G III APPAREL GROUP LTD /DE/
Form 10-K
March 31, 2014
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
  OF THE SECURITIES EXCHANGE ACT OF 1934
  For the fiscal year ended January 31, 2014

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)

Registrant's telephone number, including area code:
(212) 403-0500
Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Exchange on which registered
Common Stock, $0.01 par value	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:
None.
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes No
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 No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark if the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of July 31, 2013, the aggregate market value of the registrant's voting stock held by non-affiliates of the registrant (based on the last sale price for such shares as quoted by the Nasdaq Global Select Market) was approximately $881,842,798.

The number of outstanding shares of the registrant's Common Stock as of March 28, 2014 was 20,509,166.

Documents incorporated by reference: Certain portions of the registrant's definitive Proxy Statement relating to the registrant's Annual Meeting of Stockholders to be held on or about June 10, 2014, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, are incorporated by reference into Part III of this Report.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various statements contained in this Form 10-K or incorporated by reference into this Form 10-K, in future filings by us with the Securities and Exchange Commission (the "SEC"), in our press releases and in oral statements made from time to time by us or on our behalf constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and are indicated by words or phrases such as "anticipate," "estimate," "expect," "will," "project," "we believe," "is or remains optimistic," "curren envisions," "forecasts," "goal" and similar words or phrases and involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from the future results, performance or achievements expressed in or implied by such forward-looking statements. Forward-looking statements also include representations of our expectations or beliefs concerning future events that involve risks and uncertainties, including, but not limited to, those described in Part I, "Item 1A. Risk Factors" and the following:

- our dependence on licensed product;
- our dependence on the strategies and reputation of our licensors;
- costs and uncertainties with respect to expansion of our product offerings;
- the performance of our products at retail and customer acceptance of new products;
- customer concentration;
- risks of doing business abroad;
- price, availability and quality of materials used in our products;
- the need to protect our trademarks and other intellectual property;
- risks relating to our retail business;
- risks relating to our Vilebrequin and G.H. Bass businesses;

- dependence on existing management;
- our ability to make strategic acquisitions and possible disruptions from acquisitions;
- need for additional financing;
- seasonal nature of our business;
- our reliance on foreign manufacturers;
- the need to successfully upgrade, maintain and secure our information systems;
- the impact of the current economic and credit environment on us, our customers, suppliers and vendors;
- the effects of competition in the markets in which we operate;
- consolidation of our retail customers;
- additional legislation and/or regulation in the U.S. or around the world;
- our ability to import products in a timely and cost effective manner;
- our ability to continue to maintain our reputation;
- fluctuations in the price of our common stock;

- potential effect on the price of our common stock if actual results are worse than financial forecasts; and
- the effect of regulations applicable to us as a U.S. public company.

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These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is described in Part I of this Form 10-K under the heading of "Risk Factors." We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

WEBSITE ACCESS TO REPORTS

Our internet website is www.g-iii.com. We make available free of charge on our website (under the heading "Investor Relations") our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. No information contained on our website is intended to be included as part of, or incorporated by reference into, this Annual Report on Form 10-K. Information relating to our corporate governance, including our Code of Ethics and Committee charters, is available at our website under "Investor Relations." Paper copies of these filings and corporate governance documents are available to stockholders free of charge by written request to Investor Relations, G-III Apparel Group, Ltd., 512 Seventh Avenue, New York, New York 10018. Documents filed with the SEC are also available on the SEC's website at www.sec.gov.

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ITEM 1. BUSINESS.

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. For example, our fiscal year ended January 31, 2014 is referred to as “fiscal 2014.”

Overview

G-III designs, manufactures and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women’s suits and women’s performance wear, as well as footwear, luggage and women’s handbags, small leather goods and cold weather accessories. We sell our products under our own proprietary brands, licensed brands and private retail labels.

G-III sells swimwear, resort wear and related accessories under our own Vilebrequin brand and footwear, apparel and accessories under our own Bass and G.H. Bass brands. We also sell a variety of apparel products under our other owned brands that include Andrew Marc, Marc New York, Jessica Howard, Eliza J and Black Rivet.

Selling products under well-known licensed brands is an important part of our strategy. We have licenses to produce branded fashion apparel under numerous well-known brands, including such brands as Calvin Klein, Kenneth Cole, Guess?, Cole Haan and Tommy Hilfiger. In our team sports business, we have licenses with the National Football League, National Basketball Association, Major League Baseball, National Hockey League, Touch by Alyssa Milano and over 100 U.S. colleges and universities.

We also work with a diversified group of retailers, such as JC Penney, Express, and Kohl’s, in developing private label product lines.

We provide high quality apparel under recognized brands to a cross section of leading retailers such as Macy’s, Bloomingdale’s, Nordstrom, Neiman Marcus, Saks Fifth Avenue, Lord & Taylor, The Bon-Ton Stores, Dillard’s and JC Penney. We distribute our products through a diverse mix and a large number of retailers at a variety of price points, as well as through our own retail stores.

As of January 31, 2014, we operated 426 retail stores, of which 165 are operated under the Wilsons Leather name, 156 are operated under the G.H. Bass name, 5 are operated under our Andrew Marc brand and 70 are Vilebrequin retail stores. Substantially all of our Wilsons, G.H. Bass and Andrew Marc stores are operated as outlet stores. We also operate retail stores under the licensed Calvin Klein Performance brand. As of January 31, 2014, 3 of these stores are located in the United States and 27 are located in China.

We have acquired businesses that have broadened our product offerings, expanded our ability to serve different tiers of distribution and added a retail component to our business. Our acquisitions are part of our strategy to expand our product offerings and increase the portfolio of proprietary and licensed brands that we offer through different tiers of retail distribution.

In November 2013, we acquired the business of G.H. Bass & Co., a well-known heritage brand that developed the iconic original penny loafer (known as “Weejuns”). Bass footwear, apparel and accessories are sold primarily through our G.H. Bass outlet stores located in the United States. The brand is also licensed for the wholesale distribution of men’s and women’s footwear and men’s sportswear.

In August 2012, we acquired Vilebrequin, a premier provider of status swimwear, resort wear and related accessories. Vilebrequin sells its products through a network of company owned and franchised specialty retail stores and shops, as well as through select wholesale distribution. We believe that Vilebrequin is capable of significant worldwide expansion.

We have three reportable segments, licensed products, non-licensed products and retail operations. The licensed products segment includes sales of products under brands licensed by us from third parties. The non-licensed products segment includes sales of products under our own brands and private label brands. The retail operations segment consists primarily of our Wilsons and G.H. Bass stores, as well as a limited number of Andrew Marc retail stores and Calvin Klein Performance stores. See Note K to our Consolidated Financial Statements for financial information with respect to these segments.

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G-III Apparel Group, Ltd. is a Delaware corporation that was formed in 1989. We and our predecessors have conducted our business since 1974.

Competitive Strengths

We believe that our broad portfolio of high-profile brands combined with our extensive distribution relationships position us for growth. We intend to capitalize on the following competitive strengths in order to achieve our goal of creating an all-season diversified apparel company:

Broad portfolio of recognized brands. We have built a broad and deep portfolio of over 40 licensed and proprietary brands. We believe we are a licensee of choice for well-known brands that have built a loyal following of both fashion-conscious consumers and retailers who desire high quality, well designed products. We have selectively added the licensing rights to premier brands in women's, men's and sports categories catering to a wide range of customers. In an environment of rapidly changing consumer fashion trends, we benefit from a balanced mix of well-established and newer brands. In addition to our licensed brands, we own several successful proprietary brands, including Vilebrequin, Bass, G.H. Bass, Andrew Marc, Marc New York and Eliza J. Our experience in developing and acquiring licensed brands and proprietary labels, as well as our reputation for producing high quality, well-designed apparel, has led major department stores and retailers to select us as a designer and manufacturer for their private label programs.

We currently market apparel and other products under, among others, the following licensed and proprietary brand names:

Women's	Men's	Team Sports
Licensed Brands		
Calvin Klein	Calvin Klein	National Football League
ck Calvin Klein	ck Calvin Klein	Major League Baseball
Guess	Guess	National Basketball Association
Guess?	Guess?	National Hockey League
Kenneth Cole NY	Kenneth Cole NY	Touch by Alyssa Milano
Reaction Kenneth Cole	Reaction Kenneth Cole	Collegiate Licensing Company
Cole Haan	Cole Haan	Major League Soccer
Levi's	Levi's	
Vince Camuto	Vince Camuto	
Tommy Hilfiger	Tommy Hilfiger	
Jessica Simpson	Dockers	
Ivanka Trump		
Jones New York		
Nine West		
Ellen Tracy		
Kensie		
Mac & Jac		
Proprietary Brands		
Andrew Marc	Andrew Marc	G-III Sports by Carl Banks
Marc New York	Marc New York	G-III for Her
Vilebrequin	Vilebrequin	
Bass	Bass	
G.H. Bass	G.H. Bass	
Black Rivet	Black Rivet	
Wilsons	Wilsons	
Eliza J		
Jessica Howard		

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Diversified distribution base. We market our products at multiple price points and across multiple channels of distribution, allowing us to provide products to a broad range of consumers, while reducing our reliance on any one demographic segment, merchandise preference or distribution channel. Our products are sold to approximately 3,100 customers, including a cross section of retailers such as Macy's, Nordstrom, Saks Fifth Avenue, Lord & Taylor, Dillard's, JC Penney, TJX Companies and Ross Stores, and membership clubs such as Costco and Sam's Club. As a result of our broad distribution platform, we are a licensee and supplier of choice and can more easily adapt to changes in the retail environment. We believe our strong relationships with retailers have been established through many years of personal customer service and adherence to meeting or exceeding retailer expectations. Our Wilsons and Andrew Marc retail stores provide an additional distribution network for our products. We distribute our Vilebrequin products through a network of company owned and franchised specialty retail stores and shops, as well as through select wholesale distribution, and distribute our Bass and G.H. Bass products through our outlet stores and through licensees.

Superior design, sourcing and quality control. Our in-house design and merchandising team designs substantially all of our licensed, proprietary and private label products. Our designers work closely with our licensors and private label customers to create designs and styles that represent the look they want. We believe that our creative design team and our sourcing expertise give us an advantage in product development. We have a network of worldwide suppliers that allows us to negotiate competitive terms without relying on any single vendor. In addition, we employ a quality control team and a sourcing group in China to ensure the quality of our products. We believe we have developed a significant customer following and positive reputation in the industry as a result of our design capabilities, sourcing expertise, on-time delivery and high standards of quality control. Our acquisition of Vilebrequin added experienced design capability and additional sourcing resources in Europe. With its distinctive product design and construction, Vilebrequin, unlike the rest of our business, relies on two manufacturers for the substantial majority of its product.

Leadership position in the wholesale business. As one of the largest wholesalers of outerwear, dresses and sportswear, we are widely recognized within the apparel industry for our high-quality and well-designed products. Our expertise and reputation in designing, manufacturing and marketing apparel have enabled us to build strong customer relationships. Our reputation and relationships, as well as the design skill demonstrated by our in-house team, provided us with the ability to become one of the leading dress suppliers in the United States over the past several years. We have also expanded into women's performance wear and other apparel categories, as well as to non-apparel categories such as luggage, handbags, small leather goods and accessories.

Experienced management team. Our executive management team has worked together for a significant period of time and has extensive experience in the apparel industry. Morris Goldfarb, our Chairman, Chief Executive Officer and President, has been with us for almost 40 years. Sammy Aaron, our Vice Chairman, joined us in 2005 when we acquired Marvin Richards, Wayne S. Miller, our Chief Operating Officer, has been with us for over 15 years and Neal S. Nackman, our Chief Financial Officer, has been with us for over 10 years. Each of our executive officers has over 30 years of experience in the apparel business.

Growth Strategy

Our goal is to build an all-season diversified apparel company with a broad portfolio of brands that we offer in multiple channels of retail distribution through the following growth strategies:

Execute diversification initiatives. We are continually seeking opportunities to produce products for all seasons as we attempt to reduce our dependence on our third fiscal quarter for a significant portion of our net sales and our net income. We have initiated the following diversification efforts:

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  - In November 2013, we acquired G.H. Bass, a well-known heritage brand that sells footwear, apparel and accessories. This acquisition continued the diversification of our product offerings and expanded the scope of our retail business that started with our acquisition of Wilsons in 2008. We expect to apply the expertise of our Wilsons team to the operations of the G.H. Bass business and be able to leverage the infrastructure at Wilsons to benefit Bass.

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- In August 2012, we acquired Vilebrequin, a premier provider of status swimwear, resort wear and related accessories. We believe that Vilebrequin is a powerful brand and expect to add more company owned and franchised retail locations and increase our wholesale distribution throughout the world, as well as develop the business beyond its heritage in men's swimwear, resort wear and related accessories.

- We have continually expanded our relationship with Calvin Klein. Initially, we had licenses for Calvin Klein men's and women's outerwear. Between 2005 and 2011, we added licenses for women's suits, dresses, women's performance wear, women's better sportswear, women's handbags and small leather goods and luggage, as well as to operate Calvin Klein Performance retail stores in the United States and China. In April 2013, we added a license for Calvin Klein men's and women's swimwear that became effective as of December 1, 2013. Most recently, in March 2014, the current term of each of our Calvin Klein license agreements was extended to December 31, 2023.

- In December 2012, we entered into a license agreement covering a broad range of women's apparel under the Ivanka Trump brand including women's sportswear, dresses, women's suits and women's outerwear. We began shipping Ivanka Trump products in the third quarter of fiscal 2014 and believe this line has excellent potential for expansion.

Continue to grow our apparel business. We have been a leader in the apparel business for many years and believe we can continue to grow our apparel business. Specifically, our Calvin Klein men's and women's businesses benefit from Calvin Klein's strong brand awareness and loyalty among consumers. Our acquisition of Andrew Marc added two well-known proprietary brands in the men's and women's apparel market, as well as licenses for men's and women's outerwear under the Levi's and Dockers brands. More recently, we added licenses for a variety of apparel products under the Kensie and Ivanka Trump brands and for women's outerwear under the Tommy Hilfiger brand.

Add new product categories. We have been able to leverage our expertise and experience in the apparel business, our relationships with our licensors and our sourcing capabilities to expand our licenses to new product categories such as dresses, sportswear, women's suits, women's performance wear and men's and women's swimwear. We expanded our licenses with Calvin Klein beyond apparel categories to include luggage, women's handbags, small leather goods and cold weather accessories. In addition, we added luggage to the products we sell under the Tommy Hilfiger brand and added swimwear, resort wear and related accessories as a result of our acquisition of Vilebrequin. Most recently, our acquisition of G.H. Bass added footwear to our product mix. We will attempt to expand our distribution of products in these and other categories under licensed brands, our own brands and private label brands.

Seek attractive acquisitions. We plan to pursue acquisitions of complementary product lines and businesses. We continually review acquisition opportunities. Most recently, we acquired G.H. Bass, a well-known heritage brand that operates over 150 outlet stores, and Vilebrequin, which provides us with a premier brand selling status products worldwide. As a result of other acquisitions, we added name-brand licenses, including Calvin Klein, Guess?, Ellen Tracy, Tommy Hilfiger, Levi's and Dockers, as well as proprietary labels and private label programs. We acquired our Jessica Howard and Eliza J dress businesses and Andrew Marc, each of which added to our portfolio of proprietary brands. We also acquired the Wilsons Leather outlet store business. Our acquisitions have increased our portfolio of licensed and proprietary brands, allowed us to realize economies of scale and added a retail component to our business. We believe that our existing infrastructure and management depth will enable us to complete additional acquisitions in the apparel industry.

Products — Development and Design

G-III designs, manufactures and markets women's and men's apparel at a wide range of retail sales prices. Our product offerings primarily include outerwear, dresses, sportswear, swimwear, women's suits and women's performance wear. We also market footwear and accessories including luggage, women's handbags, small leather goods and cold weather accessories.

G-III's licensed apparel consists of both women's and men's products. Our strategy is to seek licenses that will enable us to offer a range of products targeting different price points and different distribution channels.

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Our Vilebrequin line of swimwear, resort wear and related accessories is sold through a network of company owned and franchised specialty retail stores and shops, as well as through select wholesale distribution. Our Bass and G.H. Bass footwear, apparel and accessories are sold in our outlet stores and through licensees. The Andrew Marc line of women's and men's luxury apparel is sold to upscale department and specialty retail stores. The Marc New York line of women's and men's better priced outerwear is sold to upper tier stores. Eliza J is a better dress line that sells to better department and specialty stores. The Jessica Howard label is a moderate price dress line that sells to department stores, specialty stores and catalogs. The Black Rivet line of apparel consists of women's and men's outerwear. We sell men's team sports-related apparel under our G-III Sports by Carl Banks label.

We also work with a diversified group of retail chains, such as JC Penney, Express and Kohl's, in developing product lines that are sold under their private label programs. Our design teams collaborate with our customers to produce custom made products for department and specialty chain stores. Store buyers may provide samples to us or may select styles already available in our showrooms. We believe we have established a reputation among these buyers for our ability to produce high quality product on a reliable, expeditious and cost-effective basis.

Our in-house designers are responsible for the design and look of our licensed and non-licensed products. We work closely with our licensors to create designs and styles for each of our licensed brands. Licensors generally must approve products to be sold under their brand names prior to production. We maintain a global pulse on styles, using trend services and color services to enable us to quickly respond to style changes in the apparel industry. Our experienced design personnel and our focused use of outside services enable us to incorporate current trends and consumer preferences in designing new products and styles.

Our design personnel meet regularly with our sales and merchandising departments, as well as with the design and merchandising staffs of our licensors, to review market trends, sales results and the popularity of our latest products. In addition, our representatives regularly attend trade and fashion shows and shop at fashion forward stores in the United States, Europe and the Far East. Our designers present sample items along with their evaluation of the styles expected to be in demand in the United States. We also seek input from selected customers with respect to product design. We believe that our sensitivity to the needs of retailers, coupled with the flexibility of our production capabilities and our continual monitoring of the retail market, enables us to modify designs and order specifications in a timely fashion.

Licensing

The sale of licensed products is a key element of our strategy and we have continually expanded our offerings of licensed products for the past 20 years. In December 2012, we entered into a license agreement covering a broad range of women's apparel under the Ivanka Trump brand and in November 2013, we expanded our relationship with Tommy Hilfiger to include a license for women's outerwear. In April 2013, we entered into a license for Calvin Klein men's and women's swimwear that became effective on December 1, 2013.

We have ten different license agreements relating to a variety of products sold under the Calvin Klein brand. In March 2014, the current term of each of these ten license agreements was extended to December 31, 2023.

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The following table sets forth, for each of our principal licenses, the date on which the current term ends and the date on which any potential renewal term ends.

License	Date Current Term Ends	Date Potential Renewal Term Ends
Fashion Licenses		
Calvin Klein (Men's outerwear)	December 31, 2023	None
Calvin Klein (Women's outerwear)	December 31, 2023	None
Calvin Klein (Women's dresses)	December 31, 2023	None
Calvin Klein (Women's suits)	December 31, 2023	None
Calvin Klein (Women's performance wear)	December 31, 2023	None
Calvin Klein (Women's better sportswear)	December 31, 2023	None
Calvin Klein (Better luggage)	December 31, 2023	None
Calvin Klein (Women's handbags and small leather goods)	December 31, 2023	None
Calvin Klein (Women's performance retail)	December 31, 2023	None
Calvin Klein (Men's and women's swimwear)	December 31, 2023	None
Cole Haan (Men's and women's outerwear)	January 31, 2016	None
Dockers (Men's outerwear)	November 30, 2017	None
Ellen Tracy (Women's outerwear, dresses and suits and men's outerwear)	December 31, 2018	December 31, 2021
Guess/Guess? (Men's and women's outerwear)	December 31, 2018	December 31, 2023
Guess/Guess? (Women's dresses)	December 31, 2018	December 31, 2023
Ivanka Trump (Women's sportswear, suits, dresses, activewear, jeanswear, sweaters and blouses)	December 31, 2018	December 31, 2023
Jessica Simpson (Women's dresses)	January 31, 2017	January 31, 2020
Jessica Simpson (Women's outerwear)	December 31, 2014	December 31, 2017
Jones New York (Women's outerwear)	January 31, 2015	None
Kenneth Cole NY/Reaction Kenneth Cole (Men's and women's outerwear)	December 31, 2015	None
Kensie/Mac & Jac (Women's sportswear, dresses, suits, active wear and sweaters)	January 31, 2017	January 31, 2022
Kensie/Mac & Jac (Women's cold weather accessories)	January 31, 2017	January 31, 2022
Kensie/Mac & Jac (Women's handbags)	January 31, 2017	January 31, 2022
Levi's (Men's and women's outerwear)	November 30, 2017	None
Tommy Hilfiger (Men's outerwear)	March 31, 2016	None
Tommy Hilfiger (Luggage)	December 31, 2014	None
Tommy Hilfiger (Women's outerwear)	December 31, 2016	None
Vince Camuto (Women's dresses)	December 31, 2014	December 31, 2017
Vince Camuto (Men's outerwear)	December 31, 2014	December 31, 2017
Team Sports Licenses		
Collegiate Licensing Company	March 31, 2016	None
Major League Baseball (Men's)	October 31, 2014	None
Major League Baseball (Ladies)	October 31, 2014	None
National Basketball Association	September 30, 2017	None
National Football League	March 31, 2017	None
National Hockey League	June 30, 2016	None

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Under our license agreements, we are generally required to achieve minimum net sales of licensed products, pay guaranteed minimum royalties, make specified royalty and advertising payments (usually based on a percentage of net sales of licensed products), and receive prior approval of the licensor as to all design and other elements of a product prior to production. License agreements also may restrict our ability to enter into other license agreements for competing products or acquire businesses that produce competing products. If we do not satisfy any of these requirements or otherwise fail to meet our obligations under a license agreement, a licensor usually will have the right to terminate our license. License agreements also typically restrict our ability to assign or transfer the agreement without the prior written consent of a licensor and generally provide that a change in control, including as a result of the acquisition of us by another company, is considered to be a transfer of the license agreement that would give a licensor the right to terminate the license unless it has approved the transaction.

Our ability to renew the current term of a license agreement may be subject to the discretion of the licensor or to attaining minimum sales and/or royalty levels and to our compliance with the provisions of the agreement. We believe that brand owners are looking to consolidate the number of licensees they engage to develop product and to choose licensees who have a successful track record of developing brands. We continue to seek other opportunities to enter into license agreements in order to expand our product offerings under well-known labels and broaden the markets that we serve.

Revenues from the sale of licensed products accounted for 64.1% of our net sales in fiscal 2014 compared to 67.3% of our net sales in fiscal 2013 and 65.5% of our net sales in fiscal 2012.

Proprietary Brands

Dating back to the beginning of our company, G-III has sold apparel under our own proprietary brands. Over the years, we developed or acquired brands such as G-III Sports by Carl Banks, Eliza J, Black Rivet and Jessica Howard. Most recently, we acquired G.H. Bass, a well-known heritage brand, and Vilebrequin, which provides us with a premier brand selling status products worldwide.

Andrew Marc and Marc New York provide us with upscale company-owned brands. We utilize our own in-house capabilities to create our core women’s and men’s outerwear, women’s performance wear and handbags, as well as a women’s dress line for Marc New York.

One of our important initiatives has been to develop the Andrew Marc family of brands into a meaningful lifestyle brand. In addition to the core products that we develop and market for these brands, we have sought to expand the reach of these brands by entering into license agreements with third parties for various categories of apparel and accessories. We continually look for new opportunities to leverage these brands.

In August 2012, we acquired Vilebrequin, a premier provider of status swimwear, resort wear and related accessories. Vilebrequin sells its products in over 50 countries around the world through a network of company owned and franchised specialty retail stores and shops, as well as through select wholesale distribution. We believe that Vilebrequin is capable of significant worldwide expansion. A majority of Vilebrequin’s current revenues are derived from sales in Europe and the United States.

Vilebrequin’s iconic designs and reputation are linked to its Cote d’Azur heritage arising from its founding in St. Tropez over forty years ago. Vilebrequin’s men’s swimwear, which accounts for the majority of its sales, is known for its exclusive prints, wide range of colors, attention to detail, quick drying fabric and well-designed cut.

In addition to swimwear, Vilebrequin sells a line of resort wear products, including shirts, T-shirts, Bermuda shorts and trousers, and related accessories, including hats, beach and travel bags, beach towels and sunglasses. Vilebrequin recently introduced sun care products and sandals and an improved collection of women’s swimwear and resort wear.

Our acquisition of Vilebrequin provides us with a premier brand selling status products worldwide. We believe that Vilebrequin is a powerful brand and expect to add more company owned and franchised retail locations and increase our wholesale distribution throughout the world, as well as develop the business beyond its heritage in men’s swimwear, resort wear and related accessories.

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Revenues from the sale of non-licensed products includes revenues from our proprietary brands, other than Wilsons and G.H. Bass which are part of our retail operations segment, accounted for 19.2% of our net sales in fiscal 2014 compared to 19.3% of our net sales in fiscal 2013 and 21.6% of our net sales in fiscal 2012.

Retail Operations

We are a national retailer of outerwear, footwear, apparel and accessories in the U.S. As of January 31, 2014, our retail operations segment consisted of 329 retail stores in 41 states and Puerto Rico, of which 165 are stores operated under the Wilsons Leather name, 156 are stores operated under our G.H. Bass brand, 5 stores are operated under our Andrew Marc brand and 3 stores are operated under the licensed Calvin Klein Performance brand. Substantially all of our Wilsons, G.H. Bass and Andrew Marc stores are operated as outlet stores and located in larger outlet centers with Wilsons' stores averaging approximately 3,800 square feet and G.H. Bass stores averaging approximately 6,300 square feet. At January 31, 2014, we operated 18 full price Wilsons retail stores and currently plan to open approximately 9 new Wilsons stores in fiscal 2015.

Our Wilsons retail stores primarily sell men's and women's outerwear and accessories. Outerwear sold in our Wilsons stores includes products primarily manufactured by us and accessories which are purchased primarily from third parties. Merchandise for our Wilsons stores is shipped directly from domestic merchandise vendors or overseas manufacturers to our retail distribution center located in Brooklyn Park, Minnesota. Merchandise is shipped from our Brooklyn Park, Minnesota distribution center to replenish stores as needed with key styles and to build inventory for the peak holiday selling season.

In November 2013, we acquired G.H. Bass & Co., a well-known heritage brand that developed the iconic original penny loafer (known as "Weejuns"). Bass products embody classic American style by combining New England prep, rugged outdoor design and industry-renowned quality and durability. Our Bass stores offer casual and dress shoes for men, women and children. Most of our Bass stores also carry apparel for men and women, including tops, neckwear, bottoms and outerwear, as well as accessories such as handbags, wallets, belts and travel gear. We sell Bass products primarily through outlet stores located in the United States. We currently plan to open approximately 3 new G.H. Bass stores in fiscal 2015. We also license the brand for the wholesale distribution of men's and women's footwear and men's sportswear.

We have a license agreement to operate Calvin Klein Performance retail stores in the United States and China. We currently operate Calvin Klein Performance stores in Scottsdale, Arizona, San Francisco, California and Las Vegas, Nevada. We have a joint venture agreement with Finity Apparel Retail Limited to open and operate Calvin Klein Performance retail stores in China and Hong Kong. G-III has a 51% ownership interest in the joint venture which began operating retail locations in major Chinese markets in Fall 2012. As of January 31, 2014, we operated 27 Calvin Klein Performance stores in China and expect to open approximately 15 additional stores in fiscal 2015.

Revenues from our retail operations accounted for 16.7% of our net sales in fiscal 2014 compared to 13.4% of our net sales in fiscal 2013 and 12.8% of our net sales in fiscal 2012.

Manufacturing and Sourcing

G-III arranges for the production of products from independent manufacturers located primarily in China and, to a lesser extent, in Vietnam, Indonesia, Pakistan, Bangladesh, the Philippines, India, Thailand, and Central and South America. Vilebrequin's products are manufactured primarily in Italy and Bulgaria. A small portion of our garments are manufactured in the United States.

We currently have representative offices in Hangzhou, Nanjing and Qingdao, China. These offices act as our liaison with manufacturers in the Far East. As of January 31, 2014, we had 234 employees in these representative offices. G-III's headquarters provides these liaison offices with production orders stating the quantity, quality, delivery time and types of garments to be produced. These personnel in our liaison offices assist in the negotiation and placement of orders with manufacturers. In allocating production among independent suppliers, we consider a number of criteria, including, but not limited to, quality, availability of production capacity, pricing and ability to meet changing production requirements.

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To facilitate better service for our customers and accommodate the volume of manufacturing in the Far East, we also have a subsidiary in Hong Kong. The Hong Kong subsidiary supports third party production of products on an agency fee basis. Our Hong Kong office acts as an agent for substantially all of our production. Our China and Hong Kong offices monitor production at manufacturers' facilities to ensure quality control, compliance with our specifications and timely delivery of finished garments to our distribution facilities and, in some cases, direct to our customers. At January 31, 2014, we had 15 employees in our Hong Kong office.

In connection with the foreign manufacture of our products, manufacturers purchase leather, wool and other fabrics under our direction. In addition, they purchase necessary "submaterials" (such as linings, zippers, buttons and trimmings) according to parameters specified by us. Prior to commencing the manufacture of products, samples of raw materials or submaterials are sent to us for approval. We regularly inspect and supervise the manufacture of our products in order to ensure timely delivery, maintain quality control and monitor compliance with our manufacturing specifications. We also inspect finished products at the factory site.

The manufacture of the substantial majority of our products is performed manually. A pattern is used in cutting fabric to panels that are assembled in the factory. All submaterials are also added at this time. We inspect products throughout this process to insure that the design and quality specifications of the order are being maintained as the garment is assembled. After pressing, cleaning and final inspection, the product is labeled and ready for shipment. A final random inspection by us occurs when the products are packed for shipment.

We generally arrange for the production of products on a purchase order basis with completed products manufactured to our design specifications. We assume the risk of loss predominantly on a Freight-On-Board (F.O.B.) basis when goods are delivered to a shipper and are insured against casualty losses arising during shipping.

As is customary, we have not entered into any long-term contractual arrangements with any contractor or manufacturer. We believe that the production capacity of foreign manufacturers with which we have developed, or are developing, a relationship is adequate to meet our production requirements for the foreseeable future. We believe that alternative foreign manufacturers are readily available.

A majority of all finished goods manufactured for us is shipped to our New Jersey warehouse and distribution facilities or to designated third party facilities for final inspection and allocation, as well as reshipment to customers. The goods are delivered to our customers and us by independent shippers. We choose the form of shipment (principally ship, truck or air) based upon a customer's needs, cost and timing considerations.

Quotas, Customs and Import Restrictions

Our arrangements with textile manufacturers and suppliers are subject to requisite customs clearances for textile apparel and the imposition of export duties. United States Customs duties on our textile apparel presently range from duty free to 28%, depending upon the type of fabric used, how the garment is constructed and the country of export. Quotas represent the right to export restricted amounts of certain categories of merchandise into a country or territory pursuant to a visa or a license. Countries in which our products are manufactured and sold may, from time to time, impose new duties, tariffs, surcharges or other import controls or restrictions or adjust prevailing duty or tariff levels. The products we are currently importing are not subject to quota restrictions. We continually monitor duty, tariff and other import restriction developments. We seek to minimize our potential exposure to import related risks through, among other measures, geographical diversification of manufacturing sources and shifts of production among countries and manufacturers.

Apparel and other products sold by us are also subject to regulations that relate to product labeling, content and safety requirements, licensing requirements and flammability testing. We believe that we are in compliance with those regulations, as well as applicable federal, state, local, and foreign regulations relating to the discharge of materials hazardous to the environment.

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Raw Materials

We purchase most products manufactured for us on a finished goods basis. We coordinate the sourcing of raw materials used in the production of our products which are generally available from numerous sources. The apparel industry competes with manufacturers of many other products for the supply of raw materials.

Marketing and Distribution

G-III's products are sold primarily to department, specialty and mass merchant retail stores in the United States. We sell to approximately 3,100 customers, ranging from national and regional chains to small specialty stores. We also distribute our products through our retail stores and, to a lesser extent, through our Wilson's Leather, G.H. Bass, Andrew Marc and Vilebrequin websites.

Sales to our 10 largest customers accounted for 61.3% of our net sales in fiscal 2014 compared to 63.7% of our net sales in fiscal 2013 and 63.3% of our net sales in fiscal 2012. Sales to Macy's, which includes sales to its Macy's and Bloomingdale's store chains, accounted for an aggregate of 21.0% of our net sales in fiscal 2014, 21.3% of our net sales in fiscal 2013 and 18.7% of our net sales in fiscal 2012. Sales to the Marmaxx Group, which includes sales to the T.J. Maxx and Marshalls store chains, accounted for 9.6% of our net sales in fiscal 2014, 9.5% of our net sales in fiscal 2013 and 12.3% of our net sales in fiscal 2012. The loss of either of these customers, or a significant reduction in purchases by these customers, could have a material adverse effect on our results of operations.

A substantial majority of our sales are made in the United States. We also market our products in Canada, Europe and the Far East, which, on a combined basis, accounted for approximately 11.0% of our net sales in fiscal 2014.

G-III's products are sold primarily through a direct sales force consisting of 166 employees at January 31, 2014. Our principal executives are also actively involved in sales of our products. Some of our products are also sold by various retail buying offices and independent sales representatives located throughout the United States. Sales outside of the United States are managed by two salespeople in our China office. The Canadian market is serviced by a sales and customer service team based both in the United States and in Canada. Vilebrequin sells its products through a network of owned and franchised specialty retail stores and shops, as well as through select wholesale distribution.

Brand name products sold by us pursuant to a license agreement are promoted by institutional and product advertisements placed by the licensor. Our license agreements generally require us to pay the licensor a fee, based on a percentage of net sales of licensed product, to pay for a portion of these advertising costs. We may also be required to spend a specified percentage of net sales of a licensed product on advertising placed by us.

We advertise our Andrew Marc brand and are engaged in both cooperative advertising programs with retailers and direct to the consumer. We are focused on creating an image that will broaden the lifestyle appeal of our Andrew Marc brands. Our marketing strategy is focused on media, public relations and channel marketing. Our media strategy for Andrew Marc includes traditional print and outdoor advertising, as well as digital and social media initiatives. We continue to allocate marketing and advertising resources to support the growth of our Andrew Marc brand.

Wilsons Leather and G.H. Bass marketing efforts are primarily focused on increasing store traffic. This goal is mainly accomplished through local advertising and mall marketing along with marketing initiatives through the Internet, social media and public relations support.

Vilebrequin's marketing efforts have been based on continually offering new swimwear prints, and expanding the range of its products, while maintaining the core collection. Besides its traditional advertising networks (print, outdoor advertising), Vilebrequin is seeking to develop new marketing channels through the use of digital media, product placement and public relations.

We believe we have developed awareness of our other owned labels primarily through our reputation, consumer acceptance and the fashion press. We primarily rely on our reputation and relationships to generate business in the private label portion of our non-licensed segment. We believe we have developed a significant customer following and positive reputation in the industry as a result of, among other things,

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our standards of quality control, on-time delivery, competitive pricing and willingness and ability to assist customers in their merchandising of our products.

Seasonality

Retail sales of outerwear and other apparel have traditionally been seasonal in nature. In prior years we have been dependent on our sales from July through November for the substantial majority of our net sales and net income. Net sales in the months of July through November accounted for approximately 57% of our net sales in fiscal 2014, 58% of our net sales in fiscal 2013 and 60% of our net sales in fiscal 2012. Our Wilsons and G.H. Bass retail businesses are also highly seasonal, with the third and fourth fiscal quarters accounting for a significant majority of their sales and operating income. As a result, we are highly dependent on our results of operations during the second half of our fiscal year. The second half of the year is expected to continue to provide a disproportionate amount of our net sales and almost all of our net income for the foreseeable future.

Order Book

A portion of our orders consists of short-term purchase orders from customers who place orders on an as-needed basis. Information relative to open purchase orders at any date may also be materially affected by, among other things, the timing of the initial showing of apparel to the trade, as well as by the timing of recording of orders and shipments. As a result, we do not believe that disclosure of the amount of our unfilled customer orders at any time is meaningful.

Competition

We have numerous competitors with respect to the sale of our products, including distributors that import products from abroad and domestic retailers with established foreign manufacturing capabilities. Some of our competitors have greater financial and marketing resources and greater manufacturing capacity than we do. Our retail business competes against a diverse group of retailers, including, among others, other outlet stores, department stores, specialty stores, warehouse clubs and e-commerce retailers. Sales of our products are affected by style, price, quality, brand reputation and general fashion trends.

Trademarks

We own the trademarks used by us in connection with our non-licensed products, as well as some of the trademarks used in our retail operations segment, and act as licensee of certain trademarks owned by third parties that are used in connection with our licensed product segment. The principal brands that we license are summarized under the heading “Licensing” above. We own a number of proprietary brands that we use in connection with our business and products including, among others, Vilebrequin, Bass, G.H. Bass, Wilsons, Andrew Marc, Marc New York, Eliza J, Black Rivet and G-III Sports by Carl Banks. We have registered, or applied for registration of, many of our trademarks in multiple jurisdictions for use on a variety of apparel and related other products, as well as for retail services.

In markets outside of the U.S., our rights to some of our trademarks may not be clearly established. In the course of our attempts to expand into foreign markets, we may experience conflicts with various third parties who have acquired ownership rights in certain trademarks that would impede our use and registration of some of our trademarks. Such conflicts may arise from time to time as we pursue international expansion. Although we have not in the past suffered any material restraints or restrictions on doing business in desirable markets or in new product categories, we cannot be sure that significant impediments will not arise in the future as we expand product offerings and introduce additional brands to new markets.

We regard our trademarks and other proprietary rights as valuable assets and believe that they have value in the marketing of our products. We vigorously protect our trademarks and other intellectual property rights against infringement.

Employees

As of January 31, 2014, we had 6,631 employees, of whom 341 worked in executive or administrative capacities, 725 worked in design, merchandising and sourcing, 721 worked in warehouse and distribution

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facilities, 166 worked in wholesale sales, and 4,678 worked in our retail stores. Additionally, during our peak retail selling season from October through January, we employed approximately 1,781 additional seasonal associates in our retail stores. We employ both union and non-union personnel and believe that our relations with our employees are good. We have not experienced any interruption of any of our operations due to a labor disagreement with our employees.

We are a party to agreements with two labor unions. One agreement covers approximately 456 of our full-time employees as of January 31, 2014 and is currently in effect through November 15, 2014. The other agreement covers approximately 10 full-time employees of our Andrew Marc division and is currently in effect through December 31, 2014.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information with respect to our executive officers.

Name	Age	Position
Morris Goldfarb	63	Chairman of the Board, Chief Executive Officer, President and Director
Sammy Aaron	54	Vice Chairman and Director
Wayne S. Miller	56	Chief Operating Officer and Secretary
Neal S. Nackman	54	Chief Financial Officer and Treasurer

Morris Goldfarb is our Chairman of the Board, Chief Executive Officer and President, as well as one of our directors. Mr. Goldfarb has served as an executive officer of G-III and our predecessors since our formation in 1974. Mr. Goldfarb is a director of Oppenheimer Holdings Inc. and RLJ Entertainment, Inc.

Sammy Aaron has been our Vice Chairman, as well as one of our directors, since we acquired the Marvin Richards business in July 2005. Mr. Aaron is the Chief Executive Officer of our Calvin Klein divisions. Prior to joining G-III, he served as the President of Marvin Richards from 1998 until July 2005.

Wayne S. Miller has been our Chief Operating Officer since December 2003 and our Secretary since November 1998. He also served as our Chief Financial Officer from April 1998 until September 2005 and as our Treasurer from November 1998 until April 2006.

Neal S. Nackman has been our Chief Financial Officer since September 2005 and was elected Treasurer in April 2006. Mr. Nackman served as Vice President — Finance from December 2003 until April 2006.

Jeffrey Goldfarb, one of our directors and our Director of Business Development, is the son of Morris Goldfarb.

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ITEM 1A. RISK FACTORS.

The following risk factors should be read carefully in connection with evaluating our business and the forward-looking statements contained in this Annual Report on Form 10-K. Any of the following risks could materially adversely affect our business, our prospects, our operating results, our financial condition, the trading prices of our securities and the actual outcome of matters as to which forward-looking statements are made in this report. Additional risks that we do not yet know of or that we currently think are immaterial may also affect our business operations.

Risk Factors Relating to Our Licensed and Non-Licensed Products Business

The failure to maintain our license agreements could cause us to lose significant revenues and have a material adverse effect on our results of operations.

We are dependent on sales of licensed product for a substantial portion of our revenues. In fiscal 2014, net sales of licensed product accounted for 64.1% of our net sales compared to 67.3% of our net sales in fiscal 2013 and 65.5% of our net sales in fiscal 2012.

We are generally required to achieve specified minimum net sales, make specified royalty and advertising payments and receive prior approval of the licensor as to all design and other elements of a product prior to production. License agreements also may restrict our ability to enter into other license agreements for competing products or acquire businesses that produce competing products. If we do not satisfy any of these requirements or receive approval with respect to a restricted transaction, a licensor usually will have the right to terminate our license. Even if a licensor does not terminate our license, the failure to achieve net sales sufficient to cover our required minimum royalty payments could have a material adverse effect on our results of operations. If a license contains a renewal provision, there are usually minimum sales and other conditions that must be met in order to be able to renew a license. Even if we comply with all the terms of a license agreement, we cannot be sure that we will be able to renew an agreement when it expires even if we desire to do so. The failure to maintain or renew our license agreements could cause us to lose significant revenue and have a material adverse effect on our results of operations.

Our success is dependent on the strategies and reputation of our licensors, including in particular, Calvin Klein.

Our business strategy is to offer our products on a multiple brand, multiple channel and multiple price point basis. As a part of this strategy, we license the names and brands of numerous recognized companies, designers and celebrities. In entering into these license agreements, we plan our products to be targeted towards different market segments based on consumer demographics, design, suggested pricing and channel of distribution. If any of our licensors decides to "reposition" its products under the brands we license from them, introduce similar products under similar brand names or otherwise change the parameters of design, pricing, distribution, target market or competitive set, we could experience a significant downturn in that brand's business, adversely affecting our sales and profitability. In addition, as licensed products may be personally associated with designers or celebrities, our sales of those products could be materially and adversely affected if any of those individuals' images, reputations or popularity were to be negatively impacted.

Any adverse change in our relationship with PVH Corp. would have a material adverse effect on our results of operations.

We have ten different license agreements relating to a variety of products sold under the Calvin Klein brand that is owned by PVH Corp. Sales of Calvin Klein product constitute a majority of our sales of licensed products. Any change by PVH in the marketing of products sold under the Calvin Klein label or any adverse change in the consumer's perception of the Calvin Klein brand could have a material adverse effect on our results of operations. We have three license agreements for products sold under the Tommy Hilfiger brand, which is also owned by PVH. Any adverse change in our relationship with PVH would have a material adverse effect on our results of operations.

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If our customers change their buying patterns, request additional allowances, develop their own private label brands or enter into agreements with national brand manufacturers to sell their products on an exclusive basis, our sales to these customers could be materially adversely affected.

Our customers' buying patterns, as well as the need to provide additional allowances to customers, could have a material adverse effect on our business, results of operations and financial condition. Customers' strategic initiatives, including developing their own private labels brands, selling national brands on an exclusive basis or reducing the number of vendors they purchase from, could also impact our sales to these customers. There is a trend among major retailers to concentrate purchasing among a narrowing group of vendors. To the extent that any of our key customers reduces the number of its vendors and, as a result, reduces or eliminates purchases from us, there could be a material adverse effect on us.

We have significant customer concentration, and the loss of one of our large customers could adversely affect our business.

Our 10 largest customers, all of which are department or discount store groups, accounted for approximately 61.3% of our net sales in fiscal 2014, 63.7% of our net sales in fiscal 2013 and 63.3% of our net sales in fiscal 2012, with the Macy's Inc. group accounting for approximately 21.0% of our net sales in fiscal 2014. Consolidation in the retail industry could increase the concentration of our sales to our largest customers. We do not have long-term contracts with any customers, and sales to customers generally occur on an order-by-order basis that may be subject to cancellation or rescheduling by the customer. A decision by our major customers to decrease the amount of merchandise purchased from us, increase the use of their own private label brands, sell a national brand on an exclusive basis or change the manner of doing business with us could reduce our revenues and materially adversely affect our results of operations. The loss of any of our large customers, or the bankruptcy or serious financial difficulty of any of our large customers, could have a material adverse effect on us.

If we miscalculate the market for our products, we may end up with significant excess inventories for some products and missed opportunities for others.

We often produce products to hold in inventory in order to meet our customers' delivery requirements and to be able to quickly fulfill reorders. If we misjudge the market for our products, we may be faced with significant excess inventories for some products and missed opportunities for others. In addition, weak sales and resulting markdown requests from customers could have a material adverse effect on our results of operations.

We are subject to the risks of doing business abroad.

Our arrangements with foreign manufacturers are subject to the usual risks of doing business abroad, including currency fluctuations, political or labor instability and potential import restrictions, duties and tariffs. We do not maintain insurance for the potential lost profits due to disruptions of our overseas manufacturers. Because our products are produced abroad, primarily in China, political or economic instability in China or elsewhere could cause substantial disruption in the business of our foreign manufacturers. For example, in the past, the Chinese government has reduced tax rebates to factories for the manufacture of textile and leather garments. The rebate reduction resulted in factories seeking to recoup more of their costs from customers, resulting in higher prices for goods imported from China. This tax rebate has been reinstated in certain instances. However, new or increased reductions in this rebate would cause an increase in the cost of finished products from China which could materially adversely affect our financial condition and results of operations.

Heightened terrorism security concerns could subject imported goods to additional, more frequent or more thorough inspections. This could delay deliveries or increase costs, which could adversely impact our results of operations. In addition, since we negotiate our purchase orders with foreign manufacturers in United States dollars, the decline in value of the United States dollar against local currencies would negatively impact our cost in dollars of product sourced from these manufacturers. We are not currently engaged in any hedging activities to protect against currency risks. If there is downward pressure on the value of the dollar, our purchase prices for our products could increase. We may not be able to offset an increase in product costs with a price increase to our customers.

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Risks Relating to Our Retail Business

The expansion of our retail business through the acquisition of G.H. Bass involves significant costs and uncertainties. We will need to improve the results of operations of the G.H. Bass outlet stores in order for these stores to operate profitably for us.

In November 2013, we acquired the G.H. Bass business, which included the operation of 156 outlet stores as of January 31, 2014. Managing the Bass outlet stores requires the expenditure of our time and resources. Prior to our acquisition of the G.H. Bass outlet stores, these stores as a whole were experiencing declines in comparable stores sales, sales per square foot and gross margins. We will need to improve store operations and change the product mix offered at these stores in order for these stores to operate profitably for us. We had no experience operating a retail chain that is primarily known for footwear prior to this acquisition and cannot be sure we will be able to improve the operations of these stores. If we cannot improve the results of operations of these stores sufficiently for them to be profitable, this acquisition could have a material adverse effect on our results of operations.

Leasing of significant amounts of real estate exposes us to possible liabilities and losses.

All of the stores operated by us are leased. Accordingly, we are subject to all of the risks associated with leasing real estate. Store leases generally require us to pay a fixed minimum rent and a variable amount based on a percentage of annual sales at that location. We generally cannot cancel our leases. If an existing or future store is not profitable, and we decide to close it, we may be committed to perform certain obligations under the applicable lease including, among other things, paying rent for the balance of the applicable lease term. As each of our leases expires, if we do not have a renewal option, we may be unable to negotiate a renewal, on commercially acceptable terms or at all, which could cause us to close stores in desirable locations. In addition, we may not be able to close an unprofitable store due to an existing operating covenant, which may cause us to operate the location at a loss and prevent us from finding a more desirable location.

Our retail stores are heavily dependent on the ability and desire of consumers to travel and shop. A reduction in the volume of outlet mall traffic could adversely affect our retail sales.

Substantially all of our retail stores are operated as outlet stores and located in larger outlet centers, which are typically located in or near vacation destinations or away from large population centers where department stores and other traditional retailers are concentrated. Economic uncertainty in the U.S., fuel shortages, increased fuel prices, travel concerns and other circumstances, which would lead to decreased travel, could have a material adverse effect on sales at our outlet stores. Other factors which could affect the success of our outlet stores include:

- the location of the outlet mall or the location of a particular store within the mall;
- the other tenants occupying space at the outlet mall;
- increased competition in areas where the outlet malls are located;
- a continued downturn in the economy generally or in a particular area where an outlet mall is located; and
- the amount of advertising and promotional dollars spent on attracting consumers to the outlet malls.

Sales at our outlet stores are derived, in part, from the volume of traffic at the malls where our stores are located. Our outlet stores benefit from the ability of a mall's other tenants and other area attractions to generate consumer traffic in the vicinity of our stores and the continuing popularity of outlet malls as shopping destinations. A reduction in outlet mall traffic as a result of these or other factors could materially adversely affect our business.

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The retail business is intensely competitive and increased or new competition could have a material adverse effect on us.

The retail industry is intensely competitive. We compete against a diverse group of retailers, including, among others, other outlet stores, department stores, specialty stores, warehouse clubs and e-commerce retailers. We also compete in particular markets with a number of retailers that specialize in the products that we sell. A number of different competitive factors could have a material adverse effect on our retail business, results of operations and financial condition including:

- increased operational efficiencies of competitors;
- competitive pricing strategies, including deep discount pricing by a broad range of retailers during periods of poor consumer confidence or economic instability;
- expansion of product offerings by existing competitors;
- entry by new competitors into markets in which we operate retail stores; and
- adoption by existing competitors of innovative retail sales methods.

We may not be able to continue to compete successfully with our existing or new competitors, or be assured that prolonged periods of deep discount pricing by our competitors will not have a material adverse effect on our business.

Risk Factors Relating to Our Vilebrequin Business

Expansion of our business as a result of the acquisition of Vilebrequin involves costs and uncertainties.

In August 2012, we acquired Vilebrequin, a premier provider of status swimwear, resort wear and related accessories. Vilebrequin sells its products through a network of both owned and franchised specialty retail stores and shops, as well as through select wholesale distribution. While we have operated outlet stores for several years, we had not previously operated a full price retail chain that includes both owned and franchised stores. Our success with Vilebrequin will be dependent, in part, on our ability to protect and enhance the reputation and status of the Vilebrequin brand. In addition, Vilebrequin's key swimwear products have a distinctive design and construction utilizing a specialized fabric. As a result, Vilebrequin sources a significant majority of its product with only two manufacturers. Any disruption in the operations of these manufacturers could create an inability to supply required goods to our stores or to our wholesale customers in a timely fashion or without a significant delay, as we may not be able to quickly find another manufacturer that can meet Vilebrequin's production requirements. Managing the Vilebrequin business will require the expenditure of a significant amount of our time and resources. Operation of an international retail and wholesale business could divert our management's time and resources from our core domestic business and could negatively impact our results of operations.

Our ability to successfully integrate the operations of Vilebrequin and to capitalize on growth in new international markets is subject to risks associated with international operations.

Our ability to integrate the operations of Vilebrequin into our company is important in order for us to realize the intended benefits of this acquisition. Vilebrequin's international operations may make it more difficult for us to accomplish this integration. Our ability to capitalize on this acquisition and successfully expand into international

markets is subject to risks associated with international operations. These include:

- the burdens of complying with a variety of foreign laws and regulations, including trade and labor restrictions;
- compliance with U.S. and other country laws relating to foreign operations, including the Foreign Corrupt Practices Act, which prohibits U.S. companies from making improper payments to foreign officials for the purpose of obtaining or retaining business;
- unexpected changes in regulatory requirements; and
- new tariffs or other barriers in some international markets.

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We are also subject to general political and economic risks in connection with Vilebrequin's international operations, including:

- political instability and terrorist attacks;
- changes in diplomatic and trade relationships; and
- general and economic fluctuations in specific countries or markets.

Changes in regulatory, geopolitical, social or economic policies and other factors may have a material adverse effect on our Vilebrequin business in the future or may require us to exit a particular market or significantly modify our current business practices.

Our expansion into the European market exposes us to uncertain economic conditions in the Euro zone.

Demand for our products depends in part on the general economic conditions affecting the countries in which we do business. With the acquisition of Vilebrequin, we have significantly expanded our presence in the European market. Recently, the economic situation in Europe has been unstable, arising from concerns that certain European countries may default in payments due on their national debt obligations and from related European financial restructuring efforts, as well as overall weak economic performance within the European market. If such defaults were to occur, or if European financial restructuring efforts create their own instability, current instability in the global credit markets may increase. Continued financial instability in Europe could adversely affect our European operations and, in turn, could have a material adverse effect on us.

We have foreign currency exposures relating to buying, selling and financing in currencies other than the U.S. dollar, our functional currency.

We have foreign currency exposure related to foreign denominated revenues and costs, which must be translated into U.S. dollars. Fluctuations in foreign currency exchange rates (particularly any strengthening of the U.S. dollar relative to the Euro) may adversely affect our reported earnings and the comparability of period-to-period results of operations. In addition, while certain currencies (notably the Hong Kong dollar and Chinese Renminbi) are currently fixed or managed in value in relation to the U.S. dollar by foreign central banks or governmental entities, such conditions may change, thereby exposing us to various risks as a result.

Certain of our foreign operations purchase products from suppliers denominated in U.S. dollars and Euros, which may expose such operations to increases in cost of goods sold (thereby lowering profit margins) as a result of foreign currency fluctuations. Our exposures are primarily concentrated in the Euro. Changes in currency exchange rates may also affect the relative prices at which we and our foreign competitors purchase and sell products in the same market and the cost of certain items required in our operations. In addition, certain of our foreign operations have receivables or payables denominated in currencies other than their functional currencies, which exposes such operations to foreign exchange losses as a result of foreign currency fluctuations. Such fluctuations in foreign currency exchange rates could have an adverse effect on our business, results of operations and financial condition.

Risk Factors Relating to the Operation of Our Business

If we lose the services of our key personnel, our business will be harmed.

Our future success depends on Morris Goldfarb, our Chairman, Chief Executive Officer and President, and other key personnel. The loss of the services of Mr. Goldfarb and any negative market or industry perception arising from the loss of his services could have a material adverse effect on us and the price of our shares. Our other executive officers have substantial experience and expertise in our business and have made significant contributions to our success. The unexpected loss of services of one or more of these individuals could also adversely affect us.

We have expanded our business through acquisitions that could result in diversion of resources, an inability to integrate acquired operations and extra expenses. This could disrupt our business and adversely affect our financial condition.

Part of our growth strategy is to pursue acquisitions. The negotiation of potential acquisitions as well as the integration of acquired businesses could divert our management's time and resources. Acquired

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businesses may not be successfully integrated with our operations. We may not realize the intended benefits of any acquisition, such as our recent acquisitions of G.H. Bass and Vilebrequin.

Acquisitions could also result in:

- substantial cash expenditures;
- potentially dilutive issuances of equity securities;
- the incurrence of debt and contingent liabilities;
- a decrease in our profit margins;
- amortization of intangibles and potential impairment of goodwill;
- reduction of management attention to other parts of our business;
- failure to generate expected financial results or reach business goals; and
- increased expenditures on human resources and related costs.

If acquisitions disrupt our operations, our business may suffer.

We may need additional financing to continue to grow.

The continued growth of our business, including as a result of acquisitions, depends on our access to sufficient funds to support our growth. Our primary source of working capital to support our growth is our line of credit which currently extends to August 2017. Our need for working capital has increased significantly as a result of our seven acquisitions since July 2005, our addition of new licenses and the expansion of our business. The maximum available under our line of credit has increased from $110 million prior to our acquisitions in July 2005 to its current level of $450 million, which resulted from a new credit agreement that increased our maximum availability by $150 million at the time we acquired Vilebrequin in August 2012. Our growth is dependent on our ability to continue to be able to extend and increase our line of credit. If we are unable to refinance our debt, we cannot be sure we will be able to secure alternative financing on satisfactory terms or at all. The loss of the use of this credit facility or the inability to replace this facility when it expires would materially impair our ability to operate our business.

Our business is highly seasonal. Our results of operations may suffer in the event that the weather is unusually warm during the peak selling season.

Retail sales of apparel have traditionally been seasonal in nature. In prior years we have been dependent on our sales from July through November for the substantial majority of our net sales and net income. Net sales in the months of July through November accounted for approximately 57% of our net sales in fiscal 2014, 58% of our net sales in fiscal 2013 and 60% of our net sales in fiscal 2012. Our Wilsons and G.H. Bass retail businesses are also highly seasonal, with the third and fourth fiscal quarters accounting for a significant majority of their sales and operating income. As a result, we are highly dependent on our results of operations during the second half of our fiscal year. Any difficulties we may encounter during this period as a result of weather or disruption of manufacturing or transportation of our products will have a magnified effect on our net sales and net income for the year. In addition, because of the large amount of outerwear we sell at both wholesale and retail, unusually warm weather conditions during the peak fall and winter outerwear selling season, including as a result of any change in historical climate patterns, could have a material adverse effect on our results of operations. Our quarterly results of operations for our retail business also may fluctuate based upon such factors as the timing of certain holiday seasons, the number and timing of new store openings, the acceptability of seasonal merchandise offerings, the timing and level of markdowns, store closings and remodels, competitive factors, weather and general economic conditions. The second half of the year is expected to continue to provide a disproportionate amount of our net sales and almost all of our net income for the foreseeable future.

Extreme or unseasonable weather conditions could adversely affect our business.

Extreme weather events and changes in weather patterns can influence customer trends and shopping habits. Extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season may diminish demand for our seasonal merchandise. Heavy snowfall, hurricanes

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or other severe weather events in the areas in which our retail stores and the retail stores of our wholesale customers are located may decrease customer traffic in those stores and reduce our sales and profitability. If severe weather events were to force closure of or disrupt operations at the distribution centers we use for our merchandise, we could incur higher costs and experience longer lead times to distribute our products to our retail stores, wholesale customers or e-commerce customers. If prolonged, such extreme or unseasonable weather conditions could adversely affect our business, financial condition and results of operations.

If we are unable to successfully translate market trends into attractive product offerings, our sales and profitability could suffer.

Our ability to successfully compete depends on a number of factors, including our ability to effectively anticipate, gauge and respond to changing consumer demands and tastes across multiple product lines and tiers of distribution. We are required to translate market trends into attractive product offerings and operate within substantial production and delivery constraints. We cannot be sure we will continue to be successful in this regard. We need to anticipate and respond to changing trends quickly, efficiently and effectively in order to be successful.

Expansion of our product offerings involves significant costs and uncertainty and could adversely affect our results of operations.

An important part of our strategy is to expand the types of products we offer. During the past few years, we have added licenses for new lines of women's suits, dresses, performance wear, sportswear and men's and women's swimwear, as well as luggage and women's handbags and small leather goods. In August 2012, we acquired Vilebrequin, a manufacturer of swimwear, resort wear and related accessories and, in November 2013, we acquired, G.H. Bass, a manufacturer of footwear. We had limited prior experience designing, manufacturing and marketing these types of products. We intend to continue to add additional product lines in the future. As is typical with new products, demand and market acceptance for any new products we introduce will be subject to uncertainty. Designing, producing and marketing new products require substantial expenditures. We cannot be certain that our efforts and expenditures will successfully generate sales or that sales that are generated will be sufficient to cover our expenditures.

We are subject to the risk of inventory loss and theft.

Efficient inventory management is a key component of our business success and profitability. To be successful, we must maintain sufficient inventory levels to meet the demands of our wholesale and retail customers without allowing those levels to increase to such an extent that the costs to store and hold the goods unduly impacts our financial results. If our buying decisions do not accurately predict customer trends or purchasing actions, we may have to take unanticipated markdowns to dispose of the excess inventory, which also can adversely impact our financial results. We continue to focus on ways to reduce these risks, but we cannot be certain you that we will continue to be successful in our inventory management. If we are not successful in managing our inventory balances, our cash flows from operations may be negatively affected.

We have experienced inventory shrinkage in the past, and we cannot be certain that incidences of inventory loss and theft will decrease in the future or that the measures we are taking will effectively reduce the problem of inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, our financial condition could be affected adversely.

Fluctuations in the price, availability and quality of materials used in our products could have a material adverse effect on our cost of goods sold and our ability to meet our customers' demands.

Fluctuations in the price, availability and quality of raw materials used in our products could have a material adverse effect on our cost of sales or our ability to meet our customers' demands. We compete with numerous entities for supplies of materials and manufacturing capacity. Raw materials are vulnerable to adverse climate conditions, animal diseases and natural disasters that can affect the supply and price of raw

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materials. We may not be able to pass on all or any portion of higher material prices to our customers. For example significant increases in the price of raw materials occurred during fiscal 2012. Future increases in raw material prices could have an adverse effect on our results of operations.

Any raw material price increase or increase in costs related to the transport of our products (primarily petroleum costs) could increase our cost of sales and decrease our profitability unless we are able to pass higher prices on to our customers. In addition, if one or more of our competitors is able to reduce its production costs by taking greater advantage of any reductions in raw material prices, favorable sourcing agreements or new manufacturing technologies (which enable manufacturers to produce goods on a more cost-effective basis) we may face pricing pressures from those competitors and may be forced to reduce our prices or face a decline in net sales, either of which could have an adverse effect on our business, results of operations or financial condition.

Our trademark and other intellectual property rights may not be adequately protected.

We believe that our trademarks and other proprietary rights are important to our success and our competitive position. We may, however, experience conflict with various third parties who acquire or claim ownership rights in certain trademarks. We cannot be sure that the actions we have taken to establish and protect our trademarks and other proprietary rights will be adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as a violation of the trademarks and proprietary rights of others.

In the course of our attempts to expand into foreign markets, we may experience conflicts with various third parties who have acquired ownership rights in certain trademarks, which would impede our use and registration of some of our trademarks. Such conflicts are common and may arise from time to time as we pursue international expansion, such as with our acquisition of Vilebrequin. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as the laws of the United States. Enforcing rights to our intellectual property may be difficult and expensive, and we may not be successful in combating counterfeit products and stopping infringement of our intellectual property rights, which could make it easier for competitors to capture market share. Furthermore, our efforts to enforce our trademark and other intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our trademark and other intellectual property rights. If we are unsuccessful in protecting and enforcing our intellectual property rights, continued sales of such competing products by third parties could harm our brands and adversely impact our business, financial condition and results of operations.

We are dependent upon foreign manufacturers.

We do not own or operate any manufacturing facilities. We also do not have long-term written agreements with any of our manufacturers. As a result, any of these manufacturers may unilaterally terminate its relationship with us at any time. Almost all of our products are imported from independent foreign manufacturers. The failure of these manufacturers to meet required quality standards could damage our relationships with our customers. In addition, the failure by these manufacturers to ship products to us in a timely manner could cause us to miss the delivery date requirements of our customers. The failure to make timely deliveries could cause customers to cancel orders, refuse to accept delivery of products or demand reduced prices.

We are also dependent on these manufacturers for compliance with our policies and the policies of our licensors and customers regarding labor practices employed by factories that manufacture product for us. Any failure by these manufacturers to comply with required labor standards or any other divergence in their labor or other practices from those generally considered ethical in the United States and the potential negative publicity relating to any of these events, could result in a violation by us of our license agreements and harm us and our reputation. In addition, a manufacturer’s failure to comply with safety or content regulations and standards could result in substantial liability and harm to our reputation.

If we do not successfully upgrade, maintain and secure our information systems to support the needs of our organization, this could have an adverse impact on the operation of our business.

We rely heavily on information systems to manage operations, including a full range of financial, sourcing, retail and merchandising systems, and regularly make investments to upgrade, enhance or replace

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these systems. The reliability and capacity of information systems is critical. Despite our preventative efforts, our systems are vulnerable from time to time to damage or interruption from, among other things, security breaches, computer viruses, power outages and other technical malfunctions. Any disruptions affecting our information systems, or any delays or difficulties in transitioning to new systems or in integrating them with current systems, could have a material adverse impact on the operation of our business. In addition, our ability to continue to operate our business without significant interruption in the event of a disaster or other disruption depends in part on the ability of our information systems to operate in accordance with our disaster recovery and business continuity plans.

A privacy breach could adversely affect our business.

The protection of customer, employee, and company data is critical to us. Customers have a high expectation that we will adequately protect their personal information. A significant breach of customer, employee, or company data could damage our reputation and result in lost sales, fines, or lawsuits. Our business involves the receipt and storage of personal information about customers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disrupt our operations and the services we provide to customers and damage our reputation, which could adversely affect our business, revenues and competitive position. Our use of personal information is regulated at the international, federal and state levels. The regulatory environment surrounding information security and privacy is increasingly demanding. Privacy and information security laws and regulations change from time to time, and compliance with them may result in cost increases due to necessary systems changes and the development of new processes. If we fail to comply with these laws and regulations, we could be subjected to legal risk.

Risk Factors Relating to the Economy and the Apparel Industry

Recent and future economic conditions, including volatility in the financial and credit markets, may adversely affect our business.

Economic conditions have affected, and in the future may adversely affect, the apparel industry and our major customers. Recent conditions have led to a reduction in overall consumer spending, which could have an adverse impact on sales of our products. A disruption in the ability of our significant customers to access liquidity could cause serious disruptions or an overall deterioration of their businesses which could lead to a significant reduction in their orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our results of operations and liquidity. A significant adverse change in a customer’s financial and/or credit position could also require us to sell fewer products to that customer or to assume greater credit risk relating to that customer’s receivables or could limit our ability to collect receivables related to previous purchases by that customer. As a result, our reserves for doubtful accounts and write-offs of accounts receivable may increase.

Our ability to continue to have the necessary liquidity to operate our business may be adversely impacted by a number of factors, including a continuation of the uncertain conditions in the credit and financial markets which could limit the availability and increase the cost of financing. A deterioration of our results of operations and cash flow resulting from decreases in consumer spending, could, among other things, impact our ability to comply with financial covenants in our existing credit facility.

Our historical sources of liquidity to fund ongoing cash requirements include cash flows from operations, cash and cash equivalents, and borrowings through our credit agreement (which includes revolving and trade letter of credit facilities). The sufficiency and availability of credit may be adversely affected by a variety of factors, including, without limitation, the tightening of the credit markets, including lending by financial institutions who are sources of credit for our borrowing and liquidity; an increase in the cost of capital; the reduced availability of credit; our ability to execute our strategy; the level of our cash

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flows, which will be impacted by retailer and consumer acceptance of our products and the level of consumer discretionary spending; maintenance of financial covenants included in our credit agreement; and interest rate fluctuations. We cannot be certain that any additional required financing, whether debt or equity, will be available in amounts needed or on terms acceptable to us, if at all.

As of January 31, 2014, we were in compliance with the financial covenants in our credit agreement. Compliance with these financial covenants is dependent on the results of our operations, which are subject to a number of factors including current economic conditions. The economic environment has at times resulted in lower consumer confidence and lower retail sales. Adverse developments in the economic climate could lead to reduced consumer spending which could adversely impact our net sales and cash flow, which could affect our compliance with our financial covenants. A violation of our covenants could limit access to our credit facilities. Should such restrictions on our credit facilities and these factors occur, they could have a material adverse effect on our business and results of operations.

The cyclical nature of the apparel industry and uncertainty over future economic prospects and consumer spending could have a material adverse effect on our results of operations.

The apparel industry is cyclical. Purchases of outerwear, sportswear, swimwear, footwear and other apparel tend to decline during recessionary periods and may decline for a variety of other reasons, including changes in fashion trends and the introduction of new products or pricing changes by our competitors. Uncertainties regarding future economic prospects may affect consumer-spending habits and could have an adverse effect on our results of operations. Uncertainty with respect to consumer spending as a result of weak economic conditions has, at times, caused our customers to delay the placing of initial orders and to slow the pace of reorders during the seasonal peak of our business. Weak economic conditions have had a material adverse effect on our results of operations at times in the past and could have a material adverse effect on our results of operations in the future as well.

The competitive nature of our industry may result in lower prices for our products and decreased gross profit margins.

The apparel business is highly competitive. We have numerous competitors with respect to the sale of apparel, footwear and accessories, including distributors that import products from abroad and domestic retailers with established foreign manufacturing capabilities. Many of our competitors have greater financial and marketing resources and greater manufacturing capacity than we do. The general availability of contract manufacturing capacity also allows ease of access by new market entrants. The competitive nature of the apparel industry may result in lower prices for our products and decreased gross profit margins, either of which may materially adversely affect our sales and profitability. Sales of our products are affected by a number of competitive factors including style, price, quality, brand recognition and reputation, product appeal and general fashion trends.

If major department, mass merchant and specialty store chains continue to consolidate, our business could be negatively affected.

We sell our products to major department, mass merchant and specialty store chains. Continued consolidation in the retail industry could negatively impact our business. Consolidation could reduce the number of our customers and potential customers. With increased consolidation in the retail industry, we are increasingly dependent on retailers whose bargaining strength may increase and whose share of our business may grow. As a result, we may face greater pressure from these customers to provide more favorable terms, including increased support of their retail margins. As purchasing decisions become more centralized, the risks from consolidation increase. A store group could decide to decrease the amount of product purchased from us, modify the amount of floor space allocated to outerwear or other apparel in general or to our products specifically or focus on promoting private label products or national brand products for which it has exclusive rights rather than promoting our products. Customers are also concentrating purchases among a narrowing group of vendors. These types of decisions by our key customers could adversely affect our business.

A significant increase in fuel prices could adversely affect our results of operations.

Fuel prices have increased significantly at times during the past few years, and continued at relatively high levels in fiscal 2014. Increased gasoline prices could adversely affect consumer spending, including

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discretionary spending on apparel and accessories. In addition, higher fuel prices have caused our operating expenses to increase, particularly for freight. Any significant decrease in sales or increase in expenses as a result of higher fuel prices could adversely affect our results of operations.

If new legislation restricting the importation or increasing the cost of textiles and apparel produced abroad is enacted, our business could be adversely affected.

Legislation that would restrict the importation or increase the cost of textiles and apparel produced abroad has been periodically introduced in Congress. The enactment of new legislation or international trade regulation, or executive action affecting international textile or trade agreements, could adversely affect our business. International trade agreements that can provide for tariffs and/or quotas can increase the cost and limit the amount of product that can be imported.

China's accession agreement for membership in the World Trade Organization provides that member countries, including the United States, may impose safeguard quotas on specific products. We are unable to assess the potential for future action by the United States government with respect to any product category in the event that the quantity of imported apparel significantly disrupts the apparel market in the United States. Future action by the United States in response to a disruption in its apparel markets could limit our ability to import apparel and increase our costs.

The effects of war, acts of terrorism or natural disasters could adversely affect our business and results of operations.

The continued threat of terrorism, heightened security measures and military action in response to acts of terrorism or civil unrest has, at times, disrupted commerce and intensified concerns regarding the United States economy. Any further acts of terrorism or new or extended hostilities may disrupt commerce and undermine consumer confidence, which could negatively impact our sales and results of operations. Similarly, the occurrence of one or more natural disasters, such as hurricanes, fires, floods or earthquakes could result in the closure of one or more of our distribution centers, our corporate headquarters or a significant number of stores or impact one or more of our key suppliers. In addition, these types of events could result in increases in energy prices or a fuel shortage, the temporary or long-term disruption in the supply of product, disruption in the transport of product from overseas, delay in the delivery of product to our factories, our customers or our stores and disruption in our information and communication systems. Accordingly, these types of events could have a material adverse effect on our business and our results of operations.

Other Risks Relating to Ownership of Our Common Stock

Our Chairman, Chief Executive Officer and President may be in a position to control matters requiring a stockholder vote.

As of March 31, 2014, Morris Goldfarb, our Chairman, Chief Executive Officer and President, beneficially owned approximately 12.0% of our common stock. His significant role in our management and his reputation in the apparel industry could make his support crucial to the approval of any major transaction involving us. As a result, he may have the ability to control the outcome on matters requiring stockholder approval including, but not limited to, the election of directors and any merger, consolidation or sale of all or substantially all of our assets. He also may have the ability to control our management and affairs.

The price of our common stock has fluctuated significantly and could continue to fluctuate significantly.

Between February 1, 2011 and March 31, 2014, the market price of our common stock has ranged from a low of $17.31 to a high of $77.22 per share. The market price of our common stock may change significantly in response to various factors and events beyond our control, including:

- fluctuations in our quarterly revenues or those of our competitors as a result of seasonality or other factors;
- a shortfall in revenues or net income from that expected by securities analysts and investors;

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- changes in securities analysts' estimates of our financial performance or the financial performance of our competitors or companies in our industry generally;
- announcements concerning our competitors;
- changes in product pricing policies by our competitors or our customers;
- general conditions in our industry; and
- general conditions in the securities markets.

Our actual financial results might vary from our publicly disclosed financial forecasts.

From time to time, we publicly disclose financial forecasts. Our forecasts reflect numerous assumptions concerning our expected performance, as well as other factors that are beyond our control and that might not turn out to be correct. As a result, variations from our forecasts could be material. Our financial results are subject to numerous risks and uncertainties, including those identified throughout this "Risk Factors" section and elsewhere in this Annual Report and in the documents incorporated by reference in this Annual Report. If our actual financial results are worse than our financial forecasts, the price of our common stock may decline.

We are subject to significant corporate regulation as a public company and failure to comply with all applicable regulations could subject us to liability or negatively affect our stock price.

As a publicly traded company, we are subject to a significant body of regulation, including the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. While we have developed and instituted corporate compliance programs and continue to update our programs in response to newly implemented or changing regulatory requirements, we cannot provide assurance that we are or will be in compliance with all potentially applicable corporate regulations. If we fail to comply with any of these regulations, we could be subject to a range of regulatory actions, fines or other sanctions or litigation.

The internal control over financial reporting required by Section 404 of the Sarbanes-Oxley Act may not prevent or detect misstatements because of certain of its limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. As a result, even effective internal controls may not provide reasonable assurances with respect to the preparation and presentation of financial statements. We cannot provide assurance that, in the future, our management will not find a material weakness in connection with its annual review of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We also cannot provide assurance that we could correct any such weakness to allow our management to assess the effectiveness of our internal control over financial reporting as of the end of our fiscal year in time to enable our independent registered public accounting firm to state that such assessment will have been fairly stated in our Annual Report on Form 10-K or state that we have maintained effective internal control over financial reporting as of the end of our fiscal year. If we must disclose any material weakness in our internal control over financial reporting, our stock price could decline.

The new SEC conflict minerals disclosure rules are complex and compliance with the rules could be difficult.

We are subject to recently adopted SEC disclosure obligations relating to our use of so-called "conflict minerals" such as columbite-tantalite, cassiterite (tin), wolframite (tungsten) and gold. These minerals are present in a number of our

products. The disclosure obligations are complex, and there is little formal guidance with respect to their application. Under the rules as adopted, the first reports under these disclosure obligations are due to be filed with the SEC no later than May 2014 with respect to our activities during 2013, unless a current legal challenge to the validity of these rules is upheld.

Although we expect to be able to file the required report on time if required to do so, the preparation of our report is dependent upon the implementation of new systems and processes and information supplied by our suppliers of products that contain, or potentially contain, conflict minerals. To the extent that the information that we receive from our suppliers is inaccurate or inadequate or our processes in obtaining that information do not fulfill the SEC's requirements, we could face both reputational and SEC enforcement risks.

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ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Our executive offices, sales showrooms and support staff are located at 512 Seventh Avenue in New York City. Our leases at 512 Seventh Avenue expire on March 31, 2023 for almost all of our space in this building, with a five year renewal option. We currently lease approximately 149,000 square feet of office and showroom space in this building. Our rent for our space at 512 Seventh Avenue is expected to be approximately $5.7 million in fiscal 2015. We have a lease for an additional space of approximately 3,500 square feet in this building which expires in June 2017. The rent for this space is approximately $130,000 for fiscal 2015.

We have a lease for a warehouse and distribution facility, located in Secaucus, New Jersey, through May 2014 covering an aggregate of approximately 205,000 square feet. The rent through May 2014 is approximately $341,000. We have not renewed this lease and will be closing this facility which is being replaced by third party warehousing facilities and, to some extent, by our distribution center in South Brunswick, New Jersey.

We have a lease for a distribution center in South Brunswick, New Jersey through January 2025. This facility contains approximately 305,000 square feet of space which is used by us for product distribution.

We have a lease for a distribution center in Jamesburg, New Jersey, through December 31, 2020 with a five year renewal option. The distribution center consists of approximately 583,000 square feet which we utilize for the warehousing and distribution of our products. The aggregate annual rent for this facility is approximately $2.1 million for fiscal 2015.

A majority of the finished goods for our licensed and non-licensed products segments is shipped to our New Jersey warehouse and distribution facilities for final reshipment to customers. We also use third-party warehouses to accommodate our finished goods storage and reshipment needs.

In connection with our retail operations, we have a lease in Brooklyn Park, Minnesota for an office, warehouse and distribution facility of approximately 301,000 square feet at an aggregate annual rent of approximately $1.2 million. This lease was extended through April 2022 pursuant to an amendment that increased space at the facility by approximately 102,000 square feet with an aggregate annual rent of approximately $394,000 for fiscal 2015.

As of January 31, 2014, we operated 426 leased store locations, of which 165 are Wilsons retail stores, 156 are G.H. Bass retail stores, 70 are Vilebrequin retail stores, 5 are Andrew Marc retail stores, and 30 are Calvin Klein Performance retail stores.

Most leases for retail stores require us to pay annual minimum rent plus a contingent rent dependent on the store’s annual sales in excess of a specified threshold. In addition, the leases generally require us to pay costs such as real estate taxes and common area maintenance costs. Retail store leases are typically between 5 and 10 years in duration. Our leases expire at varying dates through 2024. During fiscal 2014, excluding the 156 leases assumed in connection with our acquisition of G.H. Bass, we entered into 27 new store leases, renewed 17 store leases and terminated or allowed to expire 5 store leases. The majority of our stores, other than certain Vilebrequin stores, are located in the United States. Vilebrequin has 48 stores located in Europe, 18 stores located in the U.S. and 4 stores located in Asia. In addition to these stores, as of January 31, 2014, our joint venture in China operated 27 Calvin Klein Performance stores.

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The following table indicates the periods during which our retail leases expire.

Fiscal Year Ending	Number of Stores
2015	91
2016	75
2017	69
2018	42
2019 and thereafter	149
Total	426

ITEM 3. LEGAL PROCEEDINGS.

In the ordinary course of our business, we are subject to periodic lawsuits, investigations and claims. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceeding or proceedings to which we are a party will have a material adverse effect on our business, financial condition or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER REPURCHASES OF EQUITY SECURITIES.

Market For Common Stock

Our Common Stock is quoted on the Nasdaq Global Select Market under the trading symbol "GIII". The following table sets forth, for the fiscal periods shown, the high and low sales prices for our Common Stock, as reported by the Nasdaq.

	High Prices	**Low Prices**
Fiscal 2013		
Fiscal Quarter ended April 30, 2012	$29.62	$23.07
Fiscal Quarter ended July 31, 2012	$27.18	$21.84
Fiscal Quarter ended October 31, 2012	$39.50	$23.04
Fiscal Quarter ended January 31, 2013	$39.38	$31.52
Fiscal 2014		
Fiscal Quarter ended April 30, 2013	$41.14	$34.86
Fiscal Quarter ended July 31, 2013	$52.56	$39.55
Fiscal Quarter ended October 31, 2013	$59.23	$44.80
Fiscal Quarter ended January 31, 2014	$74.88	$53.42
Fiscal 2015		
Fiscal Quarter ending April 30, 2014 (through March 28, 2014)	$77.22	$64.00

The last sales price of our Common Stock as reported by the Nasdaq Global Select Market on March 28, 2014 was $69.73 per share.

On March 28, 2014, there were 30 holders of record and, we believe, approximately 5,400 beneficial owners of our Common Stock.

Dividend Policy

Our Board of Directors currently intends to follow a policy of retaining any earnings to finance the growth and development of our business and does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the payment of cash dividends will be dependent upon our financial condition, results of operations and other factors deemed relevant by the Board. Our credit agreement prohibited payments for cash dividends and the repurchase of our shares until February 2014, after which such payments may be made subject to compliance with certain covenants. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" in Item 7 below and Note E to our Consolidated Financial Statements.

Performance Graph

The following Performance Graph and related information shall not be deemed to be "soliciting material" or "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except to the extent that we specifically request that it be treated as soliciting material or incorporate it by reference into such filing.

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The Securities and Exchange Commission requires us to present a chart comparing the cumulative total stockholder return on our Common Stock with the cumulative total stockholder return of (i) a broad equity market index and (ii) a published industry index or peer group. This chart compares the Common Stock with (i) the S&P 500 Composite Index and (ii) the S&P Textiles Index, and assumes an investment of $100 on January 31, 2009 in each of the Common Stock, the stocks comprising the S&P 500 Composite Index and the stocks comprising the S&P Textile Index.

G-III Apparel Group, Ltd.

Comparison of Cumulative Total Return

(January 31, 2009 — January 31, 2014)

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ITEM 6. SELECTED FINANCIAL DATA.

The selected consolidated financial data set forth below as of and for the years ended January 31, 2010, 2011, 2012, 2013 and 2014, have been derived from our audited consolidated financial statements. Our audited consolidated balance sheets as of January 31, 2010, 2011 and 2012, and our audited consolidated statements of income for the years ended January 31, 2010 and 2011 are not included in this filing. The selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7 of this Report) and the audited consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

The operating results of G.H. Bass have been included in our financial results since November 4, 2013, the date of acquisition.

The operating results of Vilebrequin have been included in our financial statements since August 7, 2012, the date of acquisition. Each of Vilebrequin and G-T (International) Fashion Company Limited, our joint venture that operates Calvin Klein Performance stores in China, reports results on a calendar year basis rather than on the January 31 fiscal year basis used by G-III. Accordingly, the results of Vilebrequin and G-T Fashion are and will be included in our financial statements for the year ended or ending closest to G-III's fiscal year. For example, for G-III's fiscal year ended January 31, 2014, Vilebrequin's and G-T Fashion's results are included for the year ended December 31, 2013.

	Consolidated Income Statement Data Year Ended January 31,				
	2010	**2011**	**2012**	**2013**	**2014**
Net sales	$800,864	$1,063,404	$1,231,201	$1,399,719	$1,718,231
Cost of goods sold	533,996	712,359	860,485	948,082	1,132,598
Gross profit	266,868	351,045	370,716	451,637	585,633
Selling, general and administrative expenses	205,281	248,380	277,019	341,242	440,506
Depreciation and amortization	5,380	5,733	7,473	9,907	13,676
Operating profit	56,207	96,932	86,224	100,488	131,451
Equity loss in joint venture	—	—	1,271	719	—
Interest and financing charges, net	4,705	4,027	5,713	7,764	9,223
Income before income taxes	51,502	92,905	79,240	92,005	122,228
Income tax expense	19,784	36,223	29,620	35,436	45,826
Net income	31,718	56,682	49,620	56,569	76,402
Add: Loss attributable to noncontrolling interest	—	—	—	306	958
Net income attributable to G-III	$31,718	$56,682	$49,620	$56,875	$77,360
Basic earnings per share	$1.87	$2.96	$2.51	$2.84	$3.81
Weighted average shares outstanding — basic	16,990	19,175	19,796	20,006	20,323
Diluted earnings per share	$1.83	$2.88	$2.46	$2.80	$3.71
Weighted average shares outstanding — diluted	17,358	19,705	20,192	20,280	20,864

	Consolidated Balance Sheet Data As of January 31,				
	2010	**2011**	**2012**	**2013**	**2014**
Working capital	$174,082	$239,494	$288,259	$283,369	$344,964
Total assets	332,015	447,921	546,103	717,772	830,897
Short-term debt	—	—	30,050	65,000	48,843
Long-term debt	—	—	—	19,778	20,560

	Consolidated Balance Sheet Data As of January 31,				
Total stockholders' equity	232,210	303,494	357,972	429,240	521,996

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.

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. For example, our fiscal year ended January 31, 2014 is referred to as "fiscal 2014."

The following presentation of management's discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with our financial statements, the accompanying notes and other financial information appearing elsewhere in this Report.

Overview

G-III designs, manufactures and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women's suits and women's performance wear, as well as footwear, luggage and women's handbags, small leather goods and cold weather accessories. We sell our products under our own proprietary brands, which include Vilebrequin, G.H. Bass, Bass, Andrew Marc and Marc New York, licensed brands and private retail labels. As of January 31, 2014, G-III operated 426 retail stores, of which 165 are operated under our Wilsons Leather name, 156 are operated under our G.H. Bass brand, 70 are operated under our Vilebrequin brand, 5 are operated under our Andrew Marc brand, and 30 are operated under the licensed Calvin Klein Performance brand.

While our products are sold at a variety of price points through a broad mix of retail partners and our own stores, a majority of our sales are concentrated with our ten largest customers. Sales to our ten largest customers comprised 63.3% of our net sales in fiscal 2012, 63.7% of our net sales in 2013 and 61.3% of our net sales in fiscal 2014.

Our business is dependent on, among other things, retailer and consumer demand for our products. We believe that economic conditions continue to negatively impact the level of consumer spending for discretionary items. The current uncertain economic environment has been characterized by a decline in consumer discretionary spending that may affect retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary purchases, such as fashion apparel and related products, such as ours. We cannot predict the direction in which the current economic environment will move. Continued uncertain macroeconomic conditions may have a negative impact on our results of operations.

We operate in fashion markets that are intensely competitive. Our ability to continuously evaluate and respond to changing consumer demands and tastes, across multiple market segments, distribution channels and geographies is critical to our success. Although our portfolio of brands is aimed at diversifying our risks in this regard, misjudging shifts in consumer preferences could have a negative effect on our business. Our success in the future will depend on our ability to design products that are accepted in the marketplace, source the manufacture of our products on a competitive basis, and continue to diversify our product portfolio and the markets we serve.

We have three reportable segments: licensed products, non-licensed products and retail operations. The licensed products segment includes sales of products under brands licensed by us from third parties. The non-licensed products segment includes sales of products under our own brands and private label brands. The retail operations segment consists almost entirely of the operations of our Wilsons and G.H. Bass stores, as well as a limited number of Andrew Marc stores and Calvin Klein Performance stores.

We have expanded our portfolio of proprietary and licensed brands through acquisitions and by entering into license agreements for new brands or for additional products under previously licensed brands. Our acquisitions have helped to broaden our product offerings, expand our ability to serve different tiers of distribution and add a retail component to our business.

Our acquisitions are part of our strategy to expand our product offerings and increase the portfolio of proprietary and licensed brands that we offer through different tiers of retail distribution and at a variety of price points.

In November 2013, we acquired the business of G.H. Bass & Co., a well-known heritage brand that developed the iconic original penny loafer (known as "Weejuns"). We sell G.H. Bass footwear, apparel and accessories primarily through G.H. Bass outlet stores located in the United States. We also license the brand

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for the wholesale distribution of men's and women's footwear and men's sportswear. This acquisition doubled the size of our retail footprint and is expected to enable us to leverage our Wilsons infrastructure to operate our Bass stores.

The Vilebrequin business acquired last year provides us with a premier brand, selling status products worldwide. Vilebrequin is a well-known brand and we expect to add more company owned and franchised retail locations and increase our wholesale distribution throughout the world, as well as develop the business beyond its heritage in men's swimwear, resort wear and related accessories. We recently introduced sun care products and sandals, and an improved collection of women's swimwear and resort wear under the Vilebrequin brand. The G.H. Bass business acquired in November 2013 adds a well-known heritage brand to our portfolio and is a business that we expect will integrate well into our existing retail platform.

The sale of licensed product has been a key element of our business strategy for many years. Sales of licensed product accounted for 64.1% of our net sales in fiscal 2014, 67.3% of our net sales in fiscal 2013 and 65.5% of our net sales in fiscal 2012.

Our most significant licensor is Calvin Klein with whom we have ten different license agreements. We have also entered into distribution agreements with respect to Calvin Klein luggage in a limited number of countries in Asia, Europe and North America.

Commencing April 1, 2012, we have operated under an expanded five year license agreement with the National Football League to manufacture and market men's and women's outerwear, sportswear, and swimwear products in the United States under a variety of NFL trademarks.

In December 2012, we entered into a license agreement covering a broad range of women's apparel under the Ivanka Trump brand. We began shipping Ivanka Trump apparel in the third quarter of fiscal 2014.

In April 2013, we entered into a license agreement for men's and women's swimwear under the Calvin Klein brand. This license agreement became effective as of December 1, 2013 and we began shipping swimwear under this agreement for the Spring 2014 season.

In November 2013, we expanded our relationship with Tommy Hilfiger by adding a license for women's outerwear, our third license for this brand. We expect to begin shipping women's outerwear under this agreement for Fall 2014.

We believe that consumers prefer to buy brands they know and we have continually sought licenses that would increase the portfolio of name brands we can offer through different tiers of retail distribution, for a wide array of products and at a variety of price points. We believe that brand owners will look to consolidate the number of licensees they engage to develop product and they will seek licensees with a successful track record of expanding brands into new categories. It is our objective to continue to expand our product offerings and we are continually discussing new licensing opportunities with brand owners.

Our retail operations segment consists almost entirely of our Wilsons and G.H. Bass retail stores, substantially all of which are operated as outlet stores. During fiscal 2014, we increased the number of our Wilson stores by 19 and, as of January 31, 2014, operated 165 Wilsons stores, 156 G.H. Bass stores, 3 Calvin Klein and 5 Andrew Marc stores. We expect to add approximately 15 new stores in fiscal 2015.

We have a license agreement granting us the retail rights to distribute and market Calvin Klein women's performance apparel in the United States and China. We operate Calvin Klein Performance stores in Scottsdale, Arizona, in San Francisco, California and Las Vegas, Nevada. In March 2012, we entered into a joint venture agreement with Finity Apparel Retail Limited to open and operate Calvin Klein Performance retail stores in mainland China and Hong Kong. As of January 31, 2014, we operated 27 stores pursuant to this joint venture and plan to open approximately 15 additional stores in fiscal 2015. We own 51% of this joint venture and consolidate its results of operations in our financial statements.

Trends

Significant trends that affect the apparel industry include increases in manufacturing and transportation costs, the continued consolidation of retail chains and the desire on the part of retailers to consolidate vendors supplying them.

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Retailers are seeking to expand the differentiation of their offerings by devoting more resources to the development of exclusive products, whether by focusing on their own private label products or on products produced exclusively for a retailer by a national brand manufacturer. Retailers are placing more emphasis on building strong images for their private label and exclusive merchandise. Exclusive brands are only made available to a specific retailer, and thus customers loyal to their brands can only find them in the stores of that retailer.

A number of retailers are experiencing financial difficulties, which in some cases has resulted in bankruptcies, liquidations and/or store closings. The financial difficulties of a retail customer of ours could result in reduced business with that customer. We may also assume higher credit risk relating to receivables of a retail customer experiencing financial difficulty that could result in higher reserves for doubtful accounts or increased write-offs of accounts receivable. We attempt to lower credit risk from our customers by closely monitoring accounts receivable balances and shipping levels, as well as the ongoing financial performance and credit standing of customers.

Sales of apparel through the Internet continue to increase. We are addressing the increase in online shopping by developing additional marketing initiatives through the Internet, our web sites and social media.

We have attempted to respond to these trends by continuing to focus on selling products with recognized brand equity, by attention to design, quality and value and by improving our sourcing capabilities. We have also responded with the strategic acquisitions made by us and new license agreements entered into by us that have added additional licensed and proprietary brands and helped diversify our business by adding new product lines, additional distribution channels and a retail component to our business. We believe that our broad distribution capabilities help us to respond to the various shifts by consumers between distribution channels and that our operational capabilities will enable us to continue to be a vendor of choice for our retail partners.

Use of Estimates and Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant accounting policies employed by us, including the use of estimates, are presented in the notes to our consolidated financial statements. Critical accounting policies are those that are most important to the portrayal of our financial condition and our results of operations, and require management’s most difficult, subjective and complex judgments, as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our most critical accounting estimates, discussed below, pertain to revenue recognition, accounts receivable, inventories, income taxes, goodwill and intangible assets and equity awards. In determining these estimates, management must use amounts that are based upon its informed judgments and best estimates. We continually evaluate our estimates, including those related to customer allowances and discounts, product returns, bad debts and inventories, and carrying values of intangible assets. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Revenue Recognition

Goods are shipped to retailers in accordance with specific customer orders. We recognize wholesale sales when the risks and rewards of ownership have transferred to the customer, determined by us to be when title to the merchandise passes to the customer.

In addition, we act as an agent in brokering sales between customers and overseas factories. On these transactions, we also recognize commission fee income on sales that are financed by and shipped directly to our customers. Title to goods shipped by overseas vendors, transfers to customers when the goods have been delivered to the customer.

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Net sales take into account reserves for returns and allowances. We estimate the amount of reserves and allowances based on current and historical information and trends. Sales are reported net of returns, discounts and allowances. Discounts, allowances and estimates of future returns are recognized when the related revenues are recognized. We recognize commission income upon the completion of the delivery by our vendors to the customer. We recognize retail sales upon customer receipt of our merchandise, generally at the point of sale. Our retail sales are recorded net of applicable sales tax.

Accounts Receivable

In the normal course of business, we extend credit to our wholesale customers based on pre-defined credit criteria. Accounts receivable, as shown on our consolidated balance sheet, are net of allowances and anticipated discounts. In circumstances where we are aware of a specific customer's inability to meet its financial obligation (such as in the case of bankruptcy filings, extensive delay in payment or substantial downgrading by credit sources), a specific reserve for bad debts is recorded against amounts due to reduce the net recognized receivable to the amount reasonably expected to be collected. For all other wholesale customers, an allowance for doubtful accounts is determined through analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectability based on historical trends and an evaluation of the impact of economic conditions.

An allowance for discounts is based on reviews of open invoices where concessions have been extended to customers. Costs associated with allowable deductions for customer advertising expenses are charged to advertising expenses in the selling, general and administrative section of our consolidated statements of income. Costs associated with markdowns and other operational charge backs, net of historical recoveries, are included as a reduction of net sales. All of these are part of the allowances included in accounts receivable. We reserve against known charge backs, as well as for an estimate of potential future deductions by customers. These provisions result from seasonal negotiations with our customers as well as historical deduction trends, net of historical recoveries and the evaluation of current market conditions.

Inventories

Wholesale inventories are stated at lower of cost (determined by the first-in, first-out method) or market, which comprises a significant portion of our inventory. Retail inventories are valued at the lower of cost or market as determined by the retail inventory method. Vilebrequin inventories are stated at the lower of cost (determined by the weighted average method) or market.

We continually evaluate the composition of our inventories, assessing slow-turning, ongoing product as well as fashion product from prior seasons. The market value of distressed inventory is based on historical sales trends of our individual product lines, the impact of market trends and economic conditions, expected permanent retail markdowns and the value of current orders for this type of inventory. A provision is recorded to reduce the cost of inventories to the estimated net realizable values, if required.

Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax expense, together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet.

Goodwill and Intangible Assets

ASC 350 requires that goodwill and intangible assets with an indefinite life be tested for impairment at least annually and are required to be written down when impaired. We perform our test in the fourth fiscal quarter of each year, or more frequently, if events or changes in circumstances indicate the carrying amount of such assets may be impaired. Goodwill and intangible assets with an indefinite life are tested for impairment by comparing the fair value of the reporting unit with its carrying value. Fair value is generally determined using discounted cash flows, market multiples and market capitalization. Significant estimates used in the fair value methodologies include estimates of future cash flows, future short-term and long-term

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growth rates, weighted average cost of capital and estimates of market multiples of the reportable unit. If these estimates or their related assumptions change in the future, we may be required to record impairment charges for our goodwill and intangible assets with an indefinite life.

The process of evaluating the potential impairment of goodwill is subjective and requires significant judgment at many points during the analysis. In estimating the fair value of a reporting unit for the purposes of our annual or periodic analyses, we make estimates and judgments about the future cash flows of that reporting unit. Although our cash flow forecasts are based on assumptions that are consistent with our plans and estimates we are using to manage the underlying businesses, there is significant exercise of judgment involved in determining the cash flows attributable to a reporting unit over its estimated remaining useful life. In addition, we make certain judgments about allocating shared assets to the estimated balance sheets of our reporting units. We also consider our and our competitor's market capitalization on the date we perform the analysis. Changes in judgment on these assumptions and estimates could result in a goodwill impairment charge.

We have allocated the purchase price of the companies we acquired to the tangible and intangible assets acquired and liabilities we assumed, based on their estimated fair values. These valuations require management to make significant estimations and assumptions, especially with respect to intangible assets.

The fair values assigned to the Vilebrequin identifiable intangible assets acquired were based on assumptions and estimates made by management using unobservable inputs reflecting our own assumptions about the inputs that market participants would use in pricing the asset or liability based on the best information available. Identifiable intangible assets acquired as a result of our acquisition of Vilebrequin include trademarks valued at $58.7 million with an indefinite life, franchise agreements valued at $7.5 million with an estimated useful life of 14 years and customer relationships valued at $2.6 million with an estimated useful life of 8 years. The goodwill of $26.8 million in connection with our acquisition of Vilebrequin represents the future economic benefits expected to arise that could not be individually identified and separately recognized, including use of our existing infrastructure to expand sales of Vilebrequin products.

Identifiable intangible assets acquired as a result of our acquisition of G.H. Bass include trademarks valued at $2.5 million with an indefinite life and goodwill of $0.7 million, which represents the future economic benefits expected to arise that could not be individually identified and separately recognized, including use of our existing infrastructure to expand sales of G.H. Bass products.

Critical estimates in valuing intangible assets include future expected cash flows from license agreements, trade names and customer relationships. In addition, other factors considered are the brand awareness and market position of the products sold by the acquired companies and assumptions about the period of time the brand will continue to be used in the combined company's product portfolio. Management's estimates of fair value are based on assumptions believed to be reasonable, but which are inherently uncertain and unpredictable.

If we did not appropriately allocate these components or we incorrectly estimate the useful lives of these components, our computation of amortization expense may not appropriately reflect the actual impact of these costs over future periods, which may affect our results of operations.

Trademarks having finite lives are amortized over their estimated useful lives and measured for impairment when events or circumstances indicate that the carrying value may be impaired.

Equity Awards

All share-based payments to employees, including grants of restricted stock units and employee stock options, are recognized in the consolidated financial statements as compensation expense over the service period (generally the vesting period) based on their fair values. Restricted stock units that do not have a market performance condition are valued based on the quoted market price on date of grant. Restricted stock units with a market performance condition are valued using a valuation expert. Stock options are valued using the Black-Scholes option pricing model. The Black-Scholes model requires subjective assumptions regarding dividend yields, expected volatility, expected life of options and risk-free interest rates. These assumptions reflect management's best estimates. Changes in these inputs and assumptions can materially affect the estimate of fair value and the amount of our compensation expenses for stock options.

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Results of Operations

The following table sets forth selected operating data as a percentage of our net sales for the fiscal years indicated below:

	2012	2013	2014
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	69.9	67.7	65.9
Gross profit	30.1	32.3	34.1
Selling, general and administrative expenses	22.5	24.4	25.6
Depreciation and amortization	0.6	0.7	0.8
Operating profit	7.0	7.2	7.7
Equity loss in joint venture	0.1	0.1	—
Interest and financing charges, net	0.5	0.6	0.5
Income before income taxes	6.4	6.5	7.2
Income taxes	2.4	2.5	2.7
Net income	4.0	4.0	4.5
Add: loss attributable to noncontrolling interest	—	0.1	—
Net income attributable to G-III	4.0 %	4.1 %	4.5 %

Year ended January 31, 2014 (“fiscal 2014”) compared to year ended January 31, 2013 (“fiscal 2013”)

Net sales for fiscal 2014 increased to $1.7 billion from $1.4 billion in the prior year. Net sales of licensed products increased to $1.1 billion from $981.8 million primarily as a result of an increase of $136.4 million in net sales of Calvin Klein licensed products, with the largest increases occurring in our Calvin Klein women’s sportswear, women’s suits, handbag and women’s performance wear categories. Net sales of non-licensed products in fiscal 2014 increased to $342.7 million from $281.9 million in the prior year primarily due to an increase of $45.4 million in net sales from our Vilebrequin business as a result of including a full year of net sales in the current year compared to less than five months in the prior year, as well as from new Vilebrequin stores opened during the year. Net sales of our retail operations increased to $298.0 million for fiscal 2014 from $196.2 million in the prior year as a result of $61.5 million in net sales by our new G.H. Bass business, an increase in the number of Wilsons stores and a comparative store sales increase of 10.7% for our Wilsons business.

Gross profit increased to $585.6 million, or 34.1% of net sales, for fiscal 2014, from $451.6 million, or 32.3% of net sales, in the prior year. The gross profit percentage for our licensed products segment was 28.4% in fiscal 2014 compared to 28.5% in the prior year. The gross profit percentage in our non-licensed products segment increased to 33.0% in fiscal 2014 from 27.8% in the prior year. This increase in gross profit percentage is primarily attributable to our Vilebrequin business which we owned for the full fiscal 2014 year and operates at a higher gross margin than our other non-licensed businesses. The gross profit percentage for our retail operations segment increased to 49.5% in fiscal 2014 from 47.8% in the prior year. Gross profit percentage for the retail operations segment was positively impacted by less promotional activity and a higher margin product mix.

Selling, general and administrative expenses increased to $440.5 million, or 25.6% of net sales, in fiscal 2014 from $341.2 million, or 24.4% of net sales, in the prior year. This increase is primarily a result of increases in personnel costs ($49.6 million), facility costs ($23.0 million) and advertising and promotion expenses ($8.4 million). Personnel costs increased primarily as a result of our recently acquired G.H. Bass business, our Vilebrequin business, which we owned for a full year in fiscal 2014 compared to less than five months in the prior year, an increase in compensation based on profitability and an increase in personnel to staff additional retail stores. Facility costs increased primarily as a result of the acquired G.H. Bass stores, rent expense associated with our Vilebrequin business, as well as rent for additional Wilsons’ retail stores. Advertising costs increased because net sales of licensed products increased. We typically pay an advertising fee and are required to participate in customer cooperative advertising under many of our license agreements based on a percentage of net sales of licensed products.

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Depreciation and amortization increased to $13.7 million in fiscal 2014 from $9.9 million in the prior year primarily as a result of the Vilebrequin business being included for the full year in the current year compared to less than five months in the prior year.

Interest and financing charges, net, for fiscal 2014 were $9.2 million compared to $7.8 million last year. Our interest and financing charges increased primarily due to higher bank fees charged with respect to our credit agreement entered into in August 2012, higher credit card fees and interest charged on the promissory notes issued in connection with the acquisition of Vilebrequin.

Income tax expense for fiscal 2014 was $45.8 million compared to $35.4 million for the prior year. The effective tax rate for fiscal 2014 was 37.5% compared to 38.5% in the prior year. Income tax expense increased as a result of higher net income in the current year and the effective tax rate was lower primarily due to an increase in foreign operations that are in lower tax jurisdictions.

Year ended January 31, 2013 (“fiscal 2013”) compared to year ended January 31, 2012 (“fiscal 2012”)

Net sales for fiscal 2013 increased to $1.4 billion from $1.2 billion in the prior year. Net sales of licensed products increased to $981.8 million from $840.7 million primarily as a result of an increase of $66.8 million in net sales of Calvin Klein licensed products, $45.1 million in net sales of our new Kensie sportswear and dress lines and an increase of $20.6 million in net sales of licensed team sports apparel. Net sales of non-licensed products in fiscal 2013 increased to $281.9 million from $277.6 million in the prior year primarily as a result of $19.1 million in net sales of our new Vilebrequin business offset, in part, by a decrease in net sales of our Andrew Marc product lines. Net sales of our retail operations increased to $196.2 million for fiscal 2013 from $164.3 million in the prior year, primarily as a result of a comparative store sales increase of 12.6% and net sales of $11.3 million from new stores.

Gross profit increased to $451.6 million, or 32.3% of net sales, for fiscal 2013 from $370.7 million, or 30.1% of net sales, in the prior year. The gross profit percentage in our licensed products segment was 28.5% in fiscal 2013 compared to 26.5% in the prior year. The gross profit percentage in our licensed products segment improved due to our new Kensie division which realized higher than average gross margins, as well as increased penetration of our Calvin Klein women’s suits and sportswear in higher margin department stores. The gross profit percentage in our non-licensed products segment was 27.8% in fiscal 2013 compared to 26.0% in the prior year. The gross profit percentage in our non-licensed products segment improved due to our new Vilebrequin business which realized higher gross margins than other portions of our non-licensed business. The gross profit percentage for our retail operations segment was 47.8% for fiscal 2013 compared to 46.0% for the prior year. Gross profit percentage for the retail operations segment was positively impacted by less promotional activity and a higher margin product mix.

Selling, general and administrative expenses increased to $341.2 million, or 24.4% of net sales, in fiscal 2013 from $277.0 million, or 22.5% of net sales, in the prior year. The increase in these expenses is primarily a result of increases in personnel costs ($28.2 million), advertising and promotion expenses ($10.6 million), third party warehousing ($7.5 million) and professional fees ($5.9 million). Personnel costs increased primarily as a result of the addition of our new Vilebrequin business, an increase in staffing to support growth in our Calvin Klein businesses, and an increase in personnel to staff additional retail stores in our retail segment. Advertising costs increased due to increased cooperative advertising with our customers, as well as increased cooperative advertising directly purchased by us. Third party warehousing costs increased as a result of our increased shipping volume, as well as storage costs resulting from our higher inventory levels compared to the prior year. Professional fees increased primarily due to expenses associated with the acquisition of Vilebrequin.

Depreciation and amortization increased to $9.9 million in fiscal 2013 from $7.5 million in the prior year primarily as a result of depreciation and amortization related to the acquired Vilebrequin business and fixtures for the additional retail locations added since last year.

Equity loss in joint venture in fiscal 2013 was approximately $719,000 compared to $1.3 million in the prior year. This amount represents our share of the loss in the joint venture relating to the operation of Vince Camuto outlet stores. In October 2012, we sold our interest in this joint venture back to the Camuto Group for an amount approximating our carrying cost.

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Interest and financing charges, net for fiscal 2013, were $7.8 million compared to $5.7 million for the prior year. Our interest charges were higher primarily due to additional borrowings to fund our acquisition of Vilebrequin.

Income tax expense for fiscal 2013 was $35.4 million compared to $29.6 million for the prior year. The effective tax rate for fiscal 2013 was 38.5% compared to 37.4% in the prior year. Income tax expense increased as a result of increased income and the effective rate was higher primarily due to losses incurred by our newly acquired subsidiary for which no tax benefit was recorded.

Liquidity and Capital Resources

Our primary operating cash requirements are to fund our seasonal buildup in inventories and accounts receivable, primarily during the second and third fiscal quarters each year. Due to the seasonality of our business, we generally reach our peak borrowings under our asset-based credit facility during our third fiscal quarter. The primary sources to meet our operating cash requirements have been borrowings under this credit facility and cash generated from operations. Our total debt, net of cash on hand, was $47.3 million at January 31, 2014 compared to a net debt position of $57.4 million at January 31, 2013.

Acquisition of G.H. Bass

In November 2013, we acquired substantially all of the assets of the G.H. Bass & Co. business, a well-known heritage brand that sells footwear, apparel and accessories, including approximately 160 G.H. Bass & Co. outlet stores, for a total purchase price of $49.2 million paid in cash.

Acquisition of Vilebrequin

In August 2012, we acquired Vilebrequin, a premier provider of status swimwear, resort wear and related accessories, for a total purchase price of €85.5 million (approximately $106.2 million) of which €70.5 million (approximately $87.6 million) was paid in cash and €15 million (approximately $18.6 million) was paid by delivery of unsecured promissory notes, due December 31, 2017, with interest payable at the rate of 5% per year. In addition to the purchase price, the purchase agreement provides for up to an additional €22.5 million (approximately $27.9 million) of contingent future payments based upon achieving certain performance objectives related to growth of the Vilebrequin business over the three years ending December 31, 2015. The dollar equivalents to the amounts in Euro set forth in this paragraph are based on the exchange rate at the time of the acquisition (EUR equal to USD$1.242).

Credit Agreement

Effective August 2012, we have a five year senior secured credit facility with JPMorgan Chase Bank, N.A., as Administrative Agent for a group of lenders, providing for borrowings in the aggregate principal amount of up to $450 million. Amounts available under the credit agreement are subject to borrowing base formulas and over advances as specified in the credit agreement. Borrowings bear interest, at our option, at LIBOR plus a margin of 1.5% to 2.0% or prime plus a margin of 0.5% to 1.0%, with the applicable margin determined based on availability under the credit agreement. The credit agreement required us to maintain a minimum fixed charge coverage ratio, as defined, under certain circumstances and prohibited payments for cash dividends and stock redemptions until February 2014, after which such payments may be made subject to compliance with certain covenants. As of January 31, 2014, we were in compliance with these covenants.

The credit agreement is secured by all of the assets of G-III Apparel Group, Ltd. and its subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, Andrew & Suzanne Company, Inc., AM Retail Group, Inc., G-III Apparel Canada ULC, G-III License Company, LLC and AM Apparel Holdings, Inc.

The amounts we borrow vary based on our seasonal requirements. The maximum amount outstanding, including open letters of credit, under our previous and current credit agreements was approximately $275.9 million in fiscal 2014, approximately $325.0 million in fiscal 2013 and approximately $292.2 million in fiscal 2012. At January 31, 2014, there was $48.8 million of borrowings outstanding compared to $65.0 million at January 31, 2013. In addition, at January 31, 2014, we had $20.6 million in principal amount of promissory

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notes outstanding that were issued in connection with our acquisition of Vilebrequin (based on the exchange rate of EURO €1.000 equal to USD$1.377 in effect as of January 31, 2014). Our contingent liability under open letters of credit was approximately $9.2 million at January 31, 2014 and $10.0 million at January 31, 2013.

Share Repurchase Program

In September 2011, our board of directors authorized a program to repurchase up to two million shares of our common stock. The timing and actual number of shares repurchased will depend upon a number of factors, including market conditions and prevailing stock prices. Share repurchases may take place on the open market, in privately negotiated transactions or by other means, and would be made in accordance with applicable securities laws. Pursuant to the share repurchase program, during fiscal 2012, we repurchased 125,000 shares of our common stock for an aggregate purchase price of approximately $2.9 million. Repurchased shares are accounted for as treasury stock at cost and will be held in treasury for future use. Our credit agreement entered into in August 2012 prohibited the repurchase of shares until February 2014, after which repurchases can be made subject to compliance with certain covenants.

Cash from Operating Activities

At January 31, 2014, we had cash and cash equivalents of $22.1 million. We generated $84.6 million of cash from operating activities in fiscal 2014, primarily as a result of our net income of $76.4 million, an increase in accounts payable and accrued expenses of $33.1 million, a decrease in accounts receivables of $18.6 million, non-cash charges of $13.7 million for depreciation and amortization and $10.0 million for equity based compensation, offset, in part, by an increase of $35.6 million in inventory, an increase in taxes paid of $18.8 million and an increase in other assets of $15.0 million.

Our accounts payables and accrued expenses increased as a result of an increase in our working capital needs, as we expanded our business between fiscal 2013 and fiscal 2014. Our accounts receivable decreased as a result an improvements in our collection process. The increase in inventory is mainly driven by the inventory acquired in connection with the G.H. Bass acquisition in November 2013. The increase in income taxes payable is driven by an increase in pre-tax income. The increase in other assets is primarily related to guaranteed royalty and advertising payments required by various license agreements.

At January 31, 2013, we had cash and cash equivalents of $27.4 million. We generated $54.5 million of cash from operating activities in fiscal 2013. Cash was generated primarily from our net income of $56.6 million, and non-cash charges of $9.9 million for depreciation and amortization and $7.7 million for equity compensation, offset, in part, by an increase in inventory of $16.9 million and an increase in accounts receivable of $8.2 million associated with increased fourth quarter net sales.

The main reasons for the change in cash provided by operations in fiscal 2013 compared to fiscal 2012 is the smaller increase in inventory and accounts receivable during fiscal 2013 compared to fiscal 2012.

At January 31, 2012, we had cash and cash equivalents of $24.7 million. We generated $6.8 million of cash from operating activities in fiscal 2012. Cash was generated primarily from our net income of $49.6 million, non-cash charges of $7.5 million for depreciation and amortization, an increase in accounts payable and accrued expenses of $6.2 million primarily associated with accrued royalty expenses relating to sales of licensed products, a net increase in taxes payable of $6.1 million and $5.2 million for non-cash equity-based compensation offset in part by an increase in inventory of $48.5 million primarily as a result of our purchase of inventory for our most recently added luggage and handbag product lines and the growth in our dress lines and an increase in accounts receivable of $24.2 million associated with increased fourth quarter net sales.

Cash from Investing Activities

In fiscal 2014, we used $78.4 million of cash from investing activities of which $49.1 million was for the acquisition of G.H. Bass and $29.3 was for capital expenditures primarily related to build out costs and fixtures with respect to the addition of new retail stores and fixturing costs at department stores.

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In fiscal 2013, we used $90.0 million of cash in investing activities of which $80.3 million was for the acquisition of Vilebrequin and $11.6 million was for capital expenditures offset, in part, by $1.9 million of proceeds from the sale of our interest in the joint venture relating to the Vince Camuto outlet stores. We expect our capital spending to be between $20.0 million and $25.0 million in fiscal 2014, primarily for retail store development at Wilsons and Vilebrequin as well as for fixturing costs.

In fiscal 2012, we used $21.1 million of cash in investing activities, of which $17.4 million were for capital expenditures and $3.7 million were for an investment in the joint venture relating to the Vince Camuto outlet stores. The capital expenditures related primarily to build out and renovation costs with respect to the amended and extended leases we entered into in March 2010 relating to our existing and additional showrooms and offices and the addition of new outlet stores.

Cash from Financing Activities

In fiscal 2014, we used $10.0 million of cash in financing activities primarily for the reduction in net borrowings under our credit agreement of $16.2 million, offset by $2.9 million of tax benefit from the exercise or vesting of equity awards, $2.4 million in cash received in the form of loans from our joint venture partner to the joint venture, which is consolidated in our financial statements, and $1.9 million in proceeds received from the exercise of equity awards.

Cash flows from financing activities provided $37.7 million in fiscal 2013 primarily as a result of net proceeds of $35.0 million of borrowings under our revolving credit line which were used to fund the acquisition of Vilebrequin, $1.4 million in proceeds received from the exercise of equity awards and $1.9 million of tax benefits from the exercise or vesting of equity awards.

Cash flows from financing activities provided $28.9 million in fiscal 2012 primarily as a result of net proceeds of $30.1 million of borrowings under our revolving credit facility offset by the use of approximately $2.9 million to repurchase shares of our common stock. We increased our borrowings primarily to pay for purchases of inventory.

Financing Needs

We believe that our cash on hand and cash generated from operations, together with funds available from our credit agreement, are sufficient to meet our expected operating and capital expenditure requirements. We may seek to acquire other businesses in order to expand our product offerings. We may need additional financing in order to complete one or more acquisitions. We cannot be certain that we will be able to obtain additional financing, if required, on acceptable terms or at all.

New Accounting Pronouncements

In March 2013, the FASB issued ASU 2013-04, “Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date”, which updated the guidance in ASC Topic 405, Liabilities. The amendments in ASU 2013-04 generally provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this update is fixed at the reporting date, except for obligations addressed within existing guidance in GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. This guidance became effective as of February 1, 2014. The adoption of this guidance did not have a material impact on our financial position or results of operations.

In March 2013, the FASB issued ASU 2013-05, “Foreign Currency Matters (Topic 830): Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity” (“ASU 2013-05”). ASU 2013-05 updates accounting guidance related to the application of consolidation guidance and foreign currency matters. This guidance resolves the diversity in practice about what guidance applies to the release

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of the cumulative translation adjustment into net income. This guidance is effective for interim and annual periods beginning after December 15, 2013. We do not anticipate that these changes will have a material impact on our consolidated financial statements or disclosures.

In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). The amendments in ASU 2013-11 require companies to present an unrecognized tax benefit, or a portion thereof, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, unless the uncertain tax position is not available to reduce, or would not be used to reduce, the net operating loss or tax credit carryforward under the tax law in the same jurisdiction; otherwise, the unrecognized tax benefit should be presented as a gross liability and should not be combined with a deferred tax asset. ASU 2013-11 is effective for annual periods beginning after December 15, 2013 and should be applied to all unrecognized tax benefits that exist as of the effective date. Companies may choose to apply this guidance retrospectively to each prior reporting period presented. We are currently evaluating the potential impact of this update.

Off Balance Sheet Arrangements

We do not have any "off-balance sheet arrangements" as such term is defined in Item 303 of Regulation S-K of the SEC rules.

Tabular Disclosure of Contractual Obligations

As of January 31, 2014, our contractual obligations were as follows (in thousands)

		Payments Due By Period			
Contractual Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Operating lease obligations	$320,849	$58,213	$94,700	$64,191	$103,745
Minimum royalty payments (1)	534,968	90,951	125,107	120,223	198,687
Purchase obligations (2)	8,160	8,160	—	—	—
Notes payable (3)	24,693	1,033	2,066	21,594	—
Contingent purchase price payable (4)	5,550	—	5,550	—	—
Total	$894,220	$158,357	$227,423	$206,008	$302,432

(1)

- Includes obligations to pay minimum scheduled royalty, advertising and other required payments under various license agreements.

(2)

- Includes outstanding trade letters of credit, which represent inventory purchase commitments, which typically mature in less than six months.

(3)

- Includes promissory notes issued in connection with the acquisition of Vilebrequin with interest payable at the rate of 5% per year.

(4)

- Contingent consideration in connection with the acquisition of Vilebrequin.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Foreign Currency Exchange Rate Risks and Commodity Price Risk

We negotiate our purchase orders with foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, our cost for any purchase order is not subject to change after the time the order is placed. However, if the value of the United States dollar against local currencies were to decrease, manufacturers might increase their United States dollar prices for products.

We believe that the increase in commodity prices did not have a material effect on our costs and gross margins prior to fiscal 2012. During 2012, we experienced increases in the cost our raw materials, including textiles, wool and leather. The cost of our raw materials moderated in fiscal 2013 as compared to fiscal 2012 and we do not expect any significant cost increases in raw materials during fiscal 2015. To manage the risks of raw material prices, we negotiate the purchase of such materials in advance when possible. We have not, and do not anticipate using, derivative instruments to manage these price exposures.

Our sales from the non-US operations of Vilebrequin could be affected by currency fluctuations, primarily relating to the Euro. We cannot fully anticipate all of our currency exposures and therefore foreign currency fluctuations may impact our business, financial condition, and results of operations. Our international expansion will increase our exposure to foreign currency fluctuations.

Interest Rate Exposure

We are subject to market risk from exposure to changes in interest rates relating primarily to our line of credit. We borrow under our line of credit to support general corporate purposes, including capital expenditures and working capital needs. We do not expect changes in interest rates to have a material adverse effect on income or cash flows in fiscal 2015. Based on our average borrowings during fiscal 2014, we estimate that each 100 basis point increase in our borrowing rates would result in additional interest expense to us of approximately $1.3 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Financial statements and supplementary data required pursuant to this Item begin on page F-1 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

As of January 31, 2014, our management, including the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, and thus, are effective in making known to them material information relating to G-III required to be included in this report.

Changes in Internal Control over Financial Reporting

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.

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Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over our financial reporting. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, management has conducted an assessment, including testing, using the criteria on Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("1992 Framework"), or COSO. Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation and fair presentation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness of internal control over financial reporting to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management has concluded that we maintained effective internal control over financial reporting as of January 31, 2014, based on criteria in Internal Control-Integrated Framework, issued by the COSO.

On November 4, 2013, we completed our acquisition of G.H. Bass & Co. We have excluded the internal control over financial reporting of G.H. Bass for fiscal 2014 from our assessment of, and conclusion on, the effectiveness of our internal control over financial reporting. The assets of G.H. Bass, consisting primarily of inventory and fixtures constituted approximately 5.2% of our consolidated assets at January 31, 2014 and the net sales of the G.H. Bass business constituted of 3.6% of our net sales for the fiscal year ended January 31, 2014.

Our independent auditors, Ernst & Young LLP, a registered public accounting firm, have audited and reported on our consolidated financial statements and the effectiveness of our internal control over financial reporting. The reports of our independent auditors appear on pages F-2 and F-3 of this Form 10-K and express unqualified opinions on the consolidated financial statements and the effectiveness of our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

We have adopted a code of ethics and business conduct, or Code of Ethics, which applies to our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions. Our Code of Ethics is located on our Internet website at www.g-iii.com under the heading “Investor Relations.” Any amendments to, or waivers from, a provision of our Code of Ethics that apply to our principal executive officer, principal financial officer, principal accounting officer or controller and persons performing similar functions will be disclosed on our internet website within five business days following such amendment or waiver. The information contained on or connected to our Internet website is not incorporated by reference into this Form 10-K and should not be considered part of this or any other report we file with or furnish to the Securities and Exchange Commission.

The information required by Item 401 of Regulation S-K regarding directors is contained under the heading “Proposal No. 1 — Election of Directors” in our definitive Proxy Statement (the “Proxy Statement”) relating to our Annual Meeting of Stockholders to be held on or about June 10, 2014, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission, and is incorporated herein by reference. For information concerning our executive officers, see “Business-Executive Officers of the Registrant” in Item 1 in this Form 10-K.

The information required by Item 405 of Regulation S-K is contained under the heading “Section 16(a) Beneficial Ownership Reporting Compliance” in our Proxy Statement and is incorporated herein by reference. The information required by Items 407(c)(3), (d)(4), and (d)(5) of Regulation S-K is contained under the heading “Corporate Governance” in our Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item 11 is contained under the headings “Executive Compensation” and “Compensation Committee Report” in our Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Security ownership information of certain beneficial owners and management as called for by this Item 12 is incorporated by reference to the information set forth under the heading “Beneficial Ownership of Common Stock by Certain Stockholders and Management” in our Proxy Statement.

Equity Compensation Plan Information

The following table provides information as of January 31, 2014, the last day of fiscal 2014, regarding securities issued under G-III’s equity compensation plans that were in effect during fiscal 2014.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	268,488	$22.21	682,330
Equity compensation plans not approved by security	N/A	N/A	N/A

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
holders			
Total	268,488	$22.21	682,330

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required by this Item 13 is contained under the headings “Certain Relationships and Related Transactions” and “Corporate Governance” in our Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

The information required by this Item 14 is contained under the heading “Principal Accounting Fees and Services” in our Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

1.

- Financial Statements.

2.

- Financial Statement Schedules.

The Financial Statements and Financial Statement Schedules are listed in the accompanying index to consolidated financial statements beginning on page F-1 of this report. All other schedules, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, are shown in the financial statements or are not applicable and therefore have been omitted.

3.

- Exhibits:

(a) The following exhibits filed as part of this report or incorporated herein by reference are management contracts or compensatory plans or arrangements: Exhibits 10.1, 10.1(a), 10.1(b), 10.1(c), 10.7, 10.7(a), 10.8, 10.8(a), 10.9, 10.9(a), 10.9(b), 10.9(c), 10.9(d), 10.9(e), 10.9(f), 10.9(g), 10.9(h), 10.10, 10.11, 10.11(a), 10.11(b), 10.11(c), 10.14 and 10.16.

3.1	Certificate of Incorporation. 1
3.1(a)	Certificate of Amendment of Certificate of Incorporation, dated June 8, 2006. 2
3.1(b)	Certificate of Amendment of Certificate of Incorporation, dated June 7, 2011. 16
3.2	By-Laws, as amended, of G-III Apparel Group, Ltd. (“G-III”). 18
10.1	Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb. 3
10.1(a)	Amendment, dated October 1, 1999, to the Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb. 3
10.1(b)	Amendment, dated January 28, 2009, to Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb. 10
10.1(c)	Letter Amendment, dated March 13, 2013, to Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb. 22
10.2	Credit Agreement (“Credit Agreement”), dated as of August 6, 2012, by and among G-III Leather Fashions, Inc., J. Percy For Marvin Richards, Ltd., CK Outerwear, LLC, Andrew & Suzanne Company Inc. and AM Retail Group, Inc., as Borrowers, G-III, G-III Apparel Canada ULC, G-III License Company, LLC and AM Apparel Holdings, Inc., as Loan Guarantors, the Lenders that are parties thereto, and JPMorgan Chase Bank, N.A., as Administrative Agent. 19
10.2(a)	Joinder Agreement, dated as of January 31, 2013, between Riviera Sun, Inc. and JPMorgan Chase Bank, N.A., as Administrative Agent, to Credit Agreement. 23
10.2(b)	Amendment to Credit Agreement, dated as of October 1, 2013, by and among the Borrowers, the Loan Guarantors, the Lenders and the Administrative Agent, amending the Credit

Agreement, dated as of August 6, 2012, by and among the Borrowers, the Loan Guarantors, the Lenders and the Administrative Agent. 25

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10.3	Lease, dated September 21, 1993, between Hartz Mountain Associates and G-III. 3
10.3(a)	Lease renewal, dated May 27, 1999, between Hartz Mountain Associates and G-III. 3
10.3(b)	Lease modification agreement, dated March 10, 2004, between Hartz Mountain Associates and G-III. 4
10.3(c)	Lease modification agreement, dated February 23, 2005, between Hartz Mountain Associates and G-III. 5
10.4	Lease, dated June 1, 1993, between 512 Seventh Avenue Associates (''512'') and G-III Leather Fashions, Inc. ("G-III Leather") (34 th and 35 th floors). 3
10.4(a)	Lease amendment, dated July 1, 2000, between 512 and G-III Leather (34 th and 35 th floors). 3
10.4(b)	Second Amendment of Lease, dated March 26, 2010, between 500-512 Seventh Avenue Limited Partnership, the successor to 512 (collectively, "512") and G-III Leather (34 th and 35 th floors). 14
10.5	Lease, dated January 31, 1994, between 512 and G-III(33 rd floor). 3
10.5(a)	Lease amendment, dated July 1, 2000, between 512 and G-III(33 rd floor). 3
10.5(b)	Second Amendment of Lease, dated March 26, 2010, between 512 and G-III Leather (33 rd floor). 14
10.5(c)	Second Amendment of Lease, dated March 26, 2010, between 512 and G-III Leather (10 th floor). 14
10.5(d)	Third Amendment of Lease, dated March 26, 2010, between 512 and G-III Leather (36 th, 21 st, 22 nd, 23 rd and 24 th floors). 14
10.5(e)	Sixth Amendment of Lease (2 nd Floor (including mezzanine), 21 st, 22 nd, 23 rd, 24 th, 27 th, 29 th, 31 st, 36 th and 40 th Floors), dated May 23, 2013, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord. 24
10.6	Lease, dated February 10, 2009, between IRET Properties and AM Retail Group, Inc. 14
10.7	G-III 1997 Stock Option Plan, as amended the "1997 Plan". 4
10.7(a)	Form of Option Agreement for awards made pursuant to the G-III 1997 Plan. 5
10.8	G-III 1999 Stock Option Plan for Non-Employee Directors, as amended the "1999 Plan". 6
10.8(a)	Form of Option Agreement for awards made pursuant to the 1999 Plan. 11
10.9	G-III 2005 Amended and Restated Stock Incentive Plan, the "2005 Plan". 22
10.9(a)	Form of Option Agreement for awards made pursuant to the 2005 Plan. 11
10.9(b)	Form of Restricted Stock Agreement for restricted stock awards made pursuant to the 2005 Plan. 7
10.9(c)	Form of Deferred Stock Award Agreement for restricted stock unit awards made pursuant to the 2005 Plan. 8
10.9(d)	Form of Deferred Stock Award Agreement for April 15, 2009 restricted stock unit grants. 12
10.9(e)	Form of Deferred Stock Award Agreement for March 17, 2010 restricted stock unit grants. 13
10.9(f)	Form of Deferred Stock Award Agreement for June 29, 2011 restricted stock unit grants. 17

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10.9(g)	Form of Deferred Stock Award Agreement for October 5, 2012 restricted stock unit grants. 20
10.9(h)	Form of Deferred Stock Award Agreement for October 4, 2013 restricted stock unit grants. 26
10.10	Form of Executive Transition Agreement, as amended. 15
10.11	Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III. 14
10.11(a)	Amendment, dated October 3, 2008, to Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III. 9
10.11(b)	Amendment, dated January 28, 2009, to Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III. 10
10.11(c)	Letter Amendment, dated March 13, 2013, to Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III. 22
10.12	Lease agreement dated June 29, 2006 between The Realty Associates Fund VI, LP and G-III. 2
10.13	Lease Agreement, dated December 21, 2009 and effective December 28, 2009, by and between G-III, as Tenant, and Granite South Brunswick LLC, as Landlord. 14
10.14	Form of Indemnification Agreement. 14
10.15	Agreement for the Sale and Purchase of Shares in the Capital of Vilebrequin International SA, dated as of August 6, 2012, by and among Fashion Fund I B.V., VBQ Acquisition B.V., Vilebrequin International SA and G-III (including forms of promissory notes delivered thereunder). 19
10.16	Employment Agreement, made as of January 9, 2013, between G-III and Wayne S. Miller. 21
10.17	Asset Purchase Agreement, dated October 2, 2013, by and among AM Retail Group, Inc., G-III Apparel Group, Ltd., PVH Retail Stores LLC, PVH Corp. and PVH Puerto Rico, Inc. 25
21*	Subsidiaries of G-III.
23.1*	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.
31.1*	Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a – 14(a) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2014.
31.2*	Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a – 14(a) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2014.
32.1**	Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 16 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 Annual Report on Form 10-K for the fiscal year ended January 31, 2014.
32.2**	Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 16 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 Annual Report on Form 10-K for the year ended January 31, 2014.

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101.INS	XBRL Instance Document.
101.SCH	XBRL Schema Document.
101.CAL	XBRL Calculation Linkbase Document.
101.DEF	XBRL Extension Definition.
101.LAB	XBRL Label Linkbase Document.
101.PRE	XBRL Presentation Linkbase Document.

*

- Filed herewith.

**

- Exhibits 32.1 and 32.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that Section. Such exhibits shall not be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

(1)

- Previously filed as an exhibit to G-III's Registration Statement on Form S-1 (no. 33-31906), which exhibit is incorporated herein by reference.

(2)

- Previously filed as an exhibit to G-III's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2006, which exhibit is incorporated herein by reference.

(3)

- Previously filed as an exhibit to G-III's Annual Report on Form 10-K/A for the fiscal year ended January 31, 2006, which exhibit is incorporated herein by reference.

(4)

- Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2004, which exhibit is incorporated herein by reference.

(5)

- Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2005, which exhibit is incorporated herein by reference.

(6)

- Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2006, filed on May 1, 2006, which exhibit is incorporated herein by reference.

(7)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on June 15, 2005, which exhibit is incorporated herein by reference.

(8)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on July 2, 2008, which exhibit is incorporated herein by reference.

(9)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on October 6, 2008, which exhibit is incorporated herein by reference.

(10)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on February 3, 2009, which exhibit is incorporated herein by reference.

(11)

- Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2009, which exhibit is incorporated herein by reference.

(12)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on April 21, 2009, which is incorporated herein by reference.

(13)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on March 23, 2010, which exhibit is incorporated herein by reference.

(14)

- Previously filed as an exhibit to G-III's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2010, which exhibit is incorporated herein by reference.

(15)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on February 16, 2011, which exhibit is incorporated herein by reference.

(16)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on June 9, 2011, which exhibit is incorporated herein by reference.

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(17)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on July 1, 2011, which exhibit is incorporated herein by reference.

(18)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on December 9, 2011, which exhibit is incorporated herein by reference.

(19)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on August 8, 2012, which exhibit is incorporated herein by reference.

(20)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on October 11, 2012, which exhibit is incorporated herein by reference.

(21)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on January 11, 2013, which exhibit is incorporated herein by reference.

(22)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on March 15, 2013, which exhibit is incorporated herein by reference.

(23)

- Previously filed as an exhibit to G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2013, which exhibit is incorporated herein by reference.

(24)

- Previously filed as an exhibit to G-III's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2013, which exhibit is incorporated herein by reference.

(25)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on October 4, 2013, which exhibit is incorporated herein by reference.

(26)

- Previously filed as an exhibit to G-III's Report on Form 8-K filed on October 8, 2013, which exhibit is incorporated herein by reference.

Exhibits have been included in copies of this Report filed with the Securities and Exchange Commission. We will provide, without charge, a copy of these exhibits to each stockholder upon the written request of any such stockholder. All such requests should be directed to G-III Apparel Group, Ltd., 512 Seventh Avenue, 35th floor, New York, New York 10018, Attention: Mr. Wayne S. Miller, Secretary.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ Morris Goldfarb

Morris Goldfarb,
Chief Executive Officer
and President

March 31, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Morris Goldfarb Morris Goldfarb	Director, Chairman of the Board, Chief Executive Officer and President (principal executive officer)	March 31, 2014
/s/ Neal S. Nackman Neal S. Nackman	Chief Financial Officer (principal financial and accounting officer)	March 31, 2014
/s/ Sammy Aaron Sammy Aaron	Director and Vice Chairman	March 31, 2014
/s/ Thomas J. Brosig Thomas J. Brosig	Director	March 31, 2014
/s/ Alan Feller Alan Feller	Director	March 31, 2014
/s/ Jeffrey Goldfarb Jeffrey Goldfarb	Director	March 31, 2014
/s/ Jeanette Nostra Jeanette Nostra	Director	March 31, 2014
/s/ Laura Pomerantz Laura Pomerantz	Director	March 31, 2014
/s/ Allen Sirkin	Director	March 31, 2014

Signature	Title	Date
Allen Sirkin		
/s/ Willem van Bokhorst Willem van Bokhorst	Director	March 31, 2014
/s/ Cheryl Vitali Cheryl Vitali	Director	March 31, 2014
/s/ Richard White Richard White	Director	March 31, 2014

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EXHIBIT INDEX

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Subsidiaries of G-III.

23.1

Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP.

31.1

Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a – 14(a) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2014.

31.2

Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Rule 13a – 14(a) or Rule 15d – 14(a) of the Securities Exchange Act of 1934, as amended, in connection with G-III Apparel Group, Ltd.'s Annual Report on Form 10-K for the fiscal year ended January 31, 2014.

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 Annual Report on Form 10-K for the fiscal year ended January 31, 2014.

32.2

Certification by Neal S. Nackman, 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 Annual Report on Form 10-K for the fiscal year ended January 31, 2014.

101.INS

XBRL Instance Document.

101.SCH

XBRL Schema Document.

101.CAL

XBRL Calculation Linkbase Document.

101.DEF

XBRL Extension Definition.

101.LAB

XBRL Label Linkbase Document.

101.PRE

XBRL Presentation Linkbase Document.

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G-III Apparel Group, Ltd. and Subsidiaries
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AND FINANCIAL STATEMENT SCHEDULE
(Item 15(a))

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All other schedules for which provision is made in the applicable regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, accordingly, are omitted.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of G-III Apparel Group, Ltd.

We have audited the accompanying consolidated balance sheets of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2014. Our audits also included the financial statement schedule listed in the index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of G-III Apparel Group, Ltd. and subsidiaries at January 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), G-III Apparel Group, Ltd. and subsidiaries' internal control over financial reporting as of January 31, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("1992 framework") and our report dated March 31, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
New York, New York
March 31, 2014

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of G-III Apparel Group, Ltd.

We have audited G-III Apparel Group Ltd. and subsidiaries internal control over financial reporting as of January 31, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("1992 framework"). G-III Apparel Group Ltd. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of G.H. Bass & Co., which is included in the January 31, 2014 consolidated financial statements of G-III Apparel Group, Ltd. and subsidiaries and constituted 5.3% of total assets, as of January 31, 2014 and 3.6% of net sales for the year then ended. Our audit of internal control over financial reporting of G-III Apparel Group, Ltd. and subsidiaries also did not include an evaluation of the internal control over financial reporting of G.H. Bass & Co.

In our opinion, G-III Apparel Group, Ltd. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of January 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 2014 and 2013, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2014 of G-III Apparel Group, Ltd. and subsidiaries, and our report dated March 31, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

New York, New York
March 31, 2014

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G-III Apparel Group, Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
January 31,

	2014	2013
	(In thousands, except share and per share amounts)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$22,091	$27,360
Accounts receivable, net of allowance for doubtful accounts and sales discounts of $54,987 and $45,947, respectively	160,010	178,216
Inventories	359,639	280,929
Prepaid income taxes	6,807	—
Deferred income taxes, net	16,331	10,285
Prepaid expenses and other current assets	21,312	19,795
Total current assets	586,190	516,585
PROPERTY AND EQUIPMENT, NET	62,832	40,816
OTHER ASSETS	31,259	10,053
OTHER INTANGIBLES, NET	13,926	13,860
TRADEMARKS, NET	81,086	76,062
GOODWILL	55,604	60,396
	$830,897	$717,772
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$48,843	$65,000
Income taxes payable	—	12,181
Accounts payable	131,241	104,037
Accrued expenses	56,468	51,998
Due to noncontrolling shareholder	4,674	—
Total current liabilities	241,226	233,216
NOTES PAYABLE	20,560	19,778
DEFERRED INCOME TAXES, NET	22,100	14,442
DUE TO NONCONTROLLING SHAREHOLDER	—	2,275
CONTINGENT PURCHASE PRICE PAYABLE	5,550	5,787
OTHER NON-CURRENT LIABILITIES	19,465	13,034
TOTAL LIABILITIES	308,901	288,532
STOCKHOLDERS' EQUITY		
Preferred stock; 1,000,000 shares authorized; No shares issued and outstanding		
Common stock — $.01 par value; 80,000,000 shares authorized; 20,935,804 and 20,616,957 shares issued	209	206
Additional paid-in capital	184,841	171,132
Accumulated other comprehensive income	6,165	3,523
Retained earnings	335,797	258,437
Common stock held in treasury, at cost — 492,225 shares	(3,899)	(3,899)
Total G-III stockholders' equity	523,113	429,399
Noncontrolling interest	(1,117)	(159)
Total stockholders' equity	521,996	429,240
	$830,897	$717,772

The accompanying notes are an integral part of these statements.

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G-III Apparel Group, Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Year Ended January 31,		
	2014	2013	2012
	(In thousands, except per share amounts)		
Net sales	$1,718,231	$1,399,719	$1,231,201
Cost of goods sold	1,132,598	948,082	860,485
Gross profit	585,633	451,637	370,716
Selling, general and administrative expenses	440,506	341,242	277,019
Depreciation and amortization	13,676	9,907	7,473
Operating profit	131,451	100,488	86,224
Equity loss in joint venture	—	719	1,271
Interest and financing charges, net	9,223	7,764	5,713
Income before income taxes	122,228	92,005	79,240
Income tax expense	45,826	35,436	29,620
Net income	76,402	56,569	49,620
Add: Loss attributable to noncontrolling interest	958	306	—
Income attributable to G-III	$77,360	$56,875	$49,620
NET INCOME PER COMMON SHARE:			
Basic:			
Net income per common share	$3.81	$2.84	$2.51
Weighted average number of shares outstanding	20,323	20,006	19,796
Diluted:			
Net income per common share	$3.71	$2.80	$2.46
Weighted average number of shares outstanding	20,864	20,280	20,192
Net income attributable to G-III	$77,360	$56,875	$49,620
Other comprehensive income:			
Foreign currency translation adjustments	2,642	3,519	23
Other comprehensive income	2,642	3,519	23
Comprehensive income	$80,002	$60,394	$49,643

The accompanying notes are an integral part of these statements.
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G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Common Stock Held in Treasury	Total
			(In thousands)			
Balance as of January 31, 2011	$201	$152,340	$ (19)	$151,942	$(970)	$303,494
Equity awards exercised/vested, net	2	617				619
Tax benefit from exercise/vesting of equity awards		1,945				1,945
Amortization of share-based compensation		5,200				5,200
Effect of exchange rate changes			23			23
Net income attributable to G-III				49,620		49,620
Treasury share purchase					(2,929)	(2,929)
Balance as of January 31, 2012	203	160,102	4	201,562	(3,899)	357,972
Equity awards exercised/vested, net	3	1,422				1,425
Tax benefit from exercise/vesting of equity awards		1,870				1,870
Amortization of share-based compensation		7,738				7,738
Effect of exchange rate changes			3,519			3,519
Net income attributable to G-III				56,875		56,875
Balance as of January 31, 2013	206	171,132	3,523	258,437	(3,899)	429,399
Equity awards exercised/vested, net	3	841				844
Tax benefit from exercise/vesting of equity awards		2,915				2,915
Amortization of share-based compensation		9,953				9,953
Effect of exchange rate changes			2,642			2,642
				77,360		77,360

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (loss)	Retained Earnings	Common Stock Held in Treasury	Total
Net income attributable to G-III						
Balance as of January 31, 2014	$209	$184,841	$ 6,165	$335,797	$(3,899)	$523,113

The accompanying notes are an integral part of these statements.

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G-III Apparel Group, Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended January 31,		
	2014	2013	2012
	(In thousands)		
Cash flows from operating activities			
Net income	$76,402	$56,569	$49,620
Adjustments to reconcile net income to net cash provided by operating activities, net of assets and liabilities acquired:			
Depreciation and amortization	13,676	9,941	7,473
Equity based compensation	9,953	7,738	5,200
Tax benefit from exercise/vesting of equity awards	2,545	1,378	809
Deferred financing charges	751	500	425
Equity loss in joint venture	—	719	1,271
Change in contingent purchase price payable	(468)	—	—
Deferred income taxes	754	(1,191)	3,568
Gain on sale of joint venture interest	—	(185)	—
Changes in operating assets and liabilities:			
Accounts receivable, net	18,611	(8,249)	(24,169)
Inventories, net	(35,584)	(16,862)	(48,526)
Income taxes, net	(18,766)	6,114	6,171
Prepaid expenses and other current assets	(1,434)	(3,824)	(1,324)
Other assets, net	(14,972)	(2,833)	64
Accounts payable, accrued expenses and other liabilities	33,125	4,679	6,194
Net cash provided by operating activities	84,593	54,494	6,776
Cash flows from investing activities			
Acquisitions, net of cash acquired	(49,129)	(80,252)	—
Proceeds from (investment in) equity of joint venture, net	—	1,885	(3,650)
Capital expenditures	(29,283)	(11,615)	(17,410)
Net cash used in investing activities	(78,412)	(89,982)	(21,060)
Cash flows from financing activities			
(Repayment of) proceeds from notes payable, net	(16,157)	34,950	30,050
Noncontrolling interest investment, net	2,399	(883)	—
Loss attributable to noncontrolling interest	—	306	—
Proceeds from exercise of equity awards	1,906	1,425	619
Stock repurchase	—	—	(2,929)
Taxes paid for net share settlement	(1,062)	—	—
Excess tax benefit from exercise/vesting of equity awards	2,915	1,870	1,136
Net cash (used in) provided by financing activities	(9,999)	37,668	28,876
Effect of exchange rate changes	(1,451)	520	23
Net (decrease) increase in cash and cash equivalents	(5,269)	2,700	14,615
Cash and cash equivalents at beginning of year	27,360	24,660	10,045
Cash and cash equivalents at end of year	$22,091	$27,360	$24,660
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$8,500	$9,996	$5,228
Income taxes	65,076	28,615	18,243
Notes issued in connection with the acquisition of Vilebrequin	—	19,778	—
	—	5,787	—

	Year Ended January 31,
Contingent consideration in connection with the acquisition of Vilebrequin	

The accompanying notes are an integral part of these statements.

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G-III Apparel Group, Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 2014, 2013 and 2012

NOTE A — SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

1.

- Business Activity and Principles of Consolidation

As used in these financial statements, the term "Company" or "G-III" refers to G-III Apparel Group, Ltd. and its subsidiaries. The Company designs, manufactures and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women's suits and women's performance wear, as well as footwear, luggage and women's handbags, small leather goods, and cold weather accessories. The Company also operates retail stores.

The Company consolidates the accounts of all its wholly-owned and majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated. Vilebrequin International SA ("Vilebrequin"), a Swiss corporation, and the Company's joint venture that operates Calvin Klein Performance retail stores in mainland China and Hong Kong, G-T (International) Fashion Company Limited ("G-T Fashion"), report results on a calendar year basis rather than on the January 31 fiscal year basis used by the Company. Accordingly, the results of Vilebrequin and G-T Fashion are and will be included in the financial statements for the year ended or ending closest to the Company's fiscal year. For example, with respect to the Company's results for the year ended January 31, 2014, the results of Vilebrequin and G-T Fashion are included for their year ended December 31, 2013.

Investments in entities that the Company does not control but has the ability to exercise significant influence are accounted for using the equity method of accounting. Equity method investments are recorded initially at cost in the Consolidated Balance Sheets. Those amounts are adjusted to recognize the Company's proportional share of the investee's net income or loss after the date of the investment. In October 2012, the Company sold its interest in the joint venture that operated outlet stores under the Vince Camuto name, which had been accounted for by the equity method.

During the first quarter of fiscal 2013, the Company entered into a joint venture to operate Calvin Klein Performance retail stores in mainland China and Hong Kong. The Company owns 51% of this joint venture and consolidates its accounts in the Company's financial statements. The Company's share of net income or loss of this investment is included in the Consolidated Statements of Income.

2.

- Cash Equivalents

The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

3.

- Revenue Recognition

Goods are shipped to retailers in accordance with specific customer orders. The Company recognizes wholesale sales when the risks and rewards of ownership have transferred to the customer, determined by the Company to be when title to the merchandise passes to the customer.

In addition, the Company acts as an agent in brokering sales between customers and overseas factories. On these transactions, the Company recognizes also commission fee income on sales that are financed by and shipped directly to the customers. Title to goods shipped by overseas vendors transfers to customers when the goods have been delivered to the customer. The Company also recognizes commission income upon the completion of the delivery by its vendors to the customer.

The Company recognizes retail sales upon customer receipt of the merchandise, generally at the point of sale. The Company’s sales are recorded net of applicable sales taxes.

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G-III Apparel Group, Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Both wholesale revenues and retail store revenues are shown net of returns, discounts and other allowances.

4.

- Returns and Allowances

The Company reserves against known chargebacks, as well as for an estimate of potential future deductions and returns by customers. The Company establishes these reserves for returns and allowances based on current and historical information and trends. Allowances are established for trade discounts, markdowns, customer advertising agreements and operational chargebacks. Estimated costs associated with allowable deductions for customer advertising expenses are reflected as selling, general and administrative expenses. Estimated costs associated with trade discounts and markdowns, and reserves for returns are reflected as a reduction of net sales. All of these reserves are part of the allowances netted against accounts receivable.

The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate. The Company writes off uncollectible trade receivables once collection efforts have been exhausted.

5.

- Inventories

Wholesale inventories are stated at the lower of cost (determined by the first-in, first-out method) or market which comprises a significant portion of the Company's inventory. Retail inventories are valued at the lower of cost or market as determined by the retail inventory method. Vilebrequin inventories are stated at the lower of cost (determined by the weighted average method) or market.

6.

- Goodwill and Other Intangibles

Goodwill represents the excess of purchase price over the fair value of net assets acquired in business combinations accounted for under the purchase method of accounting. Goodwill and certain intangible assets deemed to have indefinite lives are not amortized, but are subject to annual impairment tests, using a test combining a discounted cash flow approach and a market approach. Other intangibles with determinable lives, including license agreements, trademarks, customer lists and non-compete agreements are amortized on a straight-line basis over the estimated useful lives of the assets (currently ranging from 3 to 15 years). Impairment losses, if any, on intangible assets with finite lives are recorded when indicators of impairment are present and the discounted cash flows estimated to be derived from those assets are less than the assets' carrying amounts.

7.

- Depreciation and Amortization

Property and equipment are recorded at cost. Depreciation and amortization are computed by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the life of the lease or the useful life of the improvement, whichever is shorter.

8.

- Impairment of Long-Lived Assets

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 360, Property, Plant and Equipment, the Company annually evaluates the carrying value of its long-lived assets to determine whether changes have occurred that would suggest that the carrying amount of such assets may not be recoverable based on the estimated future undiscounted cash flows of the businesses to which the assets relate. Any impairment loss would be equal to the amount by which the carrying value of the assets exceeded its fair value.

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G-III Apparel Group, Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

9.

- Income Taxes

The Company accounts for income taxes and uncertain tax positions in accordance with ASC Topic 740 – Income Taxes. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a return, as well as guidance on de-recognition, classification, interest and penalties and financial statement reporting disclosures.
Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

10.

- Net Income Per Common Share

Basic net income per common share has been computed using the weighted average number of common shares outstanding during each period. Diluted net income per share is computed using the weighted average number of common shares and potential dilutive common shares, consisting of unvested restricted stock awards and stock options outstanding during the period. Approximately 181,889 and 20,000 shares for the years ended January 31, 2014 and 2012, respectively, have been excluded from the diluted net income per share calculation as their inclusion would have been anti-dilutive. There were no shares excluded from the diluted net income per share calculation for the year ended January 31, 2013. The Company issued 319,648, 337,825 and 223,000 shares of common stock in connection with the exercise or vesting of equity awards during the years ended January 31, 2014, 2013 and 2012, respectively.
A reconciliation between basic and diluted net income per share is as follows:

	Year Ended January 31,		
	2014	2013	2012
	(In thousands, except per share amounts)		
Net income attributable to G-III	$77,360	$56,875	$49,620
Basic net income per share:			
Basic common shares	20,323	20,006	19,796
Basic net income per share	$3.81	$2.84	$2.51
Diluted net income per share:			
Basic common shares	20,323	20,006	19,796
Stock options and restricted stock awards	541	274	396
Diluted common shares	20,864	20,280	20,192
Diluted net income per share	$3.71	$2.80	$2.46

11.

- Equity Award Compensation

ASC Topic 718, Compensation – Stock Compensation, requires all share-based payments to employees, including grants of restricted stock awards and employee stock options, to be recognized as compensation expense over the service period (generally the vesting period) based on their fair values. The impact of forfeitures that may occur prior to vesting is estimated and considered in the amount recognized. Restricted stock awards generally vest over a four or five year period and certain awards also include market conditions that provide for the award to vest only after the

average closing price of the Company's stock trades above a predetermined market level. In addition, certain of these awards have performance conditions that require the satisfaction of an earnings after taxes or net income per diluted share performance target. All awards are expensed on a straight line basis other than awards with market and/or performance conditions, which are expensed under the requisite acceleration method.

It is the Company's policy to grant stock options through the issuance of new shares at prices not less than the fair market value on the date of the grant. Option terms, vesting and exercise periods vary, except that the term of an option may not exceed ten years.

12.

- Cost of Goods Sold

Cost of goods sold includes the expenses incurred to acquire, produce and prepare inventory for sale, including product costs, warehouse staff wages, freight in, import costs, packaging materials, the cost of operating our overseas offices and royalty expense. Our gross margins may not be directly comparable to those of our competitors, as income statement classifications of certain expenses may vary by company.

13.

- Shipping and Handling Costs

Shipping and handling costs for wholesale operations consist of warehouse facility costs, third party warehousing, freight out costs, and warehouse supervisory wages and are included in selling, general and administrative expense. Wholesale shipping and handling costs included in selling, general and administrative expenses were $54.8 million, $50.7 million and $44.9 million for the years ended January 31, 2014, 2013 and 2012, respectively.

14.

- Advertising Costs

The Company expenses advertising costs as incurred and includes these costs in selling, general and administrative expense. Advertising paid as a percentage of sales under license agreements are expensed in the period in which the sales occur or are accrued to meet guaranteed minimum requirements under license agreements. Advertising expense was $62.3 million, $54.1 million and $43.8 million for the years ended January 31, 2014, 2013 and 2012, respectively. Prepaid advertising, which represents advance payments to licensors for minimum guaranteed payments for advertising under our licensing agreements, was $5.9 million and $5.5 million at January 31, 2014 and 2013, respectively.

15.

- Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

16.

- Fair Value of Financial Instruments

The carrying amount of the Company's variable rate debt approximates the fair value, as interest rates change with the market rates. Furthermore, the carrying value of all other financial instruments potentially subject to valuation risk (principally consisting of cash, accounts receivable and accounts payable) also approximates fair value due to the short-term nature of their maturity.

The promissory notes issued in connection with the acquisition of Vilebrequin were valued using the current market interest rate at the time of acquisition and are subject to revaluation as market conditions change. In addition, the annual calculation of contingent consideration recorded in connection with the acquisition of Vilebrequin reflects current market conditions. Both of these fair values would be considered Level 3 valuations in the fair value hierarchy.

17.

- Foreign Currency Translation

The financial statements of subsidiaries outside the United States are measured using local currency as the functional currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date. Income and expense items are translated at average monthly rates of exchange. Gains and losses from foreign currency transactions of these subsidiaries are included in net earnings.

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18.

- Effects of Recently Issued Accounting Pronouncements

In March 2013, the FASB issued ASU 2013-04, "Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date", which updated the guidance in ASC Topic 405, Liabilities. The amendments in ASU 2013-04 generally provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this update is fixed at the reporting date, except for obligations addressed within existing guidance in GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. This guidance will become effective as of February 1, 2014, the beginning of the Company's 2015 fiscal year. The adoption of this guidance is not expected to have a material impact on the Company's financial position or results of operations.
In March 2013, the FASB issued ASU 2013-05, "Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity" ("ASU 2013-05"). ASU 2013-05 updates accounting guidance related to the application of consolidation guidance and foreign currency matters. This guidance resolves the diversity in practice about what guidance applies to the release of the cumulative translation adjustment into net income. This guidance is effective for interim and annual periods beginning after December 15, 2013. The Company does not anticipate that these changes will have a material impact on its consolidated financial statements or disclosures.
In July 2013, the FASB issued ASU 2013-11, "Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists" ("ASU 2013-11"). The amendments in ASU 2013-11 require companies to present an unrecognized tax benefit, or a portion thereof, as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward, unless the uncertain tax position is not available to reduce, or would not be used to reduce, the net operating loss or tax credit carryforward under the tax law in the same jurisdiction; otherwise, the unrecognized tax benefit should be presented as a gross liability and should not be combined with a deferred tax asset. ASU 2013-11 is effective for annual periods beginning after December 15, 2013 and should be applied to all unrecognized tax benefits that exist as of the effective date. Companies may choose to apply this guidance retrospectively to each prior reporting period presented. The Company is currently evaluating the potential impact of this update.
NOTE B — INVENTORIES
Inventories consist of:

	January 31,	
	2014	2013
	(In thousands)	
Finished goods	$350,627	$271,155
Raw materials and work-in-process	9,012	9,774
	$359,639	$280,929

Raw materials of $7.9 million and $7.8 million, net of allowances, were maintained in China at January 31, 2014 and 2013, respectively.

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NOTE C — PROPERTY AND EQUIPMENT
Property and equipment consist of:

		January 31,	
		2014	2013
		(In thousands)	
Machinery and equipment	4 – 5 years	$2,077	$2,086
Leasehold improvements	1 – 19 years	60,817	44,656
Furniture and fixtures	3 – 10 years	30,883	17,047
Computer equipment and software	2 – 5 years	7,429	5,023
		101,206	68,812
Less: accumulated depreciation		38,374	27,996
		$62,832	$40,816

The Company had fixed asset disposals of approximately $209,000 and $447,000 for the years ended January 31, 2014 and 2013. Depreciation expense amounted to $11.4 million, $8.7 million and $6.6 million for the years ended January 31, 2014, 2013 and 2012, respectively.

NOTE D — ACQUISITIONS AND INTANGIBLES

Acquisition of Vilebrequin

In August 2012, the Company acquired all of the outstanding shares of Vilebrequin for aggregate consideration consisting of (i) €70.5 million (approximately $87.6 million) in cash and (ii) €15.0 million (approximately $18.6 million) of unsecured promissory notes due December 31, 2017, with interest payable at the rate of 5% per year. In addition to the aggregate consideration paid at closing, the purchase agreement provides for contingent consideration of up to €22.5 million (approximately $27.9 million) based upon achieving certain performance objectives related to the growth of the Vilebrequin business over the three years ending December 31, 2015. As of the acquisition date, the estimated contingent consideration payable was $5.4 million. The dollar equivalents to the amounts in Euro set forth in this paragraph are based on the exchange rate on the date of acquisition (€1.000 equal to USD $1.242).

Vilebrequin is a premier provider of status swimwear, resort wear and related accessories. Vilebrequin sells its products in over 50 countries around the world through a network of company owned and franchised specialty retail stores and shops, as well as through select wholesale distribution.

The total consideration paid for Vilebrequin was approximately $111.7 million, including the estimated fair value of the contingent consideration at the time of acquisition. The purchase price has been allocated to the tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. The fair value of the contingent consideration was estimated as of the acquisition date based on the present value of the expected contingent payments, which are determined using weighted probabilities of possible payments. On January 31, 2014, the contingent consideration was reduced by approximately $490,000 as a result of a revision of the assumptions initially used to calculate the earnout payment. The allocation resulted in goodwill and intangible assets in the aggregate amount of $95.6 million related to the acquisition of Vilebrequin.

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The following table (in thousands) summarizes the components of the purchase price allocation, which was finalized in the quarter ended July 31, 2013, for the acquisition of Vilebrequin:

Purchase price:	
Cash paid	$87,573
Notes issued	18,633
Fair value of contingent consideration	5,452
	$111,658
Allocation:	
Current assets	$25,793
Property, plant and equipment	5,724
Identifiable intangible assets	68,847
Other non-current assets, net	15,274
Assumed liabilities	(12,938)
Deferred income taxes	(17,820)
Goodwill	26,778
	$111,658

The fair values assigned to identifiable intangible assets acquired were based on assumptions and estimates made by management using unobservable inputs reflecting the Company's own assumptions about the inputs that market participants would use in pricing the asset or liability based on the best information available. The fair values of these identifiable intangible assets were determined using the discounted cash flow method, and the Company classifies these intangibles as Level 3 fair value measurements. The final purchase price allocation resulted in an increase of other non-current assets of $10.7 million and a decrease in deferred income taxes of $5.3 million resulting in a decrease in goodwill of $5.4 million. Identifiable intangible assets acquired include trademarks valued at $58.7 million with an indefinite life, franchise agreements valued at $7.5 million with an estimated useful life of 14 years and customer relationships valued at $2.6 million with an estimated useful life of 8 years. The goodwill represents the future economic benefits expected to arise that could not be individually identified and separately recognized, including use of the Company's existing infrastructure to expand sales of Vilebrequin products.

Acquisition of G.H. Bass

On November 4, 2013, G-III Apparel Group, Ltd. and its indirect wholly-owned subsidiary, AM Retail Group, Inc ("AM Retail Group") entered into an asset purchase agreement, with PVH Retail Stores LLC, PVH Corp. and PVH of Puerto Rico, Inc., providing for the sale to AM Retail Group of substantially all of the assets of the G.H. Bass & Co ("G.H. Bass") business, including approximately 160 G.H. Bass & Co. outlet stores. The purchase price was $49.2 million in cash.

G.H. Bass & Co. is a well-known heritage brand that embodies classic American style. The Company sells G.H. Bass & Co. footwear, apparel and accessories primarily through approximately 160 outlet stores located in the United States. The Company also licenses the brand for the wholesale distribution of men's and women's footwear and men's sportswear.

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The following table (in thousands) summarizes the components of the purchase price allocation for the acquisition of G.H. Bass:

Purchase price:	
Cash paid	$49,236
	$49,236
Allocation:	
Current assets	$42,967
Property, plant and equipment	2,788
Identifiable intangible assets — Trademarks	2,490
Other non-current assets, net	975
Assumed liabilities	(700)
Goodwill	716
	$49,236

The trademarks were assigned an indefinite useful life. Goodwill represents the future economic benefits arising from net assets acquired that are not individually identified and separately recognized and is attributable to synergies expected to be derived from the combination of G.H. Bass with the other businesses of our retail operations segment.

Intangible assets balances

Intangible assets consist of:

	Estimated Life	January 31, 2014	2013
		(In thousands)	
Gross carrying amounts			
Licenses	14 years	$20,779	$20,432
Trademarks	8 – 12 years	2,194	2,193
Customer relationships	8 – 15 years	8,741	8,620
Other	3 – 10 years	2,912	1,994
Subtotal		34,626	33,239
Accumulated amortization			
Licenses		13,394	12,798
Trademarks		1,816	1,595
Customer relationships		3,696	2,995
Other		1,415	1,393
Subtotal		20,321	18,781
Net			
Licenses		7,385	7,634
Trademarks		379	598
Customer relationships		5,044	5,625
Other		1497	601
Subtotal		14,305	14,458
Unamortized intangible assets			
Goodwill		55,604	60,396
Trademarks		80,707	75,464
Subtotal		136,311	135,860
Total intangible assets, net		$150,616	$150,318

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Intangible amortization expense amounted to approximately $1.6 million, $1.2 million and $0.9 million for the years ended January 31, 2014, 2013 and 2012, respectively.
The estimated intangible amortization expense for the next five years is as follows:

Year Ending January 31,	Amortization Expense (In thousands)
2015	$1,821
2016	1,683
2017	1,639
2018	1,612
2019	1,365

Goodwill represents the excess of the purchase price and related costs over the value assigned to net tangible and identifiable intangible assets of businesses acquired and accounted for under the purchase method. The Company reviews and tests its goodwill and intangible assets with indefinite lives for impairment at least annually, or more frequently if events or changes in circumstances indicate that the carrying amount of such assets may be impaired. We perform our test in the fourth fiscal quarter of each year using a combination of a discounted cash flow analysis and a market approach. The discounted cash flow approach requires that certain assumptions and estimates be made regarding industry economic factors and future profitability. The market approach estimates the fair value based on comparisons with the market values and market multiples of earnings and revenues of similar public companies. Trademarks and customer relationships having finite lives are amortized over their estimated useful lives and measured for impairment when events or circumstances indicate that the carrying value may be impaired.
Goodwill has been allocated to the reporting segments based upon the relative fair values of the licenses (licensed products segment) and trademarks acquired. For the year ended January 31, 2014, the carrying amount of goodwill was $26.1 million, $28.8 million and $0.7 million in the licensed products, non-licensed products and retail operations segments, respectively, including $1.5 million in exchange differences arising during the period. For the year ended January 31, 2013, the carrying amount of goodwill was $26.1 million and $34.3 million in the licensed products and non-licensed products segments, respectively.

NOTE E — NOTES PAYABLE AND OTHER LIABILITIES

In August 2012, the Company entered into a new credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent for a group of lenders. The credit agreement is a five year senior secured credit facility providing for borrowings in the aggregate principal amount of up to $450 million. Amounts available under the credit agreement are subject to borrowing base formulas and over advances as specified in the credit agreement. As of January 31, 2014, there was $217.9 million available under the credit agreement.
Borrowings bear interest, at the Company’s option, at LIBOR plus a margin of 1.5% to 2.0% or prime plus a margin of 0.5% to 1.0%, with the applicable margin determined based on availability under the credit agreement. The credit agreement requires the Company to maintain a minimum fixed charge coverage ratio, as defined, under certain circumstances and prohibited payments for cash dividends and stock redemptions until February 2014, after which such payments may be made subject to compliance with certain covenants. As of January 31, 2014, the Company was in compliance with these covenants.
The credit agreement is secured by all of the assets of G-III Apparel Group, Ltd. and its subsidiaries, G-III Leather Fashions, Inc., Riviera Sun, Inc., CK Outerwear, LLC, Andrew & Suzanne Company Inc., AM Retail Group, Inc., G-III Apparel Canada ULC, G-III License Company, LLC and AM Apparel Holdings, Inc.

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Amounts payable under the Company's credit agreement were $48.0 million at January 31, 2014 and $65.0 million at January 31, 2013.

The weighted average interest rate for amounts borrowed under the credit facility was 2.4% and 2.7% for the years ended January 31, 2014 and 2013, respectively. The Company was contingently liable under letters of credit in the amount of approximately $9.2 million and $10.0 million at January 31, 2014 and 2013, respectively.

In August 2012, as part of the purchase price in connection with the Vilebrequin acquisition, the Company issued to the seller €15.0 million (approximately $18.6 million using the exchange rate on the date of acquisition) principal amount of unsecured promissory notes due December 31, 2017, with interest payable at the rate of 5% per year. The promissory notes were recorded at stated value, which approximated fair value, on the date of issuance. The fair value of these promissory notes, at January 31, 2014 was $20.6 million (using the exchange rate on that date), which approximated their carrying value.

Due to noncontrolling shareholder consists of amounts loaned by our joint venture partner to G-T Fashion and its subsidiary aggregating to $4.7 million. These loans are unsecured and have maturities of less than one year.

NOTE F — INCOME TAXES

The income tax provision is comprised of the following:

	Year Ended January 31,		
	2014	**2013**	**2012**
		(In thousands)	
Current			
Federal	$36,828	$27,983	$19,206
State and city	5,396	4,748	4,449
Foreign	7,040	3,986	2,396
	49,264	36,717	26,051
Deferred			
Federal	(3,328)	(1,168)	3,821
State and city	189	(132)	(252)
Foreign	(299)	19	—
	(3,438)	(1,281)	3,569
Income tax expense	$45,826	$35,436	$29,620
Income before income taxes			
United States	$104,435	$80,145	$64,940
Non-United States	17,793	11,860	14,300
	$122,228	$92,005	$79,240

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The significant components of the Company's net deferred tax asset at January 31, 2014 and 2013 are summarized as follows:

	2014	2013
	(In thousands)	
Deferred tax assets		
Compensation	$3,125	$1,800
Provision for bad debts and sales allowances	11,822	8,661
Inventory write-downs	3,745	1,801
Other	254	600
Deferred tax assets, current	18,946	12,862
Compensation	5,876	4,480
Straight-line lease	4,494	3,310
Supplemental employee retirement plan	477	494
Net operating loss	1,779	354
Other	81	1,491
Deferred tax assets, non-current	12,707	10,129
Total deferred tax assets	31,653	22,991
Deferred tax liabilities		
Prepaid expenses and other, current	(2,615)	(2,577)
Depreciation and amortization, non-current	(7,955)	(3,127)
Intangibles, non-current	(26,061)	(21,382)
Other	(791)	(62)
Total deferred tax liabilities	(37,422)	(27,148)
Net deferred tax liabilities	$(5,769)	$(4,157)

As of January 31, 2014 and 2013, intangible deferred tax liabilities of $17.7 million and $13.7 million, respectively, relate to intangible assets in Switzerland. The remaining intangible assets relate primarily to the U.S.
The following is a reconciliation of the statutory federal income tax rate to the effective rate reported in the financial statements for the years ended January 31:

	2014	2013	2012
Provision for Federal income taxes at the statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of Federal tax benefit	3.0	3.3	3.3
Permanent differences resulting in Federal taxable income	4.5	4.8	5.5
Foreign tax rate differential	(0.1)	(1.4)	(3.4)
Foreign tax credit	(5.4)	(2.5)	(2.5)
Other, net	0.5	(0.7)	(0.5)
Actual provision for income taxes	37.5%	38.5%	37.4%

The Company accounts for uncertain income tax positions in accordance with ASC Topic 740 Income Taxes. The Company files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. As of January 31, 2014, there was an increase in the unrecognized tax position reserve of approximately $0.9 million, net of federal tax benefit, relating to the prior year's state tax filings for periods beginning with the fiscal year ended January 31, 2010 through the fiscal year ended January 31, 2013. The Company currently has tax years open from the years ended January 31, 2010 through January 31, 2013, with the exception of certain state tax jurisdictions.

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The Company's policy on classification is to include interest in "interest and financing charges" and penalties in "selling, general and administrative expense" in the accompanying Consolidated Statements of Income. The Company and certain of its subsidiaries are subject to U.S. Federal income tax as well as income tax of multiple state, local, and foreign jurisdictions. The Company is currently under U.S. Federal income tax examination for the year ended January 31, 2012. One of its foreign subsidiaries, T.R.B International S.A., has a ruling with the Swiss government that taxes commercial foreign sourced income at an 11.6% rate. The ruling was extended to the year ending January 31, 2018.

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $13.4 million at January 31, 2014. Those earnings are considered indefinitely reinvested and, accordingly, no provision for U.S. income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries, as applicable. At this point in time it is not practical to estimate the amount of taxes payable if the earnings were remitted.

NOTE G — COMMITMENTS AND CONTINGENCIES

Lease Agreements

The Company leases warehousing, executive and sales facilities, retail stores, equipment and vehicles under operating leases with options to renew at varying terms. Leases with provisions for increasing rents have been accounted for on a straight-line basis over the life of the lease.

Certain leases provide for contingent rents, which are determined as a percentage of gross sales. The Company records a contingent rent liability in accrued expenses on the Consolidated Balance Sheets and the corresponding rent expense on the Consolidated Statements of Income when management determines that achieving the specified levels during the fiscal year is probable.

The following schedule sets forth the future minimum rental payments for operating leases having non-cancelable lease periods in excess of one year at January 31, 2014:

Year Ending January 31,	Amount (In thousands)
2015	$58,213
2016	51,620
2017	43,080
2018	35,012
2019	29,179
Thereafter	103,745
	$320,849

Rent expense on the above operating leases for the years ended January 31, 2014, 2013 and 2012 was approximately $48.3 million, $31.6 million and $25.9 million, respectively.

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License Agreements

The Company has entered into license agreements that provide for royalty payments ranging from 4% to 19% of net sales of licensed products as set forth in the agreements. The Company incurred royalty expense (included in cost of goods sold) of approximately $101.5 million, $85.2 million and $68.7 million for the years ended January 31, 2014, 2013 and 2012, respectively. Contractual advertising expense, which is normally based on a percentage of net sales associated with certain license agreements (included in selling, general and administrative expense), was $30.0 million, $24.9 million and $22.9 million for the years ended January 31, 2014, 2013 and 2012, respectively. Based on minimum net sales requirements, future minimum royalty and advertising payments required under these agreements are:

Year Ending January 31,	Amount (In thousands)
2015	$90,951
2016	64,016
2017	61,091
2018	61,299
2019	58,924
Thereafter	198,687
	$534,968

NOTE H — STOCKHOLDERS' EQUITY

Share Repurchase Program

In September 2011, the Company's board of directors authorized a program to repurchase up to two million shares of its common stock. The timing and actual number of shares repurchased will depend upon a number of factors, including market conditions and prevailing stock prices. Share repurchases may take place on the open market, in privately negotiated transactions or by other means, and would be made in accordance with applicable securities laws. Pursuant to the share repurchase program, during fiscal 2012, the Company repurchased 125,000 shares of its common stock for an aggregate purchase price of approximately $2.9 million. Repurchased shares are accounted for as treasury stock at cost and will be held in treasury for future use.

The Company did not repurchase any shares during fiscal 2014. The Company's credit agreement prohibited the repurchase of shares until February 2014, after which repurchases may be made subject to compliance with certain covenants.

Stock Plan

As of January 31, 2014, the Company has 682,330 shares available for grant under its stock plan. The plan provides for the grant of equity and cash awards, including restricted stock awards, stock options and other stock unit awards to directors, officers and employees. Restricted stock unit awards vest over a three to five year period. In addition to the time vesting condition, these awards may include market and performance conditions, including a price vesting performance condition and, in certain cases, an earnings after taxes or net income per diluted share performance target. It is the Company's policy to grant stock options at prices not less than the fair market value on the date of the grant. Option terms, vesting and exercise periods vary, except that the term of an option may not exceed ten years.

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Restricted Stock

	Awards Outstanding	Weighted Average Grant Date Fair Value
Unvested as of January 31, 2012	925,900	$22.60
Granted	358,985	$35.18
Vested	(226,341)	$12.54
Canceled	(1,813)	$29.28
Unvested as of January 31, 2013	1,056,731	$29.01
Granted	315,750	$51.96
Vested	(236,316)	$22.04
Canceled	(15,988)	$29.01
Unvested as of January 31, 2014	1,120,177	$36.95

For restricted shares with market conditions, the Company estimates the grant date fair value using a lattice model. This valuation is performed with the assistance of a third party valuation specialist. For restricted shares with no market conditions, shares are valued based on the market price on the date of grant.

The Company recognized $9.2 million and $7.0 million in compensation expense for the years ended January 31, 2014 and 2013, respectively, related to restricted stock grants. At January 31, 2014 and 2013, unrecognized costs related to the restricted stock units totaled approximately $26.1 million and $21.4 million, respectively.

Stock Options

Information regarding all stock options for fiscal 2014, 2013 and 2012 is as follows:

	2014		2013		2012	
	Shares	Weighted Average Exercise	Shares	Weighted Average Exercise	Shares	Weighted Average Exercise
Stock options outstanding at beginning of year	382,054	$20.79	417,722	$16.59	514,190	$14.54
Exercised	(109,766)	$17.36	(120,518)	$11.82	(60,668)	$10.21
Granted	—	$—	85,000	$28.72	40,000	$27.13
Cancelled or forfeited	(3,800)	$19.39	(150)	$18.40	(75,800)	$13.35
Stock options outstanding at end of year	268,488	$22.21	382,054	$20.79	417,722	$16.59
Exercisable	159,238	$18.65	224,121	$16.89	245,556	$14.18

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The following table summarizes information about stock options outstanding:

Range of Exercise Prices	Number Outstanding as of January 31, 2014	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable as of January 31, 2014	Weighted Average Exercise Price
$ 3.00 – $ 8.00	3,000	1.36	$ 5.03	3,000	$5.03
$ 8.01 – $ 12.00	12,000	4.46	$ 10.23	9,000	$9.94
$ 12.01 – $ 16.00	56,100	3.92	$ 13.63	56,100	$13.63
$ 16.01 – $ 40.00	197,388	6.41	$ 25.64	91,138	$23.06
	268,488			159,238	

The fair value of stock options was estimated using the Black-Scholes option-pricing model. This model requires the input of subjective assumptions that will usually have a significant impact on the fair value estimate. No stock options were granted during the year ended January 31, 2014. The following table summarizes the weighted average assumptions used in the Black-Scholes option pricing model for grants in fiscal 2013 and 2012, respectively:

	2013	2012
Expected stock price volatility	58.2% – 68.5%	68.5%
Expected lives of options		
Directors and officers	7 years	7 years
Employees	6 years	6 years
Risk-free interest rate	0.3% – 0.6%	1.2%
Expected dividend yield	0%	0%

The weighted average volatility for the current period was developed using historical volatility for periods equal to the expected term of the options.

The risk-free interest rate was developed using the U.S. Treasury yield curve for periods equal to the expected term of the options on the grant date. An increase in the risk-free interest rate will increase stock compensation expense.

The dividend yield is a ratio that estimates the expected dividend payments to shareholders. The Company has not declared a cash dividend and has estimated dividend yield at 0%.

The expected term of stock option grants was developed after considering vesting schedules, life of the option, and historical experience. An increase in the expected holding period will increase stock compensation expense.

The Company is required to recognize stock-based compensation based on the number of awards that are ultimately expected to vest. As a result, for most awards, recognized stock compensation was reduced for estimated forfeitures prior to vesting primarily based on an historical annual forfeiture rate. Estimated forfeitures will be reassessed in subsequent periods and may change based on new facts and circumstances.

The weighted average remaining term for stock options outstanding was 5.7 years at January 31, 2014. The aggregate intrinsic value at January 31, 2014 was $12.8 million for stock options outstanding and $8.2 million for stock options exercisable. The intrinsic value for stock options is calculated based on the exercise price of the underlying awards and the market price of our common stock as of January 31, 2014, the reporting date.

Proceeds received from the exercise of stock options were approximately $1.9 million and $1.4 million during the years ended January 31, 2014 and 2013, respectively. The intrinsic value of stock options exercised was $4.0 million and $2.6 million for the years ended January 31, 2014 and 2013, respectively. A portion of this amount is currently deductible for tax purposes.

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The Company recognized approximately $0.7 million in compensation expense for the years ended January 31, 2014 and 2013, related to equity option award grants. As of January 31, 2014, approximately $1.0 million related to unrecognized stock compensation related to unvested option awards (net of estimated forfeitures) is expected to be recognized through the year ending January 31, 2018.

No options were granted during fiscal 2014. The weighted average fair value at date of grant for options granted during fiscal 2013 and 2012 was $12.06 and $12.97 per option, respectively.

NOTE I — MAJOR CUSTOMERS

One customer accounted for approximately 21.0%, 21.3% and 18.7% of the Company's net sales in the licensed and non-licensed products segments for the years ended January 31, 2014, 2013 and 2012, respectively. A second customer accounted for approximately 9.6%, 9.5% and 12.3% of the Company's net sales in the licensed and non-licensed products segments for the years ended January 31, 2014, 2013 and 2012, respectively.

NOTE J — EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) plan and trust for nonunion employees. At the discretion of the Company, the Company may elect to match 50% of employee contributions up to 6% of the participant's compensation. The Company made matching contributions of approximately $1.3 million, $1.0 million and $0.9 million for the years ended January 31, 2014, January 31, 2013 and 2012, respectively.

NOTE K — SEGMENTS

The Company's reportable segments are business units that offer products through different channels of distribution and are managed separately. The Company has three reportable segments; licensed products, non-licensed products and retail operations. The Vilebrequin business was added to the non-licensed products segment upon its acquisition in August 2012 and the G.H. Bass business was added to the retail operations segment upon its acquisition in November 2013. There is substantial intersegment cooperation, cost allocations and sharing of assets. As a result, the Company does not represent that these segments, if operated independently, would report the operating results set forth in the table below. The following information, in thousands, is presented for the fiscal years ended:

	January 31, 2014				
	Licensed	**Non-Licensed**	**Retail**	**Elimination (1)**	**Total**
Net sales	$1,145,182	$ 342,672	$298,008	$ (67,631)	$1,718,231
Cost of goods sold	820,023	229,727	150,479	(67,631)	1,132,598
Gross profit	325,159	112,945	147,529	—	585,633
Selling, general and administrative	228,306	84,885	127,315	—	440,506
Depreciation and amortization	2,433	7,581	3,662	—	13,676
Operating profit	$94,420	$ 20,479	$16,552	$ —	$131,451

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	January 31, 2013				
	Licensed	Non-Licensed	Retail	Elimination (1)	Total
Net sales	$981,845	$ 281,916	$196,150	$ (60,192)	$1,399,719
Cost of goods sold	702,288	203,624	102,362	(60,192)	948,082
Gross profit	279,557	78,292	93,788	—	451,637
Selling, general and administrative	202,247	57,840	81,155	—	341,242
Depreciation and amortization	2,164	5,060	2,683	—	9,907
Operating profit	$75,146	$ 15,392	$9,950	$ —	$100,488

	January 31, 2012				
	Licensed	Non-Licensed	Retail	Elimination (1)	Total
Net sales	$840,717	$ 277,615	$164,343	$ (51,474)	$1,231,201
Cost of goods sold	617,716	205,504	88,739	(51,474)	860,485
Gross profit	223,001	72,111	75,604	—	370,716
Selling, general and administrative	164,070	42,295	70,654	—	277,019
Depreciation and amortization	1,360	4,126	1,987	—	7,473
Operating profit	$57,571	$ 25,690	$2,963	$ —	$86,224

(1)

- Represents intersegment sales to the Company's retail operations.

The Company allocates overhead to its business segments on various bases, which include units shipped, space utilization, inventory levels, and relative sales levels, among other factors. The method of allocation is consistent on a year-to-year basis.
The total assets for each of the Company's reportable segments are as follow:

	January 31,	
	2014	2013
	(In thousands)	
Licensed	$361,634	$351,338
Non-Licensed	225,163	224,301
Retail	129,895	53,404
Corporate	114,205	88,729
Total Assets	$830,897	$717,772

	2014		2013		2012	
Geographic Region	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets

	2014		2013		2012	
			(In thousands)			
United States	$1,528,473	$ 106,638	$1,333,885	$ 81,606	$1,185,800	$ 80,817
Non-United States	189,758	138,069	65,834	119,582	45,401	508
	$1,718,231	$ 244,707	$1,399,719	$ 201,188	$1,231,201	$ 81,325

Capital expenditures for locations outside of the United States were not significant in each of the fiscal years ended January 31, 2014, 2013 and 2012.

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NOTE L — QUARTERLY FINANCIAL DATA (UNAUDITED)
Summarized quarterly financial data in thousands, except per share amounts, for the fiscal years ended January 31, 2014 and 2013 are as follows:

	Quarter Ended			
	April 30, 2013	**July 31, 2013**	**October 31, 2013**	**January 31, 2014**
Net sales	$272,615	$304,158	$668,702	$472,756
Gross profit	92,392	99,419	227,302	166,520
Net income attributable to G-III	1,118	3,592	59,595	13,055
Net income per common share				
Basic	$0.06	$0.18	$2.92	$0.64
Diluted	$0.05	$0.17	$2.85	$0.62

	Quarter Ended			
	April 30, 2012	**July 31, 2012**	**October 31, 2012**	**January 31, 2013**
Net sales	$229,449	$251,479	$543,513	$375,278
Gross profit	68,690	74,843	190,207	117,897
Net income/(loss)	(847)	1,362	48,291	8,070
Net income/(loss) per common share				
Basic	$(0.04)	$0.07	$2.41	$0.40
Diluted	$(0.04)	$0.07	$2.37	$0.40

NOTE M — SUBSEQUENT EVENTS
The Company has considered subsequent events up to the filing date and does not believe there are any occurrences that would have a material impact on the Company’s results of operations.
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SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Years ended January 31, 2014, 2013 and 2012

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions (a)	Balance at End of Period
		(In thousands)		
Year ended January 31, 2014				
Deducted from asset accounts				
Allowance for doubtful accounts	$1,189	$355	$902	$642
Reserve for sales allowances (b)	44,758	141,595	132,008	54,345
	$45,947	$141,950	$132,910	$54,987
Year ended January 31, 2013				
Deducted from asset accounts				
Allowance for doubtful accounts	$1,483	$206	$500	$1,189
Reserve for sales allowances (b)	32,953	114,416	102,611	44,758
	$34,436	$114,622	$103,111	$45,947
Year ended January 31, 2012				
Deducted from asset accounts				
Allowance for doubtful accounts	$1,350	$643	$510	$1,483
Reserve for sales allowances (b)	30,824	77,764	75,635	32,953
	$32,174	$78,407	$76,145	$34,436

(a)

- Accounts written off as uncollectible, net of recoveries.

(b)

- See Note A in the accompanying Notes to Consolidated Financial Statements for a description of sales allowances.