

PHILLIPS VAN HEUSEN CORP /DE/
Form 11-K
June 28, 2006

**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):

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

For the fiscal year ended December 31, 2005

OR

o 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 28, 2006

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, 2005 and 2004

Contents

Report of Independent Registered Public Accounting Firm

F-2

Statements of Net Assets Available for Benefits

F-3

Statements of Changes in Net Assets Available for Benefits

F-4

Notes to Financial Statements

F-5

Supplemental Schedules

F-11

[Letterhead of Spielman Koenigsberg & Parker, LLP]

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, 2005, and the related statement of changes in net assets available for benefits for the year 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. The financial statements of the Phillips-Van Heusen Corporation Associates Investments Plan for Residents of the Commonwealth of Puerto Rico as of and for the year ended December 31, 2004 were audited by other auditors whose report dated May 31, 2005 expressed an unqualified opinion on those statements.

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 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 audit provides 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, 2005, and the changes in its net assets available for benefits for the year 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 assets (held at end of year) as of December 31, 2005, 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.

/S/ SPIELMAN KOENIGSBERG & PARKER, LLP

June 19, 2006

F-2

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

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2005 and 2004

20052004**Assets**

Investments, at fair value:		
Investments held by Wells Fargo Bank:		
Stable Return Fund	\$ 31,370	\$ -
Mutual Funds	34,116	
Investment in Phillips-Van Heusen Corporation		
Associates Investment Plans Master Trust	28,558	
Participant Loan Receivable	10,081	
Investments held by State Street Bank:		
Stable Value Funds		21,360
Mutual Funds		27,422
Investment in Phillips-Van Heusen Corporation		
Associates Investment Plans Master Trust		28,015
Participant Loan Receivable		4,704
Contribution receivable	1,168	611
Net assets available for benefits	\$ 105,293	\$
		82,112

The accompanying notes are an integral
part of these financial statements

F-3

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, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Additions		
Contributions:		
Employer, net of forfeitures	\$ 6,554	\$ 4,793
Employees	13,862	10,710
Interest and investment income	672	1,794
Loan repayments, interest	385	82
Total additions	21,473	17,379
Deductions		
Payments to participants	4,623	8,863
Total deductions	4,623	8,863
Net realized and unrealized appreciation of investments	6,331	11,376
Net increase in net assets available for benefits	23,181	19,892

Net assets available for benefits at beginning of year	82,112	62,220
Net assets available for benefits at end of year	\$ 105,293	\$ 82,112

The accompanying notes are an integral
part of these financial statements

F-4

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, 2005 and 2004

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 January 1, 2004, the Plan's Trustee changed from UMB Bank (the *Predecessor Trustee*) to State Street Bank (the *Trustee* or *Successor Trustee*). On January 1, 2005, Wells Fargo acquired Strong Retirement Plan Services and as a result, Wells Fargo Retirement Solutions became the *Recordkeeper* and Wells Fargo Bank became 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 is one of three plans participating in 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 Employee Retirement Income Security Act of 1974 (ERISA).

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 2005 and 2004, respectively. 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.

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

NOTES TO FINANCIAL STATEMENTS

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 contributions into any of eleven investment options. A participant may contribute a maximum of 25% of employee contributions into the PVH Stock Fund.

The Company contributions are invested in any fund offered by the Plan as elected by the participant. However, existing balances contributed to the PVH Stock Fund as of March 31, 1999 were required to remain in the fund until participants are age 55 or older. Effective December 30, 2004, all restrictions on Company Match invested in the PVH Stock Fund were removed and participants are allowed to transfer all Company Match monies to other investment options in the Plan.

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.

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 holds the investments in the PVH Stock Fund. The Plan shares in the Master Trust interest and investment income based upon its participants' shares of the Master Trust net assets available for benefits.

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

3.

Transactions with Parties-in-Interest

During the years ended December 31, 2005 and 2004, the Master Trust purchased 47,988 and 15,616 shares, respectively, of the Company's common stock and received \$153,906 and \$168,641, respectively, from the Company as payment of dividends on its common stock. The AIP Master Trust also sold 160,053 and 64,342 shares of the

Company's common stock during the years ended December 31, 2005 and 2004, respectively.

4.

Investments

During 2005 and 2004, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as determined by quoted market prices as follows:

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

NOTES TO FINANCIAL STATEMENTS

		Net Realized and Unrealized Appreciation (Depreciation)	
		<u>in Fair Value of Investments</u>	
		<u>2005</u>	<u>2004</u>
Common stock	PVH Stock Fund	\$ 18,698	\$ 9,484
Shares of registered investment companies		(12,367)	1,892
		\$ 6,331	\$ 11,376

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>2005</u>	<u>2004</u>
-------------	-------------

Investment in Phillips-Van Heusen Corporation

Associates Investment Plans Master Trust	\$ 28,558	\$ 28,015
Dodge & Cox Balanced	9,205	7,748
Dreyfus Appreciation	7,070	5,875
Strong Advisor Bond	*	8,313
Wells Fargo Advantage Total Return Bond (Adm)	9,005	*
Wells Fargo Stable Return Fund (S)	31,370	21,360
Wells Fargo S&P 500 Index Fund (G)	8,624,725	*
Shares of registered companies representing		
less than 5%	8,836	5,486

* Investments not offered at the end of the Plan year.

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 a new determination letter will be applied for. 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.

F-10

SUPPLEMENTAL SCHEDULE

F-11

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 ASSETS (HELD AT END OF YEAR)

December 31, 2005

Identity of Issue, Borrower, <u>Lessor or Similar Party</u>	Description of Investment, Including Maturity Date, Rate of Interest, <u>Par or Maturity Value</u>	<u>Current Value</u>
Wells Fargo Bank, N.A.	Dodge & Cox Balanced; 111.644 shares	\$ 9,205
Wells Fargo Bank, N.A.	Dreyfus Appreciation; 177.855 shares	7,070
Wells Fargo Bank, N.A.	Oakmark International I; 73.000 shares	1,644
Wells Fargo Bank, N.A.	Dodge & Cox Income; 63.902 shares	801
Wells Fargo Bank, N.A.	Wells Fargo Advantage Total Return Bond Fund (Adm); 738.735 shares	9,005
Wells Fargo Bank, N.A.	Wells Fargo S&P 500 Index Fund (G); 91.634 shares	3,598
Wells Fargo Bank, N.A.	Wells Fargo Small Cap Value Fund (Z);	

	92.555 shares	2,793
Wells Fargo Bank, N.A.	Wells Fargo Stable Return Fund (S);	
	817.004 shares	31,370
Wells Fargo Bank, N.A.	Investment in Phillips-Van Heusen Corporation Associates Investment Plans Master Trust;	
	851,000 units	28,558
Wells Fargo Bank, N.A.	Loan Fund; 10,081.320 units maturity dates through 2009, interest rates: 5% to 7.5%	
		10,081
Total investments held		
by Wells Fargo Bank, N.A.		\$ 104,125

EXHIBIT INDEX

Exhibit No.

23.1

Consent of Independent Auditors

