development Committee;
- $94,086 representing the aggregate grant date fair value of annual grants of options to purchase 2,889 and 1,356 shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively; and
- $93,292 representing the aggregate grant date fair value of annual grants of 1,122 and 546 restricted shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively.

At the end of fiscal 2010, Mr. Bennack held options to purchase 25,860 shares of the Company s Class A Common Stock and 1,556 shares of restricted stock.

(7) Dr. Joyce F. Brown is Chair of the Nominating & Governance Committee and a member of the Audit Committee. Fiscal 2010 compensation included:

- $45,000 in annual retainer fees;
- $15,000 for an annual retainer fee as Chair of the Nominating & Governance Committee;

- $18,000 for attendance at meetings of the Nominating & Governance Committee and Audit Committee;

- $94,086 representing the aggregate grant date fair value of annual grants of options to purchase 2,889 and 1,356 shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively; and

- $93,292 representing the aggregate grant date fair value of annual grants of 1,122 and 546 restricted shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively.

At the end of fiscal 2010, Dr. Brown held options to purchase 7,191 shares of the Company s Class A Common Stock and 1,556 shares of restricted stock.

(8) Joel L. Fleishman is Chair of the Compensation & Organizational Development Committee and a member of the Nominating & Governance Committee. Fiscal 2010 compensation included:

$45,000 in annual retainer fees;

$15,000 for an annual retainer fee as Chair of the Compensation & Organizational Development Committee;

$40,000 for attendance at meetings of the Compensation & Organizational Development Committee and Nominating & Governance Committee;

$94,086 representing the aggregate grant date fair value of annual grants of options to purchase 2,889 and 1,356 shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively; and

$93,292 representing the aggregate grant date fair value of annual grants of 1,122 and 546 restricted shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively.

At the end of fiscal 2010, Mr. Fleishman held options to purchase 25,860 shares of the Company s Class A Common Stock and 1,556 shares of restricted stock.

(9) Hubert Joly was appointed to the Board of Directors on June 30, 2009 and as a member of the Compensation & Organizational Development Committee on November 4, 2009. Fiscal 2010 compensation included:

$33,500 in annual retainer fees;

$6,000 for attendance at meetings of the Compensation & Organizational Development Committee;

$215,353 representing the aggregate grant date fair value of an initial grant of options to purchase 7,500 shares of the Company s Class A Common Stock made on June 30, 2009 and an annual grant of options to purchase 1,356 shares of the Company s Class A Common Stock made on April 1, 2010; and

$46,639 representing the aggregate grant date fair value of an annual grant of 546 restricted shares of the Company s Class A Common Stock made on April 1, 2010.

At the end of fiscal 2010, Mr. Joly held options to purchase 8,856 shares of the Company s Class A Common Stock and 546 shares of restricted stock.

(10) Judith A. McHale resigned from the Board of Directors on May 22, 2009 upon her confirmation and acceptance of the position of Under Secretary for Public Diplomacy and Public Affairs for the Department of State. She was a member of the Compensation & Organizational Development Committee. Fiscal 2010 compensation included:

$6,799 in annual retainer fees prorated through resignation date;

$6,000 for attendance at meetings of the Compensation & Organizational Development Committee; and

$93,686 representing the aggregate grant date fair value of an annual grant comprised of 1,122 restricted shares of the Company s Class A Common Stock and 2,889 options to purchase shares of the Company s Class A Common Stock made on April 1, 2009. Since this annual grant was forfeited in its entirety upon Ms. McHale s resignation, the Company did not recognize any related compensation expense in fiscal 2010.

At the end of fiscal 2010, Ms. McHale held options to purchase 1,072 shares of the Company s Class A Common Stock.

(11) Steven P. Murphy is a member of the Nominating & Governance Committee and the Compensation & Organizational Development Committee. Fiscal 2010 compensation included:

$45,000 in annual retainer fees;

$40,000 for attendance at meetings of the Compensation & Organizational Development Committee and Nominating & Governance Committee;

$94,086 representing the aggregate grant date fair value of annual grants of options to purchase 2,889 and 1,356 shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively; and

$93,292 representing the aggregate grant date fair value of annual grants of 1,122 and 546 restricted shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively.

At the end of fiscal 2010, Mr. Murphy held options to purchase 15,360 shares of the Company s Class A Common Stock and 1,556 shares of restricted stock.

(12) Robert C. Wright is a member of the Nominating & Governance Committee. Fiscal 2010 compensation included:

$45,000 in annual retainer fees;

$8,000 for attendance at meetings of the Nominating & Governance Committee;

$94,086 representing the aggregate grant date fair value of annual grants of options to purchase 2,889 and 1,356 shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively; and

$93,292 representing the aggregate grant date fair value of annual grants of 1,122 and 546 restricted shares of the Company s Class A Common Stock made on April 1, 2009 and April 1, 2010, respectively.

At the end of fiscal 2010, Mr. Wright held options to purchase 13,752 shares of the Company s Class A Common Stock and 1,556 shares of restricted stock.

COMPENSATION DISCUSSION AND ANALYSIS

The Company maintains executive compensation programs designed to promote sustained business growth and results. These programs, taken together, are designed to drive stockholder value through the following principles:

- attract, motivate and retain 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 would reward executives at the expense of stockholders.

The Company believes the effectiveness of its compensation philosophy and programs has contributed to notable achievements that exceed many of its industry peers and compare favorably to the S&P 500 Index as well as companies in the Fortune 500. The Company s total shareholder annual rate of return was 17.2% for the 1999-2009 period, ranking us 42nd among the Fortune 500 companies according to a recent survey conducted by *Fortune* magazine. The Company s net income figure has more than tripled in the past ten years, representing an approximate 12.8% compound annual growth rate. In addition to these quantitative performance indicators, the Company has successfully executed strategic initiatives of significant value to its stockholders including: expanding in international markets, increasing its direct-to-consumer reach, continuing product innovation and extending merchandise branding. The Company believes in pay for performance by rewarding its executives for the achievement of superior financial and strategic performance.

To support its goals of attracting and retaining quality talent, the Company has taken steps to maintain its compensation at competitive levels while, at the same time, seeking to avoid inequities within the Company. While the Company considers, among other things, competitive market compensation paid by other companies in establishing its compensation programs, it does not use a designated peer group as a primary comparative metric given the lack of competitors with comparable breadth of product lines, multiple channels of distribution and geographic reach. On that basis, the Company does not maintain a certain target percentile within a peer group or otherwise rely heavily on this type of data to determine executive compensation.

Roles for Determining Compensation for Executives

Role of Compensation & Organizational Development Committee and Management. The Compensation & Organizational Development Committee of the Company s Board of Directors is responsible for reviewing and approving, on an annual basis, the corporate goals and objectives relevant to the compensation payable to Ralph Lauren, the Company s Chairman and Chief Executive Officer (CEO) and to set, subject to applicable contractual obligations previously approved by the Compensation & Organizational Development Committee, Mr. Lauren s compensation based on this evaluation. In determining the long-term incentive component of Mr. Lauren s compensation, the Compensation & Organizational Development Committee will also consider, among such other factors as it may deem relevant, the Company s performance, shareholder returns, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to Mr. Lauren in past years.

The Compensation & Organizational Development Committee reviews and approves, on an annual basis, the compensation of key members of the Company s senior management, including the four other named executive officers who are listed in the Summary Compensation Table: Roger N. Farah, the Company s President

and Chief Operating Officer, Jackwyn Nemerov, the Company s Executive Vice President, Tracey T. Travis, the Company s Senior Vice President and Chief Financial Officer, and Mitchell A. Kosh, the Company s Senior Vice President, Human Resources, subject to applicable contractual obligations previously approved by the Compensation & Organizational Development Committee for each officer. In addition, the Compensation & Organizational Development Committee regularly reviews the design and structure of all of the Company s compensation programs to ensure that management s interests are closely aligned with stockholders interests and that the compensation programs are designed to further the Company s strategic priorities.

Role of Compensation Consultants. The Compensation & Organizational Development Committee has retained the services of an independent advisor to provide guidance in association with significant executive compensation decisions. For fiscal 2010, the Compensation & Organizational Development Committee relied on the services of Exequity LLP (Exequity) to provide ongoing advisory services. The Compensation & Organizational Development Committee retains sole responsibility for engaging Exequity and meets with its advisor, as needed, in the Committee s discretion. From time to time, and in response to directives from the Compensation & Organizational Development Committee, Exequity has conducted specific projects for the Board of Directors. In addition, from time to time, the Company consults with Exequity in conjunction with the preparation of executive compensation-related materials for the Compensation & Organizational Development Committee s review and consideration. During Fiscal 2010, Exequity has not provided any services to the Company other than those relating to its role as compensation advisor to the Compensation & Organizational Development Committee.

Separate from the Compensation & Organizational Development Committee s consultant, during fiscal 2010, management retained 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 recommendations to present to the Compensation & Organizational Development Committee for its review and consideration.

Components of Executive Compensation

The principal elements of our executive compensation program in fiscal 2010 are summarized in the following table and described in more detail below.

Compensation Element	Brief Description	Objectives
Base Salary	Fixed compensation	Provide a competitive, fixed level of cash compensation to attract and retain talented, skilled executives.
Annual Cash Bonus	Variable, performance-based cash compensation earned based on achieving pre-established annual goals.	Motivate and reward executives to achieve or exceed current-year Company financial goals.
Long-Term Equity Incentives	Variable equity compensation to promote achievement of longer-term goals.	
Stock Options	Stock options are granted at Fair Market Value with pro-rata three year vesting and a 7 year term.	Align with stockholders interests. Provide value to the extent stock price rises above grant price.
Pro-Rata Restricted Performance Share Units (RPSUs)	Earned and eligible for payout ratably over three years based on achievement of pre-established performance goal for the current fiscal year and continued employment with the Company until the second and third vesting date.	Facilitate and reward achievement of annual Company financial goals through a combination of performance goal and time-based payouts. Aid in retention of key executives in a highly competitive market for talent.
Cliff RPSUs	Earned based on the Company s achievement of cumulative net earnings for a period of three fiscal years and continued employment.	Align executives and stockholders interests by linking rewards with achievement of goals for a multi-year period based on the Company s long-term growth plan. Aid in retention of key executives in a highly competitive market for talent.

Employment Agreements.

The Company has a longstanding practice of entering into employment agreements with its corporate officers and select members of the Company s senior management. The Company believes that employment agreements provide greater assurance of continuity and retention of critical creative and operating talent in a highly competitive industry. Employment agreements for the CEO and the COO are developed and approved by the Compensation & Organizational Development Committee in consultation with the Compensation & Organizational Development Committee s independent compensation advisor. Employment agreements for the other three named executive officers are established by Messrs. Lauren and Farah in consultation with, and subject to the approval of, the Compensation & Organizational Development Committee.

The guidelines for salary, bonus and certain other compensation components for each named executive officer are set forth in his or her respective employment agreement. The agreements also provide certain benefits under various termination or change in control situations. The Company believes that these benefits enhance the value of the business by preserving the continuity of management during potential change in control situations and by focusing the Company s senior executives on the Company s 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 named executive officer s employment agreement.

During fiscal 2010, the Company renewed the employment agreements for all of the named executive officers (except Mr. Lauren). Additionally, on June 29, 2009, the Company amended Mr. Lauren s employment agreement to provide that, commencing in the Company s 2010 fiscal year, Mr. Lauren will receive performance-based restricted stock units rather than time-based restricted stock units. The amendment to Mr. Lauren s employment agreement also provides that the Compensation & Organizational Development Committee will have the authority, in its good faith discretion, to reduce the amount of Mr. Lauren s annual equity grants. The Compensation & Organizational Development Committee believes that these changes further aligned Mr. Lauren s compensation with the Company s performance and stockholders interests.

The specific terms of each new individual employment agreement reflect the Compensation & Organizational Development Committee s perspective regarding the appropriate mix and level of compensation based on each executive s role, responsibilities, and current and expected contributions to the Company. In addition, the Compensation & Organizational Development Committee and the Company considered the following additional specific factors in determining compensation for each of the named executive officers:

Mr. Farah During over ten years with the Company, Mr. Farah has developed and executed strategies to grow the Company s business and to enhance the Company s brands worldwide. The results of his efforts are reflected in the Company s financial results. The Company also considered that Mr. Farah s salary and bonus opportunity had remained unchanged since 2002, and that he had been granted stock awards in association with the terms of subsequent employment contract amendments and renewals. In view of the extended period of time that had elapsed since his previous pay adjustment, the Company determined that changes to Mr. Farah s compensation were timely and appropriate. In addition, the Company reviewed Mr. Farah s compensation history, pay standards in the relevant labor market, comparisons to the Company s other named executive officers, stock ownership position at the time of the contract execution, and the importance to the Company of ensuring that Mr. Farah s future awards would be commensurate with the achievement of critical operating objectives, as well as returns received by investors.

Ms. Nemerov Ms. Nemerov s longstanding record of accomplishments in the apparel and related industries has proven to be invaluable to the Company. In just under six years with the Company, Ms. Nemerov has successfully led key acquisitions, including childrenswear, Polo Jeans Company, footwear, and small leather goods, as well as the launch of the *American Living* brand. Ms. Nemerov s responsibilities have grown significantly with the addition of the Home division and the Asia Pacific region. These initiatives are in direct support of the Company s overall strategy to continue to build and extend its brand and expand its international presence.

Ms. Travis During more than five years with the Company, Ms. Travis s broad-based operational and financial background combined with significant domestic and international experience has strengthened the Company s global growth capabilities.

Mr. Kosh Over the past ten years with the Company, Mr. Kosh has developed and built a global human resources organization which has been integral to supporting the Company s ongoing strategic objectives and business development worldwide.

Base Salary. Base salaries for the named executive officers are set forth in their respective employment agreements and are designed to provide a fixed level of compensation. Periodically, however, the Compensation & Organizational Development Committee may consider proposals from the Company s management to approve increases to the base salaries for the named executive officers other than Mr. Lauren and Mr. Farah. The Company believes that a significant portion of an executive s compensation should be at risk and as a result, base salary increases for the named executive officers have been infrequent and the incremental amounts have been modest.

In fiscal 2010, Mr. Kosh received an increase in his base salary from $625,000 to $675,000, effective as of July 2009. The Company believes that this increase was appropriate in light of Mr. Kosh s current and historical contributions to the Company and experience and expertise in the retail industry. Mr. Lauren, Mr. Farah, Ms. Nemerov and Ms. Travis did not receive increases in their respective base salaries in fiscal 2010.

Annual Cash Incentive Bonuses (EOAIP). The Company s named executive officers participate in a stockholder approved, short-term cash incentive bonus plan, the Executive Officer Annual Incentive Plan (EOAIP). The EOAIP is designed to promote achievement of the Company s key financial goals for the current year.

Key features of the EOAIP include:

Payouts are based on different levels of achievement, which consist of Threshold, Target and Maximum levels. The Compensation & Organizational Development Committee establishes the Threshold, Target and Maximum levels each year. In fiscal 2010, the Compensation & Organizational Development 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 the Target Level.

No payouts are made in any year in which the Company fails to earn a profit.

Participants are eligible for a bonus opportunity based 100% on the Company s overall performance without consideration of performance within a specific division, subject to adjustments, if applicable, as described further below.

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

The Compensation & Organizational Development Committee has the authority to:

determine the EOAIP participants from among the Company s executive officers;

establish the required achievement levels against pre-determined performance goals under the EOAIP;

exercise discretion to reduce or eliminate, but not increase, the bonus amounts payable under the EOAIP; and

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 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.

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

Fiscal 2010 Cash Incentive Bonuses. Each year, the Company engages in an extensive and deliberate process to establish its budget, performance measures and performance targets which are then presented to the Compensation & Organizational Development Committee for approval.

After the Company s independent auditors issue their final audit opinion for the completed fiscal year, the Compensation & Organizational Development Committee determines and approves the annual cash incentive bonuses payable to each named executive officer based strictly on the Company s achievement against pre-determined financial goals, established budget figures, performance measures and performance targets, without any discretionary performance factors taken into consideration. The Company believes that the performance of each of the named executive officers is represented by the Company s 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. The bonus payment for Mr. Lauren, pursuant to his employment agreement, is based solely on actual performance against the Company overall performance measures as selected by the Compensation & Organizational Development Committee for the applicable fiscal year and is not adjusted based on performance against the specific strategic financial goal established by the Compensation & Organizational Development Committee. All bonuses under the EOAIP are capped. The specific application of these caps is subject to the respective employment agreements of each of the named executive officers. For the past decade, the Company has used this process to motivate and stretch the performance of its senior management team.

For fiscal 2010, under the EOAIP, the performance measure selected was net income before taxes and the strategic financial goal performance measure selected was Company selling, general and administrative expenses (excluding expense for cash bonuses and expense for stock awards) as a percentage of net revenues. The Company believes that net income before taxes is a comprehensive indicator of the Company s annual performance and that managing selling, general and administrative expenses as a percentage of net revenues is an important part of the Company s ongoing strategic objectives.

In fiscal 2010, the target net income before taxes figure for payment of awards was $452.4 million. At the time that the targets were set in June 2009, global economic conditions and the outlook for our industry remained highly uncertain. Due to these factors, the Company planned for results for fiscal 2010 to be less than results for fiscal 2009 and set budgets and performance targets accordingly. The Company believed that the specific targets for fiscal 2010 were challenging given the unprecedented market turmoil and difficult business environment. Despite these very difficult circumstances, in fiscal 2010, the actual net income before taxes figure for payment of awards was $723.2 million after giving effect to various adjustments approved by the Compensation & Organizational Development Committee in accordance with the rules previously established by the Compensation & Organizational Development Committee at the beginning of the fiscal year.

The Company s named executive officers were each eligible for a bonus in fiscal year 2010 when the Company reached 80% of the net income before taxes target which was previously established by the Compensation & Organizational Development Committee. The Company believes that the actual degree of achievement, which far exceeded target, represents outstanding performance and that the payment of bonuses at the maximum level is consistent with the results of such performance. The table below sets forth the threshold bonus, target bonus, maximum bonus and actual fiscal 2010 bonus for each of the named executive officers:

Name	Threshold Bonus	Target Bonus	Maximum Bonus(2)	Actual fiscal 2010 Bonus(3)
Ralph Lauren(1)	$ 6,500,000	$ 13,000,000	$ 19,500,000	$ 19,500,000
Roger N. Farah(1)	$ 3,000,000	$ 6,000,000	$ 9,000,000	$ 9,900,000
Jackwyn L. Nemerov(1)	$ 900,000	$ 1,800,000	$ 2,700,000	$ 2,970,000
Tracey T. Travis(1)	$ 200,000	$ 400,000	$ 800,000	$ 880,000
Mitchell A. Kosh(1)	$ 200,000	$ 400,000	$ 800,000	$ 880,000

(1) Bonus targets and maximum bonus amounts payable to Mr. Lauren, Mr. Farah and Ms. Nemerov are set forth in their respective employment agreements. In connection with the renewal of Mr. Farah s and Ms. Nemerov s employment agreements, for the reasons discussed above at Employment Agreements , Mr. Farah s annual threshold, target and maximum bonus were increased from the fiscal 2009 levels of $900,000, $1,800,000 and $2,700,000, respectively, and Ms. Nemerov s annual threshold, target and maximum bonus were increased from the fiscal 2009 levels of $517,500, $900,000 and $1,800,000, respectively. In addition, for the reasons discussed above at Employment Agreements , Ms. Travis s annual threshold, target and maximum bonus were increased from the fiscal 2009 levels of $181,250, $362,500 and $725,000, respectively, and Mr. Kosh s annual threshold, target and maximum bonus were increased from the fiscal 2009 levels of $156,250, $312,500 and $625,000, respectively.

(2) Except for Mr. Lauren, the maximum bonus amount shown does not reflect adjustments up or down 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 the Company s achievement of its strategic financial goal (Company s selling, general and administrative expenses as a percentage of net revenues).

Long-Term Equity-Based Incentives. The Company maintains 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.

All equity awards are granted under the Company s 1997 Stock Incentive Plan. If the holders of a majority of the Common Stock of the Company approve the 2010 Stock Incentive Plan, the 2010 Stock Incentive Plan will become effective and no further grants of awards will be made under the 1997 Stock Incentive Plan. In recommending the approval of the 2010 Stock Incentive Plan, the Compensation & Organizational Development Committee and the Company considered, among other things, time lapsed since the last share request, historical and projected share utilization and general market trends related to share requests. See Proposal 2 Proposal to Adopt the 2010 Long-Term Stock Incentive Plan .

Stock Options. The Company grants non-qualified stock options that vest ratably over a three-year period subject to continued employment with the Company through the applicable vesting date. 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 the Company s Class A Common Stock on the grant date. The Company has not issued stock options with accelerated vesting features except as specified in certain employment agreements. In addition, the Company has not re-priced or re-issued any stock options because the Company s 1997 Stock Incentive Plan prohibits the re-pricing or re-issuing of stock options. The proposed 2010 Stock Incentive Plan will have the same prohibition on re-pricing or re-issuing of stock options.

The vast majority of stock options are granted to the Company s eligible executives, including the Company s named executive officers, at regular Compensation & Organizational Development Committee meetings which are usually scheduled at least one year in advance of the actual meeting dates. In fiscal 2010, the Compensation & Organizational Development Committee set the grant date for this annual award of stock options approximately three weeks before the Company s first fiscal quarter earnings release date, making the grants effective in mid-July. In addition to the annual awards, grants may be made to certain newly hired or promoted executives at the end of the 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.

Restricted Performance Share Units (RPSUs). The Company issues Cliff RPSUs and Pro-Rata RPSUs, both of which provide a recipient with the opportunity to receive shares of the Company s Class A Common Stock based on the Company s achievement of performance goals over a specified period. The Company s achievement of its performance goals is subject to adjustment to exclude the effect of certain events and transactions as permitted under the 1997 Stock Incentive Plan, and under the proposed 2010 Stock Incentive Plan, in accordance with the rules established by the Compensation & Organizational Development Committee at the beginning of the fiscal year in which any such grants are made.

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

- 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 2010 will vest after the end of fiscal 2012, based on the Company s cumulative net earnings for the performance period fiscal years 2010 2012. The Company believes that net earnings is an appropriate performance measure for an extended period since it is a comprehensive measure that assesses the overall performance of the Company over a significant period of time and is aligned with measures often used by the investment community.

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:

Performance Level	% of Goal Achieved	% of Target Cliff RPSUs Vested
Threshold	**70%**	**75%**
Target	**100%**	**100%**
Maximum	**110%**	**150%**

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.

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 & Organizational Development Committee, during the applicable performance term.

In June 2010, Cliff RPSU awards that were granted in fiscal 2008 vested based upon the Company s achievement of pre-established financial goals. The cumulative net earnings performance target of the Company for the three year fiscal period 2008 2010 was $1,445.1 million and actual performance of $1,410.8 million was 97% of target. In establishing the targets for the fiscal 2008 Cliff RPSUs, the Company required ongoing performance improvement based on the three year plan for fiscal 2008 2010 and believed that the targets would be difficult but achievable with significant effort. However, the unexpected and severe market turmoil during the final 18 months of the performance period affected the Company s cumulative performance. Based on this performance, the Cliff RPSUs that vested in June 2010 were paid out at 98% of target.

Pro-Rata RPSUs. Pro-Rata RPSUs issued in fiscal 2010 vest one third each year over three years. All three tranches of the fiscal 2010 Pro-Rata RPSUs were earned and available for vesting based on the Company s achievement of the fiscal 2010 performance goal. The performance level that had to be achieved in order for the fiscal 2010 Pro-Rata RPSUs to be earned and available for vesting was the Threshold level of $361.9 million, which, in this case, was 80% of the target net income before taxes figure of $452.4 million. In fiscal 2010, the Company exceeded this net income before taxes performance level, after giving effect to various adjustments approved by the Compensation & Organizational Development Committee in accordance with the terms of the awards. As a result, 100% of the target shares for the first tranche of the fiscal 2010 Pro-Rata RPSUs vested and were paid out. The second and third tranches of the fiscal 2010 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 2010, all three tranches of the fiscal 2010 Pro-Rata RPSU awards would have been forfeited. The Company 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 EOAIP, a comprehensive indicator of the Company s annual performance. Unlike Cliff RPSUs, the Pro-Rata RPSUs do not provide for payouts above or below the target shares awarded. At the time goals were established in June 2009 for the fiscal 2010 Pro-Rata RPSUs, the Company expected that results for fiscal 2010 would be less than fiscal 2009 due to highly uncertain economic and business conditions and set performance targets accordingly. In that environment, the Company believed that the specific targets for fiscal 2010 Pro-Rata RPSUs were challenging.

Fiscal 2010 Long-Term Equity-Based Incentive Awards. In fiscal 2010, each of the named executive officers received the following long-term equity grants:

Name	**Stock Options(1)**	**Cliff RPSUs**	**Pro-Rata RPSUs**
Ralph Lauren	100,000	75,000	
Roger N. Farah	126,639	58,141	
Jackwyn L. Nemerov(2)	27,138	59,918	9,669
Tracey T. Travis	5,553	5,098	1,977
Mitchell A. Kosh	5,553	5,098	1,977

(1) The stock options granted to each of the named executive officers have a term of seven years. All options vest ratably on the first three anniversaries of the date of grant.

(2) Of the 59,918 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 at the end of fiscal 2012, subject to the Company s achievement of the same cumulative, three-year net earnings performance goal as established and approved by the Compensation & Organizational Development Committee for the Cliff RPSUs issued to all other executives in fiscal 2010.

The Compensation & Organizational Development Committee establishes guidelines annually for determining long-term equity-based incentive grants to its executives under the Company s 1997 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 the Company. Messrs. Lauren, 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 employment agreement effective June 29, 2009 with respect to the Company s 2010 and subsequent fiscal years. This amendment provides that Mr. Lauren will no longer be entitled to grants of time-based restricted stock units and will instead receive grants of Cliff RPSUs which are performance-based and similar in nature to those provided to the other named executive officers. In fiscal 2010, consistent with each of their respective employment agreements, Mr. Lauren and Mr. Farah received Cliff RPSUs and stock options and Ms. Nemerov received Stock Options, Pro-Rata RPSUs and Cliff RPSUs. Messrs. Lauren and Farah recommend annual equity awards for the two other named executive officers, which are subject to the approval of the Compensation & Organizational Development Committee. In determining the equity awards for Ms. Travis and Mr. Kosh, Messrs. Lauren and Farah took into consideration each executive s current compensation arrangement, the length of time that had passed since each executive s last compensation had been modified and the fact that a material portion of each executive s compensation should be in the form of long-term equity awards. In fiscal 2010, Ms. Travis and Mr. Kosh received three types of long-term equity awards Stock Options, Cliff RPSUs and Pro-Rata RPSUs.

Employee Benefits. The Company provides a number of benefit plans to all eligible employees, including its named executive officers. These benefits include programs such as medical, dental, life insurance, short and long-term disability coverage and a 401(k) plan. The Company s senior management and its named executive officers are also eligible for an executive medical plan covering such executives and their eligible dependents, an annual executive physical, financial counseling, and an annual car allowance.

Other Benefits. The Company provides its named executive officers with other benefits that it believes are reasonable, competitive and consistent with the Company s overall executive compensation program. The Company believes that these benefits generally allow its executives to work more efficiently, promote the Company s brand and are legitimate business expenses, although it also recognizes that these costs can be viewed as personal benefits. The costs of these benefits constitute only a small percentage of each named executive officer s total compensation. The Company provides the use of an automobile and driver to Mr. Lauren and to Ms. Nemerov (and, for Ms. Nemerov, gross-up payments to cover tax liability for personal use with respect thereto). Beginning with calendar year 2010, Ms. Nemerov will no longer receive a gross-up payment to cover such tax liability. In addition, pursuant to their respective employment agreements and for security purposes, Mr. Lauren and Mr. Farah are required to use private aircraft for any travel and are reimbursed for any expenses incurred. The Company s named executive officers are also permitted to use its aircraft for personal travel on a limited basis. The Company also provides a merchandise discount on most Company products to all of its employees, including its named executive officers. 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 named executive officers.

Deferred Compensation. The Company maintains a Supplemental Executive Retirement Plan (SERP) for certain of its executives, generally for those who had a title of Vice President and above when they were admitted to such plan. In October 2004, the Company ceased admitting new participants under the SERP. During fiscal 2009, the Company 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 32 remaining participants in the SERP are 100% vested.

Three of the five named executive officers, Mr. Farah, Ms. Nemerov and Mr. Kosh were participants in the SERP. Pursuant to the election made available to all SERP participants, Mr. Farah and Ms. Nemerov elected to withdraw their entire SERP balances and did so in early fiscal year 2010. Mr. Kosh remains a participant in the SERP. Additional information regarding Mr. Farah s and Ms. Nemerov s SERP withdrawal is included in the Non Qualified Deferred Compensation Table .

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

Amount of Vested Balance	Payment Provision
$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.

Stock Ownership Guidelines. The Company s Board of Directors and Compensation & Organizational Development 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 the 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. As a result, on May 17, 2010, the Compensation & Organizational Development Committee established stock ownership guidelines for the Company s non-employee directors and the named executive officers and select other members of the Company s 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 within five years of the implementation of the guidelines. Non-employee directors and executives who join the Company after the implementation of the guidelines will have five years from the date that they joined the Company to attain the requisite numbers of shares specified in the guidelines. For executives, the guidelines are based on fixed share targets which vary depending on the executive s position and level within the Company. Further details on the guidelines for non-employee directors are provided in the Director Compensation section.

Stock ownership guidelines for the named executive officers are:

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

Shares directly or beneficially owned by the executive count toward the achievement of ownership guidelines. The Compensation & Organizational Development Committee believes that this is the most consistent method of determining ownership, as unvested performance share units 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 the Company s named executive officers, other than the Chief Financial Officer), qualifying performance-based compensation is not subject to the deduction limit if certain requirements are met. The Company s EOAIP and 1997 Stock Incentive Plan, and the proposed 2010 Stock Incentive Plan, are designed to permit the deductibility of awards payable to the Company s named executive officers for Federal income tax purposes even if the compensation paid to any such officer exceeds $1,000,000. Under Mr. Lauren s 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 the named executive officers, the Compensation & Organizational Development Committee considers, among other things, the tax deductibility of such compensation, but reserves the right to compensate named executive officers 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 a named executive officer whose compensation is subject to the deduction limits described above may not, as a result of timing of such award or otherwise, be deductible by the Company.

Accounting Matters. Each element of the compensation that the Company pays to its executives is expensed in the Company s 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 Company considers in determining the amount, form, and design of each pay component for its executives.

Adjustment or Recovery of Awards. In August 2007, the Company 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 its financial statements. Under this policy, if, as a result of a named executive officer s intentional misconduct or gross negligence, the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, the Compensation & Organizational Development Committee of the Company may, in its reasonable discretion, require such executive to promptly reimburse the Company 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, the Company also adopted this policy with regard to awards granted to its named executive officers under the Company s 1997 Stock Incentive Plan (and this policy will continue to apply under the proposed 2010 Stock Incentive Plan). The Company has not experienced any situations or occasions that could have resulted in a recovery of an award or payment under such policy. If the Company does experience a situation or occasion that could result in such a recovery in the future, the Compensation & Organizational Development 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. The Company may also seek repayment, in the reasonable discretion of the Compensation & Organizational Development Committee, of bonus payments or awards provided to executives based upon the occurrence of various events such as termination of employment for cause, a material violation of material written policies of the Company or a breach of any restrictive covenants.

Compensation & Organizational Development Committee Report

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

Members of the Compensation & Organizational Development Committee:

Joel L. Fleishman (Chair)

Frank A. Bennack, Jr.

Hubert Joly

Steven P. Murphy

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of all compensation awarded or paid to or earned by the Company s chief executive officer, the Company s chief financial officer and the Company s three other executive officers serving as of April 3, 2010, the end of the Company s 2010 fiscal year (the named executive officers), for services rendered in all capacities to the Company (including its subsidiaries) for the fiscal years ended April 3, 2010, March 28, 2009 and March 29, 2008.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)(7)	Total ($)(8)
Ralph Lauren	2010	1,250,000		4,061,250	2,213,000	19,500,000		675,757	27,700,007
Chairman & CEO	2009	1,250,000		4,332,000	2,170,000	13,886,364		400,817	22,039,181
	2008	1,000,000		10,056,000	7,057,500	12,000,000		452,643	30,566,143
Roger Farah	2010	900,000		4,481,508	3,868,821	9,900,000		165,975	19,316,304
President & COO	2009	900,000		0	0	2,197,800		167,135	3,264,935
	2008	900,000		18,855,000	0	1,980,000		181,439	21,916,439
Jackwyn Nemerov	2010	900,000		5,367,343	829,066	2,970,000		78,281	10,144,690
Executive Vice President	2009	900,000		1,926,844	462,651	1,207,800		216,979	4,714,274
	2008	900,000		1,806,299	500,643	999,900		207,956	4,414,798
Tracey Travis	2010	725,000		379,313	108,284	880,000		47,622	2,140,219
SVP and	2009	725,000		319,741	76,802	486,475		41,836	1,649,854
Chief Financial Officer	2008	687,308		447,736	222,962	381,754		29,194	1,768,954
Mitchell Kosh	2010	661,538		379,313	108,284	880,000		53,182	2,082,317
SVP Human Resources	2009	625,000		319,741	76,802	419,375		48,325	1,489,243
	2008	625,000		299,848	83,054	347,188		64,639	1,419,729

(1) The amounts reported in this column represent base salaries paid to each of the named executive officers for the applicable fiscal year as provided for in each of their respective employment agreements. See Executive Employment Agreements .

(2) The named executive officers 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, substantially uncertain and communicated goals, including payments under the EOAIP, appear in the column headed, Non-Equity Incentive Plan Compensation .

(3) The stock compensation amounts shown in this column reflect the aggregate grant date fair value, assuming no risk of forfeiture, of restricted stock unit (RSU) and RPSU (both Pro-Rata RPSU and Cliff RPSU) awards granted during fiscal 2010, fiscal 2009 and fiscal 2008, calculated in accordance with ASC 718. The Company determines the fair value of RSU and RPSU awards using the average of the high/low stock price on the date of grant, as adjusted to reflect the absence of dividends for those restricted securities that are not entitled to dividend equivalents. For RPSUs, the amounts shown in the table reflect the aggregate grant date fair value at the Target achievement level.

For Mr. Lauren, if performance were assumed to be at the Maximum level for Cliff RPSUs, the aggregate grant date fair value would increase by $2,030,625 for fiscal 2010.

For Mr. Farah, if performance were assumed to be at the Maximum level for Cliff RPSUs, the aggregate grant date fair value would increase by $2,240,754 for fiscal 2010. Fiscal 2008 Cliff RPSUs vested in June 2010 at 98% of target shares payout, resulting in a decrease to the aggregate grant date fair value of $377,100.

For Ms. Nemerov, if performance were assumed to be at the Maximum level for Cliff RPSUs, the aggregate grant date fair value would increase by $960,340 for fiscal 2010 and $736,667 for fiscal 2009. Fiscal 2008 Cliff RPSUs vested in June 2010 at 98% of target shares payout, resulting in a decrease to the aggregate grant date fair value of $26,153.

For Ms. Travis, if performance were assumed to be at the Maximum level for Cliff RPSUs, the aggregate grant date fair value would increase by $136,524 for fiscal 2010 and $122,264 for fiscal 2009. Fiscal 2008 Cliff RPSUs vested in June 2010 at 98% of target shares payout, resulting in a decrease to the aggregate grant date fair value of $4,340.

For Mr. Kosh, if performance were assumed to be at the Maximum level for Cliff RPSUs, the aggregate grant date fair value would increase by $136,524 for fiscal 2010 and $122,264 for fiscal 2009. Fiscal 2008 Cliff RPSUs vested in June 2010 at 98% of target shares payout, resulting in a decrease to the aggregate grant date fair value of $4,340.

(4) The stock compensation amounts shown reflect the aggregate grant date fair value, assuming no risk of forfeiture, of stock option awards granted during fiscal 2010, fiscal 2009 and fiscal 2008, calculated in accordance with ASC 718. The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options granted, which requires the input of both subjective and objective assumptions. The assumptions used in the valuation of stock-based awards are discussed in Note 20 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year 2010.

(5) The amounts reported in this column represent payments made under the EOAIP in June 2008 with respect to fiscal 2008, June 2009 with respect to fiscal 2009 and in June 2010 with respect to fiscal 2010.

(6) The named executive officers did not receive any above-market or preferential earnings on compensation deferred on a basis that is not tax qualified. See Non-Qualified Deferred Compensation Table .

(7) The amounts reported in this column represent the aggregate dollar amount for each named executive officer of all other compensation for the year, including perquisites and other personal benefits. Under SEC rules, the Company is required to identify by type all perquisites and other personal benefits for a named executive officer if the total value for that individual equals or exceeds $10,000, and to report and quantify each perquisite or personal benefit that exceeds the greater of $25,000 or 10% of the total amount for that individual. In fiscal 2010, Mr. Lauren received perquisites and other personal benefits including supplemental medical expenses, personal use of an automobile and driver, reimbursement for personal travel ($558,376) and merchandise discounts. In fiscal 2010, Mr. Farah received perquisites and other personal benefits including personal use of the Company s aircraft ($116,073), an automobile allowance, reimbursement of parking expenses, financial planning services, supplemental medical expenses and merchandise discounts. The calculation of incremental cost to the Company for any executive s personal use of the Company s aircraft includes the variable costs incurred by the Company as a result thereof consisting of a portion of aircraft fuel, any flight-related fees and any travel expenses for the flight crew. In fiscal 2010, Ms. Nemerov received perquisites and other personal benefits, including personal use of an automobile and driver ($27,303), financial planning services, supplemental medical expenses and merchandise discounts. In addition, in fiscal 2010, Ms. Nemerov received a tax gross-up payment of ($24,042) to cover her tax liability with respect to the personal use of the automobile and driver. Beginning with calendar year 2010, Ms. Nemerov will no longer receive a gross-up payment to cover such tax liability. In fiscal 2010, Ms. Travis received perquisites and other personal benefits, including an automobile allowance, supplemental medical expenses, an executive medical exam, financial planning services and merchandise discounts. In fiscal 2010, Mr. Kosh received perquisites and other personal benefits including personal use of the Company s aircraft, an automobile allowance, supplemental medical expenses, financial planning services and merchandise discounts.

(8) The amounts reported in this column are the sum of columns 1 through 7 for each of the named executive officers. All compensation amounts reported in this column include amounts paid and amounts deferred.

GRANTS OF PLAN-BASED AWARDS

The following table provides information concerning the annual performance bonus and long-term incentive awards made to each of the named executive officers in fiscal 2010.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Closing Price on Date of Grant	Grant Date Fair Value of Stock and Option Awards
Name	**Grant Date**	**Approval Date**	**Threshold ($)(1)**	**Target ($)(1)**	**Maximum ($)(1)**	**Threshold (#)(2)**	**Target (#)(2)**	**Maximum (#)(2)**	**(#)**	**(#)(3)**	**($/Sh)(4)**		
Ralph Lauren			$ 6,500,000	$ 13,000,000	$ 19,500,000								
	07/16/2009	07/15/2009								100,000	$ 54.145	$ 54.97	$ 2,213,000
	07/16/2009	07/15/2009				56,250	75,000	112,500					$ 4,061,250
Roger Farah			$ 3,000,000	$ 6,000,000	$ 9,000,000								
	10/23/2009	10/19/2009								126,639	$ 78.240	$ 78.05	$ 3,868,821
	10/23/2009	10/19/2009				43,606	58,141	87,212					$ 4,481,508
Jackwyn Nemerov			$ 900,000	$ 1,800,000	$ 2,700,000								
	10/23/2009	10/19/2009								27,138	$ 78.240	$ 78.05	$ 829,066
	10/23/2009	10/19/2009				0	9,669	9,669					$ 748,864
	10/23/2009	10/19/2009				18,689	24,918	37,377					$ 1,920,679
	10/23/2009	10/19/2009				26,250	35,000	35,000					$ 2,697,800
Tracey Travis			$ 200,000	$ 400,000	$ 800,000								
	07/16/2009	07/15/2009								5,553	$ 54.145	$ 54.97	$ 108,284
	07/16/2009	07/15/2009				0	1,977	1,977					$ 106,264
	07/16/2009	07/15/2009				3,824	5,098	7,647					$ 273,049
Mitchell Kosh			$ 200,000	$ 400,000	$ 800,000								
	07/16/2009	07/15/2009								5,553	$ 54.145	$ 54.97	$ 108,284
	07/16/2009	07/15/2009				0	1,977	1,977					$ 106,264
	07/16/2009	07/15/2009				3,824	5,098	7,647					$ 273,049

(1) Represents grants of cash incentive awards under the Company s EOAIP. See Compensation Discussion and Analysis Components of Executive Compensation Annual Cash Incentive Bonuses (EOAIP) for a description of the material terms of these awards.

(2) Represents the amount of RPSUs, including both Cliff RPSUs and Pro-Rata RPSUs, that were granted in fiscal 2010 under the Company s 1997 Stock Incentive Plan. See Compensation Discussion and Analysis Components of Executive Compensation Long-Term Equity Based Incentives for a description of the material terms of these awards.

(3) Represents the number of stock options granted in fiscal 2010 under the Company s 1997 Stock Incentive Plan. These options vest and become exercisable ratably in three equal annual installments beginning one year after the grant date.

(4) Represents the exercise price for the stock options granted, which was the fair market value (calculated as the average of the high and low stock prices on the NYSE) of the Company s Class A Common Stock on the grant date.

Executive Employment Agreements

Ralph Lauren s Employment Agreement. Ralph Lauren was employed during fiscal 2010 as the Company s Chairman of the Board of Directors and CEO pursuant to an amended and restated employment agreement dated as of March 30, 2008, and amended as of June 29, 2009. The key terms of Mr. Lauren s employment agreement are:

Term: Mr. Lauren s employment agreement, which commenced on March 30, 2008 provides for a five-year term ending on March 30, 2013, the last day in the Company s 2013 fiscal year.

Salary: Under Mr. Lauren s employment agreement, he is entitled to an annual base salary of $1.25 million.

Bonus: Mr. Lauren s target bonus will be in the amount of $13 million for each of the fiscal years during the term of his employment agreement. The maximum bonus provided for under his employment agreement in any fiscal year is 150% of that year s target bonus.

Options and Restricted Stock: Under Mr. Lauren s employment agreement, he is entitled to annual grants of options to purchase 100,000 shares of the Company s Class A Common Stock. He also received a grant in fiscal 2009 of 75,000 restricted stock units under the Company s 1997 Stock Incentive Plan. The options have an exercise term of seven years and vest ratably on the first three anniversaries of the date of grant, subject to accelerated vesting upon the termination of Mr. Lauren s employment in certain circumstances as discussed below in Potential Payments Upon Termination or Change in Control . The exercise price for any such options issued to Mr. Lauren was equal to the fair market value of the Company s stock as of the date of any options grant. Each annual grant of restricted stock units will vest in its entirety on the fifth anniversary of the grant, subject to accelerated vesting upon Mr. Lauren s death, disability (as defined in his employment agreement) or termination of employment (except in the event of (i) termination by the Company for cause (as defined in his employment agreement and as described below in Potential Payments Upon Termination or Change in Control Ralph Lauren), or (ii) Mr. Lauren s voluntary resignation without good reason (as defined in his employment agreement and as described below in Potential Payments Upon Termination or Change in Control Ralph Lauren)) prior to the end of the term of Mr. Lauren s employment agreement and will be payable in shares of Company common stock as soon as practicable (but in no event later than 30 days) following the termination of Mr. Lauren s employment. With respect to each restricted stock unit he receives, Mr. Lauren is entitled to dividend equivalents in the form of additional restricted stock units in connection with the payment of cash dividends on the Company s common stock. Pursuant to an amendment to Mr. Lauren s employment agreement effective June 29, 2009, starting in the Company s 2010 fiscal year, Mr. Lauren will no longer receive a grant of 75,000 time-based restricted stock units and will instead receive a grant of 75,000 performance-based RPSUs. Each grant of RPSUs will vest at the end of a three-year performance period, subject to Mr. Lauren s continued employment with the Company and the Company achieving its performance goals (except in certain circumstances subject to accelerated vesting upon the termination of Mr. Lauren s employment as discussed below in Potential Payments Upon Termination or Change in Control Ralph Lauren). The grant of RPSUs will provide a target number of shares that will vest and be paid out subject to achievement of pre-established financial goals. Three levels of achievement are used to determine vesting with regard to Mr. Lauren s RPSU award: Threshold, Target and Maximum. The Threshold level, which is 70% of the financial goal, must be achieved in order for any RPSUs to vest and be provided to Mr. Lauren at the end of the applicable vesting period. If performance is at the Threshold level, 75% of Mr. Lauren s 75,000 RPSUs will vest and be paid out. If performance is at the Target level, which is 100% of the financial goal, then all of Mr. Lauren s 75,000 RPSUs will vest and be paid out. If performance is at the Maximum level, which is 110% or more of the financial goal, then 150% of the target shares will vest and be paid out. Vesting with respect to Mr. Lauren s RPSUs shall be interpolated for performance between 70% and 110% of target goal(s) and none of Mr. Lauren s RPSUs shall vest for performance below threshold goal(s). Further, with respect to each RPSU he

receives, Mr. Lauren is entitled to dividend equivalents in the form of additional restricted stock units in connection with the payment of cash dividends on the Company s common stock. In addition, with respect to Mr. Lauren s annual grants of options and RPSUs, the Compensation & Organizational Development Committee of the Board of Directors will have the authority, in its good faith discretion, to change the amount of Mr. Lauren s annual equity grants.

Other Benefits: Under Mr. Lauren s employment agreement, Mr. Lauren is required for security purposes to use his or other acceptable private aircraft for any travel. In addition to being entitled to reimbursement for any aircraft travel expenses he incurred which were business related, Mr. Lauren is also entitled to reimbursement for any personal aircraft travel expenses which he incurs, without any tax gross-up. Mr. Lauren is also provided with a Company paid car and driver. Mr. Lauren is eligible to participate in all employee benefit plans and arrangements of the Company for its senior executive officers.

Non-compete: Under Mr. Lauren s employment agreement, he may not compete with the Company anywhere in the world during the term of his employment and for a period of two years after the termination of his employment for any reason.

See Potential Payments Upon Termination or Change in Control for a discussion of severance and change of control payments payable to Mr. Lauren under Mr. Lauren s employment agreement.

Roger N. Farah s Employment Agreement. Roger Farah is employed as the Company s President and COO pursuant to an amended and restated employment agreement dated as of October 14, 2009 and amended as of March 29, 2010 (collectively, the New Farah Agreement). Mr. Farah was previously employed pursuant to an amended and restated employment agreement dated July 23, 2002 and further amended as of July 1, 2004, September 5, 2007 and December 23, 2008 (collectively, the Prior Farah Agreement). The key terms of the New Farah Agreement and the Prior Farah Agreement are:

Term: The New Farah Agreement provides for Mr. Farah s employment as President and Chief Operating Officer through March 30, 2013, the last day of the Company s 2013 fiscal year, subject to automatic, successive one year extensions thereafter unless either party gives at least 180 days prior notice that the term will not be extended.

Salary: Under both the New Farah Employment Agreement and the Prior Farah Agreement, Mr. Farah is entitled to an annual base salary of $900,000.

Bonus: Pursuant to the New Farah Agreement, Mr. Farah is eligible to receive an annual incentive bonus ranging from $3 million to $9 million, subject to the Company s achievement of performance goals established by the Compensation & Organizational Development Committee under the Company s EOAIP, with a target bonus of $6 million. Under the Prior Farah Agreement, Mr. Farah was eligible to receive an annual incentive bonus ranging from 100% to 300% of his annual salary, subject to the Company s achievement of performance goals established by the Compensation & Organizational Development Committee under the Company s EOAIP, with a target bonus of 200% of his annual salary.

Deferred Compensation: Separate from participation in the Company s SERP, Mr. Farah received deferred compensation of $250,000 per year for fiscal years 2003-2009 under the Prior Farah Agreement, which was credited on a monthly basis to a notional deferred compensation account on the books of the Company. This deferred compensation of $250,000 per year shall continue under the New Farah Agreement for fiscal years 2010-2013. Each month that an amount is credited to his notional deferred compensation account, the Company contributes in cash the amount of such monthly credit to a grantor trust (whose assets remain subject to the claims of the creditors of the Company) for the benefit of Mr. Farah. The trust assets attributable to the Company contributions on behalf of Mr. Farah are invested as directed by Mr. Farah, and the actual earnings (or losses) on such investments are deemed credited (debited) to Mr. Farah s notional deferred compensation account. Mr. Farah may choose to have the trust assets invested in any one or more of the mutual funds managed by the Vanguard Group of Investment Companies. On July 23, 2007, Mr. Farah became fully vested in the

notional deferred compensation account. The amount of $1,070,861.35 that was previously credited to the deferred compensation account for calendar years 2005-2008 was paid to Mr. Farah on October 30, 2009. Deferred compensation and any investment earnings credited in calendar 2009 will be paid to Mr. Farah on the 45th day following the termination of his employment if his employment terminates before October 31, 2010, or will be paid on the earlier of January 1, 2017 or the 45th day following the termination of his employment if his employment terminates on or after October 31, 2010. The then-current value of the notional deferred compensation account credited after calendar 2009 will be payable in a cash lump sum payment to Mr. Farah (or his estate) on the 45th day following termination of his employment. The balance of the deferred compensation account as of December 31, 2004 will be paid as soon as practicable after the termination of Mr. Farah s employment. See Non-Qualified Deferred Compensation .

Options and Restricted Stock: Pursuant to New Farah Agreement, and in accordance with the terms of the Company s 1997 Stock Incentive Plan, Mr. Farah shall receive an annual stock award grant with a total value of $7 million for fiscal years 2010-2013. Fifty percent of such annual stock award shall consist of Cliff RPSUs and fifty percent shall consist of stock options to purchase shares of the Company s Class A Common Stock.

Under the Prior Farah Agreement, Mr. Farah received a grant of 437,500 restricted stock units on July 1, 2004, pursuant to the Company s 1997 Stock Incentive Plan and payable in shares of the Company s Class A Common Stock. Of these, 83,334 restricted stock units (along with accrued dividend equivalent units) vested as of the end of fiscal 2008, 83,333 restricted stock units (along with accrued dividend equivalent units) vested as of the end of fiscal 2009 and the remaining 83,333 restricted stock units (along with accrued dividend equivalent units) vested as of the end of fiscal 2010 on the basis of Mr. Farah s continued employment during such period. The remaining 187,500 restricted stock units vested, in full, in three equal installments at the end of fiscal 2005, fiscal 2006 and fiscal 2007 on the basis of the Company s achievement of performance goals established by the Compensation & Organizational Development Committee of the Board of Directors under the Company s 1997 Stock Incentive Plan and Mr. Farah s continued employment during such period.

The Prior Farah Agreement also provided for certain additional grants of restricted stock units that vested subject to the Company s performance over multi-year performance periods ending during the term of his employment agreement. Mr. Farah received grants of 187,500 restricted stock units on each of June 15, 2005, June 8, 2006 and July 16, 2007. Each of these grants vested, subject to the satisfaction of applicable performance criteria at the end of a three year performance period, with the first grant vesting at the end of fiscal 2008, the second grant vesting at the end of fiscal 2009, and the third grant vesting at the end of fiscal 2010. The performance criteria for these awards were set by the Compensation & Organizational Development Committee on their respective grant dates.

With respect to each restricted stock unit he receives under the Prior Farah Agreement, Mr. Farah is entitled to dividend equivalents in the form of additional restricted stock units in connection with the payment of cash dividends on the Company s Common Stock.

Under the New Farah Agreement, if the Company terminates Mr. Farah s employment without cause (as defined in the New Farah Agreement), or Mr. Farah terminates his employment for good reason (as defined in the New Farah Agreement), or his employment is terminated due to his death or disability, or either the Company or Mr. Farah elect not to extend the term of the New Farah Agreement, then (i) all outstanding restricted stock unit awards that are not performance-based will immediately vest; (ii) any Cliff RPSUs granted in fiscal years 2010 and 2011 will vest, subject to the Company s achievement of performance goals established by the Compensation & Organizational Development Committee of the Board of Directors under the Company s 1997 Stock Incentive Plan; (iii) any RPSUs granted in fiscal 2012 will vest as of the end of fiscal 2014; and (iv) all outstanding stock options will vest and remain exercisable until the earlier of one year from the date of his termination of employment or the expiration date of the option, except in the event that Mr. Farah has elected not to renew his

employment agreement, in which case, his stock options that were granted in fiscal 2013 will not become exercisable until the end of fiscal 2014 and shall remain exercisable for one year. Upon the termination of Mr. Farah s employment by the Company for cause or a voluntary resignation by Mr. Farah without good reason (and his resignation is not due to his election not to extend the term of his employment agreement), then all outstanding unvested restricted stock units, unvested Cliff RPSUs and unvested stock options will be immediately cancelled and forfeited to the Company. If Mr. Farah resigns his employment due to early retirement (as defined in the Company s 1997 Stock Incentive Plan), then he shall have one year from the date of resignation to exercise any vested stock options (or until the expiration of the original option term if earlier). If Mr. Farah s employment is terminated due to his death or disability, then Mr. Farah shall have three years to exercise his vested stock options (or until the expiration of the original option term if earlier).

Under the Prior Farah Agreement, Mr. Farah was granted on July 23, 2002 an additional 300,000 shares of restricted stock and stock options to purchase an additional 400,000 shares of the Company s Class A Common Stock. The shares of restricted stock vested in equal annual installments on the first five anniversaries of the date of grant. These stock options have an exercise term of ten years and vested in equal annual installments on the second, third and fourth anniversaries of the date of grant. The exercise price of the options was $18.22 per share.

Other Benefits: Mr. Farah is eligible to participate in all employee benefit plans and arrangements of the Company for its senior executive officers. For security purposes, Mr. Farah uses private aircraft for travel. Mr. Farah is also entitled to reimbursement for any business and personal aircraft travel expenses which he incurs, without any tax gross-up and a monthly car allowance of $1,500.

Non-compete: Mr. Farah may not compete with the Company during the duration of Mr. Farah s employment with the Company and for 12 months after the termination of his employment for any reason.

See Potential Payments Upon Termination or Change in Control for a discussion of severance and change of control payments payable to Mr. Farah under the New Farah Agreement.

Jackwyn L. Nemerov s Employment Agreement. Jackwyn L. Nemerov is employed as the Company s Executive Vice President pursuant to an employment agreement dated as of October 14, 2009 (the New Nemerov Agreement). Ms. Nemerov was previously employed pursuant to an employment agreement dated September 9, 2004 and further amended with an effective date of January 1, 2009 (collectively, the Prior Nemerov Agreement). The key terms of the New Nemerov Agreement and the Prior Nemerov Agreement are:

Term: The New Nemerov Agreement provides for Ms. Nemerov s employment through March 31, 2013.

Salary: Under both the New Nemerov Agreement and the Prior Nemerov Agreement, Ms. Nemerov is entitled to an annual base salary of not less than $900,000.

Bonus: Under the New Nemerov Agreement, Ms. Nemerov is entitled to an annual incentive bonus opportunity ranging from 100% to 300% of her annual base salary. Under the Prior Nemerov Agreement, Ms. Nemerov was entitled to an annual incentive bonus opportunity ranging from 57.5% to 200% of her annual base salary. Ms. Nemerov s annual bonus opportunity is subject to the achievement of performance goals established under the Company s EOAIP.

Options and Restricted Stock: Under the New Nemerov Agreement, Ms. Nemerov will be granted an annual stock award grant with a total value of $3 million for fiscal years 2010-2013 pursuant to the terms of the Company s 1997 Long-Term Stock Incentive Plan. Fifty percent of such annual stock award shall consist of Cliff RPSUs. In addition, Ms. Nemerov will also receive an annual grant of 35,000 Cliff RPSUs for fiscal years 2010-2013. Pursuant to the Prior Nemerov Agreement, Ms. Nemerov was granted 75,000 restricted shares of Class A Common Stock and options to purchase an additional 200,000 shares on October 1, 2004. Fifteen thousand of these restricted shares of Class A

Common Stock will vest on each of the first five anniversaries of the grant date, subject to Ms. Nemerov s continued employment during such period. The options have a term of seven years (except for options granted prior to fiscal 2007, which have a term of ten years) and vest one-third each year on the first three anniversaries of the grant date, subject to Ms. Nemerov s continued employment during such period.

Other Benefits: Ms. Nemerov is also entitled to be reimbursed for the cost of a car and driver and to participate in all other employee benefit plans that by their terms are applicable to her or that are provided to other similarly situated senior executives of the Company.

Non-compete: If her employment terminates before the end of the employment term for any reason other than death, termination by the Company without cause (as defined below in Potential Payments Upon Termination or Change in Control Jackwyn Nemerov) or voluntary termination by Ms. Nemerov for good reason (as defined below in Potential Payments Upon Termination or Change in Control Jackwyn Nemerov), Ms. Nemerov may not compete with the Company for 12 months after the termination of her employment.

See Potential Payments Upon Termination or Change in Control for a discussion of severance and change of control payments payable to Ms. Nemerov under the New Nemerov Agreement.

Tracey T. Travis Employment Agreement. Tracey T. Travis is employed as the Company s Senior Vice President and Chief Financial Officer pursuant to an employment agreement effective as of September 28, 2009 (the New Travis Agreement). Ms. Travis was previously employed pursuant to an employment agreement dated March 26, 2007 and further amended with an effective date of January 1, 2009 (collectively, the Prior Travis Agreement). The key terms of the New Travis Agreement and the Prior Travis Agreement are:

Term: The New Travis Agreement provides for Ms. Travis employment through September 28, 2012.

Salary: Under the New Travis Agreement, Ms. Travis is entitled to an annual base salary of not less than $725,000. Under the Prior Travis Agreement, Ms. Travis base salary was $675,000, which was increased by the Compensation & Organizational Development Committee to $725,000 effective on January 1, 2008.

Bonus: Ms. Travis is entitled to participate in any applicable annual bonus program that the Company maintains during the term of her employment.

Other Benefits: Ms. Travis is eligible to participate in all employee benefit plans and arrangements of the Company for its senior executive officers, including a monthly car allowance of $1,500.

Non-compete: If her employment terminates before the end of the employment term for any reason other than death, termination by the Company without cause (as defined below in Potential Payments Upon Termination or Change in Control Tracey T. Travis) or voluntary termination by Ms. Travis for good reason (as defined below in Potential Payments Upon Termination or Change in Control Tracey T. Travis), Ms. Travis may not compete with the Company during the remainder of her scheduled employment term.

See Potential Payments Upon Termination or Change in Control for a discussion of severance and change of control payments payable to Ms. Travis under the New Travis Agreement.

Mitchell A. Kosh s Employment Agreement. Mitchell A. Kosh is employed as the Company s Senior Vice President, Human Resources, pursuant to an employment agreement dated October 14, 2009 (the New Kosh Agreement). Mr. Kosh was previously employed pursuant to an employment agreement dated April 30, 2007 and further amended with an effective date of January 1, 2009 (collectively, the Prior Kosh Agreement). The key terms of the New Kosh Agreement and the Prior Kosh Agreement are:

Term: The New Kosh Agreement provides for Mr. Kosh s employment through October 14, 2012.

Salary: Under the New Kosh Agreement, Mr. Kosh is entitled to an annual base salary of not less than $675,000. Under the Prior Kosh Agreement, Mr. Kosh had been entitled to an annual base salary of not less than $625,000.

Bonus: Mr. Kosh is entitled to participate in any applicable annual bonus program that the Company maintains during the term of his employment.

Other Benefits: Mr. Kosh is eligible to participate in all employee benefit plans and arrangements of the Company for its senior executive officers, including a monthly car allowance of $1,500.

Non-compete: If his employment terminates before the end of the employment term for any reason other than death, termination by the Company without cause (as defined below in Potential Payments Upon Termination or Change in Control Mitchell A. Kosh) or voluntary termination by Mr. Kosh for good reason (as defined below in Potential Payments Upon Termination or Change in Control Mitchell A. Kosh), Mr. Kosh may not compete with the Company during the remainder of his scheduled employment term. See Potential Payments Upon Termination or Change in Control for a discussion of severance and change of control payments payable to Mr. Kosh under the New Kosh Agreement.

OUTSTANDING EQUITY AWARDS AT FISCAL 2010 YEAR-END

The following table provides information concerning the unexercised stock options outstanding and unvested stock awards for each of the named executive officers of the Company as of the end of fiscal 2010.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options # Exercisable(1)	Number of Securities Underlying Unexercised Options # Unexercisable(2)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options(#)	Option Exercise Price($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(3)	Market Value of Shares or Units of Stock That Have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(4)
Lauren, Ralph	187,501	0	0	$ 26.70500	06/19/2011				
	250,000	0	0	$ 24.78000	06/07/2012				
	150,000	0	0	$ 25.32500	06/23/2013				
	150,000	0	0	$ 33.12000	06/08/2014				
	150,000	0	0	$ 43.03500	06/15/2015				
	150,000	0	0	$ 55.42500	06/08/2016				
	100,000	50,000	0	$ 100.56000	07/16/2017				
	33,334	66,666	0	$ 57.75500	07/14/2015				
	0	100,000	0	$ 54.14500	07/16/2016				
						379,349.98	$ 32,825,154	56,353	$ 4,876,225
Farah, Roger	50,000	0	0	$ 24.78000	06/07/2012				
	0	126,639	0	$ 78.24000	10/23/2016				
						0	$ 0	232,871.40	$ 20,150,362
Nemerov, Jackwyn	100,000	0	0	$ 36.96000	10/01/2014				
	60,000	0	0	$ 43.03500	06/15/2015				
	25,875	0	0	$ 55.42500	06/08/2013				
	12,060	0	0	$ 65.31000	10/02/2013				
	11,670	5,835	0	$ 100.56000	07/16/2014				
	9,307	18,614	0	$ 57.75500	07/14/2015				
	0	27,138	0	$ 78.24000	10/23/2016				
						6,926	$ 599,307	84,361	$ 7,299,757
Travis, Tracey	9,375	0	0	$ 43.03500	06/15/2015				
	6,180	0	0	$ 55.42500	06/08/2013				
	1,936	968	0	$ 100.56000	07/16/2014				
	5,670	2,835	0	$ 61.81000	12/28/2014				
	1,545	3,090	0	$ 57.75500	07/14/2015				
	0	5,553	0	$ 54.14500	07/16/2016				
						1,949	$ 168,647	10,739	$ 929,246
Kosh, Mitchell	3,750	0	0	$ 43.03500	06/15/2015				
	4,800	0	0	$ 55.42500	06/08/2013				
	1,936	968	0	$ 100.56000	07/16/2014				
	1,545	3,090	0	$ 57.75500	07/14/2015				
	0	5,553	0	$ 54.14500	07/16/2016				
						1,149	$ 99,423	10,739	$ 929,246

(1) This column represents the number of shares of Class A Common Stock underlying exercisable options that have not been exercised at April 3, 2010.

(2) This column represents the number of shares of Class A Common Stock underlying unexercisable options at April 3, 2010.

(3) This column represents the number of shares of Class A Common Stock represented by unvested restricted stock units (RSUs). See Executive Employment Agreements Ralph Lauren s Employment Agreement for a description of the material terms of these RSUs. Also includes fiscal 2008 Pro-Rata RPSUs and fiscal 2009 Pro-Rata RPSUs. The performance goals for fiscal 2008 Pro-Rata RPSUs and fiscal 2009 Pro-Rata RPSUs have been achieved. The third and final tranche of fiscal 2008 Pro-Rata RPSUs and the second tranche of fiscal 2009 Pro-Rata RPSUs vested on June 8, 2010,

subject to continued service at that time for each eligible recipient thereof, and the third tranche of fiscal 2009 Pro-Rata RPSUs will vest after the end of the Company s 2011 fiscal year, subject to continued service at that time with regard to each eligible recipient thereof.

(4) Calculated using the NYSE closing price of $86.53 per share of Class A Common Stock on April 1, 2010, the closest preceding date on which there were sales of shares. April 2, 2010, the last business day of the Company s 2010 fiscal year, was a NYSE holiday and the market was closed.

(5) This column represents the number of shares of Class A Common Stock represented by unearned RPSUs. See Executive Employment Agreements and Compensation Discussion and Analysis Components of Executive Compensation Long-Term Equity-Based Incentives Restricted Performance Share Units for a description of the material terms of these RPSUs. In accordance with SEC rules, unearned fiscal 2008 Cliff RPSUs are included assuming target performance. Actual shares earned with respect to the fiscal 2008 Cliff RPSUs, which were paid out in June 2010, reflected actual performance.

OPTION EXERCISES AND STOCK VESTED DURING FISCAL 2010

The following table provides information concerning the exercises of stock options and vesting of stock awards during fiscal 2010 on an aggregated basis for each of the named executive officers of the Company.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise($)	Number of Shares Acquired on Vesting(#)	Value Realized on Vesting($)
Lauren, Ralph(1)	312,499	$ 15,885,892	102,225	$ 5,683,573
Farah, Roger(2)	100,000	$ 5,320,490	274,890	$ 18,056,356
Nemerov, Jackwyn(3)	100,000	$ 4,524,215	52,626	$ 3,251,979
Travis, Tracey(4)	65,000	$ 2,803,712	9,192	$ 518,934
Kosh, Mitchell(5)	2,500	$ 29,662	6,717	$ 379,208

(1) Under a Rule 10b5-1 Purchase Plan dated as of March 12, 2009, Mr. Lauren exercised an aggregate of 250,000 stock options, on each of April 15, 2009, May 15, 2009, June 15, 2009, July 15, 2009, August 17, 2009, September 15, 2009, October 15, 2009, November 16, 2009 and December 15, 2009. The exercise price for each of the stock options was $13.96875 per share. The value realized is calculated using the difference between the sale price per share of Class A Common Stock and the option exercise price.

In addition, Mr. Lauren also entered into another Rule 10b5-1 Purchase Plan dated as of November 16, 2009, in which he may exercise an aggregate of 250,000 stock options from January 4, 2010 to December 31, 2010. In fiscal 2010, Mr. Lauren exercised under this Purchase Plan an aggregate of 62,499 stock options, on each of January 15, 2010, February 16, 2010 and March 15, 2010. The exercise price of these stock options was $26.705 per share. The value realized is calculated using the difference between the sale price per share of Class A Common Stock and the option exercise price.

Mr. Lauren acquired 101,937.97 shares upon the vesting of his RSUs, with a market price of $55.555 on June 8, 2009 (however, the underlying shares of Class A Common Stock will not be delivered until Mr. Lauren s separation of service from the Company or if earlier, upon a change of control). Market price is based on the average of the high and low sale price on that day. These RSUs are eligible to receive additional RSUs each time the Company pays an actual cash dividend on its outstanding shares. Such RSUs are immediately vested. Additional RSUs of 100.54, 67.57 and 119.28 were acquired respectively on July 10, 2009, October 9, 2009 and January 8, 2010. Market price (based on the average of the high and low sale price on each day) was $50.695, $75.505 and $85.605, respectively.

(2) Mr. Farah acquired 189,374 shares upon the vesting of his RPSUs, with a market price of $56.455 on June 10, 2009 and the table includes a cash payment of $49.82 in lieu of fractional shares representing 0.88 shares of Class A Common Stock. Additionally, 85,187 RSUs vested on April 3, 2010 with a market price of $86.21 (however, the underlying shares of Class A Common Stock will not be delivered until Mr. Farah s separation of service from the Company or if earlier, upon a change of control). Market price is based upon the average of the high and the low sale price on that day or if the day was not a trading day, the previous day. The RSUs are eligible to receive additional RSUs each time the Company pays an actual cash dividend on its outstanding shares. Such RSUs are immediately vested. Additional RSUs of 89.61, 83.57, 56.62 and 98.79 were acquired respectively on April 10, 2009, July 10, 2009, October 9, 2009 and January 8, 2010. Market price (based on the average of the high and low sale price on each day) was $47.51, $50.695, $75.505 and $85.605, respectively.

Mr. Farah exercised 8,434 stock options on March 1, 2010 and 91,566 stock options on February 26, 2010, with an exercise price of $26.705. The value realized is calculated using the difference between the sale price per share of Class A Common Stock and the option exercise price.

(3) Ms. Nemerov exercised 74,587 stock options on March 17, 2010 and 25,413 stock options on March 18, 2010, each with an exercise price of $36.96. The value realized is calculated using the difference between

the sale price per share of Class A Common Stock and the option exercise price. Ms. Nemerov acquired 37,626 shares on June 10, 2009, with a market price of $56.455 and the table includes a cash payment of $28.23 in lieu of fractional shares representing 0.50 shares of Class A Common Stock. Additionally, 15,000 shares of restricted stock vested on October 1, 2009, with a market price of $75.185. The market price is based upon the average of the high and the low sale price on that day.

(4) Ms. Travis exercised 30,000 stock options on March 18, 2010 and 35,000 stock options on December 11, 2009, with an exercise price of $38.61. The value realized is calculated using the difference between the sale price per share of Class A Common Stock and the option exercise price. Ms. Travis acquired 9,192 shares on June 10, 2009, with a market price of $56.455. This market price is based upon the average of the high and the low sale price on that day.

(5) Mr. Kosh exercised 2,500 stock options on June 11, 2009, with an exercise price of $43.035. The value realized is calculated using the difference between the sale price per share of Class A Common Stock and the option exercise price. Mr. Kosh acquired 6,717 shares on June 10, 2009, with a market price of $56.455. This market price is based upon the average of the high and the low sale price on that day.

NON-QUALIFIED DEFERRED COMPENSATION

The following table provides information with respect to the Company s defined contribution and non-tax-qualified compensation deferral plans for each of the Company s named executive officers. For a description of the material terms of the Company s Supplemental Executive Retirement Plan (SERP), see Compensation Discussion & Analysis Components of Executive Compensation Deferred Compensation . For a description of the material terms of Mr. Roger Farah s deferred compensation, see Executive Employment Agreements .

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)(1)	Aggregate Earnings in Last FY ($)(2)	Aggregate Withdrawals/ Distributions ($)(3)	Aggregate Balance at Last FYE ($)(4)
Lauren, Ralph		5,683,573(5)	3,129,275		8,812,848
Farah, Roger		250,000	736,900	(1,070,861)	1,304,882
		7,365,197(6)	3,604,267		14,687,977
			35,248	(1,053,963)	0
Nemerov, Jackwyn			7,665	(229,191)	0
Travis, Tracey					
Kosh, Mitchell			15,388		287,857

(1) No contributions were made under the Company s SERP during fiscal 2010. See Compensation Discussion & Analysis Components of Executive Compensation Deferred Compensation for additional information. Reflects annual contribution of $250,000 to Mr. Farah s deferred compensation account pursuant to his employment agreement.

(2) Represents earnings paid in fiscal 2009 for the SERP for Mr. Farah and Ms. Nemerov and fiscal 2009 and fiscal 2010 for Mr. Kosh. As described below in footnote 3, Mr. Farah and Ms. Nemerov withdrew their entire SERP balances effective in early fiscal 2010. Interest was credited to their accounts through April 1, 2009 in amounts equal to $35,248 for Mr. Farah and $7,665 for Ms. Nemerov. Earnings for Mr. Farah and Ms. Nemerov was calculated based on 3.46%, the mid-term Applicable Federal Rate for September 2008.

Mr. Kosh elected to remain in the SERP. For Mr. Kosh, interest paid for fiscal 2009, which was credited as of September 2009, was $7,820 and $7,568 for fiscal 2010 under the SERP. Such earnings for Mr. Kosh were based upon (i) for fiscal 2009, 2.87%, the mid-term Applicable Federal Rate for September 2009 and (ii) for fiscal 2010, 2.7%, the mid-term Applicable Federal Rate for April 2010.

During fiscal 2010, Mr. Farah s special deferred compensation account pursuant to his employment agreement was deemed to be invested in the following Vanguard mutual funds, which had the following rates of return as of March 31, 2010 as set forth below:

Name:	Average Annual 1 yr. Return as of March 31, 2010:
Vanguard Mid-Cap Index Fund Admiral Shares	66.63%
Vanguard 500 Index Fund Admiral Shares	49.88%
Vanguard International Growth Fund Investor Shares	61.79%
Vanguard International Growth Fund Admiral Shares	62.09%
Vanguard Mid-Cap Index Fund Investor Shares	66.43%

$3,129,275 for Mr. Lauren and $3,604,267 for Mr. Farah represents appreciation accumulated on vested but not delivered RSUs.

(3) As described in the Compensation Discussion And Analysis Components of Executive Compensation Deferred Compensation section, pursuant to an election made by them in calendar year 2008, Mr. Farah and Ms. Nemerov received in early fiscal 2010 a complete distribution of their SERP balances in the amounts of $1,053,963 and $229,191 respectively. Mr. Farah s deferred compensation account was not affected by his election to withdraw from the SERP.

Additionally, pursuant to Mr. Farah s employment agreement, he received a partial distribution of his deferred compensation account as of October 30, 2009 in the amount of $1,070,861.

(4) Mr. Lauren s RSUs and Mr. Farah s RSUs, which are described in more detail in footnotes 5 and 6 below, are valued at $86.21 per share, the average of the high and the low sale price as of April 1, 2010, the closest preceding date on which there were sales of shares. April 2, 2010, the last business day of the Company s 2010 fiscal year, was a NYSE holiday and the market was closed.

(5) This represents the value of Mr. Lauren s 101,937.97 RSUs which vested on June 8, 2009, based on the market price reflecting the average of the high and low price on that date (however, the underlying shares of the Company s Class A Common Stock will not be delivered until his separation of service from the Company or if earlier, upon a change of control).

Also includes additional RSUs that are granted each time the Company pays an actual cash dividend on its outstanding shares. Additional RSUs of 100.54, 67.57 and 119.28 were acquired respectively on July 10, 2009, October 9, 2009 and January 8, 2010. Market price was based on the average of the high and low sale price on each day,

(6) This represents the value of Mr. Farah s 85,187 RSUs which vested on April 3, 2010, based on the market price reflecting the average of the high and low price on that date (however, the underlying shares of the Company s Class A Common Stock will not be delivered until his separation of service from the Company or if earlier, upon a change of control (as defined in Mr. Farah s employment agreement)).

Also includes additional RSUs that are granted each time the Company pays an actual cash dividend on its outstanding shares. Additional RSUs of 89.61, 83.57, 56.62 and 98.79 were acquired respectively on April 10, 2009, July 10, 2009, October 9, 2009 and January 8, 2010. Market price was based on the average of the high and low sale price on each day.

Potential Payments Upon Termination or Change in Control

Ralph Lauren. Mr. Lauren s potential payments upon termination or change in control as described in this section are based upon his employment agreement, as amended.

If Mr. Lauren resigned for good reason (as defined in his employment agreement and as described below), or if the Company terminated Mr. Lauren s employment without cause (as defined in his employment agreement and as described below, including the Company electing not to renew the term of Mr. Lauren s employment agreement), Mr. Lauren would be entitled to receive within 30 days following the date of termination a lump sum cash payment equal to the sum of: (i) three years base salary; (ii) any accrued and unpaid compensation for any prior fiscal year; and (iii) three times the average annual bonus paid to Mr. Lauren for the two fiscal years immediately preceding the year of his termination of employment. In addition, any unvested stock options would continue to vest on schedule, provided that Mr. Lauren complied with certain noncompete and other restrictive covenants (as described below), and all of his unvested restricted stock units and unvested RPSUs would vest and be payable in shares of Class A Common Stock no later than 30 days after the vesting date. In addition, any vested stock options held by Mr. Lauren, and any options that would continue to vest as described herein, would remain exercisable until the later of one year from the date of termination of his employment or thirty days from the date the options become vested and exercisable, but in no event later than the expiration date of the options, provided that Mr. Lauren complied with certain noncompete and other restrictive covenants (as described below). During the three-year severance period, the Company will be obligated to continue to provide Mr. Lauren with office facilities and secretarial assistance, welfare and medical plan coverage and use of a car and driver.

In the event Mr. Lauren s employment terminates due to his death or disability, Mr. Lauren or his estate will be entitled to receive all payments due to him through the date of his death or termination due to disability, including a pro-rated bonus for the fiscal year of termination, and with respect to Mr. Lauren s unvested stock options and unvested restricted stock units, and unvested RPSUs, such awards shall vest immediately and, in the case of his unvested stock options, shall be exercisable until the earlier of three years from the date of termination or the expiration date of the option, and in the case of his unvested restricted stock units and unvested RPSUs, shall be payable in shares of Class A Common Stock no later than 30 days after the vesting date.

Under Mr. Lauren s employment agreement, if Mr. Lauren terminates his employment for any reason, other than for good reason, death or disability, including his electing not to renew the term of the employment agreement, or if the Company terminates Mr. Lauren s employment for cause, then Mr. Lauren will only receive his base salary through the date of termination. In addition, under Mr. Lauren s employment agreement, if Mr. Lauren terminates his employment for any reason, other than for good reason, death or disability, including his electing not to renew the term of the employment agreement, any vested but unexercised stock options, unvested stock options, unvested restricted stock units, and unvested RPSUs held by Mr. Lauren pursuant to his employment agreement shall be forfeited.

In the event that a change of control precedes the termination of Mr. Lauren s employment, Mr. Lauren will continue to receive the same amounts in the same manner as described above for a termination of employment without cause or for good reason. Mr. Lauren will be entitled to continue to receive office facilities and secretarial assistance, welfare and medical plan coverage and use of a car and driver. In addition, any unvested stock options and unvested restricted stock units and RPSUs would immediately vest.

Under Mr. Lauren s employment agreement, the above described amounts payable to Mr. Lauren are subject to his compliance with the following restrictive covenants: (i) not to compete with the Company for two years following the termination of his employment; (ii) not to solicit any employee of the Company for three years following the termination of his employment; (iii) not to disparage the Company for three years following the termination of his employment; and (iv) not to disclose any confidential information of the Company.

Under Mr. Lauren s employment agreement, cause is defined as (A) the willful and continued failure by him to substantially perform his duties after demand for substantial performance is delivered by the Company that specifically identifies the manner in which the Company believes he has not substantially performed his duties; or (B) his conviction of, or plea of nolo contendere to, a crime (whether or not involving the Company) constituting a felony; or (C) willful engaging by him in gross misconduct relating to his employment that is materially injurious to the Company or subjects the Company, monetarily or otherwise or which subjects, or if generally known, would subject the Company to public ridicule or embarrassment. Further, no act, or failure to act, shall be considered willful unless done, or omitted to be done, by Mr. Lauren not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the forgoing, Mr. Lauren shall not be deemed to have been terminated for cause without (x) reasonable written notice to him setting forth the reasons for the Company s intention to terminate him for cause, (y) an opportunity for him, together with his counsel, to be heard before the Company s Board of Directors, and (z) delivery to him of a specific termination notice from the Board of Directors that states that in the good faith opinion of the Board of Directors Mr. Lauren was guilty of the conduct set forth above in clauses (A), (B) or (C) above, and specifying the particulars thereof in detail. In addition, in the event that the Board of Directors has so determined in good faith that cause exists, the Board of Directors shall have no obligation to terminate Mr. Lauren s employment if the Board of Directors determines in its sole discretion that such a decision not to terminate his employment is in the best interest of the Company.

Under Mr. Lauren s employment agreement, good reason is defined to mean (A) a material diminution in Mr. Lauren s duties or the assignment to him of a title or duties inconsistent with his position as Chairman of the Board of Directors and Chief Executive Officer of the Company, (B) a material reduction in his salary, or (C) a failure of the Company to comply with any material provision of his employment agreement; provided that the events described in clauses (A), (B) and (C) above will not constitute good reason unless such diminution, reduction or failure (as applicable) has not been cured within thirty (30) days after notice of such noncompliance has been given by Mr. Lauren to the Company. In addition, under Mr. Lauren s employment agreement, termination of employment for good reason must be within one year following the occurrence of the basis for such good reason to terminate, and Mr. Lauren must notify the Company of the existence of such good reason within 90 days of its occurrence.

If necessary to comply with Section 409A of the Code, any severance payments will be subject to a six month delay in payment.

Roger N. Farah. Under Mr. Farah s employment agreement dated October 14, 2009, as amended on March 29, 2010, if Mr. Farah resigns for good reason (as defined in his employment agreement and as described below) or if the Company terminates his employment for any reason other than an election on the part of the Company not to extend the term of his employment agreement, Mr. Farah s death or disability or for cause (as defined in his employment agreement and as described below), Mr. Farah will be entitled to receive a pro-rata portion, based on the number of days he worked in the fiscal year prior to the date of the termination of his employment, of the annual incentive bonus that he would have received based on the Company s performance for the fiscal year during which such termination occurred plus an amount, generally payable over Mr. Farah s severance period, equal to the sum of: (i) the applicable severance multiplier times his annual base salary and (ii) the applicable severance multiplier times $6 million. Mr. Farah s severance multiplier is the greater of (i) the number of years (including fractions thereof), up to three, remaining in the term of his employment agreement and (ii) two. Mr. Farah s severance period is equal to the total number of months that is the result of multiplying twelve (12) times Mr. Farah s severance multiplier. In addition, with respect to Mr. Farah s stock awards, (i) any Cliff RPSUs granted in fiscal years 2010 and 2011 will vest, subject to the Company s achievement of performance goals established by the Compensation & Organizational Development Committee of the Board of Directors under the Company s 1997 Stock Incentive Plan; (ii) any Cliff RPSUs granted in fiscal 2012 will vest as of the end of fiscal 2014; and (iii) all outstanding stock options will vest and remain exercisable until the earlier of one year from the date of his termination of employment or the expiration date of the option. Mr. Farah will also be entitled to vest, subject to the achievement of pre-established financial goals, in his fiscal 2008

Cliff RPSUs. In addition, Mr. Farah will be entitled to continued participation in the Company s health benefit plans and continued payment of his automobile allowance until the earlier of the end of the severance period or until he secures new employment.

If either the Company or Mr. Farah elects not to extend the term of his employment agreement (the earliest nonrenewal of Mr. Farah s agreement would occur at the end of fiscal 2013), Mr. Farah will be entitled to receive his salary through the date of termination plus the annual incentive bonus he would have been entitled to receive for the fiscal year in which the term ends, payable at the same time as bonuses are paid to other executives under the Company s Executive Officer Annual Incentive Plan. In addition, with respect to Mr. Farah s stock awards, (i) any Cliff RPSUs granted in fiscal years 2010 and 2011 will vest, subject to the Company s achievement of performance goals established by the Compensation & Organizational Development Committee of the Board of Directors under the Company s 1997 Stock Incentive Plan; (ii) any Cliff RPSUs granted in fiscal 2012 will vest as of the end of fiscal 2014; and (iii) all outstanding stock options will vest and remain exercisable until the earlier of one year from the date of his termination of employment or the expiration date of the option, except in the event that Mr. Farah has elected not to renew his employment agreement, then his stock options that were granted in fiscal 2013 will not become exercisable until the end of fiscal 2014 and shall remain exercisable for one year. If the Company elects not to extend the term, Mr. Farah will also be entitled to receive an amount, payable in twelve equal monthly installments, equal to the sum of (i) his annual base salary and (ii) $6 million.

If the Company terminates Mr. Farah for cause or Mr. Farah resigns other than for good reason (and his resignation is not due to his election not to extend the term of his employment agreement), he is entitled to receive only his base salary through the date of termination and all outstanding unvested Cliff RPSUs and unvested stock options will be immediately cancelled and forfeited to the Company. If Mr. Farah resigns his employment due to early retirement (as defined in the Company s 1997 Stock Incentive Plan), then he shall have one year from the date of resignation to exercise any vested stock options (or upon the expiration of the original option term if earlier). In the event of Mr. Farah s termination due to his death or disability, Mr. Farah or his estate will be entitled to receive all payments due to him through the date of his death or termination due to disability, including a pro-rated target incentive bonus for the fiscal year of termination. In addition, with respect to Mr. Farah s stock awards, (i) any Cliff RPSUs granted in fiscal years 2010 and 2011 will vest, subject to the Company s achievement of performance goals established by the Compensation & Organizational Development Committee of the Board of Directors under the Company s 1997 Stock Incentive Plan; (ii) any Cliff RPSUs granted in fiscal 2012 will vest as of the end of fiscal 2014; (iii) all of his Cliff RPSUs that were granted in Fiscal 2008 will vest, subject to the Company s achievement of pre-established performance goals; and (iv) all outstanding stock options will vest and remain exercisable until the earlier of three years from the date of his termination of employment or the expiration date of the option.

If the Company and Mr. Farah both determine that part or all of the payments under his employment agreement constitute parachute payments under Section 280G(b)(2) of the Code, then, if the aggregate present value of such parachute payments and all other parachute payments paid to Mr. Farah under any other plan, arrangement or agreement with the Company exceeds 2.99 times Mr. Farah s base amount , as defined in Section 280G(b)(3) of the Code, the payments to Mr. Farah constituting parachute payments will be reduced to the extent necessary so that the parachute payments equal 2.99 times Mr. Farah s base amount . However, such amounts will not be so reduced if Mr. Farah determines, based upon the advice of a independent nationally recognized public accounting firm, that without such reduction he would be entitled to receive and retain, on a net after tax basis, a greater amount than he would be entitled to receive and retain after such reduction.

If a change of control (defined in Mr. Farah s employment agreement to include a change in the ownership, effective control or a change in the ownership of a substantial portion of the assets, in each case, within the meaning of Section 409A of the Code and the regulations issued thereunder) of the Company occurs within two years prior to any termination of Mr. Farah s employment due to his resignation for good reason or due to any reason other than an election on the part of the Company or Mr. Farah not to extend the term of his employment agreement, Mr. Farah s death or disability or for cause, then Mr. Farah shall receive (i) the cash severance

payments described above in the first paragraph of this section, in two equal lump sum installments, the first payable within forty-five (45) days after the date of termination and the second on the first anniversary of the date of termination; and (ii) instead of receiving a pro-rata portion of the annual incentive bonus he would receive for the year of termination based on the Company s achievement of performance goals, Mr. Farah shall instead receive a pro-rata portion of $6 million based on the number of days he worked in the fiscal year prior to the date of the termination. In addition, Mr. Farah will be entitled to continued participation in the Company s health benefit plans and continued payment of his automobile allowance until the earlier of the end of the severance period or until he secures new employment. In addition, any unvested stock options and unvested RPSUs held by Mr. Farah would immediately vest.

Under Mr. Farah s employment agreement, the above described amounts and stock awards to be provided to Mr. Farah are subject to his compliance with the following restrictive covenants: (i) not to compete with the Company for twelve months following the termination of his employment; (ii) not to solicit any employee of the Company for two years following the termination of his employment and during the severance period; (iii) not to disparage the Company for two years following the termination of his employment and during the severance period; and (iv) not to disclose any confidential information of the Company.

Deferred compensation and any investment earnings credited to Mr. Farah s deferred compensation account in calendar 2009 will be paid to Mr. Farah on the 45th day following the termination of his employment if his employment terminates before October 31, 2010, or will be paid on the earlier of January 1, 2017 or the 45th day following the termination of his employment if his employment terminates on or after October 31, 2010. The then-current value of the deferred compensation account credited after calendar 2009 will be payable in a cash lump sum payment to Mr. Farah on the 45th day following termination of his employment. The balance of the deferred compensation account as of December 31, 2004 will be paid as soon as practicable after the termination of Mr. Farah s employment.

Under Mr. Farah s employment agreement, cause is defined as (A) the willful and continued failure by Mr. Farah to substantially perform his duties after demand for substantial performance is delivered to him by the Company that specifically identifies the manner in which the Company believes he has not substantially performed his duties; (B) Mr. Farah s conviction of, or plea of nolo contendere to, a crime (whether or not involving the Company) constituting any felony; or (C) the willful engaging by Mr. Farah in gross misconduct relating to his employment that is materially injurious to the Company, monetarily or otherwise or which subjects, or if generally known would subject, the Company to public ridicule. Further, no act, or failure to act, on Mr. Farah s part will be considered willful unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, Mr. Farah s employment may be terminated for cause only by act of the Company s Board of Directors and Mr. Farah s employment will not be deemed to have been terminated for cause without (x) reasonable written notice to him setting forth the reasons for the Company s intention to terminate for cause, (y) the opportunity to cure (if curable) within 30 days of such written notice of the event(s) giving rise to such notice and (z) an opportunity for Mr. Farah, together with his counsel, to be heard by the Board of Directors.

Under Mr. Farah s employment agreement, good reason is defined as (A) a material diminution in or adverse alteration to his title or duties, (B) a reduction in his salary or annual incentive bonus opportunity or deferred compensation or the Company s electing to eliminate its bonus plan without substituting a plan which provides for a reasonably comparable annual incentive bonus opportunity or Mr. Farah ceasing to be entitled to the payment of an annual incentive bonus as a result of the failure of the Company s stockholders to approve a plan or arrangement evidencing such annual incentive bonus in a manner that complies with the requirements of section 162(m) of the Code, (C) the relocation of Mr. Farah s principal office outside of the area which comprises a fifty (50) mile radius from New York City, (D) a failure of the Company to comply with any material provision of Mr. Farah s employment agreement or (E) the Company requires Mr. Farah to report to anyone other than Ralph Lauren and/or the Board of Directors; provided that the events described in clauses (A), (B), (C), (D) and (E) above shall not constitute good reason (1) until Mr. Farah provides notice to the Company of the existence of such diminution, change, reduction, relocation, failure or requirement within ninety (90) days

of its occurrence and (2) unless such diminution, change, reduction, failure or requirement (as applicable) has not been cured within thirty (30) days after written notice of such noncompliance has been given by Mr. Farah to the Company.

If necessary to comply with Section 409A of the Code, any severance payments will be subject to a six month delay in payment.

Jackwyn L. Nemerov. Under Ms. Nemerov s employment agreement dated October 14, 2009, if the Company terminates Ms. Nemerov s employment for any reason other than death, disability or cause (as defined in her employment agreement and as described below), including the Company electing not to renew her employment agreement, or Ms. Nemerov terminates her employment for good reason (as defined in her employment agreement and as described below), Ms. Nemerov shall be entitled to receive, in accordance with the Company s normal payroll practices, an amount equal to her base salary for a severance period equal to the longer of the remaining term of her employment agreement or one year, plus a lump sum amount at the end of the severance period equal to the bonus paid to Ms. Nemerov for the fiscal year immediately preceding the fiscal year in which her termination of employment occurs. In addition, Ms. Nemerov will be entitled to continue to participate during the severance period in any group medical, dental or life insurance plans in which she participated prior to termination. With respect to Ms. Nemerov s stock awards, granted in fiscal 2010 and beyond, Ms. Nemerov shall vest in any unvested stock options and shall have one year from the date of termination to exercise such vested options (or until the expiration date of such options if earlier), and shall also vest in any unvested RPSUs at the end of the applicable performance period, subject to the Company achieving the applicable performance goals. With respect to Ms. Nemerov s stock awards granted prior to fiscal 2010, all unvested stock options and unvested RPSUs shall be forfeited, and Ms. Nemerov shall have ninety days from the date of termination to exercise any vested stock options.

If Ms. Nemerov voluntarily terminates her employment without good reason, or if the Company terminates her employment for cause, Ms. Nemerov will be entitled to receive only her base salary through the date of termination. In the event Ms. Nemerov s employment terminates due to her death or disability, Ms. Nemerov or her estate will be entitled to receive all payments due to her through the date of her death or termination due to disability. In the event Ms. Nemerov s employment terminates due to her death or disability, or she terminates her employment due to retirement, Ms. Nemerov will be entitled to receive a pro-rated amount, based on the percentage of time that has elapsed during the applicable performance periods, of the unvested RPSUs held by her, which shall vest at the end of the applicable performance period, subject to the Company s achievement of pre-established financial goals. For death or disability, unvested stock options continue to vest according to their original vesting schedule.

If the Company terminates her employment without cause within 12 months following a change of control of the Company (as defined in her employment agreement), then, in lieu of the foregoing amounts, Ms. Nemerov shall be entitled to receive a lump sum amount, payable within 15 days after the termination of her employment (unless required otherwise by Section 409A of the Code), equal to two times the sum of her annual base salary and two times the bonus she was paid for the fiscal year immediately prior to her termination. In addition, any unvested options and unvested RPSUs held by Ms. Nemerov will immediately vest, and all of her vested options will remain exercisable for six months. In addition, Ms. Nemerov will be entitled to continue to participate during the severance period in any group medical, dental or life insurance plans in which she participated prior to termination.

Under Ms. Nemerov s employment agreement, the above described amounts and stock awards to be provided to her are subject to her compliance with the following restrictive covenants: (i) in the event her employment is terminated by the Company due to disability, for cause or by her without good reason, not to compete with the Company for one year following the termination of her employment; (ii) not to solicit any employee of the Company for two years following the termination of her employment; (iii) not to disparage the Company following the termination of her employment; and (iv) not to disclose any confidential information of the Company.

Under Ms. Nemerov s employment agreement, cause is defined as: (A) the willful and continued failure by Ms. Nemerov to substantially perform the duties of her employment agreement after demand for substantial performance is delivered to her by the Company that specifically identifies the manner in which the Company believes that she has not substantially performed her duties, (B) her conviction of, or plea of nolo contendere to, a crime (whether or not involving the Company) constituting any felony or (3) the willful engaging by her in gross misconduct relating to her employment that is materially injurious to the Company, monetarily or otherwise or which subjects, or if generally known would subject, the Company to public ridicule. Further, no act, or failure to act, on Ms. Nemerov s part shall be considered willful unless done, or omitted to be done, by her not in good faith and without reasonable belief that her action or omission was in the best interest of the Company. Notwithstanding the foregoing, Ms. Nemerov s employment may be terminated for cause only by act of the Company s Board of Directors and, in any event, her employment shall not be deemed to have been terminated for cause without (x) reasonable written notice to Ms. Nemerov setting forth the reasons for the Company s intention to terminate for cause, (y) the opportunity to cure (if curable) within 30 days of such written notice of the event(s) giving rise to such notice and (z) an opportunity for Ms. Nemerov, together with her counsel, to be heard by the Board of Directors of the Company.

Under Ms. Nemerov s employment agreement, good reason is defined as a termination of employment by Ms. Nemerov within one (1) year following the occurrence of: (A) a material diminution in or adverse alteration to Ms. Nemerov s title, base salary, benefits, position, status, or duties, (B) the relocation of her principal office outside the area which comprises a fifty (50) mile radius from New York City, (C) a failure of the Company to comply with any material provision of her employment agreement or (D) the Company requires her to report to anyone other than Ralph Lauren or Roger Farah, provided that the events described in clauses (A), (B), (C) and (D) above shall not constitute good reason (1) until Ms. Nemerov provides written notice to the Company of the existence of such diminution, change, reduction, relocation or failure within ninety (90) days of its occurrence and (2) unless and until such diminution, change, reduction or failure (as applicable) has not been cured within thirty (30) days after written notice of such noncompliance has been given by Ms. Nemerov to the Company.

If necessary to comply with Section 409A of the Code, any severance payments will be subject to a six month delay in payment.

Tracey T. Travis. Under Ms. Travis employment agreement dated September 28, 2009, if the Company terminates Ms. Travis employment for any reason other than death, disability or cause (as defined in her employment agreement and as described below), or Ms. Travis voluntarily terminates her employment for good reason (as defined in her employment agreement and as described below), Ms. Travis will be entitled to continue to receive, in accordance with the Company s normal payroll practices, an amount equal to her base salary for a severance period equal to the longer of the remaining term of her employment agreement or one year, plus an amount, payable at the end of the severance period, equal to the bonus that Ms. Travis received for the fiscal year immediately preceding the fiscal year in which her employment terminates. In addition, Ms. Travis will be entitled to continue her participation during the severance period in any group medical or dental plans in which she participated prior to termination.

If Ms. Travis voluntarily terminates her employment without good reason, or if the Company terminates her employment for cause, Ms. Travis will be entitled to receive only her base salary through the date of termination. In the event Ms. Travis s employment terminates due to her death or disability, Ms. Travis or her estate will be entitled to receive all payments due to her through the date of her death or termination due to disability. In the event Ms. Travis employment terminates due to her death or disability, or she terminates her employment due to retirement, Ms. Travis will be entitled to receive a pro-rated amount, based on the percentage of time that has elapsed during the applicable performance periods, of the unvested RPSUs held by her, which shall vest at the end of the applicable performance period, subject to the Company s achievement of pre-established financial goals. For death or disability, unvested stock options continue to vest according to their original vesting schedule.

If the Company terminates her employment without cause within 12 months following a change in control of the Company (as defined in her employment agreement), then in lieu of the foregoing amounts, Ms. Travis will be entitled to receive a lump sum amount, payable within 15 days after the termination of her employment (unless required otherwise by Section 409A of the Code), equal to twice the sum of her annual base salary and two times the bonus she received for the fiscal year immediately preceding the fiscal year in which her employment terminates. In addition, any unvested options and unvested RPSUs held by Ms. Travis will immediately vest, and all vested options held by Ms. Travis will remain exercisable for six months. In addition, Ms. Travis will be entitled to continue her participation during the severance period in any group medical or dental insurance plans in which she participated prior to termination.

Under Ms. Travis employment agreement, cause is defined as: (i) deliberate or intentional failure by Ms. Travis to substantially perform the material duties of her employment agreement (other than due to disability); or (ii) a deliberate or intentional act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by Ms. Travis; or (iii) intentional wrongful damage to material assets of the Company; or (iv) her intentional wrongful disclosure of the Company s confidential information; or (v) her intentional wrongful engagement in any competitive activity which would constitute a breach of her employment agreement and/or of her duty of loyalty; or (vi) her intentional breach of any material employment policy of the Company; or (vii) performance by Ms. Travis of her employment duties in a manner deemed by the Company, in its sole discretion, to be grossly negligent; or (viii) the commission of any act by her, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company s reputation, goodwill, or relationships with its customers, suppliers, vendors, or employees. Further, no act, or failure to act, on the part of Ms. Travis shall be deemed intentional if it was due primarily to an error in judgment or negligence, but shall be deemed intentional only if done, or omitted to be done, by her not in good faith and without reasonable belief that her action or omission was in, or not opposed to, the best interest of the Company. The definition of cause in Ms. Travis employment agreement explicitly excludes failure to meet performance standards or objectives of the Company.

Under Ms. Travis employment agreement, good reason is defined as a termination of employment by Ms. Travis within sixty (60) days following the occurrence of (A) a material diminution in or adverse alteration to Ms. Travis title, base salary, position or duties, including no longer reporting to the Chairman & Chief Executive Officer, or the President & Chief Operating Officer, (B) the relocation of her principal office outside the area which comprises a fifty (50) mile radius from New York City, or (C) a failure of the Company to comply with any material provision of her employment agreement provided that the events described in clauses (A), (B), and (C) shall not constitute good reason (1) until Ms. Travis provides written notice to the Company of the existence of such diminution, change, reduction, relocation or failure within thirty (30) days of its occurrence and (2) unless and until such diminution, change, reduction or failure (as applicable) has not been cured within thirty (30) days after written notice of such noncompliance has been given by Ms. Travis to the Company.

If necessary to comply with Section 409A of the Code, any severance payments will be subject to a six month delay in payment.

Mitchell A. Kosh. Under Mr. Kosh s employment agreement, as amended, if the Company terminates his employment for any reason other than death, disability or cause (as defined in his employment agreement and as described below), or Mr. Kosh voluntarily terminates his employment for good reason (as defined in his employment agreement and as described below), Mr. Kosh will be entitled to continue to receive, in accordance with the Company s normal payroll practices, an amount equal to his base salary for a severance period equal to the longer of the remaining term of his employment agreement or one year, plus an amount, payable at the end of the severance period, equal to the bonus that Mr. Kosh received for the fiscal year immediately preceding the fiscal year in which his employment terminates. In addition, Mr. Kosh will be entitled to continue his participation during the severance period in any group medical or dental insurance plans in which he participated prior to termination.

If Mr. Kosh voluntarily terminates his employment without good reason, or if the Company terminates his employment for cause, Mr. Kosh will be entitled to receive only his base salary through the date of termination. In the event of Mr. Kosh s termination due to his death or disability, Mr. Kosh or his estate will be entitled to receive all payments due to him through the date of his death or termination due to disability. In the event Mr. Kosh s employment terminates due to his death or disability, or he terminates his employment due to retirement, Mr. Kosh will be entitled to receive a pro-rated amount, based on the percentage of time that has elapsed during the applicable performance periods, of the unvested RPSUs held by him, which shall vest at the end of the applicable performance period, subject to the Company s achievement of pre-established financial goals. For death or disability, unvested stock options continue to vest according to their original vesting schedule.

If the Company terminates Mr. Kosh s employment without cause within 12 months following a change of control of the Company (as defined in his employment agreement), Mr. Kosh will be entitled to receive a lump sum amount, payable within 15 days after the termination of his employment (unless required otherwise by Section 409A of the Code), equal to twice the sum of his annual base salary and two times the bonus paid to him for the fiscal year immediately preceding the fiscal year in which his employment terminates. In addition, any unvested options and unvested RPSUs held by Mr. Kosh will immediately vest, and all options held by him will remain exercisable for six months. In addition, Mr. Kosh will be entitled to continue his participation during the severance period in any group medical or dental insurance plans in which he participated prior to termination.

Under Mr. Kosh s employment agreement, the above described amounts and stock awards to be provided to him are subject to his compliance with the following restrictive covenants: (i) in the event his employment is terminated by the Company due to disability, for cause or the termination by him of his employment without good reason, not to compete with the Company for the remainder of his scheduled employment term; (ii) not to solicit any employee of the Company for the remainder of his scheduled employment term; (iii) not to disparage the Company following the termination of his employment; and (iv) not to disclose any confidential information of the Company.

Under Mr. Kosh s employment agreement, cause is defined as: (i) failure by Mr. Kosh to perform the duties of his employment agreement (other than due to disability), provided that the conduct shall not constitute cause unless such failure by him to perform his duties has not been cured to the satisfaction of the Company, in its sole discretion, within fifteen (15) days after notice of such failure has been given by the Company to Mr. Kosh; or (ii) an act of fraud, embezzlement, theft, breach of fiduciary duty, dishonesty, or any other misconduct or any violation of law (other than a traffic violation) committed by Mr. Kosh; or (iii) any action by him causing damage to or misappropriation of Company assets; or (iv) his wrongful disclosure of the Company s confidential information; or (v) his engagement in any competitive activity which would constitute a breach of his employment agreement and/or of his duty of loyalty; or (vi) his breach of any employment policy of the Company; or (vii) performance by him of his employment duties in a manner deemed by the Company, in its sole discretion, to be grossly negligent; or (viii) the commission of any act by him, whether or not performed in the workplace, which subjects or, if publicly known, would be likely to subject the Company to public ridicule or embarrassment, or would likely be detrimental or damaging to the Company s reputation, goodwill, or relationships with its customers, suppliers, vendors, licensees or employees.

Under Mr. Kosh s employment agreement, good reason is defined as a termination of employment by Mr. Kosh within sixty (60) days following the occurrence of: (A) a material diminution in or adverse alteration to his title, base salary, position or duties, including no longer reporting to Ralph Lauren, Chief Executive Officer, or Roger Farah, Chief Operating Officer, (B) the relocation of his principal office outside the area which comprises a fifty (50) mile radius from New York City, or (C) a failure of the Company to comply with any material provision of his employment agreement provided that the events described in clauses (A), (B), and (C) above shall not constitute good reason (1) until Mr. Kosh provides written notice to the Company of the existence of such diminution, change, reduction, relocation or failure within thirty (30) days of its occurrence and (2) unless such diminution, change, reduction or failure (as applicable) has not been cured within thirty (30) days after written notice of such noncompliance has been given by Mr. Kosh to the Company.

If necessary to comply with Section 409A of the Code, any severance payments will be subject to a six month delay in payment.

Potential Payments Upon Termination or Change in Control Tables

The following tables summarize the amounts payable to the Company s named executive officers upon termination of their employment under certain circumstances or in the event of a change in control, assuming that:

the named executive officer s employment terminated or, in the event of a change in control, such change of control occurred on April 3, 2010;

the named executive officer s salary continues as it existed on April 3, 2010;

the named executive officer s employment agreement and term as of April 3, 2010 applies; and

the stock price for the Company s Class A Common Stock is $86.53 per share (the NYSE closing price of the Company s Class A Common Stock on April 1, 2010, the closest preceding date on which there were sales of shares. April 2, 2010, the last business day of the Company s fiscal 2010 was a NYSE holiday and the market was closed).

The tables do not include non-qualified deferred compensation, if any, that would be paid to the named executive officers, which is set forth in the Non-Qualified Deferred Compensation table. In addition, the tables do not include the value of vested but unexercised stock options as of April 3, 2010.

Chief Executive Officer Ralph Lauren

Payments Upon Various Termination Events	By the Company for Cause/by the Executive Without Good Reason(1)	By the Company Without Cause/by the Executive for Good Reason/by the Company s Election not to Renew his Agreement	Death or Disability	Retirement(2)	Change in Control with Termination
Compensation:					
Cash Severance Base Salary	$ 0	$ 3,750,000	$ 0	N/A	$ 3,750,000(3)
Cash Severance Bonus	$ 0	$ 38,829,546	$ 19,500,000(4)	N/A	$ 38,829,546(3)
Stock Options	$ 0(5)	$ 5,156,814(6)	$ 5,156,814(7)	N/A	$ 5,156,814(7)
Restricted Stock Units/RPSUs	$ 0	$ 39,326,788(8)	$ 39,326,788(8)	N/A	$ 39,326,788(8)
Additional Cliff RPSUs if Maximum Performance is Reached	$ 0	N/A	N/A	N/A	$ 0
Benefits and Perquisites:					
Health and Welfare Benefits	$ 0	$ 362,577(9)	$ 0	N/A	$ 362,577
Office Facilities/Support	$ 0	$ 650,520(10)	$ 0	N/A	$ 650,520
Automobile and Driver	$ 0	$ 527,857(10)	$ 0	N/A	$ 527,857
Total	$ 0	$ 88,604,102	$ 63,983,602	N/A	$ 88,604,102

(1) On June 12, 2007, the Company renewed Mr. Lauren s employment agreement for an additional five-year period commencing on March 30, 2008. See Executive Employment Agreements Ralph Lauren. Mr. Lauren s employment agreement was amended as of June 29,

2009.

(2) Mr. Lauren s employment agreement does not address retirement.

(3) No special change in control severance payment is payable to Mr. Lauren. If Mr. Lauren were to be terminated by the Company without cause or if he terminates his employment for good reason following a change in control, Mr. Lauren would be entitled to the amounts reflected under the above column By the Company without Cause/By the Executive for Good Reason/by the Company s Election not to Renew his Agreement.

(4) Mr. Lauren is entitled to a pro-rata portion of his bonus based upon time served during the termination year. The amount in this column reflects the actual bonus amount that Mr. Lauren received for fiscal 2010.

(5) If Mr. Lauren were terminated by the Company for cause or if he terminates his employment without good reason, he would forfeit any outstanding vested, but not yet exercised, stock options.

(6) Represents in-the-money value of unvested stock options held by Mr. Lauren at termination that will continue to vest on their scheduled vesting dates. To determine this amount, the NYSE closing price of the Company s Class A Common Stock on the last day of fiscal 2010 of $86.53 was used. The actual value would depend upon the stock price on the date of exercise. In addition, any vested options and any options that continue to vest following such termination will remain exercisable until the later of (a) one year from the date of Mr. Lauren s termination of employment or (b) 30 days from the date such options vest (but in no event later than the expiration date of such options).

(7) Represents the in-the-money value of unvested stock options whose vesting accelerates on such termination or, as applicable, upon a change in control.

(8) Represents the value of time-based RSUs and RPSUs including associated dividend equivalent units whose vesting accelerates on such termination or, as applicable, upon a change in control.

(9) The amounts presented are estimates based on historical costs plus an assumed percentage increase to cover the cost over the severance period. Actual amounts will be known only at the time that the executive becomes eligible for benefits.

(10) The amounts presented are estimates only based on annual historical costs associated with providing such perquisites to Mr. Lauren.

President and Chief Operating Officer Roger N. Farah

Payments Upon Various Termination Events	By the Company for Cause/by the Executive Without Good Reason	By the Company Without Cause/by the Executive for Good Reason	Death or Disability	Retirement	Change in Control with Termination(1)	By the Company s Election Not to Extend the Agreement Term(2)
Compensation:						
Cash Severance Base Salary	$ 0	$ 2,700,000(3)	$ 0	$ 0	$ 2,700,000	N/A
Cash Severance Bonus	$ 0	$ 27,900,000(4)	$ 6,000,000(5)	$ 0	$ 24,000,000	N/A
Stock Options	$					

At May 31, 2014, our financial assets and liabilities measured at fair value on a recurring basis were as follows:

(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Totals
Assets				
Derivative contracts (1)	$ -	$ 1,284	$ -	$ 1,284

Total assets	$	-	$	1,284	$	-	$ 1,284
Liabilities							
Derivative contracts (1)	$	-	$	4,475	$	-	$ 4,475
Contingent consideration obligation (2)		-		-		404	404
Total liabilities	$	-	$	4,475	$	404	$ 4,879

(1) The fair value of our derivative contracts is based on the present value of the expected future cash flows considering the risks involved, including non-performance risk, and using discount rates appropriate for the respective maturities. Market observable, Level 2 inputs are used to determine the present value of the expected future cash flows. Refer to Note O Derivative Instruments and Hedging Activities for additional information regarding our use of derivative instruments.

(2) The fair value of the Company s contingent consideration obligations is determined using a probability weighted cash flow approach based on management s projections of future cash flows of the acquired businesses. The fair value measurements are based on significant inputs not observable in the market and thus represent Level 3 measurements.

Non-Recurring Fair Value Measurements

At November 30, 2014, our financial assets and liabilities measured at fair value on a non-recurring basis were as follows:

(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Totals
Assets				
Long-lived assets held for sale (1)	$ -	$ 21,821	$ -	$ 21,821
Long-lived assets held and used (2)	-	3,750	-	3,750
Total assets	$ -	$ 25,571	$ -	$ 25,571

(1) During the fourth quarter of fiscal 2014, management committed to a plan to sell certain non-core Steel Processing assets. As all of the criteria for classification as assets held for sale were met, the net assets of this business, which consist of net working capital and property, plant and equipment, have been presented separately as assets held for sale in our consolidated balance sheets as of November 30, 2014 and May 31, 2014. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell as of May 31, 2014. As a result of changes in facts and circumstances related to the planned sale during fiscal 2015, the Company reassessed the fair value of this business and determined that additional impairment charges of $3,050,000 were required for the six months ended November 30, 2014. Fair value of $19,402,000 was determined based on market prices for similar assets.

During the second quarter of fiscal 2015, management committed to a plan to sell certain non-core Engineered Cabs assets. As all of the criteria for classification as assets held for sale were met, the net assets of the business have been presented separately as assets held for sale in our consolidated balance sheets as of November 30, 2014. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell, resulting in an impairment charge of $2,389,000 during the three months ended November 30, 2014. Fair value of $2,419,000 was determined based on market prices for similar assets.

(2) During the second quarter of fiscal 2015, we determined that indicators of impairment were present at the Company s aluminum high-pressure cylinder business in New Albany, Mississippi, due to current and projected operating losses. Recoverability of the identified asset group was tested using future cash flow projections based on management s long-range estimates of market conditions. The sum of these undiscounted future cash flows was less than the net book value of the asset group. In accordance with the applicable accounting guidance, the net assets were written down to their fair value of $3,750,000, resulting in an impairment charge of $3,221,000 during the three months ended November 30, 2014.

During the second quarter of fiscal 2015, we determined that indicators of impairment were present at the Company s military construction business. Recoverability of the identified asset group was tested using future cash flow projections based on management s long-range estimates of market conditions. The sum of these undiscounted future cash flows was less than the net book value of the asset group. In accordance with the applicable accounting guidance, the net assets were written down to their fair value, resulting in an impairment charge of $1,179,000 during the three months ended November 30, 2014, which represents the remaining book value of the asset group.

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During the fourth quarter of fiscal 2014, management committed to a plan to sell the Company s 60%-owned consolidated joint venture in India, Worthington Nitin Cylinders. As all of the criteria for classification as assets held for sale were met, the net assets of the business were presented separately as assets held for sale in our consolidated balance sheet as of May 31, 2014. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell as of May 31, 2014. As a result of changes in facts and circumstances related to the planned sale of Worthington Nitin Cylinders during the second quarter of fiscal 2015, the Company reassessed the fair value of the business and determined that the remaining book value should be written off resulting in an impairment charge of $6,346,000.

At May 31, 2014, our assets measured at fair value on a non-recurring basis were categorized as follows:

(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Totals
Assets				
Long-lived assets held for sale (1)	$ -	$ 25,040	$ -	$ 25,040
Long-lived assets held and used (2)	-	7,034	-	7,034
Total assets	$ -	$ 32,074	$ -	$ 32,074

(1) During the fourth quarter of fiscal 2014, management committed to a plan to sell the Company s 60%-owned consolidated joint venture in India, Worthington Nitin Cylinders. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell. As the fair value of the asset group, or $5,925,000, was lower than its net book value, an impairment charge of $18,959,000 was recognized within impairment of long-lived assets in our fiscal 2014 consolidated statement of earnings. The portion of this impairment loss attributable to the noncontrolling interest, or $7,583,000, was recorded within net earnings attributable to noncontrolling interest in our fiscal 2014 consolidated statement of earnings.

During the fourth quarter of fiscal 2014, management committed to plans to sell certain non-core Steel Processing assets. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell. As the fair value of the asset group, or $19,115,000, was lower than its net book value, an impairment charge of $7,141,000 was recognized within impairment of long-lived assets in our fiscal 2014 consolidated statement of earnings.

(2) During the fourth quarter of fiscal 2014, we determined that indicators of impairment were present at the Company s aluminum high-pressure cylinder business in New Albany, Mississippi, due to current and projected operating losses. Recoverability of the identified asset group was tested using future cash flow projections based on management s long-range estimates of market conditions. The sum of these undiscounted future cash flows was less than the net book value of the asset group. In accordance with the applicable accounting guidance, the net assets were written down to their fair value of $7,034,000, resulting in an impairment charge of $1,412,000 within impairment of long-lived assets in our fiscal 2014 consolidated statement of earnings.

The fair value of non-derivative financial instruments included in the carrying amounts of cash and cash equivalents, receivables, notes receivable, income taxes receivable, other assets, accounts payable, short-term borrowings, accrued compensation, contributions to employee benefit plans and related taxes, other accrued items, income taxes payable and other liabilities approximate carrying value due to their short-term nature. The fair value of long-term debt, including current maturities, based upon models utilizing market observable (Level 2) inputs and credit risk, was $711,589,000 and $674,488,000 at November 30, 2014 and May 31, 2014, respectively. The carrying amount of long-term debt, including current maturities, was $674,874,000 and $655,963,000 at November 30, 2014 and May 31, 2014, respectively.

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NOTE Q Subsequent Events

At November 30, 2014, we had $100,000,000 aggregate amount of unsecured floating rate senior notes outstanding due on December 17, 2014. We repaid these notes during December 2014 using a combination of cash on hand and borrowings available under our revolving credit facilities.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Selected statements contained in this Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations constitute forward-looking statements as that term is used in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based, in whole or in part, on management s beliefs, estimates, assumptions and currently available information. For a more detailed discussion of what constitutes a forward-looking statement and of some of the factors that could cause actual results to differ materially from such forward-looking statements, please refer to the Safe Harbor Statement in the beginning of this Quarterly Report on Form 10-Q and Part I - Item 1A. - Risk Factors of our Annual Report on Form 10-K for the fiscal year ended May 31, 2014.

Introduction

The following discussion and analysis of market and industry trends, business developments, and the results of operations and financial position of Worthington Industries, Inc., together with its subsidiaries (collectively, we, our, Worthington, or our Company), should be read conjunction with our consolidated financial statements and notes thereto included in Item 1. Financial Statements of this Quarterly Report on Form 10-Q. Our Annual Report on Form 10-K for the fiscal year ended May 31, 2014 (fiscal 2014) includes additional information about Worthington, our operations and our consolidated financial position and should be read in conjunction with this Quarterly Report on Form 10-Q.

We are primarily a diversified metals manufacturing company, focused on value-added steel processing and manufactured metal products. As of November 30, 2014, excluding our joint ventures, we operated 34 manufacturing facilities worldwide, principally in three operating segments, which correspond with our reportable business segments: Steel Processing, Pressure Cylinders and Engineered Cabs. Our remaining operating segments, which do not meet the applicable aggregation criteria or quantitative thresholds for separate disclosure, are combined and reported in the Other category. These include the Construction Services and Worthington Energy Innovations operating segments.

We also held equity positions in 13 active joint ventures, which operated 48 manufacturing facilities worldwide, as of November 30, 2014. Six of these joint ventures are consolidated with the equity owned by the other joint venture member(s) shown as noncontrolling interest in our consolidated balance sheets, and the other joint venture member(s) portion of net earnings and other comprehensive income shown as net earnings or comprehensive income attributable to noncontrolling interest in our consolidated statements of earnings and consolidated statements of comprehensive income, respectively. The remaining seven of these joint ventures are accounted for using the equity method.

Overview

The Company delivered strong sales growth during the second quarter of fiscal 2015, as compared to the same quarter of fiscal 2014, however, higher than expected manufacturing costs in a few isolated plants combined with the unfavorable impact of inventory holding losses in Steel Processing in the current quarter, compared to inventory holding gains in the prior year quarter limited earnings growth. Demand was generally good in most of our key end markets with the exception of agriculture, but excessive costs related to bringing new capacity online in the oil and gas equipment business in Pressure Cylinders and the ramp up of new products at our Florence, South Carolina plant in Engineered Cabs negatively impacted earnings during the quarter.

Equity in net income of unconsolidated affiliates (equity income) for the quarter was up $1.2 million, or 6%, over the prior year period. The overall increase was driven by WAVE and ArtiFlex where our equity portion of income increased by $2.2 million and $1.3 million, respectively. However, equity income from ClarkDietrich decreased $1.9 million on lower margins. We received $21.6 million in cash distributions from our unconsolidated affiliates during the quarter.

The Company continues its strategy of optimizing existing operations through the Transformation Plan, pursuing growth opportunities that add to our current businesses, and developing new products through innovation. Our transformation efforts within Pressure Cylinders, which were initiated in the first quarter of fiscal 2012, continue to gain traction and increase in scope. We initiated the Transformation Plan in our Engineered Cabs operating segment during the first quarter of fiscal 2013, and these efforts are progressing through each facility.

Recent Business Developments

On July 31, 2014, the Company acquired the net assets of James Russell Engineering Works, Inc. (JRE) for cash consideration of $1.6 million. JRE manufactures aluminum and stainless steel cryogenic transport trailers used for hauling liquid oxygen, nitrogen, argon, hydrogen and liquefied natural gas (LNG) for producers and distributors of industrial gases and LNG. The acquired net assets became part of our Pressure Cylinders operating segment upon closing.

On August 1, 2014, the Company acquired the net assets of Midstream Equipment Fabrication LLC (MEF) for cash consideration of $35.2 million and the assumption of certain liabilities. MEF manufactures patented horizontal heated and high pressure separators used to separate oilfield fluids and gas for customers drilling in the Eagle Ford Shale and is well-situated to serve customers in the Permian Basin. The acquired net assets became part of our Pressure Cylinders operating segment upon closing.

On October 20, 2014, we acquired a 79.59% ownership interest in dHybrid Systems, LLC (dHybrid), a leader in compressed natural gas (CNG) systems for large trucks. The remaining 20.41% was retained by a founding member. The total purchase price was $15.9 million, which includes contingent consideration with an estimated fair value of $4.0 million. The acquired business became part of our Pressure Cylinders operating segment upon closing.

On November 13, 2014, the Company s consolidated tailor welded blanking joint venture, TWB, opened a new facility in Cambridge, Ontario. The facility will initially operate one laser welding line with the capacity to produce 2 million tailor welded blanks per year.

On December 17, 2014, the Board of Directors of Worthington Industries, Inc. (the Board) declared a quarterly dividend of $0.18 per share payable on March 27, 2015 to shareholders of record on March 13, 2015.

During the quarter, the Company repurchased a total of 600,000 common shares for $21.5 million at an average price of $35.91.

Market & Industry Overview

We sell our products and services to a diverse customer base and a broad range of end markets. The breakdown of our net sales by end market for the second quarter of fiscal 2015 and the second quarter of fiscal 2014 is illustrated in the following chart:

The automotive industry is one of the largest consumers of flat-rolled steel, and thus the largest end market for our Steel Processing operating segment. Approximately 60% of the net sales of our Steel Processing operating segment are to the automotive market. North American vehicle production, primarily by Chrysler, Ford and General Motors (the Detroit Three automakers), has a considerable impact on the activity within this operating segment. The majority of the net sales of four of our unconsolidated joint ventures are also to the automotive end market.

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Approximately 10% of the net sales of our Steel Processing operating segment, 60% of the net sales of our Engineered Cabs operating segment and substantially all of the net sales of our Construction Services operating segment are to the construction market. The construction market is also the predominant end market for two of our unconsolidated joint ventures: WAVE and ClarkDietrich. While the market price of steel significantly impacts these businesses, there are other key indicators that are meaningful in analyzing construction market demand, including U.S. gross domestic product (GDP), the Dodge Index of construction contracts and, in the case of ClarkDietrich, trends in the relative price of framing lumber and steel.

Substantially all of the net sales of our Pressure Cylinders operating segment, and approximately 30% and 40% of the net sales of our Steel Processing and Engineered Cabs operating segments, respectively, are to other markets such as consumer products, industrial, lawn and garden, agriculture, oil and gas equipment, heavy truck, mining, forestry and appliance. Given the many different products that make up these net sales and the wide variety of end markets, it is very difficult to detail the key market indicators that drive this portion of our business. However, we believe that the trend in U.S. GDP growth is a good economic indicator for analyzing these operating segments.

We use the following information to monitor our costs and demand in our major end markets:

	Three Months Ended November 30,			Six Months Ended November 30,		
	2014	2013	Inc / (Dec)	2014	2013	Inc / (Dec)
U.S. GDP (% growth year-over-year) [1]	2.4%	1.8%	0.6%	2.6%	1.7%	0.9%
Hot-Rolled Steel ($ per ton) [2]	$ 651	$ 651	$ 0	$ 662	$ 639	$ 23
Detroit Three Auto Build (000 s vehicles) [3]	2,316	2,455	(139)	4,561	4,555	6
No. America Auto Build (000 s vehicles) [3]	4,438	4,350	88	8,618	8,213	405
Zinc ($ per pound) [4]	$ 1.04	$ 0.85	$ 0.19	$ 1.01	$ 0.85	$ 0.16
Natural Gas ($ per mcf) [5]	$ 3.98	$ 3.63	$ 0.35	$ 4.30	$ 3.63	$ 0.67
On-Highway Diesel Fuel Prices ($ per gallon) [6]	$ 3.71	$ 3.89	($ 0.18)	$ 3.80	$ 3.88	($ 0.09)

[1] 2013 figures based on revised actuals [2] CRU Hot-Rolled Index; period average [3] IHS Global [4] LME Zinc; period average [5] NYMEX Henry Hub Natural Gas; period average [6] Energy Information Administration; period average

U.S. GDP growth rate trends are generally indicative of the strength in demand and, in many cases, pricing for our products. A year-over-year increase in U.S. GDP growth rates is indicative of a stronger economy, which generally increases demand and pricing for our products. Conversely, decreasing U.S. GDP growth rates generally indicate a weaker economy. Changes in U.S. GDP growth rates can also signal changes in conversion costs related to production and in selling, general and administrative (SG&A) expense.

The market price of hot-rolled steel is one of the most significant factors impacting our selling prices and operating results. When steel prices fall, we typically have higher-priced material flowing through cost of goods sold, while selling prices compress to what the market will bear, negatively impacting our results. On the other hand, in a rising price environment, our results are generally favorably impacted, as lower-priced material purchased in previous periods flows through cost of goods sold, while our selling prices increase at a faster pace to cover current replacement costs.

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The following table provides the average quarterly market price per ton of hot-rolled steel during fiscal 2015 (first and second quarters), fiscal 2014 and fiscal 2013:

(Dollars per ton [1])	Fiscal Year			Increase / (Decrease)			
	2015	**2014**	**2013**	**2015 vs. 2014**		**2014 vs. 2013**	
1st Quarter	$ 673	$ 627	$ 616	$ 46	7.3%	$ 11	1.8%
2nd Quarter	$ 651	$ 651	$ 622	$ 0	0.0%	$ 29	4.7%
3rd Quarter	N/A	$ 669	$ 629	N/A	N/A	$ 40	6.4%
4th Quarter	N/A	$ 655	$ 595	N/A	N/A	$ 60	10.1%
Annual Avg.	N/A	$ 651	$ 616	N/A	N/A	$ 35	5.7%

[1] CRU Hot-Rolled Index, period average

No single customer contributed more than 10% of our consolidated net sales during the second quarter of fiscal 2015. While our automotive business is largely driven by the production schedules of the Detroit Three automakers, our customer base is much broader and includes other domestic manufacturers and many of their suppliers. During the second quarter of fiscal 2015, vehicle production for the Detroit Three automakers was down 6% from the comparable period in the prior year. However, North American vehicle production as a whole during the second quarter of fiscal 2015 increased 2% over the comparable period in the prior year.

Certain other commodities, such as zinc, natural gas and diesel fuel, represent a significant portion of our cost of goods sold, both directly through our plant operations and indirectly through transportation and freight expense.

Results of Operations

Second Quarter Fiscal 2015 Compared to Fiscal 2014

Consolidated Operations

The following table presents consolidated operating results for the periods indicated:

(Dollars in millions)	Three Months Ended November 30,				
	2014	**% of Net sales**	**2013**	**% of Net sales**	**Increase/ (Decrease)**
Net sales	$ 871.0	100.0%	$ 769.9	100.0%	$ 101.1
Cost of goods sold	745.8	85.6%	641.7	83.3%	104.1
Gross margin	125.2	14.4%	128.2	16.7%	(3.0)
Selling, general and administrative expense	77.3	8.9%	78.4	10.2%	(1.1)
Impairment of long-lived assets	14.2	1.6%	30.7	4.0%	(16.5)
Restructuring and other expense (income)	0.4	0.0%	(1.2)	-0.2%	1.6
Joint venture transactions	0.1	0.0%	0.8	0.1%	(0.7)
Operating income	33.2	3.8%	19.5	2.5%	13.7
Miscellaneous income	1.2	0.1%	2.5	0.3%	(1.3)
Interest expense	(9.7)	-1.1%	(6.3)	-0.8%	3.4
Equity in net income of unconsolidated affiliates	22.3	2.6%	21.1	2.7%	1.2
Income tax expense	(15.6)	-1.8%	(8.5)	-1.1%	7.1

Net earnings	31.4	3.6%	28.3	3.7%	3.1
Net earnings attributable to noncontrolling interest	1.9	0.2%	5.3	0.7%	3.4
Net earnings attributable to controlling interest	$ 29.5	3.4%	$ 23.0	3.0%	$ 6.5

Net earnings attributable to controlling interest for the three months ended November 30, 2014 increased $6.5 million from the comparable period in the prior year. Net sales and operating highlights were as follows:

Net sales increased $101.1 million over the comparable period in the prior year. Higher overall volume favorably impacted net sales by $76.6 million driven by higher volume in Steel Processing and the impact of recent acquisitions in Pressure Cylinders.

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Gross margin decreased $3.0 million from the comparable period in the prior year to $125.2 million. Higher manufacturing expenses combined with the unfavorable impact of inventory holding losses in Steel Processing in the current quarter, compared to inventory holding gains in the prior year quarter, more than offset the impact of higher volume.

SG&A expense decreased $1.1 million from the comparable period in the prior year driven by lower profit sharing and bonus expense.

Impairment charges of $14.2 million include $6.3 million related to the Company s 60%-owned consolidated joint venture in India, $3.2 million related to the Company s aluminum high-pressure cylinder business in New Albany, Mississippi, $2.4 million related to certain non-core Engineered Cabs assets, $1.2 million related to the military construction business and $1.1 million related to certain non-core Steel Processing assets. Impairment charges in the comparable period in the prior year consisted of $30.7 million related to the write-off of certain trade name intangible assets in connection with a branding initiative committed to during the second quarter of fiscal 2014. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

Interest expense of $9.7 million was $3.4 million higher than the comparable period in the prior year. The increase was due to the impact of higher average debt levels resulting from the issuance of $250.0 million of notes in April 2014.

Equity income increased $1.2 million over the prior year quarter to $22.3 million on net sales of $388.7 million. The overall increase was driven by WAVE and ArtiFlex where our equity portion of income increased by $2.2 million and $1.3 million, respectively. However, equity income from ClarkDietrich decreased $1.9 million on lower volumes. For additional financial information regarding our unconsolidated affiliates, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE B Investments in Unconsolidated Affiliates of this Quarterly Report on Form 10-Q.

Income tax expense increased $7.1 million from the comparable period in the prior year due to higher earnings, primarily resulting from the impact of trade name impairment charges recorded in the prior year quarter. The current quarter expense of $15.6 million was calculated using an estimated annual effective income tax rate of 33.5% versus 27.8% in the prior year quarter. Refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE K Income Taxes of this Quarterly Report on Form 10-Q for more information on our tax rates.

Segment Operations

Steel Processing

The following table presents a summary of operating results for our Steel Processing operating segment for the periods indicated:

	Three Months Ended November 30,				
(Dollars in millions)	**2014**	**% of Net sales**	**2013**	**% of Net sales**	**Increase/ (Decrease)**
Net sales	$ 552.8	100.0%	$ 492.1	100.0%	$ 60.7
Cost of goods sold	487.6	88.2%	422.7	85.9%	64.9
Gross margin	65.2	11.8%	69.4	14.1%	(4.2)
Selling, general and administrative expense	30.2	5.5%	34.6	7.0%	(4.4)
Impairment of long-lived assets	1.1	0.2%	-	0.0%	1.1
Operating income	$ 33.9	6.1%	$ 34.8	7.1%	$ (0.9)

Material cost	$ 400.7	$ 349.8	$ 50.9
Tons shipped (in thousands)	899	817	82

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Net sales and operating highlights were as follows:

Net sales increased $60.7 million over the comparable period in the prior year to $552.8 million due to the combined impact of higher volume and higher average selling prices. Overall volume was up 10% and the mix of direct versus toll tons was 60% to 40% versus a mix of 62% to 38% in the comparable period in the prior year.

Operating income decreased slightly from the prior year quarter to $33.9 million due to higher manufacturing expenses and the unfavorable impact of inventory holding losses in the current quarter compared to inventory holding gains in the prior year quarter. The change between the inventory holding gains and losses more than offset the impact of higher volume. Operating income in the current period included an impairment charge of $1.1 million related to certain non-core Steel Processing assets. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

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Pressure Cylinders

The following table presents a summary of operating results for our Pressure Cylinders operating segment for the periods indicated:

	Three Months Ended November 30,				
(Dollars in millions)	2014	% of Net sales	2013	% of Net sales	Increase/ (Decrease)
Net sales	$ 252.7	100.0%	$ 214.0	100.0%	$ 38.7
Cost of goods sold	197.2	78.0%	163.3	76.3%	33.9
Gross margin	55.5	22.0%	50.7	23.7%	4.8
Selling, general and administrative expense	35.9	14.2%	32.6	15.2%	3.3
Impairment of long-lived assets	9.6	3.8%	11.6	5.4%	(2.0)
Restructuring and other expense (income)	0.4	0.1%	(1.8)	-0.9%	2.2
Operating income	$ 9.6	3.8%	$ 8.3	3.9%	$ 1.3
Material cost	$ 115.8		$ 95.2		$ 20.6
Net sales by principal class of products:					
Consumer Products	$ 63.2		$ 55.1		$ 8.1
Industrial Products	98.9		105.7		(6.8)
Alternative Fuels	17.4		16.9		0.5
Oil and Gas Equipment	66.9		36.3		30.6
Cryogenics	6.3		-		6.3
Total Pressure Cylinders	$ 252.7		$ 214.0		$ 38.7
Units shipped by principal class of products:					
Consumer Products	13,397,701		11,175,806		2,221,895
Industrial Products	5,601,385		6,026,615		(425,230)
Alternative Fuels	87,785		86,701		1,084
Oil and Gas Equipment	3,010		1,859		1,151
Cryogenics	162		-		162
Total Pressure Cylinders	19,090,043		17,290,981		1,799,062

Net sales by principal class of product presented in the table above differ from the amounts reported in our earnings release dated December 17, 2014 as miscellaneous sales such as rebates, discounts and freight income have been reclassified from industrial products to various other classes of products. As a result, net sales for industrial products have decreased by $5.0 million from what was included in the earnings release and net sales for oil and gas equipment, consumer products and alternative fuels have increased by $3.7 million, $1.0 million and $0.3 million, respectively. Total net sales have not changed.

Net sales and operating highlights were as follows:

Net sales increased $38.7 million over the comparable period in the prior year to $252.7 million on higher volume driven by the impact of recent acquisitions.

Operating income increased $1.3 million over the prior year quarter to $9.6 million as contributions from recent acquisitions were largely offset by higher manufacturing and SG&A expense driven by higher than expected costs associated with bringing new capacity online in the oil and gas equipment business. Impairment charges in the current quarter consisted of $6.3 million related to the Company s 60%-owned consolidated joint venture in India and $3.2 million related to the Company s aluminum high-pressure cylinder business in New Albany, Mississippi. Impairment charges in the comparable period in the prior year consisted of $11.6 million related to the write-off of certain trade name intangible assets in connection with a branding initiative committed to during the second quarter of fiscal 2014. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

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Engineered Cabs

The following table presents a summary of operating results for our Engineered Cabs operating segment for the periods indicated:

	Three Months Ended November 30,				
(Dollars in millions)	2014	% of Net sales	2013	% of Net sales	Increase/ (Decrease)
Net sales	$ 51.5	100.0%	$ 47.9	100.0%	$ 3.6
Cost of goods sold	47.6	92.4%	41.6	86.8%	6.0
Gross margin	3.9	7.6%	6.3	13.2%	(2.4)
Selling, general and administrative expense	7.1	13.8%	8.1	16.9%	(1.0)
Impairment of long-lived assets	2.4	4.7%	19.1	39.9%	(16.7)
Operating loss	$ (5.6)	-10.9%	$ (20.9)	-43.6%	$ 15.3
Material cost	$ 23.7		$ 21.5		$ 2.2

Net sales and operating highlights were as follows:

Net sales increased $3.6 million over the comparable period in the prior year on higher volumes.

Operating loss in the current quarter decreased $15.3 million to $5.6 million due to lower impairment charges, which were down $16.7 million from the prior year quarter. Excluding the impact of the impairment charges, operating income was down $1.4 million largely due to startup costs related to new product launches in our Florence, South Carolina facility. Impairment charges in the current quarter consisted of $2.4 million related to certain non-core Engineered Cabs assets. Impairment charges in the comparable period in the prior year consisted of $19.1 million related to the write-off of certain trade name intangible assets in connection with a branding initiative committed to during the second quarter of fiscal 2014. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

Other

The Other category includes the Construction Services and Worthington Energy Innovations operating segments, as they do not meet the quantitative thresholds for separate disclosure. Certain income and expense items not allocated to our operating segments are also included in the Other category, including costs associated with our non-captive insurance company, as is the activity related to the wind-down of our former Metal Framing operating segment. The following table presents a summary of operating results for the Other category for the periods indicated:

	Three Months Ended November 30,				
(Dollars in millions)	2014	% of Net sales	2013	% of Net sales	Increase/ (Decrease)
Net sales	$ 14.0	100.0%	$ 15.9	100.0%	$ (1.9)
Cost of goods sold	13.4	95.7%	14.1	88.7%	(0.7)
Gross margin	0.6	4.3%	1.8	11.3%	(1.2)
Selling, general and administrative expense	4.0	28.6%	3.0	18.9%	1.0
Impairment of long-lived assets	1.2	8.6%	-	0.0%	1.2
Restructuring and other expense	-	0.0%	0.7	4.4%	(0.7)
Joint venture transactions	0.1	0.7%	0.8	5.0%	(0.7)

Operating loss	$ (4.7)	-33.6%	$ (2.7)	-17.0%	$ (2.0)

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Net sales and operating highlights were as follows:

Net sales decreased $1.9 million from the comparable period in the prior year, mostly due to reductions at Worthington Energy Innovations.

Operating loss increased $2.0 million to $4.7 million. The increase was driven by losses within Construction Services, which included a $1.2 million impairment charge related to the military construction business.

Six Months Year-to-Date   Fiscal 2015 Compared to Fiscal 2014

Consolidated Operations

The following table presents consolidated operating results for the periods indicated:

	Six Months Ended November 30,				
(Dollars in millions)	**2014**	**% of Net sales**	**2013**	**% of Net sales**	**Increase/ (Decrease)**
Net sales	$ 1,733.4	100.0%	$ 1,462.2	100.0%	$ 271.2
Cost of goods sold	1,478.7	85.3%	1,223.0	83.6%	255.7
Gross margin	254.7	14.7%	239.2	16.4%	15.5
Selling, general and administrative expense	152.6	8.8%	149.9	10.3%	2.7
Impairment of long-lived assets	16.2	0.9%	35.4	-	(19.2)
Restructuring and other expense (income)	0.3	0.0%	(5.1)	-0.3%	5.4
Joint venture transactions	0.2	0.0%	0.9	0.1%	(0.7)
Operating income	85.4	4.9%	58.1	4.0%	27.3
Miscellaneous income	1.5	0.1%	13.4	0.9%	(11.9)
Interest expense	(19.2)	-1.1%	(12.5)	-0.9%	6.7
Equity in net income of unconsolidated affiliates	50.2	2.9%	48.0	3.3%	2.2
Income tax expense	(37.7)	-2.2%	(22.4)	-1.5%	15.3
Net earnings	80.2	4.6%	84.6	5.8%	(4.4)
Net earnings attributable to noncontrolling interest	(6.6)	-0.4%	(7.1)	-0.5%	(0.5)
Net earnings attributable to controlling interest	$ 73.6	4.2%	$ 77.5	5.3%	$ (3.9)

Net earnings attributable to controlling interest for the six months ended November 30, 2014 decreased $3.9 million from the comparable period in the prior year. Net sales and operating highlights were as follows:

Net sales increased $271.2 million from the comparable period in the prior year. The increase was driven largely by higher volume in Steel Processing and the impact of recent acquisitions in Pressure Cylinders.

Gross margin increased $15.5 million from the comparable period in the prior year due to the increase in volumes. Higher manufacturing expenses combined with the unfavorable impact of lower inventory holding gains in Steel Processing partially offset the impact of higher volume.

SG&A expense increased $2.7 million from the comparable period in the prior year due primarily to the impact of acquisitions offset by lower profit sharing and bonus expense.

Impairment charges of $16.2 million consisted of $6.3 million related to the Company s 60%-owned consolidated joint venture in India, $3.2 million related to the Company s aluminum high-pressure cylinder business in New Albany, Mississippi, $3.1 million related to certain non-core Steel Processing assets, $2.4 million related to certain non-core Engineered Cabs assets, and $1.2 million related to the military construction business. Impairment charges in the comparable period in the prior year consisted of $30.7 million related to the write-off of certain trade name intangible assets in connection with a branding initiative committed to during the second quarter of fiscal 2014 and $4.7 million related to certain non-core assets within Steel Processing. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

Miscellaneous income decreased $11.9 million from the comparable period in the prior year due to an $11.0 million non-cash gain in the prior year period related to the acquisition of an additional 10% interest in the TWB joint venture.

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Interest expense of $19.2 million was $6.7 million higher than the comparable period in the prior year. The increase was due to the impact of higher average debt levels resulting from the issuance of $250.0 million of notes in April 2014.

Equity income increased $2.2 million over the prior year period to $50.2 million on net sales of $781.3 million. The equity portion of income from WAVE, Serviacero and ArtiFlex exceeded the prior year period by $3.4 million, $1.9 million and $1.5 million, respectively. However, equity income from ClarkDietrich decreased $2.8 million on lower volumes. Additionally, TWB contributed equity income of $1.8 million in the prior year, prior to its consolidation in July of 2013. For additional financial information regarding our unconsolidated affiliates, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE B Investments in Unconsolidated Affiliates of this Quarterly Report on Form 10-Q.

Income tax expense increased $15.3 million from the comparable period in the prior year due to (i) higher earnings, primarily resulting from the impact of trade name impairment charges recorded in the prior year, and (ii) an approximately $7.2 million favorable tax impact associated with the acquisition of an additional 10% interest in TWB recorded in the prior year (the TWB acquisition adjustment). The TWB acquisition adjustment related primarily to the estimated U.S. deferred tax liability associated with the unremitted earnings of TWB s wholly-owned foreign corporations. Tax expense of $37.7 million for the six months ended November 30, 2014 was calculated using an estimated annual effective rate of 33.5% versus 27.8% in the prior year comparable period. See Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE K Income Taxes of this Quarterly Report on Form 10-Q for more information on our tax rates.

Segment Operations

Steel Processing

The following table presents a summary of operating results for our Steel Processing operating segment for the periods indicated:

	Six Months Ended November 30,				
(Dollars in millions)	2014	% of Net sales	2013	% of Net sales	Increase/ (Decrease)
Net sales	$ 1,105.1	100.0%	$ 894.6	100.0%	$ 210.5
Cost of goods sold	970.2	87.8%	773.8	86.5%	196.4
Gross margin	134.9	12.2%	120.8	13.5%	14.1
Selling, general and administrative expense	62.2	5.6%	63.5	7.1%	(1.3)
Impairment of long-lived assets	3.1	0.3%	4.6	0.5%	(1.5)
Restructuring and other income	(0.1)	0.0%	(4.7)	-0.5%	4.6
Operating income	$ 69.7	6.3%	$ 57.4	6.4%	$ 12.3
Material cost	$ 795.6		$ 637.6		$ 158.0
Tons shipped (in thousands)	1,804		1,536		268

Net sales and operating highlights were as follows:

Net sales increased $210.5 million from the comparable period in the prior year on higher volume resulting from the consolidation of TWB and increased sales in the automotive and construction markets. Excluding the impact of TWB, overall volumes were up 13% and the mix of direct versus toll tons processed was 55% to 45%, compared to 57% to 43% in the comparable prior year period.

Operating income increased $12.3 million from the comparable period in the prior year. Higher manufacturing expenses combined with the unfavorable impact of lower inventory holding gains in the current year partially offset the impact of higher volume.

Operating income in the current period included an impairment charge of $3.1 million related to certain non-core Steel Processing assets. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

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Pressure Cylinders

The following table presents a summary of operating results for our Pressure Cylinders operating segment for the periods indicated:

	Six Months Ended November 30,				
(Dollars in millions)	**2014**	**% of Net sales**	**2013**	**% of Net sales**	**Increase/ (Decrease)**
Net sales	$ 501.7	100.0%	$ 430.9	100.0%	$ 70.8
Cost of goods sold	391.6	78.1%	329.7	76.5%	61.9
Gross margin	110.1	21.9%	101.2	23.5%	8.9
Selling, general and administrative expense	70.9	14.1%	63.3	14.7%	7.6
Impairment of long-lived assets	9.6	1.9%	11.6	-	(2.0)
Restructuring and other expense (income)	0.4	0.1%	(1.4)	-	1.8
Operating income	$ 29.2	5.8%	$ 27.7	6.4%	$ 1.5
Material cost	$ 234.3		$ 196.8		$ 37.5
Net sales by principal class of products:					
Consumer Products	$ 133.4		$ 120.3		$ 13.1
Industrial Products	198.6		204.8		(6.2)
Alternative Fuels	34.1		34.8		(0.7)
Oil and Gas Equipment	124.2		71.0		53.2
Cryogenics	11.4		-		11.4
Total Pressure Cylinders	$ 501.7		$ 430.9		$ 70.8
Units shipped by principal class of products:					
Consumer Products	27,869,926		25,508,633		2,361,293
Industrial Products	11,412,772		12,026,772		(614,000)
Alternative Fuels	171,384		167,318		4,066
Oil and Gas Equipment	5,991		3,547		2,444
Cryogenics	348		-		348
Total Pressure Cylinders	39,460,421		37,706,270		1,754,151

Net sales by principal class of product presented in the table above differ from the amounts reported in our earnings release dated December 17, 2014 as miscellaneous sales such as rebates, discounts and freight income have been reclassified from industrial products to various other classes of products. As a result, net sales for industrial products have decreased by $11.6 million from what was included in the earnings release and net sales for oil and gas equipment, consumer products and alternative fuels have increased by $6.5 million, $3.6 million and $1.5 million, respectively. Total net sales have not changed.

Net sales and operating highlights were as follows:

Net sales increased $70.8 million over the comparable period in the prior year on higher volume driven by the impact of recent acquisitions.

Operating income increased $1.5 million from prior year as contributions from recent acquisitions were largely offset by higher manufacturing and SG&A expense driven by higher than expected costs associated with bringing new capacity online in the oil and gas equipment business. Impairment charges in the current period consisted of $6.3 million related to the Company s 60%-owned consolidated joint venture in India and $3.2 million related to the Company s aluminum high-pressure cylinder business in New Albany, Mississippi. Impairment charges in the comparable period in the prior year consisted of $11.6 million related to the write-off of certain trade name intangible assets in connection with a branding initiative committed to during the second quarter of fiscal 2014. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

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Engineered Cabs

The following table presents a summary of operating results for our Engineered Cabs operating segment for the periods indicated:

	Six Months Ended November 30,				
(Dollars in millions)	2014	% of Net sales	2013	% of Net sales	Increase/ (Decrease)
Net sales	$ 101.1	100.0%	$ 96.3	100.0%	$ 4.8
Cost of goods sold	92.6	91.6%	83.4	86.6%	9.2
Gross margin	8.5	8.4%	12.9	13.4%	(4.4)
Selling, general and administrative expense	13.9	13.7%	15.0	15.6%	(1.1)
Impairment of long-lived assets	2.4	2.4%	19.1	19.8%	(16.7)
Operating loss	$ (7.8)	-7.7%	$ (21.2)	-22.0%	$ 13.4
Material cost	$ 45.7		$ 43.6		$ 2.1

Net sales and operating highlights were as follows:

Net sales increased $4.8 million over the comparable period in the prior year on higher volumes.

Operating loss decreased $13.4 million to $7.8 million due to the favorable impact of lower impairment charges, which were down $16.7 million from the prior year period. Excluding the impact of the impairment charges, operating income was down $3.3 million largely due to startup costs related to new product launches in our Florence, South Carolina facility. Impairment charges in the current period consisted of $2.4 million related to certain non-core Engineered Cabs assets. Impairment charges in the comparable period in the prior year consisted of $19.1 million related to the write-off of certain trade name intangible assets in connection with a branding initiative committed to during the second quarter of fiscal 2014. For additional information, refer to Item 1. Financial Statements Notes to Consolidated Financial Statements NOTE C Impairment of Long-Lived Assets of this Quarterly Report on Form 10-Q.

Other

The Other category includes the Construction Services and Worthington Energy Innovations operating segments, as they do not meet the quantitative thresholds for separate disclosure. Certain income and expense items not allocated to our operating segments are also included in the Other category, including costs associated with our non-captive insurance company, as is the activity related to the wind-down of our former Metal Framing operating segment. The following table presents a summary of operating results for the Other category for the periods indicated:

	Six Months Ended November 30,				
(Dollars in millions)	2014	% of Net sales	2013	% of Net sales	Increase/ (Decrease)
Net sales	$ 25.5	100.0%	$ 40.4	100.0%	$ (14.9)
Cost of goods sold	24.4	95.7%	36.1	89.4%	(11.7)
Gross margin	$ 1.1	4.3%	$ 4.3	10.6%	(3.2)
Selling, general and administrative expense	5.5	21.6%	8.2	20.3%	(2.7)
Impairment of long-lived assets	1.2	4.7%	-	0.0%	1.2
Restructuring and other expense	-	0.0%	1.0	2.5%	(1.0)
Joint venture transactions	0.2	0.8%	0.9	2.2%	(0.7)

Operating loss	$ (5.8)	-22.7%	$ (5.8)	-14.4%	$ -

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Net sales and operating highlights were as follows:

Net sales decreased $14.9 million from the comparable period in the prior year on lower volume.

Operating loss of $5.8 million was flat versus the comparable period in the prior year as the impact of lower volume was largely offset by a decrease in SG&A expense. Impairment charges in the current period consisted of $1.2 million related to the military construction business.

Liquidity and Capital Resources

During the six months ended November 30, 2014, we generated $56.8 million of cash from operating activities, spent $51.1 million on acquisitions and invested $47.1 million in property, plant and equipment. Additionally, we repurchased 1,090,800 of our common shares for $41.6 million and paid $22.3 million of dividends. The following table summarizes our consolidated cash flows for the six months ended November 30, 2014 and 2013:

	Six Months Ended November 30,	
(in millions)	**2014**	**2013**
Net cash provided by operating activities	$ 55.9	$ 123.8
Net cash provided (used) by investing activities	(108.0)	55.8
Net cash used by financing activities	(41.4)	(121.9)
Increase (decrease) in cash and cash equivalents	(93.5)	57.7
Cash and cash equivalents at beginning of period	190.1	51.4
Cash and cash equivalents at end of period	$ 96.6	$ 109.1

We believe we have access to adequate resources to meet our needs for normal operating costs, mandatory capital expenditures and debt redemptions, dividend payments and working capital for our existing businesses. These resources include cash and cash equivalents, cash provided by operating activities and unused lines of credit. We also believe that we have adequate access to the financial markets to allow us to be in a position to sell long-term debt or equity securities. However, given the uncertainty and volatility in the financial markets, our ability to access capital, and the terms under which we can do so, may change.

The cash and cash equivalents balance at November 30, 2014 included $8.2 million of cash held by subsidiaries outside of the United States that the Company intends to indefinitely reinvest. Although the majority of this cash is available for repatriation, bringing the money into the United States could trigger federal, state and local income tax obligations. We do not have any intention to repatriate this cash.

Operating Activities

Our business is cyclical and cash flows from operating activities may fluctuate during the year and from year to year due to economic conditions. We rely on cash and short-term borrowings to meet cyclical increases in working capital needs. These needs generally rise during periods of increased economic activity or increasing raw material prices due to higher levels of inventory and accounts receivable. During economic slowdowns, or periods of decreasing raw material costs, working capital needs generally decrease as a result of the reduction of inventories and accounts receivable.

Net cash provided by operating activities was $55.9 million during the six months ended November 30, 2014 compared to $123.8 million in the comparable period of fiscal 2014. The difference was driven largely by changes in working capital needs and a decrease in the provision for deferred income taxes.

Investing Activities

Net cash used by investing activities was $108.0 million during the six months ended November 30, 2014 compared to net cash provided by investing activities of $55.8 million in the comparable period of fiscal 2014. During the first six months of fiscal 2015, we spent a combined $51.1 million, net of cash acquired, for the net assets of MEF and JRE and our 79.59% interest in dHybrid and incurred capital expenditures of $47.1 million. The net cash provided by investing activities in the prior year period was driven by the consolidation of TWB in July 2013, as the cash balance at the time of acquisition exceeded the amount paid for our additional 10% interest in the entity by $53.0 million.

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Investment activities are largely discretionary, and future investment activities could be reduced significantly, or eliminated, as economic conditions warrant. We assess acquisition opportunities as they arise, and such opportunities may require additional financing. There can be no assurance, however, that any such opportunities will arise, that any such acquisitions will be consummated, or that any needed additional financing will be available on satisfactory terms when required.

Financing Activities

Net cash used by financing activities was $41.4 million during the six months ended November 30, 2014. During the first six months of fiscal 2015, we paid $41.6 million to repurchase 1,090,800 of our common shares and paid dividends of $22.3 million on our common shares. Additionally, we received proceeds of $20.5 million related primarily to borrowings against a $32.3 million five-year term loan credit facility entered into by our consolidated joint venture in Turkey on September 26, 2014. The facility, which is denominated in Euros, bears interest at a variable rate based on EURIBOR. The applicable variable rate was 1.582% at November 30, 2014. Borrowings against the facility will be used for the construction of a new cryogenics manufacturing facility in Turkey.

As of November 30, 2014, we were in compliance with our short-term and long-term debt covenants. These debt agreements do not include credit rating triggers or material adverse change provisions. Our credit ratings at November 30, 2014 were unchanged from those reported as of May 31, 2014.

At November 30, 2014, we had $100.0 million aggregate amount of unsecured floating rate senior notes outstanding due on December 17, 2014. We repaid these notes during December 2014 using a combination of cash on hand and borrowings available under our revolving credit facilities.

Common shares The Board declared a quarterly dividend of $0.18 per common share during the first and second quarters of fiscal 2015 compared to $0.15 per common share during the comparable periods of fiscal 2014. Dividends paid on our common shares totaled $22.3 million and $10.4 million during the six months ended November 30, 2014 and 2013, respectively. The increase was due to an accelerated cash dividend for the third and fourth quarters of fiscal 2013 totaling $0.26 per common share. The dividend was paid on December 28, 2012 to shareholders of record as of December 21, 2012. As a result, no dividends were paid on our common shares during the first quarter of fiscal 2014.

On June 29, 2011, the Board authorized the repurchase of up to 10,000,000 of our outstanding common shares of which 631,532 remained available for repurchase at November 30, 2014. During the first six months of fiscal 2015, 1,090,800 common shares were repurchased under this authorization.

On June 25, 2014, the Board authorized the repurchase of up to an additional 10,000,000 of our outstanding common shares, increasing the total number of common shares available for repurchase at November 30, 2014 to 10,631,532.

The common shares available for repurchase under the June 29, 2011 and June 25, 2014 authorizations may be purchased from time to time, with consideration given to the market price of the common shares, the nature of other investment opportunities, cash flows from operations, general economic conditions and other relevant considerations. Repurchases may be made on the open market or through privately negotiated transactions.

Dividend Policy

We currently have no material contractual or regulatory restrictions on the payment of dividends. Dividends are declared at the discretion of the Board. The Board reviews the dividend quarterly and establishes the dividend rate based upon our consolidated financial condition, results of operations, capital requirements, current and projected cash flows, business prospects and other relevant factors. While we have paid a dividend every quarter since becoming a public company in 1968, there is no guarantee that payments will continue in the future.

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Contractual Cash Obligations and Other Commercial Commitments

Our contractual cash obligations and other commercial commitments have not changed significantly from those disclosed in Part II - Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Contractual Cash Obligations and Other Commercial Commitments of our 2014 Form 10-K, other than the changes in borrowings, as described in Part I Item 1. Financial Statements - NOTE G Debt and Receivables Securitization of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

We do not have guarantees or other off-balance sheet financing arrangements that we believe are reasonably likely to have a material current or future effect on our consolidated financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. However, as of November 30, 2014, we were party to an operating lease for an aircraft in which we have guaranteed a residual value at the termination of the lease. The maximum obligation under the terms of this guarantee was approximately $12.4 million at November 30, 2014. We have also guaranteed the repayment of a $2.5 million term loan entered into by ArtiFlex, one of our unconsolidated joint ventures. In addition, we had in place $14.0 million of outstanding stand-by letters of credit for third-party beneficiaries as of November 30, 2014. These letters of credit were issued to third-party service providers and customers and had no amounts drawn against them at November 30, 2014. Based on current facts and circumstances, we have estimated the likelihood of payment pursuant to these guarantees, and determined that the fair value of our obligation under each guarantee based on those likely outcomes is not material.

Recently Issued Accounting Standards

In March 2013, amended accounting guidance was issued regarding the accounting for cumulative translation adjustment. The amended guidance specifies that a cumulative translation adjustment should be released from earnings when an entity ceases to have a controlling financial interest in a subsidiary or a group of assets within a consolidated foreign entity and the sale or transfer results in the complete or substantially complete liquidation of the foreign entity. For sales of an equity method investment that is a foreign entity, a pro rata portion of the cumulative translation adjustment attributable to the investment would be recognized in earnings upon sale of the investment. The amended guidance is effective prospectively for annual reporting periods, and interim periods within those annual periods, beginning after December 15, 2013. Early adoption is permitted. The adoption of this amended accounting guidance on June 1, 2014 did not have a material impact on our consolidated financial position or results of operations.

In May 2014, amended accounting guidance was issued that replaces most existing revenue recognition guidance under U.S. GAAP. The amended guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The amended guidance is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. We are in the process of evaluating the effect this guidance will have on our consolidated financial position and results of operations. The amended guidance permits the use of either the retrospective or cumulative effect transition method. We have not selected a transition method nor have we determined the effect of the amended guidance on our ongoing financial reporting.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. We continually evaluate our estimates, including those related to our valuation of receivables, intangible assets, accrued liabilities, income and other tax accruals, and contingencies and litigation. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. These results form the basis for making judgments about the carrying values of assets and liabilities that are not readily obtained from other sources. Critical accounting policies are defined as those that require our significant judgments and involve uncertainties that could potentially result in materially different results under different assumptions and conditions. Although actual results historically have not deviated significantly from those determined using our estimates, our financial position or results of operations could be materially different if we were to report under different conditions or to use different assumptions in the application of such policies. Our critical accounting policies have not significantly changed from those discussed in Part II Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies of our 2014 Form 10-K.

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We review our receivables on an ongoing basis to ensure they are properly valued. Based on this review, we believe our reserve for doubtful accounts is adequate. However, if the economic environment and market conditions deteriorate, particularly in the automotive and construction markets where our exposure is greatest, additional reserves may be required. We recognize revenue upon transfer of title and risk of loss provided evidence of an arrangement exists, pricing is fixed and determinable, and the ability to collect is probable. In circumstances where the collection of payment is not probable at the time of shipment, we defer recognition of revenue until payment is collected.

We review the carrying value of our long-lived assets, including intangible assets with finite useful lives, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable.

Impairment testing involves a comparison of the sum of the undiscounted future cash flows of the asset or asset group to its respective carrying amount. If the sum of the undiscounted future cash flows exceeds the carrying amount, then no impairment exists. If the carrying amount exceeds the sum of the undiscounted future cash flows, then a second step is performed to determine the amount of impairment, which would be recorded as an impairment charge in our consolidated statements of earnings.

During the second quarter of fiscal 2015, we determined that indicators of impairment were present at the Company s aluminum high-pressure cylinder business in New Albany, Mississippi, due to current and projected operating losses. Recoverability of the identified asset group was tested using future cash flow projections based on management s long-range estimates of market conditions. The sum of these undiscounted future cash flows was less than the net book value of the asset group resulting in an impairment charge of $3.2 million during the three months ended November 30, 2014.

During the second quarter of fiscal 2015, management committed to a plan to sell certain non-core Engineered Cabs assets. As all of the criteria for classification as assets held for sale were met, the net assets of the business have been presented separately as assets held for sale in our consolidated balance sheets as of November 30, 2014. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell, resulting in an impairment charge of $2.4 million during the three months ended November 30, 2014.

During the second quarter of fiscal 2015, we determined that indicators of impairment were present at the Company s military construction business. Recoverability of the identified asset group was tested using future cash flow projections based on management s long-range estimates of market conditions. The sum of these undiscounted future cash flows was less than the net book value of the asset group. In accordance with the applicable accounting guidance, the net assets were written down to their fair value, resulting in an impairment charge of $1.2 million during the three months ended November 30, 2014.

During the fourth quarter of fiscal 2014, management committed to a plan to sell the Company s 60%-owned consolidated joint venture in India, Worthington Nitin Cylinders. As all of the criteria for classification as assets held for sale were met, the net assets of the business were presented separately as assets held for sale in our consolidated balance sheet as of May 31, 2014. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell as of May 31, 2014. As a result of changes in facts and circumstances related to the planned sale of Worthington Nitin Cylinders during the second quarter of fiscal 2015, the Company reassessed the fair value of the business and determined that the remaining book value should be written off resulting in an impairment charge of $6.3 million during the three months ended November 30, 2014.

During the fourth quarter of fiscal 2014, management committed to a plan to sell certain non-core Steel Processing assets. As all of the criteria for classification as assets held for sale were met, the net assets of the business have been presented separately as assets held for sale in our consolidated balance sheets as of November 30, 2014 and May 31, 2014. In accordance with the applicable accounting guidance, the net assets were recorded at the lower of net book value or fair value less costs to sell as of May 31, 2014. As a result of changes in facts and circumstances related to the planned sale, the Company reassessed the fair value of the business resulting in additional impairment charges totaling $3.1 million during the six months ended November 30, 2014.

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Goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment annually, during the fourth quarter, or more frequently if events or changes in circumstances indicate that impairment may be present. Application of goodwill impairment testing involves judgment, including but not limited to, the identification of reporting units and the estimation of the fair value of each reporting unit. A reporting unit is defined as an operating segment or one level below an operating segment. We test goodwill at the operating segment level as we have determined that the characteristics of the reporting units within each operating segment are similar and allow for their aggregation in accordance with the applicable accounting guidance.

The goodwill impairment test consists of comparing the fair value of each operating segment, determined using discounted cash flows, to each operating segment s respective carrying value. If the estimated fair value of an operating segment exceeds its carrying value, there is no impairment. If the carrying amount of the operating segment exceeds its estimated fair value, a goodwill impairment is indicated. The amount of the impairment is determined by comparing the fair value of the net assets of the operating segment, excluding goodwill, to its estimated fair value, with the difference representing the implied fair value of the goodwill. If the implied fair value of the goodwill is lower than its carrying value, the difference is recorded as an impairment charge in the applicable consolidated statement of earnings. We performed our annual impairment evaluation of goodwill and other indefinite-lived intangible assets during the fourth quarter of fiscal 2014 and concluded that the fair value of each operating segment exceeded its carrying value; therefore, no impairment charges were recognized. As expected, however, the estimated fair value of the Engineered Cabs operating segment, which was acquired in fiscal 2012, exceeded its carrying value by less than 10%. The key assumptions that drive the fair value calculation are projected cash flows and the discount rate. Changes in these assumptions could lead to a step 2 calculation to quantify a potential impairment. Engineered Cabs has been negatively affected by softness in the mining and agricultural markets and by increased manufacturing costs related to the rollout of new programs. If markets don t return and we are unable to reduce expenses, it will have a negative impact on the projected cash flows and the associated valuation of the business. The Engineered Cabs operating segment had goodwill totaling $44.9 million at November 30, 2014. No impairment indicators were present with regard to our goodwill or intangible assets with indefinite useful lives during the six months ended November 30, 2014.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risks have not changed significantly from those disclosed in Part II - Item 7A. Quantitative and Qualitative Disclosures About Market Risk of our 2014 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures [as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)] that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission s rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management, with the participation of our principal executive officer and our principal financial officer, performed an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q (the fiscal quarter ended November 30, 2014). Based on that evaluation, our principal executive officer and our principal financial officer have concluded that such disclosure controls and procedures were effective at a reasonable assurance level as of the end of the period covered by this Quarterly Report on Form 10-Q.

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Changes in Internal Control Over Financial Reporting

There were no changes that occurred during the period covered by this Quarterly Report on Form 10-Q (the fiscal quarter ended November 30, 2014) in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Various legal actions, which generally have arisen in the ordinary course of business, are pending against the Company. None of this pending litigation, individually or collectively, is expected to have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Item 1A. Risk Factors

There are certain risks and uncertainties in our business that could cause our actual results to differ materially from those anticipated. In PART I Item 1A. -- Risk Factors of the Annual Report on Form 10-K of Worthington Industries, Inc. for the fiscal year ended May 31, 2014 (the 2014 Form 10-K), as filed with the Securities and Exchange Commission on July 30, 2014, and available at www.sec.gov or at www.worthingtonindustries.com, we included a detailed discussion of our risk factors. Other than as noted below, our risk factors have not changed significantly from those disclosed in our 2014 Form 10-K. These risk factors should be read carefully in connection with evaluating our business and in connection with the forward-looking statements and other information contained in this Quarterly Report on Form 10-Q. Any of the risks described in our 2014 Form 10-K could materially affect our business, consolidated financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. The risk factors described in our 2014 Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, also may materially adversely affect our business, financial condition and/or future results.

If the price of natural gas declines or oil prices remain low or decline further, the demand for products in our oil and gas equipment business could be adversely affected. Volatility or weakness in oil prices or natural gas prices, or the perception of future price declines, affects the spending patterns of our customers within the oil and gas equipment business and may result in the drilling of fewer wells or lower production spending on existing wells. This, in turn, could result in lower demand for our oil and gas equipment products and negatively impact our results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table provides information about purchases made by, or on behalf of, Worthington Industries, Inc. or any affiliated purchaser (as defined in Rule 10b-18(a) (3) under the Exchange Act, as amended) of common shares of Worthington Industries, Inc. during each month of the fiscal quarter ended November 30, 2014:

Period	Total Number of Common Shares Purchased	Average Price Paid per Common Share	Total Number of Common Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Common Shares that May Yet Be Purchased Under the Plans or Programs (1)
September 1-30, 2014	100,000	$ 36.85	100,000	11,131,532
October 1-31, 2014	500,000	$ 35.73	500,000	10,631,532
November 1-30, 2014	-	-	-	10,631,532
Total	600,000	$ 35.91	600,000	

(1) On June 29, 2011, Worthington Industries, Inc. announced that the Board authorized the repurchase of up to 10,000,000 of our outstanding common shares. At November 30, 2014, 631,532 common shares remained available for repurchase under this authorization. On June 25, 2014, the Board authorized the repurchase of up to an additional 10,000,000 of Worthington Industries outstanding common shares, increasing the total number of common shares available for repurchase to 10,631,532. The common shares available for repurchase under these authorizations may be purchased from time to time, with consideration given to the market price of the common shares, the nature of other investment opportunities, cash flows from operations and general economic conditions. Repurchases may be made on the open market or through privately negotiated transactions.

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Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

Not applicable

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Item 6. Exhibits

10.1	Second Amendment to the Worthington Industries, Inc. Non-Qualified Deferred Compensation Plan (Second Amendment effective as of October 1, 2014) (incorporated herein by reference to Exhibit 10.3 to the Annual Report on Form 10-K of Worthington Industries, Inc. for the fiscal year ended May 31, 2014 (SEC File No. 1-8399))
10.2	Second Amendment to the Worthington Industries, Inc. Amended and Restated 2005 Non-Qualified Deferred Compensation Plan (Second Amendment effective as of October 1, 2014) (incorporated herein by reference to Exhibit 10.6 to the Annual Report on Form 10-K of Worthington Industries, Inc. for the fiscal year ended May 31, 2014 (SEC File No. 1-8399))
10.3	Second Amendment to the Worthington Industries, Inc. Deferred Compensation Plan for Directors, as Amended and Restated (Second Amendment effective as of October 1, 2014) (incorporated herein by reference to Exhibit 10.9 to the Annual Report on Form 10-K of Worthington Industries, Inc. for the fiscal year ended May 31, 2014 (SEC File No. 1-8399))
10.4	Second Amendment to the Worthington Industries, Inc. Amended and Restated 2005 Deferred Compensation Plan for Directors (Second Amendment effective as of October 1, 2014) (incorporated herein by reference to Exhibit 10.12 to the Annual Report on Form 10-K of Worthington Industries, Inc. for the fiscal year ended May 31, 2014 (SEC File No. 1-8399))
10.5	Summary of Annual Base Salaries Approved for Named Executive Officers of Worthington Industries, Inc. (effective September 2014) (incorporated herein by reference to Exhibit 10.66 to the Annual Report on Form 10-K of Worthington Industries, Inc. for the fiscal year ended May 31, 2014 (SEC File No. 1-8399))
31.1	Rule 13a - 14(a) / 15d - 14(a) Certifications (Principal Executive Officer) *
31.2	Rule 13a - 14(a) / 15d - 14(a) Certifications (Principal Financial Officer) *
32.1	Certifications of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2	Certifications of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	XBRL Instance Document #
101.SCH	XBRL Taxonomy Extension Schema Document #
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document #
101.LAB	XBRL Taxonomy Extension Label Linkbase Document #
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document #
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document #

* Filed herewith.

** Furnished herewith.

Attached as Exhibit 101 to this Quarterly Report on Form 10-Q of Worthington Industries, Inc. are the following documents formatted in XBRL (Extensible Business Reporting Language):

(i) Consolidated Balance Sheets at November 30, 2014 and May 31, 2014;

(ii) Consolidated Statements of Earnings for the three and six months ended November 30, 2014 and November 30, 2013;

(iii) Consolidated Statements of Comprehensive Income for the three and six months ended November 30, 2014 and November 30, 2013;
(iv) Consolidated Statements of Cash Flows for the three and six months ended November 30, 2014 and November 30, 2013; and
(v) Notes to Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WORTHINGTON INDUSTRIES, INC.

Date: January 9, 2015

By: /s/ B. Andrew Rose
B. Andrew Rose,

Executive Vice President and Chief Financial Officer

(On behalf of the Registrant and as Principal

Financial Officer)

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