

PHILLIPS VAN HEUSEN CORP /DE/
Form 11-K
June 26, 2008

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

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

(Mark One):

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

For the fiscal year ended December 31, 2007

OR

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

For the transition period from _____ to _____

Commission file number 1-724

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

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

SIGNATURES

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

PHILLIPS-VAN HEUSEN CORPORATION

ASSOCIATES INVESTMENT PLAN FOR

RESIDENTS OF THE COMMONWEALTH

OF PUERTO RICO

Date: June 26, 2008

By: /s/ Pamela N. Hootkin

Pamela N. Hootkin

Member of Administrative Committee

Phillips-Van Heusen Corporation
Associates Investment Plan for Residents
of the Commonwealth of Puerto Rico

Financial Statements

Years ended December 31, 2007 and 2006

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Report of Independent Registered Public Accounting Firm

Administrative Committee of the Plan

Phillips-Van Heusen Corporation

Associates Investment Plan for Residents

of the Commonwealth of Puerto Rico

We have audited the accompanying statements of net assets available for benefits of the Phillips-Van Heusen Corporation Associates Investment Plan for Residents of the Commonwealth of Puerto Rico (the Plan) as of December 31, 2007 and 2006, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of investments held at year end at fair value as of December 31, 2007, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the

Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

June 23, 2008

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PHILLIPS-VAN HEUSEN CORPORATION
 ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
 OF THE COMMONWEALTH OF PUERTO RICO

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Investments, at fair value:		
Cash	\$ -	\$ 38
Money Market Funds	627	1,645
Stable Value Funds	82,223	59,945
Mutual Funds	44,565	42,069
Phillips-Van Heusen Stock Fund	23,296	43,297
Participant Loan Receivable	14,069	8,894
Contribution Receivable	286	1,125
Loan Interest Receivable	<u>-</u>	<u>27</u>
 Total Assets	 <u>165,066</u>	 <u>157,040</u>

Liabilities

Miscellaneous Payables	<u>377</u>	<u>-</u>
Total Liabilities	<u>377</u>	<u>-</u>
Net assets available for benefits, at fair value	164,689	157,040
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	<u>2,120</u>	<u>1,578</u>
Net assets available for benefits	<u>\$166,809</u>	<u>\$158,618</u>

The accompanying notes are an integral
part of these financial statements

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

STATEMENTS OF CHANGES IN NET
ASSETS AVAILABLE FOR BENEFITS

For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Additions		
Contributions:		
Employer, net of forfeitures	\$ 14,584	\$ 11,584
Employees	26,916	20,487
Interest and investment income	5,573	2,412
Loan interest	<u>758</u>	<u>737</u>
Total additions	<u>47,831</u>	<u>35,220</u>
Deductions		
Payments to participants	<u>31,635</u>	<u>1,529</u>
Total deductions	<u>31,635</u>	<u>1,529</u>

Net realized and unrealized (depreciation) appreciation of investments	<u>(8,005)</u>	<u>19,634</u>
Net increase in net assets available for benefits	8,191	53,325
Net assets available for benefits at beginning of year	<u>158,618</u>	<u>105,293</u>
Net assets available for benefits at end of year	<u>\$166,809</u>	<u>\$158,618</u>

The accompanying notes are an integral
part of these financial statements

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

1.

Description of the Plan

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

Change in Trustee and Recordkeeper

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

Master Trust

The Phillips-Van Heusen Corporation Associates Investment Plans Master Trust (the Master Trust) was established for the investment of the Phillips-Van Heusen Stock Fund (the PVH Stock Fund). The Plan was one of three plans participating in the Master Trust through November 2, 2006. Effective November 3, 2006, with the change in Recordkeeper and Trustee, the assets of the Plan were transferred out of the Master Trust.

General

The Plan is a defined contribution plan covering salaried and hourly retail field workers who are residents of the Commonwealth of Puerto Rico who are at least age 21 or older, have completed at least three consecutive months of service and are regularly scheduled to work at least 20 hours per week. The Plan is subject to the reporting and disclosure requirements of the Employer Retirement Income Security Act of 1974 (ERISA).

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

NOTES TO FINANCIAL STATEMENTS

Contributions

Each year, participants may contribute up to 10% of pre-tax annual compensation, as defined by the Plan, limited to \$8,000 per annum in 2007 and 2006, respectively. In addition, eligible participants who have attained age 50 before the close of the plan year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of Puerto Rico Code Section 1165(e)(7)(C). The Company matches 100% of the first 2% of eligible compensation that a participant contributed to the Plan plus 25% of the next 4% of eligible compensation contributed by the participant.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings. Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions.

Vesting

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

Investment Options

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

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

NOTES TO FINANCIAL STATEMENTS

Participant Loans Receivable

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

At December 31, 2007, participant loans outstanding totaled \$14,069, with maturity dates through 2016 at interest rates ranging from 5% to 9.25%.

Forfeitures

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

Payment of Benefits

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

Plan Termination

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

2.

Significant Accounting Policies

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

Substantially all administrative expenses are paid by the Company.

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

NOTES TO FINANCIAL STATEMENTS

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

All assets of the Plan are held by the Trustee and are segregated from the assets of the Company. The Master Trust held the investments in the PVH Stock Fund through November 2, 2006. The Plan shared in the Master Trust interest and investment income based upon its participants' shares of the Master Trust net assets available for benefits.

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

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

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PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

NOTES TO FINANCIAL STATEMENTS

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

Reclassifications

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

3.

Transactions with Parties-in-Interest

The Plan invests in common shares of Phillips-Van Heusen stock, which qualifies as a related party transaction.

During the year ended December 31, 2007, the plan purchased 109 shares and sold 340 shares of the Company's common stock and received \$90 from the Company as payment of dividends on its common stock. For the period from January 1, 2006 through November 2, 2006, the Plan was part of the Master Trust. For the period from January 1, 2006 through November 2, 2006, the Master Trust purchased 16,506 shares and sold 111,121 shares of the Company's common stock. The Master Trust received \$104,674 as dividends during this period.

On November 3, 2006, the Plan left the Master Trust. For the period from November 3, 2006 through December 31, 2006, the Plan purchased 32 shares and sold 26 shares of the Company's common stock. The Plan received \$33 as dividends on the Company's common stock during this period.

PHILLIPS-VAN HEUSEN CORPORATION
 ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
 OF THE COMMONWEALTH OF PUERTO RICO

NOTES TO FINANCIAL STATEMENTS

4.

Investments

During 2007 and 2006, the Plan's investments (including investments purchased, sold, as well as held during the year) (depreciated) appreciated in fair value as determined by quoted market prices as follows:

	Net Realized and Unrealized (Depreciation) Appreciation <u>in Fair Value of Investments</u>	
	<u>2007</u>	<u>2006</u>
Common stock - PVH Stock Fund	\$ (7,182)	\$ 5,619
Shares of registered investment companies	<u>(823)</u>	<u>14,015</u>
	<u>\$ (8,005)</u>	<u>\$19,634</u>

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

	<u>2007</u>	<u>2006</u>
Investment in Phillips-Van Heusen		
Stock Fund	\$ 23,296	\$ 43,297
Bond Fund of America	14,851	14,990
Dodge & Cox Balanced	10,567	12,170
SEI Stable Asset Fund	82,223	59,945

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

NOTES TO FINANCIAL STATEMENTS

5.

Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 27, 1995 stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan has been amended since receiving the determination letter and the plan administrator is working with counsel to apply for an updated determination letter. The plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax-exempt.

6.

Reconciliation of Financial Statements to Form 5500

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

	<u>2007</u>
Net assets available for benefits per the financial Statements	\$166,809

Less adjustment to contract value	<u>(2.120)</u>
Net assets available for benefits per the Form 5500	<u>\$164.689</u>

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SUPPLEMENTAL SCHEDULE

EIN:13-1166910

Plan No: 014

PHILLIPS-VAN HEUSEN CORPORATION
ASSOCIATES INVESTMENT PLAN FOR RESIDENTS
OF THE COMMONWEALTH OF PUERTO RICO

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

December 31, 2007

<u>Identity of Holder</u>	<u>Description of Investment</u>	<u>Current Value</u>
The Charles Schwab Trust Co.	Am Beacon US Government MM; 1.000 shares	\$ 1
The Charles Schwab Trust Co.	Am Beacon Large Cap Value Fund; 194.193 shares	4,348
The Charles Schwab Trust Co.	Bond Fund of America; 1137.126 shares	14,851
The Charles Schwab Trust Co.	Dodge & Cox Balanced Fund; 130.456 shares	10,567
The Charles Schwab Trust Co.	Federated Capital Reserves Fund; 625.840 shares	626
The Charles Schwab Trust Co.	Growth Fund of America Fund; 120.204 shares	4,058
The Charles Schwab Trust Co.	Hartford HLS Small Cap Fund; 7.699 shares	144
The Charles Schwab Trust Co.	Phoenix Real Estate Securities Fund; 12.239 shares	353
The Charles Schwab Trust Co.	SEI Stable Asset Fund; 84,343.150 shares	82,223
The Charles Schwab Trust Co.	State Street Bank S&P 500 Index Fund; 88.199 shares	3,503
The Charles Schwab Trust Co.	Thornburg International Value Fund; 139.781 shares	4,737
The Charles Schwab Trust Co.	Wells Fargo Small Cap Value Fund; 68.118 shares	2,004
The Charles Schwab Trust Co.	Investment in Phillips-Van Heusen Stock Fund; 632.000 shares	<u>23,296</u>

Total investments held
by The Charles Schwab Trust Co.

\$ 150,711

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EXHIBIT INDEX

Exhibit No.

23.1 Consent of Independent Auditors