OLeary Christopher D
Form 4
May 04, 2010

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
OLeary Christopher D

(Last) (First) (Middle)

NUMBER ONE GENERAL MILLS BOULEVARD

(Street)

MINNEAPOLIS, MN 55426

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
GENERAL MILLS INC [GIS]

3. Date of Earliest Transaction (Month/Day/Year)
05/02/2010

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP, COO & Int'l

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/02/2010		F		6,668	D	$ 71.18	80,260.5674	D	
Common Stock								1,028	I	by Trust (1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
OLeary Christopher D NUMBER ONE GENERAL MILLS BOULEVARD MINNEAPOLIS, MN 55426			EVP, COO & Int'l	

Signatures

By: Christopher A Rauschl For: Christopher D O'Leary	05/04/2010
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Held in Trust by the Trustee of the General Mills Savings Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Less than
1 Year

1-3 Years

3-5 Years

More than
5 Years

Operating lease obligations

	$425,580	$66,108	$112,717	$91,239	$155,516
Minimum royalty payments(1)	465,369	91,453	122,763	93,155	157,998
Purchase obligations(2)	10,048	10,048	—	—	—
Contingent purchase price payable(3)	973	973	—	—	—
Total	$901,970	$168,582	$235,480	$184,394	$313,514

(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)
Contingent consideration in connection with the acquisition of Vilebrequin.

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 and Swiss Franc. 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 2016. Based on our average borrowings during fiscal 2015, we estimate that each 100 basis point increase in our borrowing rates would result in additional interest expense to us of approximately $0.8 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.

44

TABLE OF CONTENTS

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

None.

ITEM 9A. CONTROLS AND PROCEDURES.

As of January 31, 2015, 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.

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 (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission, 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, 2015, based on criteria in Internal Control — Integrated Framework (2013), issued by the COSO.

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.

TABLE OF CONTENTS

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 9, 2015, 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, 2015, the last day of fiscal 2015, regarding securities issued under G-III’s equity compensation plans that were in effect during fiscal 2015.

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	1,280,294(1)	$ 22.32(2)	480,683
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,280,294(1)	$ 22.32(2)	480,683

46

Explanation of Responses:

TABLE OF CONTENTS

(1)
Includes outstanding awards of 234,588 stock options, which have a weighted average exercise price of $22.32 and weighted average remaining term of 5.2 years, and 1,045,706 shares of Common Stock issuable upon vesting of RSUs.

(2)
RSUs are excluded when determining the weighted average exercise price of outstanding options.

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), 10.1(d), 10.6, 10.6(a), 10.7, 10.7(a), 10.7(b), 10.7(c), 10.7(d), 10.7(e), 10.7(f), 10.7(g), 10.7(h), 10.7(i), 10.8, 10.9, 10.9(a), 10.9(b), 10.9(c), 10.9(d), 10.12 and 10.14.

3.1	Certificate of Incorporation.6
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, 2011.14
3.2	By-Laws, as amended, of G-III Apparel Group, Ltd. ("G-III").16
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.8
10.1(c)	Letter Amendment, dated March 13, 2013, to Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb.22
10.1(d)	Letter Amendment, dated April 28, 2014, to Employment Agreement, dated February 1, 1994, between G-III and Morris Goldfarb.25

47

Explanation of Responses:

TABLE OF CONTENTS

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.21
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.23
10.3	Lease, dated June 1, 1993, between 512 Seventh Avenue Associates (“512”) and G-III Leather Fashions, Inc. (“G-III Leather”) (34th and 35th floors).3
10.3(a)	Lease amendment, dated July 1, 2000, between 512 and G-III Leather (34th and 35th floors).3
10.3(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 (34th and 35th floors).12
10.4	Lease, dated January 31, 1994, between 512 and G-III (33rd floor).3
10.4(a)	Lease amendment, dated July 1, 2000, between 512 and G-III (33rd floor).3
10.4(b)	Second Amendment of Lease, dated March 26, 2010, between 512 and G-III Leather (33rd floor).12
10.4(c)	Second Amendment of Lease, dated March 26, 2010, between 512 and G-III Leather (10th floor).12
10.4(d)	Third Amendment of Lease, dated March 26, 2010, between 512 and G-III Leather (36th , 21st , 22nd, 23rd and 24th floors).12
10.4(e)	Sixth Amendment of Lease (2nd Floor (including mezzanine), 21st, 22nd, 23rd, 24th, 27th, 29th, 31st, 36th and 40th Floors), dated May 23, 2013, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord.22
10.4(f)	Seventh Amendment of Lease 2nd Floor (including mezzanine), 21st, 22nd, 23rd, 24th, 27th, 29th, 31st, 36th, 39th and 40th Floors), dated April 25, 2104, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord.26
10.5	Lease, dated February 10, 2009, between IRET Properties and AM Retail Group, Inc.12
10.6	G-III 1999 Stock Option Plan for Non-Employee Directors, as amended the “1999 Plan”.4
10.6(a)	Form of Option Agreement for awards made pursuant to the 1999 Plan.9
10.7	G-III 2005 Amended and Restated Stock Incentive Plan, the “2005 Plan”.20
10.7(a)	Form of Option Agreement for awards made pursuant to the 2005 Plan.9
10.7(b)	Form of Restricted Stock Agreement for restricted stock awards made pursuant to the 2005 Plan.5
10.7(c)	Form of Deferred Stock Award Agreement for restricted stock unit awards made pursuant to the 2005 Plan.6

48

TABLE OF CONTENTS

10.7(d)	Form of Deferred Stock Award Agreement for April 15, 2009 restricted stock unit grants.10
10.7(e)	Form of Deferred Stock Award Agreement for March 17, 2010 restricted stock unit grants.11
10.7(f)	Form of Deferred Stock Award Agreement for June 29, 2011 restricted stock unit grants.15
10.7(g)	Form of Deferred Stock Award Agreement for October 5, 2012 restricted stock unit grants.18
10.7(h)	Form of Deferred Stock Award Agreement for October 4, 2013 restricted stock unit grants.24
10.7(i)	Form of Deferred Stock Award Agreement for October 23, 2014 restricted stock unit grant.27
10.8	Form of Executive Transition Agreement, as amended.13
10.9	Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III.12
10.9(a)	Amendment, dated October 3, 2008, to Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III.7
10.9(b)	Amendment, dated January 28, 2009, to Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III.8
10.9(c)	Letter Amendment, dated March 13, 2013, to Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III.20
10.9(d)	Letter Amendment, dated April 28, 2014, to Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III. 25
10.10	Lease agreement dated June 29, 2006 between The Realty Associates Fund VI, LP and G-III.2
10.11	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.12
10.12	Form of Indemnification Agreement.12
10.13	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).17
10.14	Employment Agreement, made as of January 9, 2013, between G-III and Wayne S. Miller.21
10.15	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.23
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, 2015.

49

TABLE OF CONTENTS

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, 2015.
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, 2015.
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, 2015.
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, 2006, filed on May 1, 2006, which exhibit is incorporated herein by reference.

(5)
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.

(6)

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.

(7)
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.

(8)
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.

(9)
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.

(10)
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.

TABLE OF CONTENTS

(11)
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.

(12)
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.

(13)
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.

(14)
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.

(15)
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.

(16)
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.

(17)
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.

(18)
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.

(19)
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.

(20)
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.

(21)
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.

(22)
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.

(23)

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.

(24)
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.

(25)
Previously filed as an exhibit to G-III's Report on Form 8-K filed on April 30, 2014, which exhibit is incorporated herein by reference.

(26)
Previously filed as an exhibit to G-III's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2014, which exhibit is incorporated herein by reference.

(27)
Previously filed as an exhibit to G-III's Report on Form 8-K filed on October 28, 2014, 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.
51

TABLE OF CONTENTS

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.

/s/ Morris Goldfarb

By: Morris Goldfarb, Chief Executive Officer and President

March 30, 2015

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 30, 2015
/s/ Neal S. Nackman Neal S. Nackman	Chief Financial Officer (principal financial and accounting officer)	March 30, 2015
/s/ Sammy Aaron Sammy Aaron	Director and Vice Chairman	March 30, 2015
/s/ Thomas J. Brosig Thomas J. Brosig	Director	March 30, 2015
/s/ Alan Feller Alan Feller	Director	March 30, 2015
/s/ Jeffrey Goldfarb Jeffrey Goldfarb	Director	March 30, 2015
/s/ Jeanette Nostra Jeanette Nostra	Director	March 30, 2015
/s/ Laura Pomerantz Laura Pomerantz	Director	March 30, 2015
/s/ Allen Sirkin Allen Sirkin	Director	March 30, 2015
/s/ Willem van Bokhorst Willem van Bokhorst	Director	March 30, 2015

/s/ Cheryl Vitali Cheryl Vitali	Director	March 30, 2015
/s/ Richard White Richard White	Director	March 30, 2015

52

TABLE OF CONTENTS

EXHIBIT INDEX

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, 2015.
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, 2015.
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, 2015.
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, 2015.
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.

TABLE OF CONTENTS

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

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.

TABLE OF CONTENTS

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, 2015 and 2014, 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, 2015. 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, 2015 and 2014, and the consolidated results of their operations and their cash flows for each of the three years in the period ended January 31, 2015, 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, 2015, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("2013 framework") and our report dated March 30, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
New York, New York
March 30, 2015

TABLE OF CONTENTS

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, 2015, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“2013 framework”) (the COSO criteria). 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.

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, 2015, 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, 2015 and 2014, 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, 2015 of G-III Apparel Group, Ltd. and subsidiaries, and our report dated March 30, 2015 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
New York, New York
March 30, 2015

TABLE OF CONTENTS

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

	2015	2014
	(In thousands, except share and per share amounts)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 128,354	$ 22,091
Accounts receivable, net of allowances for doubtful accounts and sales discounts of $53,441 and $54,987, respectively	198,635	160,010
Inventories	426,180	359,639
Prepaid income taxes	6,507	6,807
Deferred income taxes, net	16,072	16,331
Prepaid expenses and other current assets	23,118	21,312
Total current assets	798,866	586,190
PROPERTY AND EQUIPMENT, NET	81,671	62,832
OTHER ASSETS	27,721	31,259
OTHER INTANGIBLES, NET	13,075	13,926
TRADEMARKS, NET	73,255	81,086
GOODWILL	52,130	55,604
TOTAL ASSETS	$ 1,046,718	$ 830,897
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ —	$ 48,843
Accounts payable	177,498	131,241
Accrued expenses	63,665	56,468
Due to noncontrolling shareholder	—	4,674
Total current liabilities	241,163	241,226
NOTES PAYABLE	—	20,560
DEFERRED INCOME TAXES, NET	20,471	22,100
CONTINGENT PURCHASE PRICE PAYABLE	973	5,550
OTHER NON-CURRENT LIABILITIES	22,853	19,465
TOTAL LIABILITIES	285,460	308,901
STOCKHOLDERS' EQUITY		
Preferred stock; 1,000,000 shares authorized; No shares issued and outstanding		
Common stock — $.01 par value; 80,000,000 shares authorized; 22,970,822 and 20,935,804 shares issued	230	209
Additional paid-in capital	328,874	184,841
Accumulated other comprehensive income (loss)	(10,105)	6,165
Retained earnings	446,158	335,797

Common stock held in treasury, at cost — 492,225 shares	(3,899)	(3,899)
Total G-III stockholders' equity	761,258	523,113
Noncontrolling interest	—	(1,117)
Total stockholders' equity	761,258	521,996
	$ 1,046,718	$ 830,897

The accompanying notes are an integral part of these statements.
F-4

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Year Ended January 31,		
	2015	2014	2013
	(In thousands, except per share amounts)		
Net sales	$ 2,116,855	$ 1,718,231	$ 1,399,719
Cost of goods sold	1,359,596	1,133,222	948,392
Gross profit	757,259	585,009	451,327
Selling, general and administrative expenses	571,990	440,506	341,242
Depreciation and amortization	20,374	13,676	9,907
Operating profit	164,895	130,827	100,178
Equity loss in joint venture	—	—	(719)
Other income	11,488	—	—
Interest and financing charges, net	(7,942)	(8,599)	(7,454)
Income before income taxes	168,441	122,228	92,005
Income tax expense	59,450	45,826	35,436
Net income	108,991	76,402	56,569
Add: Loss attributable to noncontrolling interest	1,370	958	306
Income attributable to G-III	$ 110,361	$ 77,360	$ 56,875
NET INCOME PER COMMON SHARE:			
Basic:			
Net income per common share	$ 5.10	$ 3.81	$ 2.84
Weighted average number of shares outstanding	21,649	20,323	20,006
Diluted:			
Net income per common share	$ 4.97	$ 3.71	$ 2.80
Weighted average number of shares outstanding	22,212	20,864	20,280
Net income attributable to G-III	$ 110,361	$ 77,360	$ 56,875
Other comprehensive income:			
Foreign currency translation adjustments	(16,270)	2,642	3,519
Other comprehensive income (loss)	(16,270)	2,642	3,519
Comprehensive income	$ 94,091	$ 80,002	$ 60,394

The accompanying notes are an integral part of these statements.

F-5

TABLE OF CONTENTS

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, 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	1,903				1,906
Adjustments related to tax withholding for share-based compensation		(1,062)				(1,062)
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
Net income attributable to G-III				77,360		77,360
Balance as of January 31, 2014	209	184,841	6,165	335,797	(3,899)	523,113
Equity awards exercised/vested, net	3	725				(728)
Adjustments related to tax withholding for share-based		(4,316)				(4,316)

compensation						
Tax benefit from exercise/vesting of equity awards		6,732				6,732
Amortization of share-based compensation		12,224				12,224
Shares issued in connection with public offering, net	18	128,668				128,686
Effect of exchange rate changes			(16,270)			(16,270)
Net income attributable to G-III				110,361		110,361
Balance as of January 31, 2015	$ 230	$ 328,874	$ (10,105)	$ 446,158	$ (3,899)	$ 761,258

The accompanying notes are an integral part of these statements.

Explanation of Responses:

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended January 31		
	2015	2014	2013
	(In thousands)		
Cash flows from operating activities			
Net income	$ 108,991	$ 76,402	$ 56,569
Adjustments to reconcile net income to net cash provided by operating activities, net of assets and liabilities acquired and disposed:			
Depreciation and amortization	20,374	13,676	9,941
Loss on disposal of a retail store	275	—	—
Gain on repurchase of unsecured promissory notes	(1,893)	—	—
Change in contingent purchase price payable	(4,186)	(468)	—
Gain on the sale of joint venture interest	(1,908)	—	(185)
Equity based compensation	12,224	9,953	7,738
Tax benefit from exercise/vesting of equity awards	(7,039)	(2,915)	(1,870)
Deferred financing charges	895	751	500
Equity loss in joint venture	—	—	719
Deferred income taxes	863	754	(1,191)
Changes in operating assets and liabilities:			
Accounts receivable, net	(40,525)	18,611	(8,249)
Inventories, net	(69,765)	(35,584)	(16,862)
Income taxes, net	289	(18,766)	6,114
Prepaid expenses and other current assets	(2,563)	(1,434)	(3,824)
Other assets, net	(1,494)	(14,972)	(2,833)
Accounts payable, accrued expenses and other liabilities	67,062	38,585	7,927
Net cash provided by operating activities	81,600	84,593	54,494
Cash flows from investing activities			
Acquisitions, net of cash acquired	—	(49,129)	(80,252)
Proceeds from sale of interest in joint venture, net	2,695	—	1,885
Proceeds from sale of a retail store	516	—	—
Capital expenditures	(42,566)	(29,283)	(11,615)
Net cash used in investing activities	(39,355)	(78,412)	(89,982)
Cash flows from financing activities			
Proceeds from sale of common stock, net	128,686	—	—
(Repayment of) proceeds from notes payable, net	(48,039)	(16,157)	34,950
Repurchase of unsecured promissory notes	(17,721)	—	—
Noncontrolling interest investment, net	—	2,399	(883)
Loss attributable to noncontrolling interest	—	—	306
Proceeds from exercise of equity awards	729	1,906	1,425

Taxes paid for net share settlement	(4,316)	(1,062)	—
Excess tax benefit from exercise/vesting of equity awards	7,039	2,915	1,870
Net cash provided by (used in) financing activities	66,378	(9,999)	37,668
Foreign currency translation adjustments	(2,360)	(1,451)	520
Net increase (decrease) in cash and cash equivalents	106,263	(5,269)	2,700
Cash and cash equivalents at beginning of year	22,091	27,360	24,660
Cash and cash equivalents at end of year	$ 128,354	$ 22,091	$ 27,360
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$ 7,048	$ 8,500	$ 9,996
Income taxes	51,630	65,076	28,615
Notes issued in connection with the acquisition of Vilebrequin	—	—	19,778
Contingent consideration in connection with the acquisition of Vilebrequin	—	—	5,787

The accompanying notes are an integral part of these statements.
F-7

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2015, 2014 and 2013

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, reports results on a calendar year basis rather than on the January 31 fiscal year basis used by the Company. Accordingly, the results of Vilebrequin 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, 2015, the results of Vilebrequin are included for their year ended December 31, 2014.

Certain reclassifications have been made to the Condensed Consolidated Balance Sheet and the Condensed Consolidated Statements of Income and Comprehensive Income for the prior year period to present that information on a basis consistent with the current year.

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 also recognizes 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.

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

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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.

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.

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

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 80,000 and 182,000 shares for the years ended January 31, 2015 and 2014, respectively, have been excluded from the diluted net income per share calculation as they relate to equity based awards that vest based on performance conditions and for which the vesting conditions have not been met at the end of the period. There were no shares excluded from the diluted net income per share calculation for the year ended January 31, 2013. The Company issued 310,018, 319,648 and 337,825 shares of common stock in connection with the exercise or vesting of equity awards during the years ended January 31, 2015, 2014 and 2013, respectively.

A reconciliation between basic and diluted net income per share is as follows:

	Year Ended January 31,		
	2015	2014	2013
	(In thousands, except per share amounts)		
Net income attributable to G-III	$ 110,361	$ 77,360	$ 56,875
Basic net income per share:			
Basic common shares	21,649	20,323	20,006
Basic net income per share	$ 5.10	$ 3.81	$ 2.84
Diluted net income per share:			
Basic common shares	21,649	20,323	20,006
Stock options and restricted stock awards	563	541	274
Diluted common shares	22,212	20,864	20,280
Diluted net income per share	$ 4.97	$ 3.71	$ 2.80

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 price 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 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 the overseas offices and royalty expense. The gross margins may not be directly comparable to those of the Company's competitors, as income statement classifications of certain expenses may vary by company.

Explanation of Responses:

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

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 $62.4 million, $54.8 million and $50.7 million for the years ended January 31, 2015, 2014 and 2013, 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 $71.5 million, $62.3 million and $54.1 million for the years ended January 31, 2015, 2014 and 2013, respectively. Prepaid advertising, which represents advance payments to licensors for minimum guaranteed payments for advertising under the Company’s licensing agreements, was $5.8 million and $5.9 million at January 31, 2015 and 2014, 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. These notes were repurchased by the Company during the fiscal year ended January 31, 2015. In addition, the annual calculation of contingent consideration recorded in connection with the acquisition of Vilebrequin reflects current market conditions. The fair values of both the promissory notes and the contingent consideration would be considered Level 3 valuations in the fair value hierarchy. See Note L – Other Income for more details on the adjustment of the contingent consideration during fiscal 2015.

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.

18. Effects of Recently Issued Accounting Pronouncements

In April 2014, the FASB issued ASU 2014-08, “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360) — Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity” (ASU 2014-08). This ASU changes the threshold for reporting discontinued operations and adds new disclosures. The new guidance defines a discontinued operation as a disposal of a component or group of components that is disposed of or is classified as held for sale and “represents a strategic shift that has (or will have) a major effect on the Company’s operations and financial results.” For disposals of individually significant components that do not qualify as discontinued operations, the Company must disclose pre-tax earnings of the disposed component. This guidance is effective for all disposals (or classifications as held for sale) of components of an entity that occur within annual periods beginning on or after December 15, 2014, and interim periods within those years. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Company adopted this guidance early and applied it to the sale of its interest in the joint venture (See Note L – Other Income).

In June 2014, the FASB issued ASU 2014-12, “Compensation — Stock Compensation: Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period” (ASU 2014-12). This ASU provides for explicit guidance on how to account for awards with performance targets that affect vesting and could be achieved after the requisite service period. A performance target that affects vesting and that could be achieved after an employee’s requisite service period shall be accounted for as a performance condition. As such, the performance target shall not be reflected in estimating the fair value of the award at the grant date. Compensation cost shall be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the periods for which the requisite service already has been rendered. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01, “Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items”. This guidance no longer requires or allows the disclosure of extraordinary items, net of tax, in the income statement after income from continuing operations. The guidance is effective for the reporting period ending April 30, 2016. The Company does not currently have any extraordinary items presented in its income statements. However, this guidance will eliminate the need to further assess whether unusual and infrequently occurring transactions qualify as an extraordinary item in the future.

In February 2015, the FASB issued ASU 2015-02, “Consolidation (Topic 810) — Amendments to the Consolidation Analysis”. The update primarily amends the criteria used to evaluate whether certain variable interest entities should be consolidated. The update also modifies the criteria used to determine whether partnerships and similar entities are variable interest entities. The update is effective for interim and annual periods beginning after December 15, 2016 with early adoption permitted, including in the interim periods. The Company is currently evaluating the impact of this update on its consolidated financial statements.

NOTE B — INVENTORIES

Inventories consist of:

	January 31,	
	2015	2014
	(In thousands)	
Finished goods	$ 417,332	$ 350,627
Raw materials and work-in-process	8,848	9,012
	$ 426,180	$ 359,639

Raw materials of $7.7 million and $7.9 million, net of allowances, were maintained in China at January 31, 2015 and 2014, respectively.

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NOTE C — PROPERTY AND EQUIPMENT

Property and equipment consist of:

		January 31,	
		2015	2014
		(In thousands)	
Machinery and equipment	5 years	$ 1,195	$ 2,077
Leasehold improvements	3 – 13 years	67,066	60,817
Furniture and fixtures	3 – 5 years	43,440	30,883
Computer equipment and software	2 – 3 years	8,439	7,429
		120,140	101,206
Less: accumulated depreciation		38,469	38,374
		$ 81,671	$ 62,832

The Company had fixed asset disposals of approximately $1.1 million and $ 0.2 million for the years ended January 31, 2015 and 2014. Depreciation expense was $17.9 million, $11.4 million and $8.7 million for the years ended January 31, 2015, 2014 and 2013, respectively.

NOTE D — ACQUISITIONS AND INTANGIBLES

Acquisition of Vilebrequin

In August 2012, the Company acquired all of the outstanding shares of Vilebrequin for an aggregate consideration consisting of $87.6 million in cash, $18.6 million of unsecured promissory notes and a contingent consideration of up to $27.9 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 and goodwill of $26.8 million. 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. 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). The unsecured promissory notes were repurchased in October 2014 and the contingent consideration was adjusted to approximately $1.0 million in fiscal 2015 (See Note L – Other Income).

Acquisition of G.H. Bass

In November, 2013, the Company entered into an asset purchase agreement, with PVH Retail Stores LLC and its affiliates, providing for the acquisition 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 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.

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

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 the retail operations segment.

Intangible assets balances

Intangible assets consist of:

		January 31,	
	Estimated Life	2015	2014
		(In thousands)	
Gross carrying amounts			
Licenses	14 years	$ 19,819	$ 20,779
Trademarks	8 – 12 years	2,194	2,194
Customer relationships	8 – 15 years	8,408	8,741
Other	3 – 10 years	4,844	2,912
Subtotal		35,265	34,626
Accumulated amortization			
Licenses		13,815	13,394
Trademarks		2,036	1,816
Customer relationships		4,291	3,696
Other		1,890	1,415
Subtotal		22,032	20,321
Net			
Licenses		6,004	7,385
Trademarks		158	378
Customer relationships		4,117	5,045
Other		2,954	1497

Subtotal	13,233	14,305
Unamortized intangible assets		
Goodwill	52,130	55,604
Trademarks	73,097	80,707
Subtotal	125,227	136,311
Total intangible assets, net	$ 138,460	$ 150,616

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Intangible amortization expense amounted to approximately $2.0 million, $1.6 million and $1.2 million for the years ended January 31, 2015, 2014 and 2013, respectively.

The estimated intangible amortization expense for the next five years is as follows:

Year Ending January 31,	Amortization Expense
	(In thousands)
2016	$ 1,874
2017	1,831
2018	1,803
2019	1,783
2020	1,777

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. The Company performs the 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, 2015, the carrying amount of goodwill was $26.1 million, $25.3 million and $716,000 in the licensed products, non-licensed products and retail operations segments, respectively, including $3.5 million in exchange differences arising during the period. For the year ended January 31, 2014, the carrying amount of goodwill was $26.1 million, $28.8 million and $716,000 in the licensed products, non-licensed products and retail operations segments, respectively, including $1.5 million in exchange differences arising during the period.

NOTE E — NOTES PAYABLE AND OTHER LIABILITIES

The credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent for a group of lenders, is a five-year senior secured credit facility through August 2017 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, 2015, there was $411.3 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 G-III to maintain a minimum fixed charge coverage ratio, as defined, and under certain circumstances permits the Company to make payments for cash dividends, stock redemptions and share repurchases subject to compliance with certain covenants. As of January 31, 2015, 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.

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In October 2014, the Company repurchased the unsecured promissory notes issued in August 2012 in connection with the acquisition of Vilebrequin. The notes were repurchased at a discount from the original principal amount of €15.0 million (See Note L – Other Income).

The Company had no outstanding borrowings under its credit agreement at January 31, 2015. Outstanding borrowings under the Company's credit agreement were $48.0 million at January 31, 2014.

The weighted average interest rate for amounts borrowed under the credit facility was 2.2% and 2.4% for the years ended January 31, 2015 and 2014, respectively. The Company was contingently liable under letters of credit in the amount of approximately $8.0 million and $9.2 million at January 31, 2015 and 2014, respectively.

NOTE F — INCOME TAXES

The income tax provision is comprised of the following:

	Year Ended January 31,		
	2015	2014	2013
	(In thousands)		
Current			
Federal	$ 46,989	$ 36,828	$ 27,983
State and city	5,978	5,396	4,748
Foreign	5,688	7,040	3,986
	58,655	49,264	36,717
Deferred			
Federal	1,422	(3,328)	(1,168)
State and city	(67)	189	(132)
Foreign	(560)	(299)	19
	795	(3,438)	(1,281)
Income tax expense	$ 59,450	$ 45,826	$ 35,436
Income before income taxes			
United States	$ 133,709	$ 104,435	$ 80,145
Non-United States	34,732	17,793	11,860
	$ 168,441	$ 122,228	$ 92,005

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

The significant components of the Company's net deferred tax asset at January 31, 2015 and 2014 are summarized as follows:

	2015	2014
	(In thousands)	
Deferred tax assets		
Compensation	$ 3,964	$ 3,125
Provision for bad debts and sales allowances	10,254	11,822
Inventory write-downs	3,059	3,745
Other	1,671	254
Deferred tax assets, current	18,948	18,946
Compensation	6,855	5,876
Straight-line lease	5,128	4,494
Supplemental employee retirement plan	420	477
Net operating loss	1,613	1,779
Other	71	81
Deferred tax assets, non-current	14,087	12,707
Total deferred tax assets	33,035	31,653
Deferred tax liabilities		
Prepaid expenses and other, current	(2,876)	(2,615)
Depreciation and amortization, non-current	(10,563)	(7,955)
Intangibles, non-current	(23,631)	(26,061)
Other	(364)	(791)
Total deferred tax liabilities	(37,434)	(37,422)
Net deferred tax liabilities	$ (4,399)	$ (5,769)

As of January 31, 2015 and 2014, intangible deferred tax liabilities of $15.9 million and $17.7 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:

	2015	2014	2013
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	2.3	3.0	3.3
Permanent differences resulting in Federal taxable income	2.9	4.5	4.8
Foreign tax rate differential	0.1	(0.1)	(1.4)
Foreign tax credit	(6.5)	(5.4)	(2.5)
Other, net	1.5	0.5	(0.7)
Actual provision for income taxes	35.3%	37.5%	38.5%

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, 2015, there was an increase in the unrecognized tax position reserve of
F-17

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

approximately $102,000, net of federal tax benefit to $970,000, for the current year accrual of interest and penalties on existing uncertain income tax positions reserves. The Company currently has tax years open from the years ended January 31, 2012 through January 31, 2015, with the exception of certain state tax jurisdictions.
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 and Comprehensive 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 $11.9 million at January 31, 2015. 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 and Comprehensive 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, 2015:

Year Ending January 31,	Amount (In thousands)
2016	$ 66,108
2017	59,622
2018	53,095
2019	47,703
2020	43,536
Thereafter	155,516
	$ 425,580

Rent expense on the above operating leases for the years ended January 31, 2015, 2014 and 2013 was approximately $72.6 million, $48.3 million and $31.6 million, respectively.
F-18

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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 $109.6 million, $101.5 million and $85.2 million for the years ended January 31, 2015, 2014 and 2013, 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 $32.1 million, $30.0 million and $24.9 million for the years ended January 31, 2015, 2014 and 2013, 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)
2016	$ 91,453
2017	65,110
2018	57,653
2019	50,129
2020	43,026
Thereafter	157,998
	$ 465,369

NOTE H — STOCKHOLDERS' EQUITY

Public Offering

In June 2014, the Company sold 1,725,000 shares of its common stock, including 225,000 shares sold pursuant to the exercise in full of the underwriters' option to purchase additional shares, at a public offering price of $77.63 per share. The Company received net proceeds of $128.7 million from the offering after payment of underwriting discounts and expenses of the offering. The net proceeds are currently being used for general corporate purposes.

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 2015. The Company's credit agreement permits the Company to make payments for cash dividends, stock redemptions and share repurchases subject to compliance with certain covenants.

Stock Plan

As of January 31, 2015, the Company has 480,683 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

F-19

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

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.

Restricted Stock

	Awards Outstanding	Weighted Average Grant Date Fair Value
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
Granted	261,085	$ 68.51
Vested	(333,531)	$ 28.16
Canceled	(2,025)	$ 54.88
Unvested as of January 31, 2015	1,045,706	$ 47.59

For restricted shares with market price 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 price conditions, shares are valued at the market price on the date of grant.

The Company recognized $11.6 million, $9.2 million and $7.0 million in compensation expense for the years ended January 31, 2015, 2014 and 2013, respectively, related to restricted stock grants. At January 31, 2015, 2014 and 2013, unrecognized costs related to the restricted stock units totaled approximately $32.2 million, $26.1 million and $21.4 million, respectively.

Stock Options

Information regarding all stock options for fiscal 2015, 2014 and 2013 is as follows:

	2015		2014		2013	
	Shares	Weighted Average Exercise	Shares	Weighted Average Exercise	Shares	Weighted Average Exercise
Stock options outstanding at beginning of year	268,488	$ 22.21	382,054	$ 20.79	417,722	$ 16.59
Exercised	(33,900)	$ 21.51	(109,766)	$ 17.36	(120,518)	$ 11.82
Granted	—	$ —	—	$ —	85,000	$ 28.72
Cancelled or forfeited	—	$ —	(3,800)	$ 19.39	(150)	$ 18.40
Stock options outstanding at end of year	234,588	$ 22.32	268,488	$ 22.21	382,054	$ 20.79
Exercisable	125,088	$ 17.26	159,238	$ 18.65	224,121	$ 16.89

F-20

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes information about stock options outstanding:

Range of Exercise Prices	Number Outstanding as of January 31, 2015	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable as of January 31, 2015	Weighted Average Exercise Price
$8.00 – $12.00	11,400	3.41	$ 10.18	11,400	$ 10.18
$12.01 – $16.00	49,100	3.07	$ 13.55	49,100	$ 13.55
$16.01 – $40.00	174,088	5.91	$ 25.58	64,588	$ 21.32
	234,588			125,088	

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, 2015 and 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:

	2013
Expected stock price volatility	58.2% – 68.5%
Expected lives of options	
Directors and officers	7 years
Employees	6 years
Risk-free interest rate	0.3% – 0.6%
Expected dividend yield	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 5.2 years at January 31, 2015. The aggregate intrinsic value at January 31, 2015 was $17.6 million for stock options outstanding and $10.0 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 the Company's common stock as of January 31, 2015, the reporting date.

Proceeds received from the exercise of stock options were approximately $729,000 and $1.9 million during the years ended January 31, 2015 and 2014, respectively. The intrinsic value of stock options exercised was $2.0 million and $4.0 million for the years ended January 31, 2015 and 2014, respectively. A portion of this amount is currently deductible for tax purposes.

Explanation of Responses:

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

The Company recognized approximately $541,000 in compensation expense for the year ended January 31, 2015, $680,000 for the year ended January 31, 2014 and $1.0 million for the year ended January 31, 2013, related to equity option award grants. As of January 31, 2015, approximately $533,000 to unrecognized stock compensation related to unvested option awards (net of estimated forfeitures) is expected to be recognized through the year ending January 31, 2017.

No options were granted during fiscal 2015 and 2014. The weighted average fair value at date of grant for options granted during fiscal 2013 was $12.06 per option.

NOTE I — MAJOR CUSTOMERS

One customer accounted for approximately 18.7 %, 21.0 % and 21.3% of the Company’s net sales in the licensed and non-licensed products segments for the years ended January 31, 2015, 2014 and 2013, respectively.

NOTE J — EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) plan (the “Plan”) and trust for nonunion employees. In December 2013, the Company amended the plan to a non-discretionary matching contribution for 2014 of 100% of the first 3% of the participant’s contributed pay plus 50% of the next 2% of the participant’s contributed pay. Prior to 2014, at the discretion of the Company, the Company may have elected to match 50% of employee contributions up to 6% of the participant’s compensation. The Company made matching contributions of approximately $2.0 million, $1.3 million and $1.0 million for the years ended January 31, 2015, January 31, 2014 and 2013, respectively.

NOTE K — SEGMENTS

The Company’s reportable segments are business units that offer products through different channels of distribution. 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, 2015				
	Licensed	Non-Licensed	Retail	Elimination(1)	Total
Net sales	$ 1,293,254	$ 452,640	$ 499,284	$ (128,323)	$ 2,116,855
Cost of goods sold	922,535	297,954	267,430	(128,323)	1,359,596
Gross profit	370,719	154,686	231,854	—	757,259
Selling, general and administrative	251,117	98,418	222,455	—	571,990
Depreciation and amortization	4,832	8,622	6,920	—	20,374
Operating profit	$ 114,770	$ 47,646	$ 2,479	$ —	$ 164,895

	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	820,162	230,186	150,505	(67,631)	1,133,222
Gross profit	325,020	112,486	147,503	—	585,009
Selling, general and administrative	228,306	84,885	127,315	—	440,506

F-22

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

	January 31, 2014				
	Licensed	Non-Licensed	Retail	Elimination(1)	Total
Depreciation and amortization	2,433	7,581	3,662	—	13,676
Operating profit	$ 94,281	$ 20,020	$ 16,526	$ —	$ 130,827

	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	702,361	203,853	102,370	(60,192)	948,392
Gross profit	279,484	78,063	93,780	—	451,327
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	$ 75,073	$ 15,163	$ 9,942	$ —	$ 100,178

(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 follows:

	January 31,	
	2015	2014
	(In thousands)	
Licensed	$ 441,516	$ 361,634
Non-Licensed	242,963	225,163
Retail	182,363	129,895
Corporate	179,876	114,205
Total Assets	$ 1,046,718	$ 830,897

	2015		2014		2013	
Geographic Region	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
	(In thousands)					
United States	$ 1,796,358	$ 132,822	$ 1,528,473	$ 106,638	$ 1,333,885	$ 81,606
Non-United States	320,497	115,030	189,758	138,069	65,834	119,582

$ 2,116,855	$ 247,852	$ 1,718,231	$ 244,707	$ 1,399,719	$ 201,188

Capital expenditures for locations outside of the United States represented $6.4 million in the fiscal year ended January 31, 2015. They were not significant in each of the fiscal years ended January 31, 2014 and 2013.

NOTE L — OTHER INCOME

Sale of rights to operate Calvin Klein Performance stores in Asia

In September 2014, the Company entered into agreements that terminated its rights to operate Calvin Klein Performance Stores in Asia, which included the sale to the licensor, PVH Corp., of the Company’s 51% interest in G-T (International) Fashion Company Limited, a joint venture that operated Calvin Klein

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Performance stores in China. The sale of the joint venture interest resulted in a $1.9 million gain in the year ended January 31, 2015. The licensor agreed to pay the Company $3.5 million in consideration of the early termination of previously granted rights to operate Calvin Klein Performance stores in Japan, Taiwan and Singapore. These amounts are included in other income in the year ended January 31, 2015.

Repurchase of unsecured promissory notes

In October 2014, the Company repurchased the €15.0 million principal amount of unsecured promissory notes (the “notes”) issued in August 2012 as part of the consideration for the acquisition of` Vilebrequin. The notes were due December 31, 2017 and carried a stated interest rate of 5% per annum. The notes were repurchased for €13.5 million, representing approximately a 10% discount on the outstanding amount of the notes, which resulted in a gain of €1.5 million (approximately $1.9 million using the transaction date exchange rate).

Contingent consideration adjustment

In addition to the aggregate consideration paid at closing, the purchase agreement relating to the acquisition of Vilebrequin provided for contingent consideration of up to €22.5 million (approximately $27.9 million using the acquisition date exchange rate) based upon Vilebrequin achieving certain performance objectives related to the growth of its business over the three years ending December 31, 2015. As of the acquisition date, the estimated fair value of the contingent consideration payable was $5.5 million (based on the acquisition date exchange rate). The Company is required to assess the probability of Vilebrequin achieving these performance objectives which requires management to make certain estimates and judgments based on forecasts of future performance. As of October 31, 2014, the fair value of the liability was estimated using a discounted cash flow technique with significant inputs that are not observable in the market and thus represent a Level 3 fair value measurement as defined in the FASB’s Accounting Standards Codification (ASC) 820 - Fair Value Measurements and Disclosures. The significant inputs in the Level 3 measurement not supported by market activity included the probability assessments of expected future cash flows related to Vilebrequin until the end of the earnout period, appropriately discounted and calculated in accordance with the terms of the purchase agreement. Based upon Vilebrequin’s most recent forecast and the related discounted cash flows, the Company has revised its prior estimate of the fair value of the contingent consideration payable to €0.8 million (approximately $1.0 million using the transaction date exchange rate), which resulted in a gain in the year ended January 31, 2015 of €3.2 million (approximately $4.2 million using the transaction date exchange rate).

NOTE M — QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data, in thousands, except per share amounts, for the fiscal years ended January 31, 2015 and 2014 are as follows:

	Quarter Ended			
	April 30, 2014	July 31, 2014	October 31, 2014	January 31, 2015
Net sales	$ 366,192	$ 424,010	$ 812,330	$ 514,323
Gross profit	130,133	148,384	295,252	183,490
Net income attributable to G-III	1,290	6,236	80,615	22,220
Net income per common share				
Basic	$ 0.06	$ 0.29	$ 3.60	$ 0.99
Diluted	$ 0.06	$ 0.29	$ 3.53	$ 0.96

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	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	92,453	99,423	226,945	166,187
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

NOTE N — 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.

TABLE OF CONTENTS

G-III Apparel Group, Ltd. and Subsidiaries

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Years ended January 31, 2015, 2014 and 2013

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions (a)	Balance at End of Period
	(In thousands)			
Year ended January 31, 2015				
Deducted from asset accounts				
Allowance for doubtful accounts	$ 642	$ 584	$ 152	$ 1,074
Reserve for sales allowances(b)	54,345	162,233	164,211	52,367
	$ 54,987	$ 162,817	$ 164,363	$ 53,441
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

(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.

S-1