

PHILLIPS VAN HEUSEN CORP /DE/
Form 11-K
June 28, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

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

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED, EFFECTIVE OCTOBER 7, 1996].

For the fiscal year ended December 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED].

For the transition period from _____ to _____

Commission file number 1-724

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: PVH Associates Investment Plan For Residents Of The Commonwealth Of Puerto Rico

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: Phillips-Van Heusen Corporation, 200 Madison Avenue, New York, New York 10016

SIGNATURES

The Plan.

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

PHILLIPS-VAN HEUSEN CORPORATION

ASSOCIATES INVESTMENT PLAN FOR
RESIDENTS OF THE COMMONWEALTH
OF PUERTO RICO

Date: June 27, 2002

By /s/ Pamela N. Hootkin

Pamela N. Hootkin, Member of
Administrative Committee

Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Financial Statements

Years ended December 31, 2001 and 2000

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[Letterhead of Ernst & Young LLP]

Report of Independent Auditors

Administrative Committee of the Plan

Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

We have audited the accompanying statements of net assets available for benefits of the Phillips-Van Heusen Corporation Associates Investment Plan for Residents of the Commonwealth of Puerto Rico as of December 31, 2001 and 2000, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001 and 2000, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

June 14, 2002

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Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Statements of Net Assets Available for Benefits

	December 31	
	2001	2000
Assets		
Investments, at fair value <i>(Notes A and E)</i> :		
Shares of Master Trust:		
	\$15,002	\$ 40,456

Equity Fund		
Bond Fund	8,049	8,629
Balanced Fund	10,905	44,146
International Fund	3,662	3,977
Spartan Equity Index Fund	2,604	1,634
Small Cap Fund	1,449	739
Common Stock-Employer Company Fund	17,629	34,463
Common Trust Fund *	6,894	8,562
Participant loans receivable	1,503	2,384
Net assets available for benefits	\$67,697	\$144,990

* Consists of the Money Market Fund (Chase Manhattan Bank Domestic Liquidity Fund).

See notes to financial statements.

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Statements of Changes in Net Assets Available for Benefits

	Year ended December 31	
	2001	2000
Additions		
Contributions:		
Employer Company, net of forfeitures		\$L55
Employees		1,055
		1,510
Interest and investment income	\$J,527	7,460
Total additions	2,527	8,970
Deductions		
Payments to participants	69,591	83,638
Administrative expenses	36	144
Total deductions	69,627	83,782
Net realized and unrealized (depreciation) appreciation of investments	(10,193)	5,287
Net decrease	(77,293)	(69,525)

Net assets available for benefits at beginning of year	144,990	214,515
Net assets available for benefits at end of year	\$N7,697	\$I44,990

See notes to financial statements.

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Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Notes to Financial Statements

December 31, 2001

A. Description of the Plan

The following description of the Phillips-Van Heusen Corporation ("the Company") Associates Investment Plan for Residents of the Commonwealth of Puerto Rico (the "Plan") provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering salaried clerical and hourly production associates of Phillips-Van Heusen Corporation (the "Company") who are residents of the Commonwealth of Puerto Rico, have at least one year

of service (1,000 hours in a year) and are age 21 or older. The Plan is subject to the reporting and disclosure requirements of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions

Each year, participants may contribute up to 10% of pretax annual compensation, as defined by the Plan. Through March 31, 1999, the Company contributed 50% of the first 6% of base compensation that a participant contributed to the Plan. Effective April 1, 1999, the Company matched 100% of the first 2% of base compensation that a participant contributed to the Plan plus 25% of the next 4% of base compensation contributed by the participant.

The Company closed its Puerto Rico plant during 2000; therefore, there were no active participants or contributions to the Plan during 2001.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions. Through March 31, 1999, 100% of the Company contributions were automatically invested in the common stock of the Company. Effective April 1, 1999, the Company contributions were invested in any fund offered by the Plan as elected by the participant. However, existing balances as of March 31, 1999 must remain in the Employer Company Fund until participants are age 55 or older, at which time they may choose to transfer their investment.

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Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Notes to Financial Statements (continued)

A. Description of the Plan (continued)

Vesting

Through March 31, 1999, amounts attributable to Company contributions become vested on the participant's 65th birthday or if the participant's employment by the Company terminates by reason of the participant's death or permanent disability or the participant has completed five years of service with the Company. Effective April 1, 1999, the Company's contribution becomes 25% vested after two years from the participant's date of hire and vests 25% more each year, reaching 100% after five years of service.

Investment Options

Upon enrollment in the Plan, a participant may direct employee contributions into any of six investment options. A participant may contribute a maximum of 25% of employee contributions into the Phillips-Van Heusen Corporation Common Stock Fund.

Participant Loans Receivable

Participants may borrow from the Plan, with certain restrictions, using their vested account balance as collateral. The minimum loan amount is \$1,000 and the maximum loan amount is the lesser of (i) \$50,000 reduced by the participant's highest outstanding loan balance during the previous 12 months, or (ii) 50% of the vested value of the participant's account. Interest is fixed for the term of the loan at the prime rate as of first business day of the month of application as published in The Wall Street Journal, plus 1%. Loan repayments are made through payroll deductions which may be specified for a term of 1 to 5 years or up to 15 years for the purchase of a primary residence.

Forfeitures

Contributions made on behalf of non-vested employees who have terminated are retained by the Plan and are used to reduce the Company's future matching contributions.

Payment of Benefits

Participants entitled to final distributions generally will receive payment in the form of a lump-sum amount equal to the value of their vested account.

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Phillips-Van Heusen Corporation

Associates Investment Plan for Residents of the Commonwealth of Puerto Rico

Notes to Financial Statements (continued)

A. Description of the Plan (continued)

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

B. Significant Accounting Policies

The accounting records of the Plan are maintained on the accrual basis.

Substantially all administrative expenses are paid by the Company.

In accordance with the Rules and Regulations of the Department of Labor, investments are included in the accompanying financial statements at market value as determined by quoted market prices or at fair value as determined by the trustee. Purchases and sales of securities are reflected on a trade date basis.

All assets of the Plan are held by the trustee in the Company's Associates Investment Plan Master Trust (the "AIP Master Trust") and are segregated from the assets of the Company. The Plan shares in AIP Master Trust interest and investment income based upon its participants' shares of AIP Master Trust net assets available for benefits.

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

C. Transactions with Parties-in-Interest

During the years ended December 31, 2001 and 2000, the AIP Master Trust purchased 103,200 and 218,613 shares, respectively, of the Company's common stock and received \$187,304 and \$201,414, respectively, from the Company as payment of dividends on its common stock. The AIP Master Trust also sold 168,533 and 308,224 shares of the Company's common stock during the years ended December 31, 2001 and 2000, respectively.

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Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Notes to Financial Statements (continued)

D. Changes in the AIP Master Trust Net Assets Held by Fund

The Plan is one of three plans in the AIP Master Trust and represents an approximate .09% and .2% interest in the trust at December 31, 2001 and 2000 respectively. Changes in the AIP Master Trust net assets held by fund during the year ended December 31, 2001 were as follows:

	Phillips-Van Heusen Corporation Common Stock Fund	Money Market Fund	Bond Fund	Balanced Fund	Equity Fund	Current International Fund	Small Cap Fund	Spartan Equity Index Fund	Loan Fund	Total
Net assets at beginning of year	\$17,408,929	\$6,931,550	\$2,266,319	\$10,055,036	\$21,671,208	\$4,317,250	\$2,364,232	\$4,128,418	\$1,155,798	\$70,298,000
Interest and investment income	211,805	326,000	172,897	521,328	398,155	-	-	54,834	-	1,685,019

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Contributions received:										
Employer Company, net of forfeitures	904,344	130,593	76,131	158,708	414,788	93,210	180,316	430,467	-	2,388,55
Employees	347,457	576,294	417,928	1,103,647	1,881,342	454,350	509,091	986,114	-	6,276,22
Net realized and unrealized appreciation (depreciation)	(2,480,462)	-	67,698	(628,631)	(2,438,359)	(815,305)	89,859	(590,066)	-	(6,795,20
Loans to participants, net of repayments	876,751	(73,168)	(18,458)	(91,618)	(103,105)	(18,936)	(11,975)	(7,568)	428,822	980,745
Payments to participants	(1,952,865)	(986,112)	(263,837)	(934,613)	(1,388,626)	(239,222)	(145,340)	(295,294)	(63,404)	(6,269,30
Administrative expenses	-	(17,517)	-	-	-	(32,813)	(17,774)	-	-	(68,104)
Transfers (to) from other accounts	(1,401,694)	1,496,789	1,146,720	(119,159)	(740,827)	(533,189)	104,654	46,706	-	-
Net assets at end of year	\$13,914,265	\$8,384,429	\$3,865,398	\$10,064,698	\$19,694,576	\$3,225,345	\$3,073,063	\$4,753,611	\$1,521,216	\$68,496,000
Plan's beneficial interest at end of	\$ 17,629	\$ 6,894	\$ 8,049	\$ 10,905	\$ 15,002	\$ 3,662	\$ 1,449	\$ 2,604	\$ 1,503	\$ 67,697,000

year

Note: Certain funds above include investments in the Chase Manhattan Bank Domestic Liquidity Fund.

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Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Notes to Financial Statements (continued)

D. Changes in the AIP Master Trust Net Assets Held by Fund (continued)

Changes in the AIP Master Trust net assets held by fund during the year ended December 31, 2000 were as follows:

	Phillips-Van Heusen Corporation Common Stock Fund	Money Market Fund	Bond Fund	Balanced Fund	Equity Fund	Current International Fund	Small Cap Fund	S&P 500 Index Fund	Loan Fund	Total
Net assets at beginning of year	\$11,470,437	\$ 7,318,089	\$2,181,663	\$11,050,161	\$23,614,787	\$4,494,773	\$ 590,045	\$2,404,387	\$1,012,658	\$64,137,000
Interest and investment income	241,462	436,127	140,182	824,130	2,041,452	239	48	38,431	7,982	3,730,000
Contributions received:										
Employer Company, net of	1,001,222	68,837	42,130	141,679	368,032	87,919	134,025	429,225	-	2,273,000

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forfeitures										
Employees	235,295	405,572	247,585	872,219	1,882,725	475,499	302,956	852,413	-	5,274,260
Net realized and unrealized appreciation (depreciation)	6,171,260	-	61,565	(111,799)	(2,467,571)	(618,802)	28,415	(419,459)	-	2,643,600
Loans to participants, net of repayments	105,167	777	3,385	20,900	9,863	7,515	7,051	(19,082)	153,322	288,898
Payments to participants	(1,433,444)	(1,109,293)	(214,644)	(1,383,482)	(2,695,150)	(725,111)	(105,076)	(281,836)	(17,482)	(7,965,500)
Administrative expenses	(81)	(9,857)	(29)	(1)	(12)	(58,112)	(14,543)	-	-	(82,635)
Transfers (to) from other accounts	(382,389)	(178,702)	(195,518)	(1,358,771)	(1,076,918)	647,330	1,421,311	1,124,339	(682)	-
Net assets at end of year	\$17,408,929	\$ 6,931,550	\$2,266,319	\$10,055,036	\$21,677,208	\$4,311,250	\$2,364,232	\$4,128,418	\$1,155,798	\$70,298
Plan's beneficial interest at end of year	\$ 34,463	\$ 8,562	\$ 8,629	\$ 44,146	\$ 40,456	\$ 3,977	\$ 739	\$ 1,634	\$ 2,384	\$ 144,900

Note: Certain funds above include investments in the Chase Manhattan Bank Domestic Liquidity Fund.

Phillips-Van Heusen Corporation

Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Notes to Financial Statements (continued)

E. Non Participant-Directed Investments

Information about the net assets and the significant components of the change in net assets relating to the non-participant directed investments is as follows:

	December 31	
	2001	2000
Net assets:		
Common stock	\$17,629	\$34,463
		Year ended December 31, 2001
Changes in net assets:		
Contributions		\$ 6,030
Earnings and net realized and unrealized depreciation in fair value		(10,928)
Distributions to participants		(9,407)
Transfers to participant directed investments		(6,752)
Loans to participants, net of repayments		4,223
		\$(16,834)

F. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 27, 1995, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the "Code") and, therefore, the related trust is

exempt from taxation. Once qualified, the plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since receiving the determination letter and a new determination letter has been applied for. The plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

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EXHIBIT INDEX

Exhibit No.

I Consent of Independent Auditors