

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly period ended October 31, 2004

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.
(Exact name of registrant as specified in its charter)

Delaware 41-1590959

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

512 Seventh Avenue, New York, New York 10018

(Address of Principal Executive Offices) (Zip Code)

(212) 403-0500

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
--- ---

Indicate by checkmark if the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes --- No X
--- ---

As of December 1, 2004 there were 7,220,698 common shares outstanding.

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ITEM 1. FINANCIAL STATEMENTS

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	OCTOBER 31, 2004 ----	JANUARY 31, 2004 ----
	(unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,043	\$ 16,072
Accounts receivable, net of allowance for doubtful accounts and sales discounts and allowances of \$10,202 and \$8,922, respectively	81,698	19,304
Inventories, net	37,010	28,361
Deferred income taxes	5,895	5,895
Prepaid expenses and other current assets	2,599	2,928
	-----	-----
Total current assets	130,245	72,560
PROPERTY, PLANT AND EQUIPMENT, NET	2,347	1,969
DEFERRED INCOME TAXES	1,940	1,940
OTHER ASSETS	2,881	4,227
	-----	-----
	\$ 137,413	\$ 80,696
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$ 36,211	\$ 770
Current maturities of obligations under capital leases	71	82
Income taxes payable	4,101	1,659
Accounts payable	19,898	6,155
Accrued expenses	7,605	6,506
	-----	-----
Total current liabilities	67,886	15,172
	-----	-----
LONG-TERM LIABILITIES	412	252
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock, 1,000,000 shares authorized; no shares issued and outstanding		
Common stock - \$.01 par value; 20,000,000 shares authorized; 7,448,215 and 7,347,815 shares issued	74	73
Additional paid-in capital	27,753	27,325
Accumulated other comprehensive income	51	47
Retained earnings	42,207	38,797
	-----	-----
Treasury stock - 244,817 shares at cost	70,085 (970)	66,242 (970)
	-----	-----
	69,115	65,272
	-----	-----
	\$ 137,413	\$ 80,696

The accompanying notes are an integral part of these statements.

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G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	THREE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2004 ----	2003 ----
Net sales	\$ 114,909	\$ 125,547
Cost of goods sold	81,358	88,208
	-----	-----
Gross profit	33,551	37,339
Selling, general and administrative expenses	15,638	16,785
	-----	-----
Operating income	17,913	20,554
Interest and financing charges, net	550	583
	-----	-----
Income before income taxes	17,363	19,971
Income tax expense	7,466	8,591
	-----	-----
Net income	\$ 9,897	\$ 11,380
	=====	=====

NET INCOME PER COMMON SHARE:

Basic:

Net income per common share	\$ 1.38	\$ 1.65
	=====	=====
Weighted average number of shares outstanding	7,190,000	6,900,000
	=====	=====

Diluted:

Net income per common share	\$ 1.33	\$ 1.50
	=====	=====
Weighted average number of shares outstanding	7,429,000	7,571,000
	=====	=====

The accompanying notes are an integral part of these statements.

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G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share amounts)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2004 ----	2003 ----
Net sales	\$ 175,322	\$ 189,558
Cost of goods sold	129,471	132,184
	-----	-----
Gross profit	45,851	57,374
Selling, general and administrative expenses	37,502	36,388
Write-down of equity investment	882	--
	-----	-----
Operating income	7,467	20,986
Interest and financing charges, net	820	861
	-----	-----
Income before income taxes	6,647	20,125
Income tax expense	3,237	8,654
	-----	-----

Net income	\$ 3,410	\$ 11,471
	=====	=====

NET INCOME PER COMMON SHARE:

Basic:		
Net income per common share	\$ 0.48	\$ 1.67
	=====	=====
Weighted average number of shares outstanding	7,158,000	6,885,000
	=====	=====
Diluted:		
Net income per common share	\$ 0.46	\$ 1.54
	=====	=====
Weighted average number of shares outstanding	7,480,000	7,428,000
	=====	=====

The accompanying notes are an integral part of these statements.

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G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (in thousands)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2004	2003
	----	----
Cash flows from operating activities		
Net income	\$ 3,410	\$ 11,471
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	994	960
Write-down of equity investment	882	--
Changes in operating assets and liabilities		
Accounts receivable	(62,394)	(68,637)
Inventories, net	(8,649)	(9,550)
Income taxes, net	2,442	8,092
Prepaid expenses and other current assets	329	547
Other assets	100	(185)
Accounts payable and accrued expenses	14,892	13,303
	-----	-----
Net cash used in operating activities	(47,994)	(43,999)
	-----	-----
Cash flows from investing activities		
Capital expenditures	(834)	(479)
	-----	-----
Net cash used in investing activities	(834)	(479)
	-----	-----
Cash flows from financing activities		
Increase in notes payable, net	35,441	42,648
Payments for capital lease obligations	(75)	(86)
Proceeds from exercise of stock options	429	151
	-----	-----
Net cash provided by financing activities	35,795	42,713
	-----	-----
Effect of exchange rate changes on cash and cash equivalents	4	17
	-----	-----
Net decrease in cash and cash equivalents	(13,029)	(1,748)
	-----	-----
Cash and cash equivalents at beginning of period	16,072	3,408
	-----	-----
Cash and cash equivalents at end of period	\$ 3,043	\$ 1,660
	=====	=====
Supplemental disclosures of cash flow information: Cash paid during the period for:		
Interest	\$ 864	\$ 825
Income taxes	\$ 737	\$ 542
Non-cash investing and financing activity:		
Acquisition of fixed assets under capital lease	\$ 174	

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

As used in these financial statements, the term "Company" refers to G-III Apparel Group, Ltd. and its majority-owned subsidiaries. The results for the three and nine month periods ended October 31, 2004 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company's business. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

The Company consolidates the accounts of all its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended January 31, 2004.

Note 2 - Proposed Sale of Joint Venture Interest and Related Write-Down

On September 7, 2004, the Company committed to attempt to sell its 39% interest in a joint venture which operates a factory located in Qingdao, China. As a result of this decision, the Company recorded a non-cash charge of \$882,000 associated with its write-down of its equity investment that was reflected in its results of operations for the quarter ended July 31, 2004.

The Company's joint venture partner had advised the Company that, based on the factory's current operations, the joint venture may continue to generate losses for the foreseeable future. A review of the operations of the factory is being undertaken by management of the joint venture to determine whether cost cutting measures or other operating efficiencies could return the factory to profitability. There are no assurances that this review will result in future profits for the joint venture.

The Company accounted for its interest in this joint venture based on the equity method and recorded a loss on the joint venture of approximately \$129,000 for the six months ended July 31, 2004.

Based upon the prospect of the factory continuing to generate losses, the Company determined that the best course of action was to attempt to sell its interest in the joint venture. The Company's estimate of the charge represented the difference between its investment in the joint venture as of July 31, 2004 (\$1,082,000) and the proceeds (\$200,000) the Company estimated it would receive on sale of this joint venture interest. The Company does not believe that this charge will result in future cash expenditures.

Note 2 - Proposed Sale of Joint Venture Interest and Related Write-Down (cont'd)

The Company believes that it will be able to complete a sale of the joint venture interest by January 31, 2005, the end of its current fiscal year. The Company is currently negotiating to sell its interest to its joint venture partner. However, there is no assurance that the Company will be able to complete this sale by that date, if at all, or at the sale price estimated by the Company.

Note 3 - Inventories

Inventories consist of:

	OCTOBER 31, 2004 ----	January 31, 2004 ----
	(in thousands)	
Finished goods	\$ 32,926	\$ 21,777
Work-in-process	363	125
Raw materials	3,721	6,459

-----	-----
\$ 37,010	\$ 28,361
=====	=====

Note 4 - Net Income per Common Share

Basic net income per share has been computed using the weighted average number of common shares outstanding during each period. When applicable, diluted income per share amounts are computed using the weighted average number of common shares and potential dilutive common shares, consisting of stock options, outstanding during the period.

Note 5 - Stock-Based Compensation

The Company has granted stock options for a fixed number of shares to employees and directors with an exercise price equal to or greater than the fair value of the shares at the date of grant. The Company has adopted the disclosure-only provision of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," which permits the Company to account for stock option grants in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, the Company recognizes no compensation expense for the stock option grants.

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Note 5 - Stock-Based Compensation (cont'd)

Pro forma disclosures, as required by SFAS No. 148, "Accounting for Stock Based Compensation - Transition and Disclosure," are computed as if the Company recorded compensation expense based on the fair value for stock-based awards at grant date. The following pro forma information includes the effects of these options:

	Three Months ended October 31,		Nine Months ended October 31,	
	2004	2003	2004	2003
	----	----	----	----
	(in thousands, except per share amounts)			
Net income - as reported	\$ 9,897	\$ 11,380	\$ 3,410	\$ 11,471
Deduct: Stock-based employee compensation expense determined under fair value method, net of related tax effects	83	78	257	229
Pro forma net income	\$ 9,814	\$ 11,302	\$ 3,153	\$ 11,242
	=====	=====	=====	=====
Basic income per share - as reported	\$ 1.38	\$ 1.65	\$ 0.48	\$ 1.67
Pro-forma basic income per share	\$ 1.36	\$ 1.64	\$ 0.44	\$ 1.63
Diluted income per share - as reported	\$ 1.33	\$ 1.50	\$ 0.46	\$ 1.54
Pro forma diluted income per share	\$ 1.32	\$ 1.49	\$ 0.42	\$ 1.51

Note 6 - Notes Payable

The Company's domestic loan agreement, which expires on May 31, 2005, is a collateralized working capital line of credit with six banks that provides for an aggregate maximum line of credit in amounts that range from \$45 million to \$90 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from \$40 million to \$72 million during the year. The unused balance may be used for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and over advances as specified in the agreement. The line of credit includes a requirement that the Company have no loans and acceptances outstanding for 45 consecutive days each year of the lending agreement. The Company met this requirement. There was \$35.4 million of outstanding borrowings at October 31, 2004 and no balance outstanding at January 31, 2004 under this agreement.

Notes payable also includes a foreign note payable by PT BaliHides, the Company's inactive Indonesian subsidiary.

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Note 7 - Closing of Manufacturing Facility

The reserves associated with the Indonesian manufacturing facility closed in December 2002 are included in "Accrued expenses" in the accompanying Consolidated Balance Sheets. The status of the components of the reserve is as follows:

	Reserve January 31, 2004	Utilized	RESERVE OCTOBER 31, 2004
	-----	-----	----
	(in thousands)		
Severance	\$ 81	\$ 15	\$ 66
Accrued expenses and other	431	\$ 77	354
	-----	-----	-----
	\$ 512	\$ 92	\$ 420
	=====	=====	=====

Based on current estimates, management believes that existing accruals are adequate.

Note 8 - Segments

The Company's reportable segments are business units that offer different products and are managed separately. The Company operates in two segments, licensed and non-licensed apparel. The following information is presented for the three- and nine- month periods indicated below:

	THREE MONTHS ENDED OCTOBER 31,			
	2004			2003
	----			----
	LICENSED	NON- LICENSED	Licensed	Non- Licensed
	-----	-----	-----	-----
Net sales	\$71,412	\$43,497	\$96,387	\$29,160
Cost of goods sold	49,443	31,915	67,721	20,487
	-----	-----	-----	-----
Gross profit	21,969	11,582	28,666	8,673
Selling, general and administrative	12,101	3,537	13,070	3,715
	-----	-----	-----	-----
Operating income	9,868	8,045	15,596	4,958
Interest expense, net	433	117	378	205
	-----	-----	-----	-----
Income before income taxes	\$ 9,435	\$ 7,928	\$15,218	\$ 4,753
	=====	=====	=====	=====

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Note 8 - Segments (cont'd)

	NINE MONTHS ENDED OCTOBER 31,			
	2004			2003
	----			----
	LICENSED	NON- LICENSED	Licensed	Non- Licensed
	-----	-----	-----	-----
Net sales	\$114,849	\$ 60,473	\$146,174	\$ 43,384
Cost of goods sold	84,366	45,105	101,454	30,730
	-----	-----	-----	-----
Gross profit	30,483	15,368	44,720	12,654
Selling, general and administrative	28,705	8,797	27,730	8,658
Write-down of equity investment	--	882	--	--
	-----	-----	-----	-----
Operating income	1,778	5,689	16,990	3,996
Interest expense, net	630	190	543	318
	-----	-----	-----	-----
Income before income taxes	\$ 1,148	\$ 5,499	\$ 16,447	\$ 3,678
	=====	=====	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context otherwise requires, "G-III", "us", "we" and "our" refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year.

Statements in this Quarterly Report on Form 10-Q concerning our business outlook or future economic performance; anticipated revenues, expenses or other financial items; product introductions and plans and objectives related thereto; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matter, are "forward-looking statements" as that term is defined under the Federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those stated in such statements. Such risks, uncertainties and factors include, but are not limited to, reliance on foreign manufacturers, risks of doing business abroad, the nature of the apparel industry, including changing consumer demand and tastes, reliance on licensed product, seasonality, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, general economic conditions, as well as other risks detailed in the Company's filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q.

OVERVIEW

G-III designs, manufactures, imports and markets an extensive range of outerwear and sportswear including coats, jackets, pants, skirts, handbags and other sportswear items under licensed labels, our own proprietary labels and private retail labels. Our products are distributed through a broad mix of retail partners at a variety of price points. We sell to approximately 3,000 retail customers in the United States, including most major department stores, mass merchants and specialty retail stores.

We operate our business in two segments, licensed apparel and non-licensed apparel. The licensed apparel segment includes sales of apparel brands licensed by us from third parties. The non-licensed apparel segment includes sales of apparel under our own brands and private label brands, as well as commission fee income received on sales that are financed by and shipped directly to our customers.

On November 29, 2004, we entered into a license agreement with Kenneth Cole Productions to manufacture, market and distribute men's and women's outerwear under the "Kenneth Cole New York" and "Reaction Kenneth Cole" trademarks. We previously had a license agreement with Kenneth Cole Productions for women's outerwear that was to expire December 31, 2004. The new four-year agreement is effective January 1, 2005 and expands our relationship with Kenneth Cole Productions from the prior agreement to include both women's and men's outerwear.

We entered into a two-year renewal of our license with the National Football League that extends this license through March 31, 2007. Additionally, during the current fiscal year, we have signed a license agreement with Cece Cord for apparel and accessories with initial efforts focused on the design and marketing of a line of high-end handbags. We have also added licenses with NASCAR for active wear and outerwear for men and women, the World Poker Tour for men's and women's

Overview (cont'd)

casual sportswear and outerwear and the Collegiate Licensing Company for The Yard, a branding program dedicated to the tradition and culture of historically black colleges and universities.

The sale of licensed product has been a key element of our business strategy for many years. The sale of licensed product accounted for an increasing percentage of our net sales between fiscal 2002 and fiscal 2004. For the nine months ended October 31, 2004, licensed product accounted for 65.5% of our net sales compared to 77.1% of our net sales in the comparable period last year. This decrease was caused by the shift in purchases by our largest customer from licensed product last year to our own proprietary branded product this year, as well as by the decrease in sales of licensed fashion sports apparel. These decreases were partially offset by increases in our sales of Cole Haan and Sean John licensed apparel. We continue to believe that consumers prefer to buy brands that they

know and that licensed product will continue to constitute the substantial majority of our net sales.

On September 7, 2004, we committed to attempt to sell our 39% interest in a joint venture which operates a factory located in Qingdao, China. Accordingly, in the three months ended July 31, 2004, we recorded a non-cash charge to operations of \$882,000 associated with the write-down of the investment. We are currently negotiating to sell our interest to our joint venture partner. However, there is no assurance that we will be able to complete this sale by the end of the current fiscal year, if at all, or at the sale price estimated by us.

RESULTS OF OPERATIONS

Three months ended October 31, 2004 compared to three months ended October 31, 2003

Net sales for the three months ended October 31, 2004 were \$114.9 million compared to \$125.5 million for the same period last year. Net sales of licensed apparel decreased \$25.0 million to \$71.4 million from \$96.4 million in the same period last year, primarily as a result of decreased sales of fashion sports apparel, as well as a change in purchases this year by our largest customer from licensed product to our own proprietary brands. This decrease in sales of licensed apparel was partially offset by increased sales of other licensed apparel, primarily Cole Haan and Sean John. Net sales of non-licensed apparel increased \$14.3 million to \$43.5 million from \$29.2 million in the same period last year. This increase was primarily the result of our largest customer buying men's outerwear under our own labels rather than under licensed labels as was done last year, as well as increased sales of our Black Rivet brand, which was launched last year.

Gross profit was \$33.6 million, or 29.2% of net sales, for the three months ended October 31, 2004 compared to \$37.3 million, or 29.7% of net sales, for the same period last year. Gross profit of licensed apparel decreased to \$22.0 million (30.8% of net sales) from \$28.6 million (29.7% of net sales) in the same period last year. The decrease in gross profit in the licensed apparel segment for the three-months ended October 31, 2004 was primarily the result of the decline in sales in our fashion sports apparel business. Our gross profit percentages for licensed apparel increased as higher margin sales of other licensed apparel, primarily Kenneth Cole and Cole Haan, offset the loss of higher margin fashion sports apparel sales.

Gross profit of non-licensed apparel was \$11.6 million (26.6% of net sales) compared to \$8.7 million (29.7% of net sales) in the same period last year. The decrease in the gross profit percentage in our non-licensed apparel segment resulted primarily from lower commission based sales. Commission fee income, which is primarily generated in the non-licensed apparel segment,

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Results of operations (cont'd)

decreased to \$1.1 million during the three months ended October 31, 2004 from \$2.5 million in the comparable period of the prior year. There is no cost of goods sold component associated with commission transactions.

Selling, general and administrative expenses for the three months ended October 31, 2004 were \$15.6 million compared to \$16.8 million in the three months ended October 31, 2003. This decrease primarily resulted from decreases in personnel costs (\$773,000), sales commissions (\$472,000) and facility costs (\$471,000) offset by increases in design and product development (\$255,000) and advertising and promotion (\$193,000). The decrease in personnel costs was primarily attributable to the decreased bonus expense compared to the prior year partially offset by additional personnel hired last year. The decrease in sales commissions resulted from lower sales of fashion sports apparel which are made primarily by an outside sales force. Facility costs decreased as a result of less use of third party warehousing. Design and product development expenses increased primarily due to more extensive sample development in our sports, Cole Haan and Black Rivet lines. Advertising and promotion expenses increased primarily due to anticipated increases in our co-operative advertising.

Interest expense and financing charges for the three months ended October 31, 2004 were \$550,000 compared to \$583,000 in the same period last year as lower borrowings levels were partially offset by higher interest rates.

We had an income tax expense of \$7.5 million for the three months ended October 31, 2004 compared to income tax expense of \$8.6 million in the same period in the prior year. Our effective tax rate was 43.0% in both periods.

Nine months ended October 31, 2004 compared to nine months ended October 31,

Net sales for the nine months ended October 31, 2004 were \$175.3 million compared to \$189.6 million for the same period in the prior year. Net sales of licensed apparel decreased \$31.4 million to \$114.8 million from \$146.2 million in the same period last year, primarily as a result of decreased sales of our fashion sports apparel, as well as a change in purchases this year by our largest customer from licensed product to our own proprietary brands. This decrease in sales of licensed apparel was partially offset by increased sales of other licensed apparel, primarily Cole Haan, Sean John and Kenneth Cole. Net sales of non-licensed apparel increased \$17.1 million to \$60.5 million from \$43.4 million in the same period last year. This increase was primarily the result of our largest customer buying men's outerwear under our own labels rather than under licensed labels as was done last year, as well as increased sales of our Black Rivet brand, which was launched last year.

Gross profit was \$45.9 million, or 26.2% of net sales, for the nine months ended October 31, 2004 compared to \$57.4 million, or 30.3% of net sales, for the same period last year. Gross profit of licensed apparel was \$30.5 million (26.5% of net sales) compared to \$44.7 million (30.6% of net sales) in the same period last year. The decrease in gross profit, both in amount and percentage, in the licensed apparel segment for the nine-months ended October 31, 2004 was primarily the result of the decline in sales in our higher margin fashion sports apparel business. Furthermore, the gross profit percentage in the prior period was favorably impacted by a \$1.2 million decrease in our receivable reserves in the second quarter of fiscal 2004 which predominantly impacted our licensed apparel segment. These reserves were established in the fourth quarter of fiscal 2003, but were no longer deemed necessary as actual discounts and allowances were less than anticipated.

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Results of operations (cont'd)

Gross profit of non-licensed apparel was \$15.4 million (25.4% of net sales) compared to \$12.7 million (29.2% of net sales) in the same period last year. The decrease in gross profit percentage in our non-licensed apparel segment resulted primarily from lower commission based sales. Commission fee income, which is primarily generated in the non-licensed apparel segment, decreased to \$2.1 million during the nine months ended October 31, 2004 from \$4.1 million in the comparable period of the prior year. There is no cost of goods sold component associated with these commission transactions.

Selling, general and administrative expenses for the nine months ended October 31, 2004 were \$37.5 million compared to \$36.4 million for the same period last year. This increase resulted primarily from increases in advertising and promotion (\$889,000), design and product development (\$817,000) and personnel costs (\$563,000), which include health insurance benefits offset by a decrease in sales commission expense (\$1.4 million). Advertising and promotion expenses increased primarily due to anticipated increases in our co-operative advertising. Design and product development expenses increased primarily due to more extensive sample development in our sports, Cole Haan and Black Rivet lines. The increase in personnel costs was attributable to additional personnel hired last year as well as increases in the cost of our health benefits offset by decreased bonus expense compared to last year. The decrease in sales commissions resulted from lower sales of fashion sports apparel which are made primarily by an outside sales force.

In the second quarter we recorded a non-cash charge to operations in the amount of \$882,000 associated with our decision to sell our joint venture interest in a factory located in China. This charge is reflected in our results of operations for the nine months ended October 31, 2004. We have taken no tax benefit for this charge.

Interest expense and financing charges were \$820,000 for the nine-months ended October 31, 2004 compared to \$861,000 in the same period last year.

We had an income tax expense of \$3.2 million for the nine months ended October 31, 2004 compared to an income tax expense of \$8.7 million in the same period last year. Our effective tax rate was 48.7% in the nine month period ended October 31, 2004 compared to 43.0% in the same period last year. The higher effective tax rate in the period ended October 31, 2004 reflects the charge of \$882,000 for which we did not record a tax benefit.

LIQUIDITY AND CAPITAL RESOURCES

Our loan agreement, which expires on May 31, 2005, is a collateralized working capital line of credit with six banks that provides for a maximum line of credit in amounts that range from \$45 million to \$90 million at specific times during

the year. The line of credit provides for maximum direct borrowings ranging from \$40 million to \$72 million during the year. The unused balance may be used for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and over advances as specified in the agreement.

Direct borrowings under the line of credit bear interest at our option at either the prevailing prime rate (5.0% as of December 1, 2004) or LIBOR plus 225 basis points (4.6% at December 1, 2004). Our assets collateralize all borrowings. The loan agreement requires us, among other covenants, to maintain specified earnings and tangible net worth levels, and prohibits the payment of cash

Liquid and Capital Resources (cont'd)

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dividends.

The amount borrowed under the line of credit varies based on our seasonal requirements. As of October 31, 2004, direct borrowings were \$35.4 million and contingent liability under open letters of credit was approximately \$9.5 million compared to direct borrowings of \$42.6 million and contingent liability under open letters of credit of approximately \$7.4 million as of October 31, 2003.

At October 31, 2004, we had cash and cash equivalents of \$3.0 million. We generally use significant cash in the first nine months of our fiscal year as we build inventory and then generate receivables during the July to November period, which normally generates our highest sales volumes of the year. We used \$48.0 million of cash in operating activities in the nine months ended October 31, 2004, resulting primarily from an increase in accounts receivable of \$62.4 million and inventory of \$8.6 million, offset in part by an increase in accounts payable and accrued expenses of \$14.9 million and our net income of \$3.4 million. Cash flows generated by financing activities in the nine months ended October 31, 2004 were primarily from direct borrowings under our line of credit in the amount of \$35.4 million. Capital expenditures were not significant during the nine months ended October 31, 2004.

We expect to meet our cash needs from cash generated from annual operating results and the availability of funds from our line of credit. We anticipate that we will be able to enter into a new line of credit on terms comparable to our existing agreement prior to or concurrent with the expiration of our current line of credit agreement on May 31, 2005.

CRITICAL ACCOUNTING POLICIES

Our discussion of results of operations and financial condition relies on our consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. We believe that investors need to be aware of these policies and how they impact our financial statements as a whole, as well as our related discussion and analysis presented herein. While we believe that these accounting policies are based on sound measurement criteria, actual future events can and often do result in outcomes that can be materially different from these estimates or forecasts. The accounting policies and related risks described in our Annual Report on Form 10-K for the year ended January 31, 2004 are those that depend most heavily on these judgments and estimates. As of October 31, 2004, there have been no material changes to any of these critical accounting policies.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There are no material changes to the disclosure made with respect to these matters in our Annual Report on Form 10-K for the year ended January 31, 2004.

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report, our management, including the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in alerting them to material information, on a timely basis, required to be included in our periodic SEC filings. During our last fiscal quarter, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 6. EXHIBITS

- 10.1 License Agreement, dated November 29, 2004, between Kenneth Cole Productions (LIC), Inc. and G-III Apparel Group, Ltd. (1)
- 31.1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2004.
- 31.2 Certification by Wayne S. Miller, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2004.
- 32.1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2004.
- 32.2 Certification by Wayne S. Miller, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the quarter ended October 31, 2004.

(1) A request for confidentiality has been filed for certain portions of the indicated document. Confidential portions have been omitted and filed separately with the Securities and Exchange Commission as required by Rule 24b-2 promulgated under the Securities Exchange Act of 1934.

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.

G-III APPAREL GROUP, LTD.
(Registrant)

Date: December 15, 2004

By: /s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: December 15, 2004

By: /s/ Wayne Miller

Wayne S. Miller
Chief Financial Officer

THIS LICENSE AGREEMENT (the "AGREEMENT") made as of the 29th day of November, 2004, by and between KENNETH COLE PRODUCTIONS (LIC), INC., a Bahamas corporation with offices at 90 Sommerset House, Thompson Boulevard, P.O. Box SS-5212, Nassau, Bahamas ("LICENSOR"), and G-III APPAREL GROUP, LTD., a Delaware corporation with offices at 512 Seventh Avenue, New York, New York 10018 ("LICENSEE").

WHEREAS, Licensor together with its parents and their subsidiaries, divisions and affiliates (collectively, the "LICENSOR GROUP") is the exclusive owner of all right, title and interest in and to the world-famous trade names, trademarks and service marks as are now or as may be hereinafter designated by Licensor as the Licensed Marks (as such term is defined below);

WHEREAS, Licensor and the Licensed Marks have established a distinctive reputation for excellence with the public as a leading fashion firm manufacturing and selling merchandise (directly and through licensees) of the highest quality, so that the preservation of the reputation and prestige of Licensor and the Licensed Marks is of paramount importance.

WHEREAS, Licensee and Licensor entered into an agreement dated August 23, 2001 to use the Licensed Marks for the manufacture distribution and sale solely of first quality women's leather and fabric outerwear (the "PRIOR LICENSE AGREEMENT");

WHEREAS, the Prior License Agreement expires by its terms on December 31, 2004;

WHEREAS, Licensor is party to an agreement with Gordon And Ferguson of Delaware, Inc. ("G&F") effective January 1, 2003 granting to G&F an exclusive license to use the Licensed Marks with respect to first quality men's fabric and leather outerwear (the "G&F AGREEMENT");

WHEREAS, the G&F Agreement is terminating contemporaneously with the execution of this Agreement;

WHEREAS, it is the desire and intention of the parties that Licensee be permitted to use the Licensed Marks throughout the Territory (as such term is defined below) on certain Products (as such term is defined below) and that this Agreement replace the Prior License Agreement effective as of January 1, 2005;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and other good and valuable consideration, Licensor and Licensee do hereby respectively grant, covenant and agree as follows:

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1. GRANT OF LICENSE

1.1 Licensor hereby grants to Licensee, during the term of this Agreement, an exclusive license in the United States (defined to include the Continental United States, Hawaii, Alaska, and Puerto Rico) (the "TERRITORY") to use the marks "KENNETH COLE NEW YORK" and "KENNETH COLE REACTION" (each a "LICENSED MARK" or "BRAND") in connection solely with the manufacture and distribution at wholesale of men's and women's leather and fabric outerwear (collectively, the "PRODUCTS"), such outerwear marketed for sale solely in the outerwear classification department of department stores (i.e. in departments selling outerwear exclusively) and specifically not marketed for sale in sportswear collection or tailored clothing departments. In addition, Licensor hereby grants to Licensee, during the term of this Agreement, a non-exclusive license only throughout the Territory to use the Licensed Marks in connection with the manufacture, distribution and sale of Products: (i) in approved specialty stores; and (ii) to third party catalogs, subject to Licensor's approval as set forth below. In the event of a conflict regarding sales in non-exclusive retail outlets, Licensor reserves the right to resolve any such conflict, taking into account the natural channels of distribution of the Articles and other apparel, and the protection of the Licensed Marks. The item(s) within the definition of Products, which are manufactured, distributed and sold by Licensee pursuant to this Agreement, shall be referred to collectively herein as "ARTICLES." Licensor specifically reserves its rights with respect to all other goods bearing the Licensed Marks or bearing any other trademark except the Licensed Marks. Licensee specifically acknowledges that outerwear can be sold in channels other

than outerwear classification departments (e.g, as part of a sportswear collection or in tailored clothing departments) and that the Licensor Group may manufacture, distribute and sell, and grant to its licensees and other designated third parties the right to manufacture, distribute and sell, any such Products bearing the Licensed Marks in the Territory through these channels. Such Products may be substantially similar to Articles in styling, fabrication, color and the like and may be sold to the same customers to which Articles are sold. It is understood and agreed, however, that Licensor shall not offer, nor grant the rights for others to offer, for sale in the outerwear classification departments of department stores in the Territory men's or women's outerwear under the Licensed Marks.

1.2 (a) Licensee acknowledges that the G&F Agreement terminates contemporaneously with the execution of this Agreement and that there will be a non-exclusive sell-off period thereafter through *****, with the Spring 2005 seasonal collection being the final new collection of Products bearing the Licensed Marks to be produced and sold under the G&F Agreement. Accordingly, at the time the initial seasonal collections of Articles to be manufactured and sold hereunder are introduced and thereafter shipped, the Products produced and sold under the G&F Agreement from Spring 2005 and prior seasons will remain in the marketplace in the Territory, which is not a breach of Licensee's Product exclusivity rights hereunder. It is understood that Licensor reserves the right of first refusal with respect to any sale of goods at the expiration of the sell-off period of the G&F Agreement and that Licensor may allow Licensee to purchase such goods, on terms to be agreed upon by the parties. It is also

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understood that nothing in the G&F Agreement shall prevent Licensee from presenting Articles for sale and accepting orders therefor prior to the termination of the G&F Agreement.

(b) In order to retain the right to distribute and sell Articles under each of the Licensed Marks, Licensee shall attain Net Sales, as such term is defined below, equal to the Guaranteed Minimum Net Sales by gender, as such term is defined below, in each Annual Period, as set forth in Paragraph 7.1 below. In the event Net Sales (as defined below) for either gender are less than the Guaranteed Minimum Net Sales for the relevant gender in any two Annual Periods, Licensor shall have the right, but not the obligation, to terminate this Agreement subject to remedies provided in Paragraph 15.1 below. It is understood, however, that in the event that actual net sales for men's outerwear in the first Annual Period do not meet or exceed the Guaranteed Minimum Net Sales Threshold for such period, such failure shall not trigger this provision provided Licensee pays the Guaranteed Minimum Royalty, Advertising Fees, Campaign Fees and other budgeted items associated with Guaranteed Minimum Net Sales of men's product in such Annual Period.

(c) Commencing with the second Annual Period, in the event that any Brand does not account for at least ***** percent (**%) of actual Net Sales in any Annual Period, Licensor shall have the right, but not the obligation, to delete the associated Licensed Mark(s) associated with that brand from the definition of Licensed Marks in this Agreement. In the event that either fabric outerwear or leather outerwear does not account for at least ***** percent (**%) of actual Net Sales in any Annual Period, Licensor shall have the right, but not the obligation, to delete the relevant fabrication from the definition of Products in this Agreement.

1.3 All Articles shall bear a Licensed Mark and no Articles shall be sold or otherwise distributed by Licensee under any mark other than a Licensed Mark. Additionally, Licensee shall not use either Licensed Mark together with any other trademarks or name or any other products. Licensor reserves all rights to the Licensed Marks except as specifically granted herein to Licensee and Licensor may exercise such rights at any time including, but not limited to, the right to make any changes Licensor deems necessary to a Licensed Mark including without limitation use, style or appearance of said Licensed Mark. Licensor shall notify Licensee if it elects to change the form of a Licensed Mark and Licensee shall effect the change as promptly as reasonably practicable and, in any event, no later than for the next seasonal collection after the seasonal collection then in production. However, if, after the change has been effected, Licensee has an inventory of Articles bearing the previous form of the Licensed Mark, Licensee may sell off such Articles, as closeouts and not as part of Licensee's regular collections of Articles, in the ordinary course. Also, if, after the change has been effected, Licensee has an inventory of business documents bearing the previous form of the Licensed Mark, Licensee may use them

up in the ordinary course unless otherwise notified by Licensor.

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1.4 Licensee acknowledges that the rights granted hereunder do not include the right to operate a retail or outlet store under either Licensed Mark or any variation or simulation thereof; nor may Licensee, its parents or any of their subsidiaries or affiliates (collectively, the "LICENSEE GROUP") sell Articles at retail. In the event that any of Licensee's principals are active investors in an entity selling Articles at retail, Licensee shall so inform Licensor and at all times the terms of such sales must be on an arm's-length basis and in no event more favorable than those offered to other customers.

1.5 Licensee shall use its best efforts to exploit the rights herein granted throughout the Territory and, subject to the terms of this Agreement, to sell the maximum quantity of Articles therein consistent with the high standards and prestige represented by the Licensed Marks.

1.6 (a) The term "Territory" shall expressly exclude (i) mail order catalogs and other direct mail materials ("DIRECT MAIL"), (ii) Web sites or otherwise through the World Wide Web, Internet, or other global computer information network (together, the "INTERNET"), (iii) any electronic sales vehicles (such as television marketing or interactive television), (iv) in and from retail stores and outlet stores operating under either Licensed Mark (or other marks owned or controlled by Licensor) located within and without the Territory consistent with the terms of Paragraph 1.6(c) below, (v) uniforms, (vi) bases and exchanges of the Armed Forces of any country, (vii) premium and corporate promotional or corporate gift programs and (viii) duty-free channels (including DFS) (collectively, the "RESERVED CHANNELS"). In that regard, the sale of Products bearing the Licensed Marks by, or purchased from, Licensor or any of its affiliates and third party licensees, to customers in the Territory ordered through the Reserved Channels shall not be deemed a breach of Licensee's Product exclusivity rights hereunder.

(b) Licensee shall not, nor shall it authorize any of its customers to (i) offer Articles for sale through the Reserved Channels or (ii) advertise, market, promote, publicize or otherwise exploit Articles or the Licensed Marks or otherwise use the Licensed Marks through the Reserved Channels or together with any other trademarks or name or any other products. From time to time, Licensee may propose specific opportunities to exploit such channels on a non-exclusive basis. Licensor may approve or disapprove such proposals in its sole discretion. Licensor may subsequently withdraw its approval of such proposal, and Licensee shall use its best efforts to remove the Articles from such vehicle.

(c) Licensee acknowledges that Licensor Group may market and sell Products bearing the Licensed Marks not originating from Licensee to consumers in the Territory in the Reserved Channels. Further, Licensee acknowledges that Licensor Group may, directly or through another Licensee, purchase Products bearing the Licensed Marks from third party contractors for sale (i) outside the Territory or (ii) inside the Territory through the Reserved Channels. In no event, however, shall Licensor's

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purchases from third parties exceed ***** percent (**%) of Licensor's total sales in the Reserved Channels in any Annual Period.

1.7 (a) In no event shall Licensee sell Articles or cause Articles to be sold: (i) to customers located outside the Territory; (ii) through the Reserved Channels (as defined above); or (iii) to a customer if Licensee or Licensor has reason to believe that such customer may sell Articles to customers located outside the Territory or that such customer may divert Articles, including by reason of a previous history of diversion of Articles, of other Products or of any other products. (To "divert" means to resell or otherwise transfer Articles from approved doors other than to consumers.)

(b) In order to monitor and trace the source of any diversion activities, if Licensor should so request in writing, Licensee shall code Articles using state-of-the-art computer or other indelible codes or markings consistent with industry standards for comparable brands of Products and acceptable to Licensor. Licensee shall cooperate with Licensor and its affiliates in the implementation of their anti-diversion and anti-counterfeiting

measures, contributing to enforcement efforts on a pro rata basis. Licensor shall attempt in good faith to minimize enforcement costs consistent with the levels of diverted and/or counterfeit men's and women's leather and fabric outerwear actually detected in the marketplace.

1.8 (a) Nothing herein shall be deemed to prevent the Licensor Group or any of its other licensees or third party contractors from manufacturing Products bearing the Licensed Marks in the Territory for distribution outside the Territory or otherwise in keeping with the terms herein.

(b) Licensee acknowledges that nothing herein grants Licensee any rights, including without limitation, the right of first refusal, to use the Licensed Marks outside the Territory and the Licensor Group may, on its own or through agreements with other licensees or third parties, use the Licensed Marks for any purpose, including in connection with the manufacture, distribution and sale of Products, outside the Territory. Upon request by Licensor, Licensee shall cooperate with the Licensor Group (or such licensee or third party as it may designate) in connection therewith and, specifically, shall provide the Licensor Group (for itself or on behalf of its licensee or designated third party), without charge, with such design and styling information, including technical manufacturing specifications, as may be necessary or appropriate to enable the production of Products consistent with Articles produced by Licensee. In connection therewith or when otherwise requested by Licensor, Licensee shall provide the Licensor Group (for itself or on behalf of its licensee or designated third party) with disk copies of the graded patterns and markers for the Articles which any such affiliate or third party desires to include in its collections and copies of such other materials as may be necessary for the production of those Products. With respect solely to these items, Licensee's cost thereof shall be reimbursed to Licensee.

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1.9 Licensee acknowledges that the Licensor Group and/or its licensees may purchase Articles bearing the Licensed Marks from Licensee or Products bearing the Licensed Marks from third parties for use as promotional items in conjunction with the sale or marketing inside and/or outside the Territory of items not constituting Articles (e.g. "gift with purchase").

1.10 (a) In consideration for the grant of license contained herein, Licensee shall pay Licensor ***** Dollars (\$*****) (the "LICENSE ACQUISITION FEE") as follows: ***** Dollars (\$*****) shall be payable within three (3) business days of execution of this Agreement, and ***** Dollars (\$*****) shall be payable on January 1st of each of the first four Annual Periods (as defined below).

(b) Within three (3) business days of execution of this Agreement, Licensee shall issue to Licensor 50,000 unregistered shares of the common stock, \$.01 par value, of Licensee. The certificate for such shares shall bear a restrictive legend until registered under the Securities Act of 1933 (the "Securities Act") or sold pursuant to the provisions of Rule 144 under the Securities Act. In connection with the issuance of such shares, Licensor represents and warrants to Licensee that (a) Licensor is acquiring such shares solely for its own account for investment and not with a view to any distribution thereof in violation of the Securities Act; (b) Licensor is an "accredited investor" as such term is defined in Rule 501 under the Securities Act; (c) Licensor has had an opportunity to ask questions of and receive answers from Licensee regarding Licensee and its business, assets, results of operations and financial condition; and (d) Licensor has such knowledge, experience and skill in financial and business matters that it is capable of evaluating the merits and risks of an investment in such shares and can bear the economic risk of an investment in such shares.

2. TERM

2.1 The initial term of this Agreement shall commence on January 1, 2005 and continue through December 31, 2008. Each twelve (12) month calendar year commencing on each January 1st during the term of this Agreement, shall constitute and shall be referred to herein as an "ANNUAL PERIOD."

2.2 (a) Provided that Net Sales (as such term is defined in Paragraph 8.1(c) below) in the 2007 Annual Period are at least ***** dollars (\$*****), provided that men's outerwear and women's outerwear each constitute at least ***** percent (*****%) of total actual Net Sales in 2007, provided each Brand constitutes at least ***** percent (*****%) of Net Sales in 2007, provided

fabric outerwear and leather outerwear each constitute at least ***** percent (**%) of Net Sales, and provided further, that Licensee is not in default beyond the expiration of any applicable grace or cure period of the terms, covenants and conditions of this Agreement, Licensee shall have the option to extend the term of this Agreement for an additional period of four (4) years commencing January 1, 2009 and terminating December 31, 2012 (the "RENEWAL OPTION"). Licensee may exercise the Renewal Option by giving written notice that shall

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be received by Licensor no earlier than January 1, 2008 and no later than February 1, 2008. Time is of the essence with regard to the provisions of this section 2.2. In all other respects, all of the terms, covenants and provisions of this Agreement shall remain in full force and effect during the periods covered by the Renewal Option. For purposes of this Paragraph 2.2(a) only, actual Net Sales shall not be deemed to include "one-time" sales outside the scope of Licensee's ordinary business, including sales of current inventory to retailers or distributors at discounts in excess of **% of wholesale and sales to off-price outlets of current inventory or otherwise inconsistent with Paragraph 8.1(b) below.

(b) The effectiveness of any exercise of the Renewal Option is expressly contingent upon Licensee achieving actual Net Sales in 2008 in accordance with its Guaranteed Minimum Net Sales Thresholds (as set forth below) and not otherwise being in default beyond the expiration of any applicable grace or cure period of the terms, covenants and conditions of this Agreement at the end of such Annual Period.

(c) Licensee shall have no right to renew this Agreement beyond December 31, 2012.

3. DESIGN PROCESS

3.1 (a) During each Annual Period, Licensee shall manufacture, distribute and sell at least two full collections of both men's outerwear and women's outerwear in both leather and fabric fabrications with additional designs to be injected in the line during the season as required by market conditions or upon Licensor's request.

(b) Licensee shall submit to Licensor 120 days before the beginning of each Annual Period during the term hereof or at any time upon Licensor's request for Licensor's prior approval, a merchandising plan by gender for the subsequent two seasons (the "MERCHANDISING PLAN"), an annual marketing, advertising and promotion plan by gender (the "MARKETING PLAN") and a two-year business plan by gender (the "BUSINESS PLAN"), the form of which is attached hereto and made a part hereof as "EXHIBIT 2" and which may be amended by Licensor from time to time. Each Merchandising Plan shall cover all Product classifications by Brand, by style, by color, by volume, by calendar rollout, and by distribution door level (i.e. "A", "B" and "C" doors) and such other information as Licensor may reasonably request. Each Marketing Plan shall cover the upcoming Annual Period, and shall include any other information that Licensor may reasonably request, all by gender and by Brand. Each Business Plan shall cover the upcoming two Annual Periods (including, as applicable, "potential" Annual Periods after the end of the then-current term of this Agreement, even if this Agreement has not yet been renewed) and shall include any other information that Licensor may reasonably request. No Merchandising Plan, Business Plan or Marketing Plan shall be implemented until such proposed Merchandising Plan, Business Plan or Marketing Plan is approved by Licensor, including the proposed Merchandising Plan, Marketing Plan and Business Plan for the first Annual Period which shall be provided no later than thirty (30) calendar days after execution of this Agreement. Licensee shall

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update any Merchandising Plan, Marketing Plan or Business Plan immediately upon the request of Licensor.

(c) Licensee shall appoint and maintain at all times during the term of this Agreement, a divisional vice president (and appropriate sales staff) for each gender and a senior product merchandiser/designer (and appropriate staff) for each gender, all dedicated exclusively to the Articles and to Licensee's operations pursuant to this Agreement. In addition, at such time as Net Sales (as defined below) shall reach \$\$ in any Annual Period, Licensor may, in its

sole discretion, require Licensee to appoint and maintain at all times thereafter during the term of this Agreement, a senior executive overseeing all of Licensee's operations pursuant to this Agreement and supervising all of the personnel detailed above, such executive to be dedicated exclusively to the Articles and to Licensee's operations pursuant to this Agreement. Said personnel shall operate in conjunction with Licensor to facilitate the design, production, advertising and distribution of Articles. At all times the staffing must be sufficient to support the business properly and to maximize sales by gender. All personnel required pursuant to this Paragraph 3.1(c) shall be employees of Licensee but shall be subject to Licensor's approval prior to appointment and at all times thereafter during the term of this Agreement. In the event Licensor shall revoke or withdraw said approval at any time during the term hereof, Licensee shall promptly transfer such employee from the business unit responsible for this Agreement and designate a replacement to perform such functions, subject to the provisions of this Paragraph 3.1(c).

3.2 Prior to each collection, Licensee shall submit to Licensor materials, designs, sketches, colors, samples, and ideas for use in connection with Articles. Any and all such items shall be approved by Licensor in writing using the approval form attached hereto as "EXHIBIT 1", which form may be amended from time to time (the "APPROVAL FORM"). Licensee shall receive any such approval by Licensor prior to the use of any of such items.

3.3 Licensor may, in its sole discretion, prepare and deliver to Licensee sketches and ideas for Articles. In connection with such design direction, Licensor may, in its sole discretion, purchase design samples. Licensee shall reimburse Licensor for any such design samples purchased by Licensor and provided to Licensee, such reimbursement not to exceed ***** dollars (\$**) in any Annual Period without Licensee's prior approval, not to be unreasonably withheld. All designs created or approved by Licensor shall be and remain Licensor's sole and exclusive property. Licensee shall use all sketches and other materials provided by or approved by Licensor solely in connection with the manufacture, distribution and sale of Articles pursuant to this Agreement. Licensor may use and permit others to use any such sketches and other material, provided that such use does not conflict with any rights granted to Licensee hereunder.

3.4 Licensee shall be responsible for the production of all samples as well as for the production of Articles and Licensee shall bear all costs in connection therewith.

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3.5 Licensor hereby acknowledges that Licensee is or presently contemplates being a party to other licensing arrangements with other parties for the manufacture and distribution of products with labels and trademarks other than the Licensed Marks. Consequently:

(a) As of the date hereof, Licensee has provided Licensor with a complete list of all such trademarks, existing businesses and proposed businesses, including the names of all such parties and a complete description of the product lines thereunder, such list being attached hereto as Exhibit A;

(b) During the term of this Agreement, in the event the Licensee Group intends to enter into any other licensing arrangement, joint venture, merger, acquisition, consolidation or any other affiliation or transaction with a designer or any other party relating to ***** ("PROPOSED TRANSACTION"), Licensee shall promptly notify Licensor in writing of such arrangement. Such notice shall include the identity of such prospective party, as well as the products to be included in such arrangement, the pricing structure of said products and the market segment to which such products would be sold. In the event Licensor notifies Licensee that the Proposed Transaction is for ***** and the Licensee Group nevertheless proceeds with the Proposed Transaction, Licensor may, in its sole discretion, elect to terminate this Agreement, subject to remedies provided in Paragraph 15.1 below.

3.6 Licensee hereby acknowledges that the Licensor Group is and will be in the future a party to other licensing arrangements with other parties for the manufacture and distribution of merchandise other than the Products under the Licensed Marks. Consequently, Licensee shall, to the fullest extent possible, avoid any conflicts between or among the definitions of any apparel, accessories or other articles licensed under agreements with other parties, including the Products hereunder. In the event of a conflict between or among the definitions of apparel or accessories licensed under other agreements, and the Products

hereunder, Licensor reserves the right to resolve any such conflict, taking into account the natural channels of distribution of the Articles and other apparel, and the protection of the Licensed Marks. Licensor's decision in resolving such conflicts shall be final and binding. Licensee shall not, directly or indirectly, engage in any conduct that infringes on the legal rights of parties licensed under arrangements with the Licensor Group for products manufactured or sold under the Licensed Marks, whether in the Territory or other jurisdictions.

4. MANUFACTURE OF ARTICLES: QUALITY CONTROL

4.1 Licensee acknowledges that Licensor has established a reputation for excellence with the public as a leading fashion firm manufacturing and selling merchandise (directly and through licensees) of the highest quality. Consequently, the preservation of the reputation and prestige of Licensor and the Licensed Marks is of paramount importance. Accordingly, Articles shall be of the highest quality and shall be

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distributed and sold with packaging and sales promotion materials appropriate for highest quality Products.

4.2 The styles, designs, packaging, contents, workmanship and quality of all Articles shall be approved by Licensor in writing, using the Approval Form, prior to the distribution or sale thereof. Licensor may take all actions which it deems necessary, in Licensor's sole discretion, to ensure that Articles sold hereunder are consistent with the reputation and prestige of the Licensed Marks as designations for the highest quality products. It is expressly agreed and acknowledged by the parties hereto that Licensee shall promptly produce samples of specific Articles, groups of Articles or styles of Articles as required or requested by Licensor. Thereafter, if approved by Licensor in accordance with this Agreement, Licensee shall manufacture, distribute and offer for sale such Articles as part of Licensee's product assortment.

4.3 Prior to the offer for sale of each Article, Licensee shall deliver to Licensor for its approval, free of charge, one sample of each such Article together with the tags, labels and packaging to be used in connection therewith (the "ARTICLE MATERIALS"). Prior to the offer for sale or distribution of each Article, Licensee shall deliver to Licensor for its approval, free of charge, one production sample of each such Article together with the Article Materials. After sale or distribution of an Article has commenced, Licensee shall, upon the request of Licensor, submit to Licensor then current production samples of each Article together with the Article Materials so that Licensor may be assured of the maintenance of the required quality standards. After any sample is approved, Licensee shall not deviate therefrom without the prior written approval of Licensor. Licensee shall also submit to Licensor samples of each Article for any reasonable business purpose upon Licensor's request therefor free of charge. Articles sold hereunder shall be at least equal in quality to the approved samples. Licensor and its representatives, upon reasonable advance notice, may examine Articles in the process of being manufactured and inspect all facilities utilized in connection therewith.

4.4 (a) Licensee shall manufacture (or cause to be manufactured), sell, label, package, distribute and advertise Articles in accordance with all applicable laws and regulations. Licensee shall use and display the Licensed Marks only in such form and manner as are approved by Licensor.

(b) Licensee shall provide Licensor with a complete list of facilities manufacturing Articles or components thereof bearing the Licensed Marks (including names, addresses and contact information) at least annually or more frequently as Licensor may reasonably request. Licensor shall maintain such information in confidence. For a period of six (6) months following any expiration of this Agreement, Licensor will not source Products in any facility on the list provided by Licensee unless Licensor or one of its affiliates was sourcing goods in such facility, pursuant to Paragraph 1.6(a) above or otherwise, during the term of this Agreement.

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(c) Licensee shall cause to appear on all Articles and related materials, all advertising, promotional and publicity material used in connection therewith, and any printed matter on which a Licensed Mark appears, such legends, markings and notices as Licensor may request. No such printed

matter shall include any other name, mark or designation other than the relevant Licensed Mark. Before using or releasing any such material, Licensee shall submit to Licensor, for its written approval, proposed advertising, promotional and publicity copy, finished artwork for tags, labels, packaging, point-of-sale materials and the like and all printed matter on which a Licensed Mark appears. After any sample, copy, artwork or other material is approved, Licensee shall not deviate therefrom without the prior written approval of Licensor. If Licensor shall disapprove of any sample Article, any sample tag, label, packaging or the like, or any advertising, promotional or publicity material or any other printed matter, Licensee shall immediately cease and desist from any use thereof in any manner whatsoever. No printed matter of any kind shall be used or released prior to Licensee's receipt of such approval.

4.5 (a) In order to maintain the reputation, image and prestige of Licensor and the Licensed Marks, Licensee's distribution patterns shall consist solely of such better department stores and specialty retailers whose location, merchandising and overall operations are consistent with the highest quality of Articles and the reputation, image and prestige of the Licensed Marks. Notwithstanding the foregoing, all such retailers, as well as those to which close-outs are sold, and the amount of Articles sold to such retailers categorized by gender shall be subject to the prior written approval thereof by Licensor. Once such approval is given, Licensor subsequently may withdraw its approval of a retailer, an individual door (i.e., a single branch of a multiple-unit retailer) of an otherwise approved retailer or the amount sold to such retailer or door, for any business reason, including but not limited to: diversion of Articles or other goods; advertising, marketing, promotion, offering for sale or sale of Articles in a manner that would be a breach of or default under this Agreement if done by Licensee; failing to continue to meet Licensor's standards, including by reason of the manner in which such customer merchandises, offers for sale or sells Articles; sale of Articles or other goods not purchased from authorized sources; being incompatible with the image of the Articles or the Licensed Marks; or failing to sell a reasonable cross-section of in-season Articles and/or other goods bearing the Licensed Marks purchased from authorized sources. Licensee acknowledges that retailers approved for one Brand or gender may not necessarily be approved for the other.

(b) In addition, Licensee undertakes to monitor and supervise the merchandising and display of the Articles to be sold at retail so that the Licensed Marks wherever used are properly and correctly displayed and the Articles are in fact shown and sold as quality and prestige merchandise consistent with the worldwide reputation and prestige of the Licensed Marks. In the event Licensor should find any fact inconsistent with the foregoing, then Licensor shall notify Licensee thereof and Licensee shall supervise the retail location concerned in rectifying such inconsistency. Should such

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retail location fail to rectify the same within a reasonable time period, then Licensee shall cease to supply the Articles to said retail location.

(c) Licensee shall provide Licensor with a complete wholesale customer list on a quarterly basis (including names, addresses and such other information as Licensor may reasonably request).

4.6 In an endeavor to ensure the highest level of customer service to all consumers, and only in the event Licensor shall so request, Licensee shall place the number "1-800-KEN-COLE" (collectively the "CONSUMER PHONE") or any other phone designation as well as and any domain name that Licensor shall designate for the Brands (e.g. www.kencole.com) (collectively the "WEB SITES") on all Article Materials and other printed matter that are used in conjunction with the Articles at retail. Licensor shall administer, coordinate and pay for all expenses related to said Consumer Phone and Web Sites; provided, however, in the event consumer complaints relating to the Articles shall constitute a disproportionate share of such consumer complaints, Licensor reserves the right to charge Licensee for its pro rata share of costs associated with said Consumer Phone and Web Sites. Licensee shall cooperate with Licensor to satisfy all reasonable consumer demands as may be deemed appropriate by Licensor for: (a) replacement goods or merchandise credits; and (b) inquiries related to the availability of Articles or other information reasonably required to service the consumers. The provisions of this Paragraph 4.6 shall survive the termination or expiration of this Agreement for a period of one (1) year subsequent to said termination or expiration.

4.7 Licensee shall spend the amounts necessary or appropriate to the

develop and maintain in its customers' retail premises sales environments that are designed, decorated and fixtured to Licensor's specifications and consistent with and reflecting the image and prestige of the Articles and the Licensed Marks. Concept shops and shop-in-shops shall be built in accordance with concepts of design, architectural planning, construction materials, layout, decor and other aspects of decoration as required by Licensor and shall be subject to Licensor's prior written approval. All expenses in connection with the design, development or construction of any such shops shall be borne or reimbursed by Licensee at its sole cost and expense.

4.8 The styles, designs, appearance, components, images, materials, manufacturing facilities and sources, workmanship and quality of all product fixtures for the sale and marketing of Articles shall be approved by Licensor in writing prior to the manufacture, distribution or sale thereof. From time to time and at any time during this Agreement, Licensor may provide written specifications for the fixtures, which specifications must be strictly followed by Licensee. Fixtures bearing a Licensed Mark or other proprietary image or design of Licensor not approved by Licensor may not be used, sold or disposed of in any way without Licensor's prior written approval. All expenses in connection with the design, development or construction of any such fixtures shall be borne or reimbursed by Licensee at its sole cost and expense.

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5. APPROVALS

5.1 Licensor's approvals pursuant to this Agreement, except as otherwise expressly provided, may be based solely on Licensor's subjective standards and may be withheld in Licensor's sole and absolute discretion.

5.2 Licensor's approval of any designs, materials, printed matter, samples or any and all things related thereto or contemplated under this Agreement, for use in connection with any particular collection of Articles shall constitute approval for such use only in connection with the then-current seasonal collection by gender and by Brand and shall not constitute approval of the use of any such materials in connection with any other collection of Articles.

5.3 Any failure by Licensee to obtain Licensor's approval in accordance with this Agreement, or the use by Licensee of any designs, materials, sources, printed matter, samples or any and all things related thereto or contemplated under this Agreement, in absence of Licensor's prior written approval, shall be deemed to be a material default of this Agreement and shall be subject to the rights and remedies of Licensor as provided herein.

6. ADVERTISING; SHOWROOM

6.1 (a) Licensor shall promote, market and advertise the Licensed Marks and shall administer the budget for such advertising, marketing and promotion. As a contribution to said advertising, marketing and promotion, Licensee shall pay to Licensor a fee (the "ADVERTISING FEE") for each Annual Period in an amount equal to ***** percent (**%) of the higher of: (i) the actual Net Sales by gender for such Annual Period; and (ii) the Guaranteed Minimum Net Sales by gender, as such term is defined below, for such Annual Period. During each Annual Period, Licensee shall pay the Advertising Fee to Licensor in installments by gender proportional to and at the same time as installments of Guaranteed Minimum Royalty, as such term is defined below, for such Annual Period are payable hereunder. Any additional Advertising Fee payable to Licensor, or any refund of Advertising Fee payable to Licensee, for an Annual Period shall be accounted for and paid in the same manner and at the same time that Sales Royalty, as such term is defined below, is to be accounted for and paid hereunder. The Advertising Fee for each gender for each Annual Period shall be credited for the same Annual Period by gender. No payment of Advertising Fee for any Annual Period in excess of the minimum Advertising Fee by gender for such Annual Period shall be credited against the minimum Advertising Fee by gender for any other Annual Period. Under no circumstances shall the minimum Advertising Fee be refundable.

(b) The Licensor Group shall use a portion of the Advertising Fee for institutional advertising of the Licensed Marks, as it so determines, which may include the cost of catalog advertising, Licensor's Websites and other electronic media and which may not include the Articles. In the event such advertising includes the Articles,

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Licensee shall cooperate with the Licensor Group in connection with such advertising and, if requested by Licensor, shall produce and deliver samples of Articles to Licensor for use in connection therewith at no cost to Licensor.

6.2 (a) During the term of this Agreement, Licensee shall maintain at Licensee's expense, separate showrooms exclusively for the display of Articles by gender. Said showrooms shall be located in the borough of Manhattan and shall be located, designed, decorated, staffed, maintained and re-modeled, if deemed necessary in Licensor's reasonable judgment, in a manner commensurate with the reputation and prestige of the Licensed Marks and shall be subject to the prior written approval of Licensor. In connection therewith, Licensee shall also maintain separate telephone numbers and listings under the name "KENNETH COLE OUTERWEAR" and the name "REACTION KENNETH COLE OUTERWEAR." Licensee shall also maintain a showroom presence in the Licensor Group's corporate showroom for the display of Articles. Such display shall be built by the Licensor Group, provided, however, all costs associated with the building of such display, shall be at Licensee's sole cost and expense, in an amount not to exceed ***** dollars (\$**) per square foot. In addition, Licensee shall pay its pro rata share of operating expenses associated with the display in addition to paying rent for the space, such rent not to exceed *****dollars (\$**) per square foot per annum, commencing on the day Licensee takes possession of any such premises. Licensee and the Licensor Group shall enter into a separate agreement setting forth the particulars prior to any such possession by Licensee.

(b) Under no circumstances shall the Licensed Marks be used in combination with any other marks or products used by Licensee in conjunction with the telephone listings or showroom detailed in Paragraph 6.2(a) above. Licensee must submit all printed matter used by Licensee in the course of its business that contains the Licensed Marks, including but not limited to, stationery, letterheads, envelopes, invoices and business cards to Licensor for prior written approval.

(c) When Licensee participates in trade shows, separate areas shall be maintained exclusively for the display of Articles by Brand by gender, subject to Licensor's prior approval. At Licensor's request, Licensee shall also participate and cooperate in trade shows in which the Licensor Group participates, and pay its pro rata share of any expenses incurred by the Licensor Group in connection therewith. Such pro rata share shall be paid within twenty (20) days from the presentment of an invoice therefor.

(d) For each Annual Period, Licensee shall pay toward the expenses incurred by the Licensor Group in connection with the Licensor Group's fashion or "runway" shows ("FASHION SHOW FEE"). For the shows taking place in 2005 and in each subsequent Annual Period during the initial term, the Fashion Show Fee shall be ***** dollars (\$**). In the event Licensee shall properly exercise the Renewal Option, Licensee's contribution shall increase by ***** percent (**%) in each Annual Period

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during the renewal term. Amounts due under this Paragraph shall be paid within twenty (20) business days from the presentment of an invoice therefor.

(e) At Licensor's request and with Licensee's prior approval, Licensee shall participate in charitable donations and similar endeavors together with the Licensor Group, provided Licensee's donations shall not exceed ***** dollars (\$**) per Annual Period. Where donations are made on a joint basis, Licensor will inform the relevant charity of the extent of Licensee's participation and where donations result in public recognition, seats at charitable dinners or similar benefits, Licensor shall attempt to ensure that Licensee participates in such benefits in proportion to the level of Licensee's contribution.

6.3 (a) In addition to the Advertising Fee and the Campaign Fee (as set forth below), Licensee shall spend in each Annual Period not less than ***** percent (**%) of the higher of: (i) the actual Net Sales for such Annual Period; or (ii) the Guaranteed Minimum Sales for such Annual Period to promote and market the Articles ("MINIMUM MARKETING AMOUNT"). Such Minimum Marketing Amount shall include, but not be limited to, consumer advertising in a manner consistent with and intended to enhance the prestige of the Licensed Marks and the sale of Articles. For purposes hereof, "consumer advertising" shall be deemed to include cooperative, trade and print advertisements in prestigious national publications as well as other approved forms of advertisements, all as

Licensor may deem to be "consumer advertising". Upon Licensor's request therefore, Licensee shall submit to Licensor documentary evidence in a form reasonably satisfactory to Licensor that substantiates all such expenditures.

(b) In connection with expenditures pursuant to Paragraph 6.3 (a) above, the Licensor Group may furnish the services of its marketing personnel to assist Licensee's advertising and marketing efforts relating specifically to the Articles. In such event, Licensee shall reimburse Licensor for all of the Licensor Group's direct costs and expenses in furnishing such services, as well as an agency fee of ***** percent (**%) or the then-prevailing market rate for providing such services. In advance of performing services or incurring expenses under this Paragraph 6.3(b), Licensor shall submit an estimate of the anticipated services and reimbursable costs and expenses (which estimate shall reflect a contingency of ***** percent (**%) for such reasonable additional expenses as may be incurred in the course of performing such services) for Licensee's approval, not to be unreasonably withheld.

(c) All amounts due to the Licensor Group under this Paragraph 6.3 shall be payable by Licensee within twenty (20) days from the presentment of an invoice therefor.

6.4 (a) In addition to the Advertising Fee and Licensee's obligations with respect to the Minimum Marketing Amount, Licensee shall pay to Licensor not less than ***** percent (**%) of the higher of: (i) the actual Net Sales by gender for such Annual Period; or (ii) the Guaranteed Minimum Sales by gender for such Annual Period (the

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"CAMPAIGN FEE"). The Campaign Fee shall be spent on product-specific advertising in the Licensor Group's national advertising campaign that includes Licensee's Articles (i.e. the Articles must appear in the image in question). Payments relating to the Campaign Fee are to be in proportional installments to and at the same time as installments of Guaranteed Minimum Royalty, as such term is defined below, for such Annual Period are payable hereunder. The Campaign Fee for each gender for each Annual Period shall be credited for the same Annual Period by gender. No payment of Campaign Fee for any Annual Period in excess of the minimum Campaign Fee by gender for such Annual Period shall be credited against the minimum Advertising Fee by gender for any other Annual Period. If in any Annual Period the funds contributed pursuant to this Paragraph 6.4 are not expended for national advertising campaign images or advertising including the Articles, they shall be redirected for other direct consumer marketing relating to the Articles.

(b) Licensee shall regularly undertake public relations and related projects and activities ("PR Activities") relating to Articles. In connection therewith, Licensee shall spend for PR Activities during each Annual Period, not less than the amount set forth therefor in the Marketing Plan for such Annual Period, it being expressly understood that amounts spent pursuant to this Paragraph 6.4(b) shall be credited against Licensee obligations with respect to Minimum Marketing Amount and it also being expressly understood that such expenditures shall not exceed the amount set forth in the Marketing Plan without Licensee's prior written approval PR Activities shall be undertaken in consultation with the Licensor Group's public relations staff (the "PR Staff"). Licensee shall meet periodically with the PR Staff to develop and coordinate PR Activities. Licensee shall not engage in any media contacts with respect to Articles without first discussing the anticipated subject matter of the media contact and Licensor's policies with respect to those matters with the PR Staff. All PR Activities, including all press releases, magazine and newspaper articles and other media related projects, are subject to Licensor's prior approval. Also, the creative components of all of Licensee's public relations "events" shall be developed by the PR Staff in consultation with Licensee.

6.5 (a) At any time upon reasonable notice, Licensor may change or direct that procedures (but not the minimum amounts expended) be changed regarding the advertising, marketing, publicity and promotion of the Articles pursuant to this Article.

(b) In the event that Licensor shall materially and adversely change the promotional advertising policy for the Reaction Kenneth Cole Brand and Licensee can demonstrate that such change in policy materially reduced Net Sales, Licensee shall be exempt from default under Paragraph 13.1(iii) hereunder for the Annual Period in which the change occurs and for the subsequent Annual Period, provided, however, that such exemption shall have no effect on

Licensee's other obligations under this Agreement, including but not limited to those with respect to Guaranteed Minimum Royalty, Advertising Fee and Campaign Fee. Licensee may only invoke the protection of this Paragraph 6.5(b) by providing Licensor with written notice within ninety (90) days of the

submission of the first Quarterly Statement (as defined below) reflecting the material reduction in Net Sales as a result of the change in policy.

7. GUARANTEED MINIMUM ROYALTY AND GUARANTEED MINIMUM NET SALES

7.1 (a) Licensee shall attain Guaranteed Minimum Net Sales by gender in each Annual Period as set forth below. In each Annual Period, the Guaranteed Minimum Net Sales by gender for such Annual Period shall be the greater of: (i) the relevant Guaranteed Minimum Net Sales Thresholds for such Annual Period as set forth below; or (ii) ***** percent (**%) of the actual Net Sales by gender for the previous Annual Period, in which event, the relevant Guaranteed Minimum Net Sales Threshold for such Annual Period, as set forth below, shall be increased to reflect such amount. The Guaranteed Minimum Royalty for each Annual Period will be set based on the application of the rates set forth in Paragraph 8.1 below to the Guaranteed Minimum Net Sales Thresholds as adjusted.

ANNUAL PERIOD	MEN'S OUTERWEAR GUARANTEED MINIMUM NET SALES THRESHOLD	WOMEN'S OUTERWEAR GUARANTEED MINIMUM NET SALES THRESHOLD
1 2005	\$*****	\$*****
2 2006	\$*****	\$*****
3 2007	\$*****	\$*****
4 2008	\$*****	\$*****

(b) In the event Licensee should exercise its Renewal Option in accordance with Sec. 2.2 above, the Guaranteed Minimum Net Sales for each Annual Period during the Renewal Option term shall be the greater of: (i) the Guaranteed Minimum Net Sales Threshold for such Annual Period as set forth below; and (ii) ***** percent (**%) of the actual Net Sales for the previous Annual Period, in which event, the Guaranteed Minimum Net Sales Threshold and the Guaranteed Minimum Royalty for such Annual Period, as set forth below, shall be increased to reflect such amount. The Guaranteed Minimum Royalty for each Annual Period will be set based on the application of the rates set forth in Paragraph 8.1 below to the Guaranteed Minimum Net Sales Thresholds as adjusted.

ANNUAL PERIOD	GUARANTEED MINIMUM NET SALES THRESHOLD BY GENDER
2009	2008 ADJUSTED MINIMUM BY GENDER PLUS \$***** BY GENDER
2010	2008 ADJUSTED MINIMUM BY GENDER PLUS \$***** BY GENDER
2011	2008 ADJUSTED MINIMUM BY GENDER PLUS \$***** BY GENDER
2012	2008 ADJUSTED MINIMUM BY GENDER PLUS \$***** BY GENDER

7.2 In each Annual Period, the Guaranteed Minimum Royalty (as well as the minimum Advertising Fee and minimum Campaign Fee otherwise consistent with the terms of this Agreement) shall be paid in four (4) equal quarterly installments. In the event that application of the alternate percentage minimum set forth in Paragraph 7.1 above shall require adjustment of a January payment, reconciliation shall be made in accordance with Paragraph 9.2 below.

7.3 The Guaranteed Minimum Royalty by gender for each Annual Period may be credited only against the Sales Royalty by gender for the same Annual Period. Further, no payment of Guaranteed Minimum Royalty shall be refundable.

7.4 In the event that Licensee's shareholders' equity shall fall below ***** dollars (\$**), Licensee shall immediately notify Licensor. In such event, Licensee shall guarantee all payments due under any provision of this Agreement

by issuing, by no later than thirty (30) days after written request by Licensor, a standby letter of credit for the benefit of Licensor in an amount equal to the total Guaranteed Minimum Royalties and Advertising Fee payable for the then current Annual Period. The letter of credit may be drawn down in full against a sight draft upon an installment of Guaranteed Minimum Royalty, minimum Advertising Fee or minimum Campaign Fee not being paid in full to Licensor by the due date therefor or upon termination as a result of a default by Licensee or a wrongful termination of this Agreement by Licensee. The letter of credit shall be issued by a bank located in New York City acceptable to Licensor or such other bank as may be selected by Licensee, provided that the letter of credit is confirmed by a bank acceptable to Licensor. Once issued, the letter of credit shall be renewed each year no later than January 15th, as updated to reflect the total amounts payable for the new Annual Period. In the event Licensee fails to deliver a letter of credit due in accordance with this Paragraph 7.4, Licensor shall have the option of terminating this Agreement, subject to the provisions of this Agreement with respect to termination. In the event Licensee's shareholders' equity ever falls below ***** dollars (\$**), Licensee shall notify Licensor immediately and unless Licensee shall cure within thirty (30) calendar days, Licensor shall have the option of terminating this Agreement, subject to the provisions of this Agreement with respect to termination. Licensee's failure to notify Licensor as required shall be deemed a material breach of this Agreement. In the event Licensee's shareholders' equity ever falls below ***** dollars (\$**), Licensee shall notify Licensor immediately and Licensor shall have the option of terminating this Agreement without Licensee having an opportunity to cure, subject to the provisions of this Agreement with respect to termination. Licensee's failure to notify Licensor as required shall be deemed a material breach of this Agreement.

8. SALES ROYALTY

8.1 (a) In each Annual Period, Licensee shall pay to Licensor a Sales Royalty as a percentage of "Net Sales" (as defined below) as follows: for Kenneth Cole new york Brand Products, ***** percent (**%) of Net Sales; for Reaction Kenneth Cole

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Brand Products, ***** percent (**%) of Net Sales up to and including \$*****, and ***** percent (**%) of Net Sales greater than \$*****.

(b) At the time Licensor approves retail outlets for sales of Articles pursuant to Paragraph 4.5 above, Licensor in its sole discretion shall designate such outlets as "approved retail outlets" or as "approved off-price outlets." If actual Net Sales to approved off-price outlets (excluding Kenneth Cole outlets) exceed ***** percent (**%) of Licensee's total actual Net Sales of men's outerwear or ***** percent (**%) of Licensee's total actual Net Sales women's outerwear in the first Annual Period or if actual Net Sales to approved off-price outlets (excluding Kenneth Cole outlets) by gender exceed ***** percent (**%) of Licensee's total actual Net Sales by gender in any Annual Period thereafter, Licensee shall be deemed to be in default for purposes of Paragraph 13.1 hereunder.

(c) "NET SALES" shall mean the invoiced amount of Articles shipped by the Licensee Group, less returns, customary trade discounts (defined as discounts for early payment of invoices) and advertising allowances, such advertising allowances not to exceed ***** percent (**%) of the invoiced amounts of Articles in any Annual Period. No deduction shall be made for other discounts, allowances, markdowns, uncollectable accounts or costs incurred by Licensee.

(d) Licensee agrees not to designate sales prices so low or discounts so high as to adversely affect the image, reputation and prestige of the Licensed Marks and the consistency of Licensor's worldwide marketing efforts. Licensee shall set its wholesale prices and suggested retail prices of each Category at a level that would encourage the development of sales thereof while maintaining the image and prestige of the Licensed Marks and the quality of the Articles. However, Licensee shall set its wholesale prices and suggested retail prices for each Category in its sole discretion.

8.2 For each Annual Period, the Sales Royalty, Advertising Fee and Campaign Fee shall be accounted for and paid quarterly within thirty (30) days from March 31, June 30, September 30 and December 31. The Sales Royalty, Advertising Fee and Campaign Fee payable for each accounting and payment period (the "PAYMENT

PERIOD") during each Annual Period shall be computed on the basis of Net Sales during such Payment Period, with a credit for any quarterly installment payments theretofore made to Licensor for such applicable Payment Period only. Any refund of Sales Royalty, Advertising Fee and/or Campaign Fee owed to Licensee shall be calculated in the Payment Period reconciling each Annual Period and paid within thirty (30) days of reconciliation.

8.3 No payment of Sales Royalty for any Annual Period in excess of payments of Guaranteed Minimum Royalty by gender for the same Annual Period shall be credited against the Guaranteed Minimum Royalty by gender due to Licensor for any other Annual Period.

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8.4 Licensee shall not be entitled to nor shall take deductions or set-offs from any payments required to be made under this Agreement for any reason.

9. SALES STATEMENT

9.1 (a) Licensee shall deliver to Licensor, at the time each Sales Royalty payment is due, a statement (the "QUARTERLY STATEMENT") signed and certified as accurate by Licensee's chief financial officer, setting forth the just completed Payment Period and the Annual Period-to-date: (i) the number and invoice price of all Articles invoiced or shipped to Licensee's customers, the amount of discounts and returns which properly may be deducted from Net Sales, all by Brand, by gender, by customer, by door (to the extent available), by month, and in the aggregate; (ii) the amount of Sales Royalty then due and payable; (iii) the amounts spent by Licensee for advertising, marketing and other promotional activities, all by Brand, by gender and by type of activities and in the aggregate; and (iv) the amount of discounts and returns which may be deducted from Net Sales by Brand, by gender, by customer, by month and in the aggregate.

(b) (i) Licensee shall deliver to Licensor monthly, within ten (10) days after the end of each month commencing with the first month during which Articles are shipped, detailed sell-in reports, in both units and dollar amounts, covering the preceding month and the Annual Period-to-date, by Brand, by gender, by customer, by door, by style or stock keeping unit and by collection, with a comparison to the corresponding period during the preceding Annual Period; (ii) Licensee shall deliver to Licensor detailed weekly sell-through reports (including sales and stock information for "this year," "last year" and "planned"), by Brand, by gender, by customer, by door (to the extent available) and by collection, with information presented for the week, the month-to-date, the season-to-date and the Annual Period-to-date. The final such report for each month also shall include the required information by style. Each weekly sales report shall cover the proceeding Sunday through Saturday and shall be delivered no later than the following Friday.

(c) Each of the Quarterly Statements and Licensee's other statements, reports and other items to be delivered under this Paragraph 9 shall be prepared in a format reasonably acceptable to Licensor which may be amended from time to time.

9.2 Licensee shall deliver to Licensor, not later than forty-five (45) days after the end of each Annual Period, a statement signed and certified by its chief financial officer, relating to the entire Annual Period and setting forth the same information required of Licensee in accordance with Paragraph 9.1 above. Licensee shall also provide a copy in of Licensee's audited annual report certified by a certified public accountant. If any annual statement should indicate that there had been an underpayment or overpayment of Sales Royalty in any Annual Period, then Licensee shall pay or Licensor shall refund such amount (as the case may be) within thirty (30) days of the receipt by Licensor of such statement.

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10. BOOKS AND RECORDS; AUDITS

10.1 Licensee shall maintain complete and accurate books of account and records as required under this Agreement (including the originals or copies of documents supporting entries in the books of account) covering all transactions relating to this Agreement and/or the distribution and sale of Articles, including but not limited to invoices, credits and shipping documents. At any reasonable time during the term of this Agreement and for three (3) years

thereafter, Licensor may, upon ten (10) days prior written notice to Licensee, cause an audit to be made of Licensee's records and documents relating to this Agreement. All such records and documents shall be kept available for at least five (5) years after the end of the Term.

10.2 If, as a result of any audit of Licensee's books and records, such audit discloses a deficiency in the payment of any amount due hereunder, such deficiency shall become immediately due and payable with interest at the rate provided in Paragraph 13.1 below from the date when such payment should have been made. In the event the deficiency shall be in excess of ***** percent (**%) of the amount actually paid for the subject period, Licensee shall pay to Licensor upon demand the cost of such audit as well as all costs associated with two (2) subsequent audits. In the event a deficiency should occur on more than one occasion, or if any deficiency is in excess of ***** percent (**%), then Licensee shall be deemed in default, and Licensor, in addition to all other remedies at law, in equity or otherwise provided herein, shall have the option to terminate this Agreement upon ten (10) days notice. Licensor must exercise its option to terminate any rights pursuant this Paragraph 10.2 within one hundred eighty (180) days of Licensor's discovery or other actual knowledge of the relevant event of default.

11. THE LICENSED MARKS; COPYRIGHTS; PATENTS

11.1 The Licensee Group shall not use the Licensed Marks, in whole or in part, as a corporate name, trade name or domain name.

11.2 The Licensee Group acknowledges that the Licensor Group is the owner of all right, title and interest in and to the Licensed Marks in the Territory in any form or embodiment thereof and is also the owner of the goodwill attached or which shall become attached to the Licensed Marks in connection with the business and goods in relation to which the same has been, is or shall be used. Sales by Licensee shall be deemed to have been made by Licensor for purposes of trademark registration and all uses of the Licensed Marks by Licensee shall inure to the benefit of Licensor. Licensee shall not do or suffer to be done any act or thing which may adversely affect any rights of Licensor in and to the Licensed Marks or any registrations thereof or which, directly or indirectly, may reduce the value of the Licensed Marks or detract from their reputation. The Licensee Group shall not sell Articles as "seconds", "irregulars", "damaged", etc. without the prior written approval of Licensor, which may be withheld in Licensor's sole discretion.

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11.3 Licensee shall use the Licensed Marks in the Territory strictly in compliance with all legal requirements and shall use such markings in connection therewith as may be required by applicable law, statute or regulation in order to give appropriate notice of any trademark, trade name or other rights therein or pertaining thereto.

11.4 The Licensee Group shall never challenge the Licensor Group's ownership of or the validity of the Licensed Marks or any application for registration thereof, or any trademark registration thereof, or any rights of the Licensor Group therein, nor shall the Licensee Group seek to register the Licensed Marks or any variation or simulation thereof within or without the Territory. Further, the Licensee Group shall cooperate fully with any request by the Licensor Group in connection with any application, registration or filing in connection with the Licensed Marks. The provisions of this Paragraph 11.4 and the Licensee Group's obligations hereunder shall survive the expiration of termination of this Agreement.

11.5 The Licensor Group shall take such action as it deems advisable for the protection of its rights in and to the Licensed Marks and the Licensee Group shall fully cooperate with the Licensor Group in connection therewith. To the extent Licensor and Licensee consent to undertake enforcement and anti-counterfeiting efforts, such consent not to be unreasonably withheld, Licensee agrees to bear all costs and fees for enforcement and anti-counterfeiting efforts associated proportionately with the Articles. Licensor shall attempt in good faith to minimize enforcement costs consistent with the levels of counterfeit products bearing the Licensed Marks actually detected in the Territory, and whenever possible, Licensor will provide reasonable notice and request Licensee approval, not to be unreasonably withheld, before incurring costs pursuant to this Paragraph 11.5. The Licensor Group shall not be required to take any action if it deems inadvisable to do so, and the Licensee Group may not take any action with respect to the Licensed

Marks without Licensor's prior written approval. Licensee shall notify Licensor promptly after the Licensee Group becomes aware of: (a) an infringement or threatened infringement of the Licensed Marks; or (b) any actionable imitation of the Licensed Marks or the Articles or of their packaging or advertising. In such notice, Licensee shall identify the alleged infringer or imitator and shall specify in reasonable detail the nature of the acts constituting such infringement or actionable imitation.

11.6 All intellectual property rights contained in the Articles or Article Materials whether (i) created by Licensor or (ii) created by Licensee and approved by Licensor (collectively the "ARTICLE RIGHTS") shall be owned solely by Licensor. All copyrights in the Article Rights created by Licensee shall be considered works made for hire. In the event such copyrights are deemed not to be works for hire or any other Article Rights are not considered the property rights of Licensor, Licensee shall be deemed hereby to have assigned to Licensor all right, title and interest, in and to all such Article Rights held by Licensee including without limitation, all copyrights and patents. At any time and from time to time and upon the request by Licensor, and at the expense of Licensor, Licensee shall (x) execute, acknowledge and deliver, or cause to be done,

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executed, acknowledged and delivered all such further deeds, assignment, transfers and conveyances as may be required for the better assigning, transferring, granting and confirming to Licensor and its successors and assigns of the Licensor's rights as set forth herein, or (y) otherwise assist Licensor in procuring registrations for Licensor's rights as set forth herein including without limitation any patents or copyright registrations. Licensee shall enter into written agreements on these same terms with all individuals creating work, copyrightable or otherwise, in connection with the Articles or Article Materials and shall make any such agreements available for review by Licensor at Licensor's request.

12. INDEMNITY; INSURANCE

12.1 (a) Licensee shall hold Licensor, Mr. Kenneth Cole, individually, and the Licensor Group, as well as the directors, officers, employees and agents, and their respective successors and assigns, of the Licensor Group, harmless from and shall indemnify each of them against any losses, liabilities, damages and expenses (including interest, penalties and reasonable attorneys' fees and expenses) which any of them may incur or become obligated to pay, or for which any of them may become liable to pay in any action, claim or proceeding against any of them, by reason of any representation or warranty on the part of Licensee being untrue in any material respect or by reason of any acts, whether of omission or commission, by Licensee, the Licensee Group, any of their contractors, suppliers or any of their respective affiliates, agents or employees arising out of or related to this Agreement. Licensee's indemnification obligation also shall apply to any action, claim or proceeding against any of the indemnities brought by or on behalf of any of Licensee's affiliates, customers, contractors or suppliers arising out of or relating to their relationships or dealings with Licensee, the termination thereof or otherwise. The provisions of, and Licensee's obligations under, this Paragraph 12.1(a) shall survive the expiration or termination of this Agreement.

(b) Licensor and its parent shall hold the Licensee Group and its directors, officers, employees and agents, and their respective successors and assigns, harmless from and shall indemnify each of them against any losses, liabilities, damages and expenses (including interest, penalties and reasonable attorneys' fees and expenses) which any of them may incur or become obligated or liable to pay in any action, claim or proceeding against any of them: (i) in the event the use of the Licensed Marks, in accordance with the requirements hereof, infringes upon the trademark rights of a third party or (ii) in the event that G&F brings action alleging that the exclusive rights that Licensor grants herein infringe upon G&F's contractual rights pursuant to the G&F Agreement. Licensee shall give Licensor prompt notice of any such action, claim or proceeding and Licensor, in its sole discretion, then may take such action as it deems advisable to defend the action, claim or proceeding on behalf of the indemnitee. If appropriate action is not taken by Licensor timely after its receipt of notice from Licensee, the indemnitee may defend the action, claim or proceeding, but with only one counsel reasonably acceptable to Licensor and at standard rates, and no compromise or settlement may be made without the approval of Licensor, which shall not be withheld

unreasonably. In either case, the indemnitee and Licensor shall keep each other fully advised of all developments and shall cooperate fully with each other in connection with the defense thereof. Also, no compromise or settlement of any such action, claim or proceeding may be made unless full releases as to the subject matter are obtained for Licensor and for the indemnitee. The indemnification provided herein apply solely to: (a) the amount of the judgment, if any, against the indemnitee; (b) any sums paid by the indemnitee in settlement; and (c) any expenses incurred by the indemnitee in connection with its defense. The provisions of and Licensor's obligations under Paragraph 12.1(b) shall survive the expiration or termination of this Agreement.

12.2 Licensee shall procure and maintain at its own expense in full force and effect at all times during which Articles are being sold a public liability insurance policy which shall include products liability coverage with respect to Articles, with a limit of liability of not less than \$*****. Such insurance policy shall be written for the benefit of Licensee, with Licensor, Licensor's ultimate parent, and Mr. Cole as additional insureds and shall provide for at least thirty (30) days prior notice to Licensor of the cancellation or substantial modification thereof. Licensee shall deliver certificates of such insurance to Licensor within thirty (30) days of the date hereof and thirty (30) days prior to any renewal or replacement thereof. Nothing in this Paragraph 12.2 shall be deemed to limit the indemnification provisions of Paragraph 12.1 (a) above.

13. DEFAULTS

13.1 In the event Licensee fails to make any payment due hereunder and such default shall continue uncured for a period of five (5) days after receipt of notice from Licensor that such payment was due and payable, Licensor may terminate this Agreement forthwith by notice thereof to Licensee. Interest shall be payable with respect to late payments and shall accrue at a rate equal to two (2) full percentage points over the prime rate being charged in New York, New York by the Bank of New York as of the close of business on the date the payment first becomes due. In the event:

- (i) Licensee discontinues the manufacture or distribution of Articles for a period of sixty (60) or more days;
 - (ii) The Licensee Group sells or exports Articles out of the Territory or otherwise violates the provisions of Paragraphs 1.7 above;
 - (iii) Net Sales by gender in any Annual Period are less than the Guaranteed Minimum Net Sales for the relevant gender in any two Annual Periods (unless otherwise expressly provided herein);
 - (iv) Off-Price Sales in any Annual Period exceed those permitted in Paragraph 8.1(b) above;
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- (v) Licensee fails to satisfy the Minimum Marketing Amount in any Annual Period;
 - (vi) Licensee seriously or repeatedly violates the provisions of Paragraph 13.3; or
 - (vii) Licensee fails to comply with the requirements of Paragraph 7.4 above;

then in any such event, Licensor may terminate this Agreement forthwith by notice thereof to Licensee. If Licensor or Licensee fails to perform any of its non-monetary obligations under this Agreement and such default is not curable or, if curable, shall continue uncured for a period of twenty (20) days after notice thereof from the non-defaulting party, then the non-defaulting party, at its sole election, may terminate this Agreement forthwith by notice thereof to the defaulting party. A non-defaulting party must exercise its option to terminate any rights pursuant this Paragraph 13.1 within one hundred eighty (180) days of such party's discovery or other actual knowledge of the relevant event of default.

13.2 (a) In the event that Licensee files a petition in bankruptcy, is

adjudicated a bankrupt or files a petition or otherwise seeks relief under or pursuant to any bankruptcy, insolvency or reorganization statute or proceeding, or if a petition in bankruptcy is filed against it or it becomes insolvent or makes an assignment for the benefit of creditors or a custodian, receiver or trustee is appointed for it or a substantial portion of its business or assets, this Agreement shall terminate automatically without notice.

(b) No assignee for the benefit of creditors, custodian, receiver, trustee in bankruptcy, sheriff or any other officer of the court or official charged with taking over custody of Licensee's assets or business may continue this Agreement or exploit the Licensed Marks if this Agreement terminates pursuant to Paragraph 13.2 (a) above.

(c) If, pursuant to the Bankruptcy Code or any amendment, supplement or successor thereto, a trustee in bankruptcy of Licensee, or Licensee, as debtor, is permitted to assume this Agreement and does so and, thereafter, desires to assign this Agreement to a third party, the trustee or Licensee, as the case may be ("DEBTOR"), shall notify Licensor. The notice shall set forth the name and address of the proposed assignee, the proposed consideration for the assignment and all other relevant details thereof. The giving of this notice shall constitute the grant to Licensor of an option to have this Agreement assigned to it or to its designee for the consideration, or its equivalent in money, and upon the terms specified in the notice. This option may be exercised only by notice given by Licensor to Debtor by the 30th day after Licensor's receipt of the notice from Debtor, unless a shorter period is deemed appropriate by the court in the bankruptcy proceeding. If Licensor does not exercise its option in a timely manner, Debtor may complete the assignment, but only if the assignment is to the entity named in the notice and for the consideration and upon the terms specified therein.

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Nothing herein is intended to impair any rights that Licensor may have as a creditor in the bankruptcy proceeding.

13.3 Licensee shall not knowingly, nor shall Licensee knowingly suffer or permit any person or entity engaged in the manufacture or distribution of Articles, to violate any applicable labor laws or Customs laws (including those regarding transshipment and improper designation of country of origin). The Licensee Group may use contractors for the production of Articles ("Contractors"). However, no prospective Contractor shall be engaged until (i) the Licensee Group conducts or has conducted a factory audit of the prospective Contractor's facilities and Licensee certifies to Licensor that the prospective Contractor has passed the audit, i.e., satisfied Licensor's then current standards therefor (as provided to Licensee by Licensor from time to time), and (ii) the prospective Contractor executes and delivers to Licensee and Licensor an executed original of Licensor's factory guidelines and terms of engagement or such new form of contractor agreement as may be adopted generally by Licensor ("Factory Guidelines"). The Contractor's compliance shall be monitored at Licensee's expense in accordance with Licensor's policies then in effect. If Licensor objects to a Contractor, it shall provide Licensee with the basis for its determination, such as the failure of a Contractor to comply with the requirements of this Agreement or the Factory Guidelines, the failure of a Contractor to pass follow-up factory audits or the failure of a Contractor to produce Articles of the requisite quality. Thereupon, Licensee shall use its best efforts to correct the problem, if possible, and, if the problem cannot be corrected or is not corrected within a reasonable period after receipt of Licensor's aforesaid notice, Licensee immediately shall terminate its engagement of such Contractor. All costs incurred by Licensee or Licensor in connection with a factory audit of prospective Contractor or a current Contractor shall be borne by Licensee. Any shipment of Articles knowingly produced or accepted in violation of applicable labor law or Licensor's Factory Guidelines, terms of engagement or other applicable compliance policies shall be deemed to be default of this Agreement. Uncured, serious or repeated violations shall result in termination, subject to the rights and remedies of Licensor.

14. INJUNCTIVE RELIEF

14.1 Licensee recognizes that certain breaches of its obligations, including but not limited to its obligations under Paragraphs 1.4, 1.8, 1.11, 4.1, 4.2, 11 (in its entirety), 15.3, 20.2, 20.6, 20.10 and 20.11 of this Agreement, may give rise to irreparable harm to Licensor and that monetary damages will be inadequate to compensate Licensor for such breach. Licensee

therefore agrees that, in addition to any other remedies at law, in equity or otherwise, Licensor shall be entitled to obtain temporary and permanent injunctive relief from a court of competent jurisdiction to restrain any breach violation or threatened breach or violation of Paragraphs 1.4, 1.8, 1.11, 4.1, 4.2, 11 (in its entirety), 15.3, 20.2, 20.6, 20.10 and 20.11 of this Agreement without bond and without the necessity of showing actual monetary damages and that irreparable harm to Licensor shall be presumed with each such breach, violation or threatened breach by Licensee. Licensee shall also be entitled to obtain temporary and permanent injunctive relief from a court of

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competent jurisdiction to restrain any unauthorized sale or distribution of Articles by a third party.

15. RIGHTS ON EXPIRATION OR TERMINATION

15.1 Upon termination of this Agreement by Licensor pursuant to Paragraphs **** above, Licensee shall pay to Licensor, within twenty (20) days of the date of termination as liquidated damages solely with respect to Licensee's financial obligations hereunder, and not as a penalty, a sum equal to **** of this Agreement, (the "ROYALTY DAMAGES") as well as any amounts owing as of the time of termination. Upon termination of this Agreement by Licensor pursuant to Paragraph 13.2 above, Licensee shall pay to Licensor, within twenty (20) days of the date of termination as liquidated damages solely with respect to Licensee's financial obligations hereunder, and not as a penalty, a sum equal to **** of this Agreement as well as any amounts owing as of the time of termination.

15.2 Notwithstanding the expiration or termination of this Agreement, Licensor shall have and hereby reserves all rights and remedies which it has, or which are granted to it by operation of law or equity: (a) to enjoin the unlawful or unauthorized use of the Licensed Marks; (b) to collect any amounts by Licensee pursuant to this Agreement, including but not limited the Royalty Damages; and (iii) to recover any other damages resulting from Licensee's breach hereof.

15.3 Provided this Agreement is not terminated for default under Paragraph ****, Licensee may, for an additional period of ***** months only, on a non-exclusive basis, sell and dispose of its inventory of Articles (the "SELL-OFF ARTICLES"). Upon termination or expiration of this Agreement, the parties shall jointly and immediately cause a physical inventory to be taken of the Articles held in inventory by Licensee (including those expected from vendors or committed to purchasers) which inventory shall be reduced to writing and copies thereof delivered to and signed by each party. The sales of such Sell-Off Articles are subject to all of the provisions hereof, including an accounting for and the payment of Sales Royalty and the Advertising Fee; provided, however, Sell-Off Articles may not be advertised or promoted during such period. Unauthorized sale or promotion of the Articles in the Territory or elsewhere upon termination or expiration would cause irreparable damage to Licensor and the prestige of the Licensed Marks. Any violation of this provision shall entitle Licensor to relief in the form of a temporary restraining order and preliminary injunction. Licensor reserves the prior right and option to purchase any or all Sell-Off Articles at a price equal to ****. The accounting and payment shall be due within thirty (30) days after the close of each three-month period. No payments of Guaranteed Minimum Royalty made during the Annual Period in which this Agreement shall terminate or expire shall be credited against any Sales Royalty payable on the sales of Sell-Off Articles. The provisions of this Paragraph 15.3 shall in no event be applicable if this Agreement should terminate pursuant to Paragraphs *****

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or in the event of any monetary default hereunder. In the last year of the term of this Agreement, Licensee agrees to maintain no more than ***** months' inventory of Articles as shall be estimated reasonably and in good faith. In no event shall Licensee maintain more than ***** months' inventory of Articles at any time as shall be estimated reasonably and in good faith.

15.4 Except as provided in Paragraph 15.3 above, on the expiration or termination hereof: (a) all rights of Licensee shall terminate forthwith and shall revert immediately to Licensor, and all payments of Sales Royalties, the Advertising Fee and the Campaign Fee based upon Net Sales theretofore made,

shall become immediately due and payable; (b) Licensee may no longer use the Licensed Marks and shall promptly transfer to Licensor, free of charge, all registrations, filings and rights with regard to the Licensed Marks which it may have possessed at any time; and (c) Licensee thereupon shall deliver to Licensor, free of charge, all samples, sketches and other material in its possession which were designed by or approved by Licensor or used in connection with the business conducted by Licensee hereunder and all other material in its possession with a Licensed Mark thereon. After the expiration or termination hereof, Licensee shall not use or permit others to use any of said sketches or other material in connection with Products or any other merchandise.

16. NOTICE

16.1 All reports, approvals, requests, demands and notices required or permitted hereby shall be in writing and shall be deemed to be duly given if personally delivered, if delivered by nationally-recognized overnight courier or mail service, such as Federal Express or Express Mail, or if mailed (by certified or registered mail, return receipt requested) to the party concerned at its address set forth below:

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To Licensor: at the address set forth on page 1:
Attention: Vice President, Licensing

with a copy to: Chief Financial Officer
c/o Kenneth Cole Productions, Inc.
603 West 50th Street
New York, New York 10019

and a copy to: General Counsel
c/o Kenneth Cole Productions, Inc.
603 West 50th Street
New York, New York 10019

To Licensee: at the address set forth on page 1:
Attention: Jeanette Nostra Katz, President

with a copy to: Neil Gold, Esq.
Fulbright & Jaworski
666 Fifth Avenue
New York, NY 10103

Either party may, from time to time, designate a different address by giving written notice to the other designating such address.

17. ASSIGNABILITY; BINDING EFFECT

17.1 The performance of Licensee hereunder is of a personal nature and, therefore, neither this Agreement nor the license or other rights granted hereunder may be assigned, sublicensed or transferred by Licensee and any such attempted assignment, sublicense or transfer, whether voluntary or by operation of law, directly or indirectly, shall be void and of no force or effect. A Change In Control (as defined below) of Licensee or any parent of Licensee shall be deemed an assignment hereof. Notwithstanding the provisions of this Paragraph 17.1, so long as Licensee is not in default of any of the terms and conditions of this Agreement beyond the applicable notice and cure periods, Licensee shall be permitted to transfer its corporate shares by bequest or inheritance between or among the present majority shareholders of Licensee, to their immediate family (i.e. spouses, parents, siblings or children or grandchildren) or in connection with estate planning: provided, however, that upon such transfer the operation of the business conducted shall be in the same manner and under the same corporate entity and pursuant to all of the provisions of this Agreement. Licensor's consent to any assignment, sublicense or transfer shall not be a waiver of Licensor's rights with respect to any further assignment, sublicense or transfer.

17.2 "Change in Control" shall mean (except as provided below in this definition) (i) a change in (a) the beneficial ownership at any time by an

entity or

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individual, either directly or indirectly, of equity securities or interests of Licensee or of any parent of Licensee, the voting power of which constitutes more than fifty percent (50%) or more of the aggregate voting power of the outstanding equity securities or interests, as the case may be, of the subject company, or (b) the membership in the Board of Directors of any such party such that more than one-half of the directors are persons whose election has not been previously recommended by the applicable pre-existing Board of Directors, or (ii) any merger, consolidation or reorganization of Licensee or any parent of Licensee in which the stockholders of the subject company immediately before the transaction do not own at least fifty percent (50%) of the combined voting power of the voting securities of the surviving entity or its parent immediately after the transaction, or (iii) any sale or transfer of all or substantially all of the assets of Licensee or any parent of Licensee to a purchaser or other transferee in which the stockholders of the subject company immediately before the transaction do not own at least fifty percent (50%) of the combined voting power of the voting securities of the surviving entity or its parent immediately after the transaction.

17.3 This Agreement shall inure to the benefit of and shall be binding upon the parties, their respective successors, Licensor's transferees and assigns and Licensee's permitted transferees and assigns.

18. ARBITRATION; COURT ACTIONS

18.1 Except as specifically set forth in Paragraph 14 above or otherwise in this Agreement, any and all disputes, controversies and claims arising out of or relating to this Agreement or concerning the respective rights or obligations hereunder of the parties hereto except disputes, controversies and claims relating to or affecting in any way Licensor's ownership of or the validity of the Licensed Marks or any registration thereof, or any application for registration thereof (the "LICENSED MARK DISPUTES") shall be settled and determined by arbitration in New York, New York before the Commercial Panel of the American Arbitration Association in accordance with and pursuant to the then existing Commercial Arbitration Rules. The arbitrators shall have the power to award specific performance or injunctive relief and reasonable attorneys' fees and expenses to any party in any such arbitration and the courts shall have similar power with regard to that injunctive relief sought by Licensor, with regard to Licensed Mark Disputes or as otherwise provided herein (collectively "COURT ACTIONS"). However, in any arbitration proceeding arising under this Agreement, the arbitrators shall not have the power to change, modify or alter any express condition, term or provision hereof, and to that extent the scope of their authority is limited. The arbitration award shall be final and binding upon the parties and judgment thereon may be entered in any court having jurisdiction thereof. The service of any notice, process, motion or other document in connection with an arbitration under this Agreement or for the enforcement of any arbitration award hereunder may be effectuated in the manner in which notices are to be given to a party pursuant to Paragraph 16 above.

18.2 Court Actions shall be brought in New York, New York in any court having competent jurisdiction, except that Licensor also may bring an injunctive

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proceeding in any jurisdiction where deemed appropriate by reason of its subject matter. Licensor and Licensee irrevocably submit to the jurisdiction of the State and Federal courts in New York, New York and the courts in such other jurisdictions in Court Actions and waive any claim or defense of inconvenient forum or lack of personal jurisdiction in such forum under any applicable law or decision or otherwise. Service of any notice, process, motion or other document in connection with a Court Action may be made in the same manner that notices may be given under Paragraph 16 above. However, Licensor may serve process in any manner permitted by the laws of the State of New York, or by the State or Federal courts located therein, or by the laws or courts of any such appropriate jurisdiction or any subdivision thereof.

19. MISCELLANEOUS

19.1 (a) Licensee shall sell Articles to the Licensor Group in such quantities as may be reasonably requested. All such purchases of Articles shall

be billed and paid on terms of sale no less favorable to Licensor than any other retail customer of Articles of Licensee. In connection with such sales, Licensee shall deliver to Licensor, free of charge, one sample of each Article ordered by the Licensor Group. For in-season goods, the price for sales to retail and outlet stores operating under a Licensed Mark (or any other trademark owned or controlled by Licensor) and to Licensor's catalogs and Websites shall be *****. Delivery of such Articles shall not be later than the dates of delivery of the same Articles to any other customer unless otherwise specified by Licensor. For close-outs, past-collection and all other similar off-price goods ("CLOSEOUTS"), Licensor shall have a first option to purchase all such Articles. Accordingly, before offering any Closeouts to any third party, Licensee shall deliver to Licensor a schedule of available Closeouts and Licensor shall notify Licensee, within ten (10) business days after the receipt of any such schedule, which, if any, of the available Closeouts Licensor shall purchase. The price for sales of Closeouts to retail and outlet stores operating under a Licensed Mark (or any other mark owned or controlled by Licensor) and to Licensor's catalogs and Websites shall be the lower of (i) ***** or (ii) current market value. In no event shall Licensee sell Closeouts to any third party at a price lower than that offered to the Licensor Group for the same goods without again offering them to the Licensor Group. Sales under this Paragraph 19.1(a) shall not be considered Net Sales for any purpose and no Sales Royalty, Advertising Fee, Campaign Fee or Minimum Marketing Amount shall be due and payable on any sales under this Paragraph 19.1(a).

(b) At the request of Licensor, Licensee shall sell Articles, in such quantities as may be ordered from time to time, to the Licensor Group or to Licensor's authorized international distributors for resale outside the Territory (the "FOREIGN DISTRIBUTORS"). The prices to be paid for Articles sold to such Foreign Distributors shall

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be no greater than "Factory Cost" plus ***** percent (**%). "FACTORY COST" shall be deemed to mean the costs of the components of the Articles and any their raw materials plus assembly costs. All other terms of sale shall be no less favorable to said Foreign Distributors than to any other customer of the Articles. In the event Licensee shall sell Articles to any Foreign Distributor, Licensee shall deal directly with such Foreign Distributor and shall look solely to it in such dealings. Sales under this Paragraph 19.1(b) shall not be considered Net Sales for any purpose and no Sales Royalty, Advertising Fee, Campaign Fee or Minimum Marketing Amount shall be due and payable on any sales under this Paragraph 19.1(b).

19.2 (a) All of the contents of this Agreement and all information relating to the business, operations and personnel of the members of the Licensor Group that Licensee learns or has learned during or prior to the term of this Agreement, including all financial information and business plans relating to the business of Licensor or any of its affiliates, and all concepts, design components, specifications, creative concepts and marketing, advertising and promotional concepts and plans that Licensor provides to Licensee or that Licensor approves for use in connection with Articles ("CONFIDENTIAL INFORMATION"), are their valuable property. Licensee acknowledges the need to preserve the confidentiality and secrecy of the Confidential Information. Therefore, during the term of this Agreement and thereafter, neither Licensee nor any member of the Licensee Group shall use or disclose any of the Confidential Information, except for such use by or on behalf of Licensee that is permitted under this Agreement. Licensee shall take all necessary steps to ensure that any use by it and those acting on its behalf, including the members of the Licensee Group, the Contractors and its suppliers, shall preserve the confidentiality and secrecy thereof.

(b) Licensor shall not, at any time during the term of this Agreement, disclose or use for any purpose, other than as specifically required under this Agreement or by any law, statute, regulation or rule required of any publicly-held company, any acquired financial information, business plans, or similar confidential information or data relating to the business operations of Licensee or the terms and conditions of this Agreement.

(c) All concepts, design components and specifications and all rights therein, if either submitted by or approved by Licensor for use in connection with the Articles, shall be the exclusive property of Licensor and may be used by Licensee only in connection this Agreement. If any concepts, design components, specifications or other materials so submitted or approved by Licensor are not used by Licensee, Licensee shall deliver such items to

Licensor, at Licensee's expense, and shall not use them or permit their use by others. Whether or not Licensee uses any of these items, Licensor may permit others to use them, but only if such use does not conflict with the rights granted to Licensee hereunder.

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(d) Neither Licensee nor any member of the Licensee Group shall manufacture or sell any Products or other products bearing designs or of a styling substantially similar to the unique or distinctive designs or styling of any Articles or authorize any third party to do so; nor shall Licensee or any member of the Licensee Group manufacture or sell (i) any Products or other products using distinctive materials used for any Articles or (ii) a collection of Products or other products with substantially the same "color story" as any seasonal collection under this Agreement. ("Color story" means the unique or distinctive group of colors/color theme, patterns and prints that Licensor has approved for a seasonal collection by gender.) However, the colors, patterns and/or prints contained in Licensor's color story may be used in other of their collections of products if such colors, patterns and/or prints are not distinctive and do not constitute a substantial portion of the colors, patterns and/or prints featured in their other collections and, in marketing the other collections, the colors, patterns and/or prints of Licensor's color story are not grouped apart from other colors, patterns and/or prints or otherwise highlighted. Also, Licensee shall implement appropriate internal procedures to ensure that the provisions of this Paragraph 19.2(c) are not violated.

(e) Licensee shall indemnify the members of the Licensor Group against any damage that may be suffered by any of them as a result of any breach by Licensee, any of the members of the Licensee Group, any of the Contractors or any of Licensee's suppliers of the provisions of Paragraph 19.2. The provisions of and the obligations of Licensee and the members of the Licensee Group under Paragraph 19.2 shall survive termination or expiration of this Agreement.

19.3 Notwithstanding anything to the contrary herein, Licensor may, at any time, negotiate and enter into agreements with third parties pursuant to which it may grant licenses to use the Licensed Marks in connection with the manufacture, distribution and/or sale of Products in the Territory, but only if, pursuant to such third party agreements, the collections of such Products are not shipped prior to the expiration or termination of this Agreement. Nothing herein shall be construed to prevent the Licensor Group or any such licensee from showing such Products and accepting orders therefor prior to the expiration or termination hereof.

19.4 This Agreement shall be construed and interpreted in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State, contains the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, supersedes all prior oral and written understandings and agreements relating thereto and may not be modified, discharged or terminated, nor may any of the provisions hereof be waived orally.

19.5 As of January 1, 2005, this Agreement supercedes the Prior License Agreement and neither party shall assert any claim with respect to said agreement except as expressly contained in this Agreement. The parties agree to complete a final accounting of all amounts due and outstanding between them with respect to their respective obligations and payments under the Prior License Agreement by no later than

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February 1, 2005. Any net amounts owed by Licensee to Licensor shall be paid within thirty (30) days after such accounting and any net amounts owed by Licensor to Licensee shall be credited against Licensee's obligations under this Agreement. In addition, the provisions of Paragraphs 10.1, 10.2, 11.4, 12.1, 12.2, 17.1, 18.2 and 18.4 of the Prior License Agreement shall continue in full effect.

19.6 Nothing herein shall be construed to constitute the parties hereto as partners or as joint venturers, or either as agent of the other. Under no circumstances shall Licensee hold itself out as an affiliate or subsidiary of the Licensor Group or as being associated with the Licensor Group other than as a duly authorized Licensee of the Licensed Marks. Licensee shall have no power

to obligate or bind Licensor in any manner.

19.7 No waiver by a party, whether express or implied, of any provision hereof, or of any breach or default thereof, shall constitute a continuing waiver of such provision or of any other provision of this Agreement. Acceptance of payments by Licensor shall not be deemed a waiver of any violation of or default under any of the provisions hereof by Licensee.

19.8 Licensor and Licensee represent and warrant to each other that it has not dealt with any broker, finder or other person in connection with the negotiation and execution of this Agreement. Each party agrees to and shall indemnify and hold harmless the other from any and all losses, costs, damages, and expenses arising out of or in connection with claims of any kind which assert the inaccuracy or breach by the indemnitor of the above representation and warranty, including, without limitation, attorneys' fees and court costs.

19.9 (a) Notwithstanding any other provision of this Agreement and except for any monetary obligations due under this Agreement, any performance by Licensee or Licensor under this Agreement shall be extended for the period of any delay caused by an act of God or the public enemy, civil war, insurrection or riot, fires, explosions, major accidents, governmental priorities, restrictions or allocations or strikes or labor disputes (collectively, "FORCE MAJEURE"), but in no event shall such extension be longer than one hundred twenty (120) days. In any such event, the party affected thereby shall promptly notify the other in writing of such affected party's inability to perform.

(b) To the extent Licensee can demonstrate that an instance of Force Majeure materially reduced Net Sales, Licensee shall be exempt from default under Paragraph 13.1(iii) hereunder for the Annual Period in which the instance of Force Majeure occurs, provided, however, that such exemption shall have no effect on Licensee's other obligations under this Agreement, including but not limited to those with respect to Guaranteed Minimum Royalty, Advertising Fee and Campaign Fee. Licensee may only invoke the protection of this Paragraph 19.9(b) by providing Licensor with written notice within ninety (90) days of the submission of the first Quarterly

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Statement reflecting the material reduction in Net Sales as a result of the instance of Force Majeure.

19.10 During the term of this Agreement and for two years thereafter, each party agrees and represents that it shall not, directly or indirectly, solicit for employment or employ on any basis whatsoever, any employee of the other party who, in such party's reasonable judgment, holds a position requiring a material level of responsibility, trust, training, experience or know-how.

19.11 Licensee shall not, directly or indirectly, during the term of this Agreement or at any time thereafter, do or refrain from doing anything that may adversely affect, or disparage the reputation, prestige, value, image or impression of the Licensed Marks, Licensor, the Articles, the Licensor Group or any of the Licensor Group's officers, directors, affiliates, personnel, products, brands, or related companies, by words, actions or other communications, or by any omissions to speak, act or otherwise communicate, or in any other manner whatsoever. Licensor shall not, directly or indirectly, during the term of this Agreement or at any time thereafter, do anything that may adversely affect, or disparage the reputation, prestige, value, image or impression of Licensee, the Articles, or any of Licensee's officers, directors, affiliates, personnel, products, brands, or related companies, by words, actions or other communications, or by any omissions to speak, act or otherwise communicate, or in any other manner whatsoever.

19.12 (a) Licensor hereby represents and warrants to Licensee that: (i) Kenneth Cole Productions (LIC) is a corporation duly organized, validly existing and in good standing under the laws of the Bahamas; (ii) it has all requisite power and authority to execute and deliver this Agreement and to carry out the transactions contemplated hereby; and (iii) the execution by Licensor of this Agreement and the execution of the transactions contemplated hereby do not and shall not conflict with, result in a breach of the terms and conditions of, or constitute a default under Licensor's articles of incorporation or bylaws, or to the best of Licensor's knowledge violate any law, regulation or court order applicable to Licensor, or any license, agreement, contract, indenture or other instrument to which Licensor or any member of the Licensor Group is now a party or by which Licensor or its assets may be bound or affected.

(b) Licensee hereby represents and warrants to Licensor that: (i) it is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware; (ii) it has all requisite power and authority to execute and deliver this Agreement and to carry out the transactions contemplated hereby; and (iii) the execution by Licensee of this Agreement and the execution of the transactions contemplated hereby do not and shall not conflict with, result in a breach of the terms and conditions of, or constitute a default under, Licensee's articles of incorporation or bylaws, or to the best of Licensee's knowledge violate any law, regulation or court order applicable to Licensor or any license, agreement, contract, indenture or other instrument to which Licensee is now a party or by which Licensee or its assets may be bound or affected.

19.13 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. If this Agreement is executed in counterparts, no signatory hereto shall be bound until all parties named below have duly executed or caused to be duly executed a counterpart of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement the day and year first above written.

KENNETH COLE PRODUCTIONS (LIC), INC.

/S/ LUCIANA MAZZUEATO

BY: LUCIANA MAZZUEATO
ITS: DIRECTOR

G-III APPAREL GROUP, INC.

/S/ WAYNE MILLER

BY: WAYNE S. MILLER
ITS: CHIEF OPERATING OFFICER

Acknowledged and Agreed
solely with respect to Paragraph 12.1(b):

KENNETH COLE PRODUCTIONS, INC.

/S/ PAUL BLUM

BY: PAUL BLUM
ITS: PRESIDENT

EXHIBIT 1

KENNETH COLE PRODUCT APPROVAL FORM

LICENSEE:

PRODUCT CATEGORY:

STYLE/ REFERENCE NO:

DATE:

LINE: KENNETH COLE NEW YORK

COLLECTION:

CONCEPT APPROVAL SKETCH/ DESCRIPTION:

MATERIALS:

APPROVAL SIGNATURE: _____

DATE: _____

FINAL SAMPLE APPROVAL: _____

DATE: _____

PRODUCTION APPROVAL: _____

DATE: _____

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EXHIBIT 2

BUSINESS PLAN AND MARKETING PLAN SAMPLE

I. BUSINESS PLAN

A. SALES OBJECTIVES

1. PROJECTED VOLUMES
2. PROJECTED DOORS
3. DISTRIBUTION STRATEGIES
4. ANALYSIS OF PAST SEASON VOLUMES
5. DOOR PLAN DETAILING PROJECTED PRODUCT ASSORTMENT BY DOOR

B. ADVERTISING, MARKETING, PROMOTION AND PUBLIC RELATIONS OBJECTIVES

C. SHOP-IN-SHOPS

1. STRATEGIES
2. PROJECTED EXPENDITURES BY GENDER, CUSTOMER, DOOR

D. ORGANIZATIONAL STRUCTURE

E. LAUNCHES OF NEW INITIATIVES, NEW CATEGORIES

F. ANALYSIS OF COMPETITION INCLUDING PRICING

G. QUALITY, SOURCING AND OPERATIONAL ISSUES

II. MARKETING PLAN

A. STRATEGY, INCLUDING EXPENDITURES, BY GENDER AND TYPE OF ADVERTISING VEHICLES, MARKETING AND PUBLIC RELATIONS

B. LAUNCH ACTIVITIES

C. COLLATERAL SUPPORT

D. MEDIA PLAN

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1. ADVERTISING SCHEDULE BY GENDER FOR ALL PRINT MEDIA
2. RADIO AND TELEVISION, IF APPLICABLE

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EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Morris Goldfarb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2004

/s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Wayne S. Miller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 15, 2004

/s/ Wayne Miller

Wayne S. Miller
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended October 31, 2004, as filed with the Securities and Exchange Commission (the "Report"), I, Morris Goldfarb, Chief Executive Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: December 15, 2004

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended October 31, 2004, as filed with the Securities and Exchange Commission (the "Report"), I, Wayne Miller, Chief Financial Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Wayne Miller

Wayne S. Miller
Chief Financial Officer

Date: December 15, 2004

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.