



U.S. Department of Justice

United States Attorney
Southern District of New York

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*The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007*

August 8, 2005

John F. Savarese, Esq.
Ralph M. Levene, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52d Street
New York, NY 10019-6150

Re: Tommy Hilfiger U.S.A., Inc.

Dear Messrs. Savarese and Levene:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") will not criminally prosecute Tommy Hilfiger USA, Inc., or its parents, subsidiaries or affiliates ("THUSA"), for any offenses relating to underpayment of Hong Kong taxes as the result of activities attributed to Tommy Hilfiger (Far East) Limited ("THFE") or Tommy Hilfiger (Eastern Hemisphere) Limited ("THEH"), for the years 1990-2004, which may constitute mail fraud or wire fraud on the Hong Kong taxing authorities under 18 U.S.C. §§ 1341, 1343.

In addition, this Office has investigated THUSA for possible criminal activity in connection with the 10% buying office commission ("BOC") rate paid to THFE and/or THEH for the tax years ending March 31, 1990 through March 31, 2004. This Office has concluded that criminal tax charges are not warranted in connection with the 10% BOC rate, and will close that investigation. The Tax Division, Department of Justice, has agreed with this Office's conclusion.

It is understood that THUSA shall file accurate amended tax returns for the fiscal years ending March 31, 2001, 2002, 2003, and 2004, which returns will be calculated based on a BOC rate of 7.5%, and will file said returns with the Internal Revenue Service ("IRS") within 10 business days of the date its representative signs this agreement. It is further understood that THUSA will pay the taxes due and owing as a result of said amended returns, the interest thereon, and applicable penalties, if any, within 3 business days of the assessment by the IRS of those taxes, interest and penalties.

It is further understood that THUSA will provide to the Hong Kong Inland Revenue Department ("HK IRD") any and all information necessary for the HK IRD to evaluate whether any taxes are due and owing by Tommy Hilfiger (Hong Kong) Limited ("THHK"), THFE, or

THEH to the HK IRD, including but not limited to information regarding whether activities attributed to THFE or THEH were actually performed in Hong Kong,

It is further understood that, to the extent it has not done so already, THUSA will adopt and implement the recommendations of the Special Committee of the Board of Directors of Tommy Hilfiger Corporation, and will adopt and implement an effective ethics and compliance program as defined in United States Sentencing Guidelines Section 8B2.1.

It is further understood that, for a period of 3 years from the date its representative signs this Agreement, THUSA will, upon request, provide this Office, and any law enforcement agency designated by this Office, with information (in whatever form), and will make its personnel available to this Office, or any law enforcement agency designated by this Office, for interviews, so that this Office can monitor THUSA's compliance with this agreement. If after two years, THUSA has fully complied with this Agreement, it may request early termination of this provision. This Office may terminate this Agreement prior to the expiration of the three-year period described above if the Office, in its sole discretion, determines that early termination is appropriate under all the facts and circumstances.

It is further understood that THUSA shall commit no crimes whatsoever. It is understood that, should THUSA commit any crimes subsequent to the date of the signing of this Agreement, or should it be determined that it has provided false, incomplete, or misleading information, or should it otherwise violate any provision of this Agreement, THUSA shall thereafter be subject to prosecution for any federal criminal violation of which this Office has knowledge. With respect to any prosecutions that are not time-barred by the applicable statute of limitations on the date of this Agreement, THUSA agrees that the applicable statute of limitations period for any such prosecutions shall be tolled for a period of time equal to the three-year term of this Agreement plus six months, so that such prosecutions may be commenced against THUSA in accordance with this Agreement, notwithstanding any expiration of the statute of limitations during the 42 months following the signing of this Agreement.

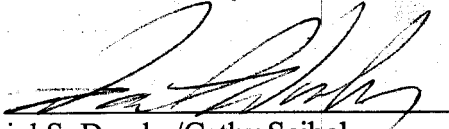
It is understood that if it is determined that THUSA has committed any crime after signing this Agreement or has given false, incomplete, or misleading information, or has otherwise violated any provision of this Agreement, all information provided by THUSA under this agreement, and any leads from such statements or testimony shall be admissible in evidence in any criminal proceeding brought against THUSA, and THUSA shall assert no claim under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such information or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

It is further understood that this Agreement does not bind any federal, state or local prosecuting authority other than this Office.

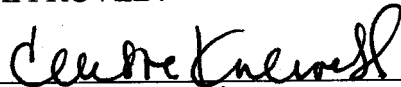
With respect to this matter, this Agreement supersedes all prior, if any, understandings, promises and/or conditions between this Office and THUSA, with the exception of the agreement concerning confidentiality reflected in the letter from John F. Savarese to Assistant United States Attorney Daniel Dorsky dated January 3, 2005. With that exception, no additional promises, agreements, and conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Very truly yours,

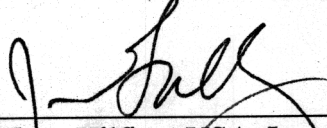
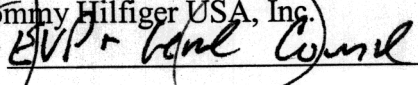
DAVID N. KELLEY
United States Attorney

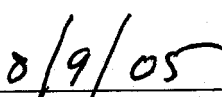
By: 
Daniel S. Dorsky/Cathy Seibel
Assistant United States Attorneys
Tel. Nos.: (914) 993-1946/1943

APPROVED:


Celeste L. Koeleveld
Chief, Criminal Division

AGREED AND CONSENTED TO:


Tommy Hilfiger USA, Inc.
by 


DATE