

PHILLIPS VAN HEUSEN CORP /DE/
Form 11-K
October 10, 2008

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 11-K/A

(Amendment No. 1)

**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.

For the fiscal year ended December 31, 2007

OR

○ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

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:
Phillips-Van Heusen Corporation Associates Investment Plan for Hourly Associates and Phillips-Van Heusen Corporation Associates Investment Plan for Salaried Associates

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

EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 11-K of the Phillips-Van Heusen Corporation Associates Investment Plan for Hourly Associates and the Phillips-Van Heusen Corporation Associates Investment Plan for Salaried Associates (collectively, the Plans) for the fiscal year ended December 31, 2007, initially filed on June 26, 2008 (the Initial Report), is being filed for the purpose of correcting an error in the net assets available for benefits under the Plans.

Except as described above, no other amendments are being made to the Initial Report. The information contained in this Amendment No. 1 does not reflect events occurring after the filing of the Initial Report and does not modify or update the disclosures therein, except as specifically identified above.

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 PLANS

Date: October 10, 2008

By: /s/ Pamela N. Hootkin

Pamela N. Hootkin

Member of Administrative Committee

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Report of Independent Registered Public Accounting Firm

Administrative Committee of the Plan

Phillips-Van Heusen Corporation

Associates Investment Plan for Hourly Associates

We have audited the accompanying statement of net assets available for benefits of the Phillips-Van Heusen Corporation Associates Investment Plan for Hourly Associates as of December 31, 2007 and 2006, and the related statement 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 audit.

We conducted our audits in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, 2007 and 2006, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of investments held at year end at fair value as of December 31, 2007, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 8 to the financial statements, the Plan's 2007 net assets available for benefits previously reported as \$10,030,706 should have been \$13,097,832. This discovery was made subsequent to the issuance of the financial statements. The financial statements have been restated to reflect this correction.

June 23, 2008, except for Note 8, as to which date is September 23, 2008

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

For the Years Ended December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|--|----------------------|--------------------|
| Assets | | |
| Investments, at fair value: | | |
| Investment in Phillips-Van Heusen Corporation Associates Investment Plans Master Trust | \$ 9,527,896 | \$ 9,391,798 |
| Participant loans receivable | 373,212 | 320,613 |
| Receivable from securities sold | 66,867 | - |
| Contributions receivable | 30,186 | 21,327 |
| Receivable from Superba 401(k) plan merger | <u>3,067,126</u> | <u>-</u> |
| Total assets | <u>13,065,287</u> | <u>9,733,738</u> |
| Liabilities | | |
| Benefits payable | 8,303 | - |
| Miscellaneous payables | <u>3,686</u> | <u>524</u> |
| Total liabilities | <u>11,989</u> | <u>524</u> |
| Net assets available for benefits at fair value | \$ 13,053,298 | \$9,733,214 |
| Adjustment to contract value from fair value for interest in common/collective trust relating to fully benefit-responsive investment contracts | <u>44,534</u> | <u>21,098</u> |

Net assets available for benefits

\$13,097,832

\$ 9,754,312

The accompanying notes are an integral
part of these financial statements

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

STATEMENT OF CHANGES IN NET
ASSETS AVAILABLE FOR BENEFITS

For the Years Ended December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|---|------------------|------------------|
| Additions | | |
| Contributions: | | |
| Employer, net of forfeitures | \$ 469,460 | \$ 348,764 |
| Employees | 1,006,754 | 788,476 |
| Rollovers | 122,668 | - |
| Interest and investment income | - | 188,052 |
| Loan interest | 24,127 | 29,127 |
| Master trust investment income | 402,723 | 1,444,075 |
| Transfer from Phillips-Van Heusen Associates Investment Plan for Salaried Associates | 294,514 | 12,183 |
| Transfer from Superba 401(k) plan | <u>3,067,126</u> | <u>-</u> |
| Total additions | <u>5,387,372</u> | <u>2,810,677</u> |
| Deductions | | |
| Payments to participants | 946,852 | 3,344,988 |
| Transfer to Phillips-Van Heusen Associates Investment Plan for Salaried Associates | <u>537,353</u> | <u>31,259</u> |
| Total deductions | 1,484,205 | 3,376,247 |
| Net realized and unrealized (depreciation) appreciation of investments | <u>(559,647)</u> | <u>326,405</u> |
| Net increase (decrease) in net assets available for benefits | 3,343,520 | (239,165) |

| | | |
|---|---------------------|--------------------|
| Net assets available for benefits at beginning of year | <u>9,754,312</u> | <u>9,993,477</u> |
| Net assets available for benefits at end of year | <u>\$13,097,832</u> | <u>\$9,754,312</u> |

The accompanying notes are an integral
part of these financial statements

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

1.

Description of the Plan

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

Change in Trustee and Recordkeeper

Effective November 3, 2006, the Plan's Trustee changed from Wells Fargo Bank to Nationwide Trust Company, and the Plan's Recordkeeper changed from Wells Fargo Retirement Plan Solutions to The 401(k) Company. Effective May 14, 2007, the Plan's Trustee changed from Nationwide Trust Company to The Charles Schwab Trust Company (the Trustee).

Master Trust

The Phillips-Van Heusen Corporation Associates Investment Plans Master Trust (the Master Trust) was established for the investment of the Phillips-Van Heusen Stock Fund (the PVH Stock Fund). Effective with the change in Recordkeeper and Trustee on November 3, 2006, all of the investments of the Company's Associates Investment Plan for Hourly Employees and the Associates Investment Plan for Salaried Employees were combined into the new Master Trust held by the Nationwide Trust Company.

General

The Plan is a defined contribution plan covering hourly production, warehouse, distribution and U.S. retail field employees of the Company, who are at least age 21 or older, have completed at least three consecutive months of service and are regularly scheduled to work at least 20 hours per week. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

Contributions

Participants may contribute up to 25% of pre-tax annual compensation, limited to \$15,500 and \$15,000 per annum in 2007 and 2006 respectively. In addition, pursuant to EGTRRA of 2001, all participants who have attained the age of 50 before the close of the plan year are eligible to make catch-up contributions up to \$5,000 for each plan year. The Company matches 100% of the first 2% of eligible compensation that a participant contributed to the Plan plus 25% of the next 4% of eligible compensation contributed by the participant.

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.

Vesting

Amounts attributable to employee contributions and the allocated earnings thereon are immediately vested. Participants become 25%, 50%, 75% and 100% vested in Company contributions and the allocated earnings thereon after two, three, four and five years of service, respectively. Upon death, permanent disability or reaching age 65, participants or their beneficiaries become 100% vested in Company contributions.

Investment Options

Upon enrollment in the Plan, a participant may direct employee or Company contributions into any one of four pre-mixed asset allocation models or any of 10 individual investment options. A participant may contribute a maximum of 25% of employee contributions into the PVH Stock Fund.

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

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 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.

At December 31, 2007, total outstanding participant loans outstanding totaled \$373,212, with maturity dates through 2012 at interest rates ranging from 5% to 9.25%.

Forfeitures

Contributions made on behalf of non-vested or partially vested employees who have terminated are retained by the Plan and are used to reduce the Company's future matching contributions. In 2007, forfeitures of \$23,885 were used by the Plan to reduce the Company's matching contributions.

Payment of Benefits

Participants electing final distributions will receive payment in the form of a lump sum amount equal to the value of their vested account unless the participant notifies the Company of their intent to receive all or a portion of their balance attributable to the PVH Stock Fund paid in the form of shares of the Company's Common Stock.

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.

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

2.

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 Master Trust and are segregated from the assets of the Company. The Plan shares in the Master Trust interest and investment income based upon its participants' shares of the Master Trust net assets available for benefits.

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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.

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (FSP). This FSP requires investments in benefit-responsive investment contracts be presented at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined

contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common/collective trust. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investments in the common/collective trust as well as the adjustment of the investment in the common/collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

In September, 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157 (SFAS 157), Fair Value Measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value and requires additional disclosures about fair value measurements. It applies to fair value measurements already required or permitted by existing standards. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact that the adoption of SFAS 157 will have on the Plan's financial statements.

3.

Transactions with Parties-in-Interest

During the years ended December 31, 2007 and 2006, the Master Trust purchased 50,218 and 53,146 shares, respectively, of the Company's common stock and received \$127,428 and \$138,106, respectively, from the Company as payment of dividends on its common stock. The AIP Master Trust also sold 74,684 and 152,495 shares of the Company's common stock during the years ended December 31, 2007 and 2006, respectively.

4.

Assets of the Plan

Investments that represent 5% or more of the fair value of the Plan's net assets at the end of the plan year are as follows:

| | <u>2007</u> | <u>2006</u> |
|---|-------------|-------------|
| Investment in Phillips-Van Heusen Corporation Associates Investment | | |

Plans Master Trust

\$9,527,896

\$9,391,798

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

During 2006, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated in fair value as determined by quoted market prices as follows:

Net Realized and Unrealized
Appreciation in Fair Value of Investments

2006**

| | |
|---|------------------|
| Common stock - PVH Stock Fund | \$ - |
| Shares of registered investment companies | <u>326,405</u> |
| | <u>\$326,405</u> |

** Represents appreciation for the period January 1, 2006 through November 2, 2006 of investments not in the Master Trust. See below for Master Trust information.

5.

Interest in the Master Trust

Effective November 3, 2006, the plan's investments, with the exception of participant loans, are held in a Master Trust with the assets of the Associates Investment Plan for Salaried Associates. The assets of the Master Trust are held by The Charles Schwab Trust Company. The plan participates in the Master Trust for the investment of the pooled assets of various funds. Each participating plan has an undivided interest in the Master Trust. Income and assets of the Master Trust are allocated to the Plan based on participant balances. The assets of the Master Trust at December 31, 2007 and 2006, reported at fair value, consist of the following:

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PHILLIPS-VAN HEUSEN CORPORATION PENSION PLAN
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

| | <u>2007</u> | <u>2006</u> |
|------------------------------------|--------------------------|--------------------------|
| Cash | \$ 137,527 | \$ 27,724 |
| Receivable from investments sold | | 86,852 |
| Payable for investments purchased | | (86,852) |
| Other payable | | (9,619) |
| Investments, at market value: | | |
| Common Collective Trust | 24,215,772 | 22,338,688 |
| Mutual Funds | 104,842,735 | 86,595,356 |
| Common Stock | 30,654,803 | 42,951,591 |
| Money Market Funds | <u>47,170</u> | <u>1,195,213</u> |
| Total Master Trust investments | <u>\$159,898,007</u> | <u>\$153,098,953</u> |
| Plan s beneficial interest | <u>\$ 9,527,896</u> | <u>\$ 9,391,798</u> |
| Plan s percentage interest | <u>6%</u> | <u>6%</u> |

Net investment (loss) income for the Master Trust through December 31, 2007 and 2006 is as follows:

| | <u>2007</u> | <u>2006</u> |
|--|-------------|-------------|
| Net (depreciation) appreciation in fair value of investments | | |

determined by quoted market prices:

| | | |
|---|-----------------------|---------------------|
| Common Stock | \$(11,023,289) | \$16,261,622 |
| Mutual Funds and Common Collective Trust | <u>469,377</u> | <u>(883,605)</u> |
| | (10,553,912) | 15,378,017 |
| Interest and dividend income | <u>8,858,571</u> | <u>3,941,060</u> |
| Total Master Trust investment (loss) income | <u>\$ (1,695,341)</u> | <u>\$19,319,077</u> |

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PHILLIPS-VAN HEUSEN CORPORATION PENSION PLAN
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES
NOTES TO FINANCIAL STATEMENTS

6.

Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 2, 2003, 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 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.

7.

Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2007 and 2006:

| | <u>2007</u> | <u>2006</u> |
|--|----------------------|---------------------|
| Net assets available for benefits per the financial statements | \$13,097,832 | \$ 9,754,312 |
| Less adjustment from fair value to contract value | | |
| for fully benefit-responsive investment contracts | <u>44,534</u> | <u>21,098</u> |
| Net assets available for benefits per the Form 5500 | <u>\$ 13,053,298</u> | <u>\$ 9,733,214</u> |

8.

Asset Transfers

On December 31, 2007, the Superba 401(k) Plan (Superba) was merged into the Plan. As the physical transfer of net assets did not occur until January of 2008, the transfer is shown as a receivable on the statement of net assets available for benefits. The changes in net assets of the combined plans are included in the accompanying statement of changes in net assets available for benefits at December 31, 2007. A summary of the transferred net assets follows:

| | |
|-----------------------------------|---------------------|
| Cash | \$ 2,695,249 |
| Employer contributions receivable | 176,513 |
| Participant loans receivable | <u>195,364</u> |
| | <u>\$ 3,067,126</u> |

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SUPPLEMENTAL SCHEDULE

EIN: 13-1166910

Plan No: 012

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR HOURLY ASSOCIATES

SCHEDULE H, LINE 4i--SCHEDULE OF INVESTMENTS AT YEAR END

AT FAIR VALUE

For the Year Ended December 31, 2007

| <u>Identity of Holder</u> | <u>Description of Investment</u> | <u>Current Value</u> |
|------------------------------|---|----------------------|
| The Charles Schwab Trust Co. | Cash | \$ 87,057 |
| The Charles Schwab Trust Co. | Federated Capital Reserve; 3,286.480 shares | 3,287 |
| The Charles Schwab Trust Co. | SEI Stable Asset Fund; 1,771,387.910 shares | 1,726,854 |
| The Charles Schwab Trust Co. | State Street S&P 500 Index; 16,618.222 shares | 660,026 |
| The Charles Schwab Trust Co. | Lazard Emerging Markets; 851.988 shares | 20,593 |
| The Charles Schwab Trust Co. | American Beacon Large Cap Value; 37,450.691 shares | 838,521 |
| The Charles Schwab Trust Co. | Bond Fund of America; 60,642.033 shares | 791,985 |
| The Charles Schwab Trust Co. | Dodge & Cox Balanced Fund; 11,048.857 shares | 894,957 |
| The Charles Schwab Trust Co. | Growth Fund of America; 23,658.445 shares | 798,709 |
| The Charles Schwab Trust Co. | Hartford HLS Small Cap Growth; | |

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| | | |
|------------------------------|---|---------------------|
| | 5,190.121 shares | 96,848 |
| The Charles Schwab Trust Co. | Phoenix Real Estate Securities; 1,833.980 shares | 52,910 |
| The Charles Schwab Trust Co. | Thornburg International Value; 25,101.885 shares | 850,703 |
| The Charles Schwab Trust Co. | Wells Fargo Small Cap Value; 19,360.480 shares | 569,585 |
| The Charles Schwab Trust Co. | Phillip-Van Heusen Corp. Common Stock; 57,945.211 shares | <u>2,135,861</u> |
| Total investments held by | | |
| The Charles Schwab Trust Co. | | <u>\$ 9,527,896</u> |

F-12

Report of Independent Registered Public Accounting Firm

Administrative Committee of the Plan

Phillips-Van Heusen Corporation

Associates Investment Plan for Salaried Associates

We have audited the accompanying statements of net assets available for benefits of the Phillips-Van Heusen Corporation Associates Investment Plan for Salaried Associates as of December 31, 2007 and 2006, 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 audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the plan's internal control over financial reporting. Accordingly, we

express no such opinion. An audit also 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, 2007 and 2006 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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of investments held at year end at fair value as of December 31, 2007 is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 8 to the financial statements, the Plan's 2007 net assets available for benefits previously reported as \$153,125,334 should have been \$159,481,244. This discovery was made subsequent to the issuance of the financial statements. The financial statements have been restated to reflect this correction.

June 23, 2008, except for Note 8, as to which date is September 23, 2008

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|--|--------------------|--------------------|
| Assets | | |
| Investments, at fair value: | | |
| Investment in Phillips-Van Heusen Corporation Associates Investment Plans Master Trust | \$150,370,111 | \$143,707,155 |
| Participant loans receivable | 2,533,372 | 1,773,210 |
| Receivable from securities sold | 89,596 | - |
| Contributions receivable | 30,004 | 443,086 |
| Receivable from Superba 401(k) plan merger | 6,355,910 | - |
| Total assets | 159,378,993 | 145,923,451 |
| Liabilities | | |
| Due to broker | 133,324 | - |
| Benefits payable | 158,975 | 9,277 |
| Total liabilities | 292,299 | 9,277 |
| Net assets available for benefits at fair value | 159,086,694 | 145,914,174 |
| Adjustment to contract value from fair value for interest in common/collective trust relating to fully benefit-responsive investment contracts | <u>394,550</u> | <u>220,145</u> |

Net assets available for benefits \$159,481,244 - \$146,134,319

The accompanying notes are an integral
part of these financial statements

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

STATEMENTS OF CHANGES IN NET
ASSETS AVAILABLE FOR BENEFITS

For the Years Ended December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|--|--------------|--------------|
| Additions | | |
| Contributions: | | |
| Employer, net of forfeitures | \$ 3,995,988 | \$ 3,288,623 |
| Employees | 10,447,772 | 8,723,948 |
| Rollovers | 1,188,138 | 273,473 |
| Interest and investment income | - | 2,130,908 |
| Transfer from Phillips-Van Heusen Associates | | |
| Investment Plan for Hourly Associates | 537,353 | 31,259 |
| Transfer from Superba 401(k) plan | 6,355,910 | - |
| Loan interest | 162,205 | 129,242 |
| Master trust investment income | 8,269,517 | 18,116,245 |
| | 30,956,883 | 32,693,698 |
| Total additions | | |
| Deductions | | |
| Payments to participants | 7,321,179 | 10,377,037 |
| Transfer to Phillips-Van Heusen Associates | | |
| Investment Plan for Hourly Associates | 294,514 | 12,183 |
| Total deductions | 7,615,693 | 10,389,220 |

| | | |
|---|----------------------|----------------------|
| Net realized and unrealized (depreciation) appreciation of investments | (9,994,265) | 6,287,070 |
| Net increase in net assets available for benefits | 13,346,925 | 28,591,548 |
| Net assets available for benefits at beginning of year | 146,134,319 | 117,542,771 |
| Net assets available for benefits at end of year | \$159,481,244 | \$146,134,319 |

The accompanying notes are an integral
part of these financial statements

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

1.

Description of the Plan

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

Change in Trustee and Recordkeeper

Effective November 3, 2006, the Plan's Trustee changed from Wells Fargo Bank to Nationwide Trust Company, and the Plan's Recordkeeper changed from Wells Fargo Retirement Plan Solutions to The 401(k) Company. Effective May 14, 2007, the Plan's Trustee changed from Nationwide Trust Company to The Charles Schwab Trust Company (the Trustee).

Master Trust

The Phillips-Van Heusen Corporation Associates Investment Plans Master Trust (the Master Trust) was established for the investment of the Phillips-Van Heusen Stock Fund (the PVH Stock Fund). Effective with the change in

Recordkeeper and Trustee on November 3, 2006, all of the investments of the Company's Associates Investment Plan for Hourly Employees and the Associates Investment Plan for Salaried Employees were combined into the new Master Trust held by the Nationwide Trust Company.

General

The Plan is a defined contribution plan covering salaried or clerical employees of the Company who are at least age 21 or older, have completed at least three consecutive months of service and are regularly scheduled to work at least 20 hours per week. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

PHILLIPS-VAN HEUSEN CORPORATION
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NOTES TO FINANCIAL STATEMENTS

Contributions

Participants may contribute up to 25% of pre-tax annual compensation, limited to \$15,500 and \$15,000 per annum in 2007 and 2006, respectively. In addition, pursuant to EGTRRA of 2001, all participants who have attained the age of 50 before the close of the plan year are eligible to make catch-up contributions up to \$5,000 for each plan year. The Company matches 100% of the first 2% of eligible compensation that a participant contributed to the Plan plus 25% of the next 4% of eligible compensation contributed by the participant.

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.

Vesting

Amounts attributed to employee contributions and the allocated earnings thereon are immediately vested. Participants become 25%, 50%, 75% and 100% vested in Company contributions and the allocated earnings thereon after two, three, four and five years of service, respectively. Upon death, permanent disability, or reaching age 65, participants or their beneficiaries become 100% vested in Company contributions.

Investment Options

Upon enrollment in the Plan, a participant may direct employee or Company contributions into any one of four pre-mixed asset allocation models or any of 10 individual investment options. A participant may contribute a maximum of 25% of employee contributions into the PVH Stock Fund.

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

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 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.

At December 31, 2007, participant loans outstanding totaled \$2,533,372, with maturity dates through 2022 at interest rates ranging from 5% to 10.5%.

Forfeitures

Contributions made on behalf of non-vested or partially vested employees who have terminated are retained by the Plan and are used to reduce the Company's future matching contributions. In 2007, forfeitures of \$101,173 were used by the Plan to reduce the Company's matching contributions.

Payment of Benefits

Participants electing final distributions will receive payment in the form of a lump sum amount equal to the value of their vested account unless the participant notifies the Company of their intent to receive all or a portion of their

balance attributable to the PVH Stock Fund paid in the form of shares of the Company's Common Stock.

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.

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

2.

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 price or at fair value as determined by the trustee. Purchase and sales of securities are reflected on a trade date basis.

All assets of the Plan are held by the Trustee and are segregated from the assets of the Company. The Master Trust holds the investments in The PVH Stock Fund. The Plan shares in the Master Trust interest and investment income based upon its participants' shares of the Master Trust net assets available for benefits.

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles 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.

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (FSP). This FSP requires investments in benefit-responsive investment contracts be presented at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common/collective trust. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investments in the common/collective trust as well as the adjustment of the investment in the common/collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

In September, 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 157 (SFAS 157), Fair Value Measurements. SFAS 157 defines fair value, establishes a framework for measuring fair value and requires additional disclosures about fair value measurements. It applies to fair value measurements already required or permitted by existing standards. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact that the adoption of SFAS 157 will have on the Plan's financial statements.

Reclassifications

Certain amounts from the 2007 financial statements have been reclassified in order to conform to the current year presentation.

3.

Transactions with Parties-in-Interest

During the years ended December 31, 2007 and 2006, the Master Trust purchased 50,218 and 53,146 shares, respectively, of the Company's common stock and received \$127,428 and \$138,106, respectively, from the Company as payment of dividends on its common stock. The AIP Master Trust also sold 74,684 and 152,495 shares of the Company's common stock during the years ended December 31, 2007 and 2006, respectively.

4.

Assets of the Plan

Investments that represent 5% or more of the fair value of the Plan's net assets at the end of the plan year are as follows:

| | <u>2007</u> | <u>2006</u> |
|--|-------------|-------------|
| Investment in Phillips-Van Heusen Corporation Associates Investment Plans Master Trust | 150,370,111 | 143,707,155 |

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

During 2006, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated in fair value as determined by quoted market prices as follows:

Net Realized and Unrealized
Appreciation in Fair Value of Investments

2006**

| | |
|--|--------------------|
| Common stock - PVH Stock Fund | \$ - |
| Shares of registered investment companies | <u>6,287,070</u> |
| | <u>\$6,287,070</u> |

** Represents appreciation for the period January 1, 2006 through November 2, 2006 of investments not in the Master Trust. See below for Master Trust information.

Interest in the Master Trust

Effective November 3, 2006, the plan's investments, with the exception of participant loans, are held in a Master Trust with the assets of the Associates Investment Plan for Hourly Associates. The assets of the Master Trust are held by The Charles Schwab Trust Company. The plan participates in the Master Trust for the investment of the pooled assets of various funds. Each participating plan has an undivided interest in the Master Trust. Income and assets of the Master Trust are allocated to the Plan based on participant balances. The assets of the Master Trust at December 31, 2007 and 2006 consist of the following reported at fair value:

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

| | <u>2007</u> | <u>2006</u> |
|-----------------------------------|----------------------|----------------------|
| Cash | \$ 137,527 | \$ 27,724 |
| Receivable from investments sold | | 86,852 |
| Payable for investments purchased | | (86,852) |
| Other payable | | (9,619) |
| Investments, at market value: | | |
| Common Collective Trust | 24,215,772 | 22,338,688 |
| Mutual Funds | 104,842,735 | 86,595,356 |
| Common Stock | 30,654,803 | 42,951,591 |
| Money Market Funds | <u>47,170</u> | <u>1,195,213</u> |
| Total Master Trust investments | <u>\$159,898,007</u> | <u>\$153,098,953</u> |
| Plan s beneficial interest | <u>\$150,370,111</u> | <u>\$143,707,155</u> |
| Plan s percentage interest | <u>94%</u> | <u>94%</u> |

Net investment (loss) income for the Master Trust through December 31, 2007 and 2006 is as follows:

| | <u>2007</u> | <u>2006</u> |
|---|-------------|-------------|
| Net (depreciation) appreciation in fair value of investments determined by quoted market prices: | | |

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| | | |
|---|-----------------------|---------------------|
| Common Stock | \$(11,023,289) | \$16,261,622 |
| Mutual Funds and Common Collective Trust | <u>469,377</u> | <u>(883,605)</u> |
| | (10,553,912) | 15,378,017 |
| Interest and dividend income | <u>8,858,571</u> | <u>3,941,060</u> |
| Total Master Trust investment (loss) income | <u>\$ (1,695,341)</u> | <u>\$19,319,077</u> |

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

6.

Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated September 2, 2003, 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 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.

7.

Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 at December 31, 2007 and 2006:

| | <u>2007</u> | <u>2006</u> |
|---|----------------------|----------------------|
| Net assets available for benefits per the financial statements | \$159,481,244 | \$146,134,319 |
| Less adjustment from fair value to contract value for fully benefit-responsive investment contracts | <u>394,550</u> | <u>220,145</u> |
| Net assets available for benefits per the Form 5500 | <u>\$159,086,694</u> | <u>\$145,914,174</u> |

8.

Asset Transfers

On December 31, 2007, the Superba 401(k) Plan (Superba) was merged into the Plan. As the physical transfer of net assets did not occur until January of 2008, the transfer is shown as a receivable on the statement of net assets available for benefits. The changes in net assets of the combined plans are included in the accompanying statement of changes in net assets available for benefits at December 31, 2007. A summary of the transferred net assets follows:

| | |
|-----------------------------------|---------------------|
| Cash | \$ 5,824,956 |
| Employer contributions receivable | 481,895 |
| Participant loans receivable | <u>49,059</u> |
| | <u>\$ 6,355,910</u> |

SUPPLEMENTAL SCHEDULE

EIN: 13-1166910

Plan No: 007

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR SALARIED ASSOCIATES

SCHEDULE H, LINE 4i--SCHEDULE OF INVESTMENTS HELD AT YEAR END

AT FAIR VALUE

For the Year Ended December 31, 2007

| <u>Identity of Holder</u> | <u>Description of Investment</u> | <u>Current Value</u> |
|------------------------------|--|----------------------|
| The Charles Schwab Trust Co. | Cash | \$ 50,469 |
| The Charles Schwab Trust Co. | Federated Capital Reserves 43,882.490 shares | 43,883 |
| The Charles Schwab Trust Co. | American Beacon US Govt MM; 1.000 shares | 1 |
| The Charles Schwab Trust Co. | SEI Stable Asset Fund; 15,693,497.900 shares | 15,298,948 |
| The Charles Schwab Trust Co. | State Street S&P 500 Index: 164,411.805 shares | 6,529,944 |
| The Charles Schwab Trust Co. | American Beacon Large Cap Value; 778,964.672 shares | 17,441,019 |
| The Charles Schwab Trust Co. | Bond Fund of America; 941,768.072 shares | 12,299,491 |
| The Charles Schwab Trust Co. | Dodge & Cox Balanced Fund; 179,208.037 shares | 14,515,851 |
| The Charles Schwab Trust Co. | Growth Fund of America; 502,049.344 shares | 16,949,186 |
| The Charles Schwab Trust Co. | Hartford HLS Small Cap Growth; | |

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| | | |
|---|--|----------------------|
| | 153,227.174 shares | 2,859,219 |
| The Charles Schwab Trust Co. | Lazard Funds Emerging Markets; 47,524.799 shares | 1,148,674 |
| The Charles Schwab Trust Co. | Phoenix Real Estate Securities; 61,084.301 shares | 1,762,282 |
| The Charles Schwab Trust Co. | Thornburg International Value; 624,164.447 shares | 21,152,933 |
| The Charles Schwab Trust Co. | Wells Fargo Small Cap Value; 401,062.824 shares | 11,799,268 |
| The Charles Schwab Trust Co. | Phillip-Van Heusen Corp. Common Stock; 773,709.789 shares | <u>28,518,943</u> |
| Total investments held by The Charles Schwab Trust Co. | | <u>\$150,370,111</u> |

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EXHIBIT INDEX

Exhibit No.

- | | |
|------|--|
| 23.1 | Consent of Independent Auditors (Associates Investment Plan for Hourly Associates) |
| 23.2 | Consent of Independent Auditors (Associates Investment Plan for Salaried Associates) |