

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

41-1590959
(I.R.S. Employer
Identification No.)

512 Seventh Avenue, New York, New York
(Address of Principal Executive Offices)

10018
(Zip Code)

(212) 403-0500
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

As of June 3, 2013, there were 20,242,902 shares of our common stock, par value \$0.01 per share, outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

**G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

	April 30, 2013 (Unaudited)	April 30, 2012 (Unaudited)	January 31, 2013
	(In thousands, except share and per share amounts)		
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 20,620	\$ 38,336	\$ 27,360
Accounts receivable, net of allowance for doubtful accounts and sales discounts of \$35,585, \$31,480 and \$45,947 respectively	151,841	176,530	178,216
Inventories	242,072	208,755	280,929
Prepaid income taxes	2,226	584	—
Deferred income taxes, net	10,290	9,559	10,285
Prepaid expenses and other current assets	24,392	17,418	19,795
Total current assets	<u>451,441</u>	<u>451,182</u>	<u>516,585</u>
PROPERTY AND EQUIPMENT, NET	43,912	33,408	40,816
OTHER ASSETS	20,323	4,162	10,053
OTHER INTANGIBLES, NET	12,905	3,446	13,860
TRADEMARKS, NET	74,285	13,975	76,062
GOODWILL	61,359	26,100	60,396
	<u>\$ 664,225</u>	<u>\$ 532,273</u>	<u>\$ 717,772</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable	\$ 76,088	\$ 83,073	\$ 65,000
Income taxes payable	—	—	12,181
Accounts payable	69,682	55,678	104,037
Accrued expenses	30,403	20,950	51,998
Total current liabilities	<u>176,173</u>	<u>159,701</u>	<u>233,216</u>
NOTES PAYABLE	19,231	—	19,778
DEFERRED INCOME TAXES, NET	16,316	1,289	14,442
DUE TO NONCONTROLLING SHAREHOLDER	2,444	—	2,275
CONTINGENT PURCHASE PRICE PAYABLE	5,627	—	5,787
OTHER NON-CURRENT LIABILITIES	13,280	10,811	13,034
TOTAL LIABILITIES	<u>233,071</u>	<u>171,801</u>	<u>288,532</u>
STOCKHOLDERS' EQUITY			
Preferred stock; 1,000,000 shares authorized; No shares issued and outstanding			
Common stock - \$.01 par value, 80,000,000 shares authorized; 20,735,127, 20,461,840 and 20,616,957 shares issued	208	205	206
Additional paid-in capital	174,389	163,445	171,132
Accumulated other comprehensive income	1,144	6	3,523
Retained earnings	259,556	200,715	258,437
Common stock held in treasury, at cost - 492,225 shares	(3,899)	(3,899)	(3,899)
Total G-III stockholders' equity	<u>431,398</u>	<u>360,472</u>	<u>429,399</u>
Noncontrolling interest	(244)	—	(159)
Total stockholders' equity	<u>431,154</u>	<u>360,472</u>	<u>429,240</u>
	<u>\$ 664,225</u>	<u>\$ 532,273</u>	<u>\$ 717,772</u>

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

	Three Months Ended April 30,	
	2013	2012
	(Unaudited)	
	(In thousands, except per share amounts)	
Net sales	\$ 272,615	\$ 229,449
Cost of goods sold	180,223	160,759
Gross profit	92,392	68,690
Selling, general and administrative expenses	85,828	66,614
Depreciation and amortization	3,121	2,053
Operating profit	3,443	23
Equity loss in joint venture	—	286
Interest and financing charges, net	1,777	1,104
Income (loss) before income taxes	1,666	(1,367)
Income tax expense (benefit)	633	(520)
Net income (loss)	1,033	(847)
Add: Loss attributable to noncontrolling interest	85	—
Net Income (loss) attributable to G-III	<u>\$ 1,118</u>	<u>\$ (847)</u>
NET INCOME (LOSS) PER COMMON SHARE:		
Basic:		
Net income (loss) per common share	<u>\$ 0.06</u>	<u>\$ (0.04)</u>
Weighted average number of shares outstanding	<u>20,161</u>	<u>19,860</u>
Diluted:		
Net income (loss) per common share	<u>\$ 0.05</u>	<u>\$ (0.04)</u>
Weighted average number of shares outstanding	<u>20,402</u>	<u>19,860</u>
Net income (loss) attributable to G-III	\$ 1,118	\$ (847)
Other comprehensive income (loss):		
Foreign currency translation adjustments	(2,379)	2
Other comprehensive income (loss)	(2,379)	2
Comprehensive loss	<u>\$ (1,261)</u>	<u>\$ (845)</u>

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended April 30,	
	2013	2012
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities		
Net income (loss)	\$ 1,033	\$ (847)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	3,128	2,053
Equity based compensation	1,980	1,511
Tax benefit from exercise/vesting of equity awards	1,989	730
Deferred financing charges	165	59
Equity loss in joint venture	—	286
Changes in operating assets and liabilities:		
Accounts receivable, net	26,234	(14,020)
Inventories	38,645	44,766
Income taxes, net	(14,420)	(6,796)
Prepaid expenses and other current assets	(4,656)	(2,890)
Other assets, net	(11,646)	(8)
Accounts payable, accrued expenses and other liabilities	(56,614)	(63,141)
Net cash used in operating activities	<u>(14,162)</u>	<u>(38,297)</u>
Cash flows from investing activities		
Investment in equity of joint venture	—	(250)
Capital expenditures	(4,579)	(1,906)
Net cash used in investing activities	<u>(4,579)</u>	<u>(2,156)</u>
Cash flows from financing activities		
Proceeds from notes payable, net	11,088	53,023
Proceeds from exercise of equity awards	236	158
Excess tax benefit from exercise/vesting of equity awards	1,292	946
Taxes paid for net share settlement	(946)	—
Loss attributable to noncontrolling interest	85	—
Net cash provided by financing activities	<u>11,755</u>	<u>54,127</u>
Foreign currency translation adjustments	<u>246</u>	<u>2</u>
Net (decrease) increase in cash and cash equivalents	(6,740)	13,676
Cash and cash equivalents at beginning of period	<u>27,360</u>	<u>24,660</u>
Cash and cash equivalents at end of period	<u>\$ 20,620</u>	<u>\$ 38,336</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 1,805	\$ 989
Income taxes	12,962	4,419

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

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 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, an entity acquired in August 2012, 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 quarter ended or ending closest to the Company’s fiscal quarter.

The results for the three month period ended April 30, 2013 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company’s business. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

Investments in entities that the Company does not control but has the ability to exercise significant influence are accounted for using the equity method of accounting. Equity method investments are recorded initially at cost in the Consolidated Balance Sheets. Those amounts are adjusted to recognize the Company’s proportional share of the investee’s net income or loss after the date of the investment. In October 2012, the Company sold its interest in the joint venture that operated outlet stores under the Vince Camuto name, which had been accounted for by the equity method. During the first quarter of fiscal 2013, the Company entered into a joint venture, of which the Company owns 51%, to operate Calvin Klein Performance retail stores in mainland China and Hong Kong, and the Company consolidates the accounts of this joint venture. The Company’s 2013 share of net income or loss of this investment is included in the Consolidated Statements of Operations.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2013 filed with the Securities and Exchange Commission.

Note 2 – Acquisition of Vilebrequin

In August 2012, the Company acquired all of the outstanding shares of Vilebrequin International SA, a Swiss corporation (“Vilebrequin”) for aggregate consideration consisting of (i) €70.5 million (approximately \$87.6 million) in cash and (ii) €15.0 million (approximately \$18.6 million) of unsecured promissory notes due December 31, 2017, with interest payable at the rate of 5% per year. In addition to the aggregate consideration paid at closing, the purchase agreement provides for contingent consideration of up to €22.5 million (approximately \$27.9 million) based upon achieving certain performance objectives related to the growth of the Vilebrequin business over the three years ending December 31, 2015. At April 30, 2013, the estimated contingent consideration payable was \$5.6 million. The dollar equivalents to the amounts in Euro set forth in the notes to these Condensed Consolidated Financial Statements are based on the exchange rate on the date of acquisition (EURO €1.000 equal to USD\$1.242).

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

The total consideration was approximately \$111.7 million, including the estimated fair value of the contingent consideration at the time of acquisition. The purchase price has been preliminarily allocated to the tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values, and is subject to adjustment when additional information concerning asset and liability valuations is finalized. The fair value of the contingent consideration is estimated as of the acquisition date based on the present value of the expected contingent payments, which are determined using weighted probabilities of possible payments. The preliminary allocation resulted in goodwill and intangible assets in the aggregate amount of \$101.0 million related to the acquisition of Vilebrequin. Such amounts could change upon finalization of the purchase accounting.

The following table (in thousands) summarizes the components of the preliminary purchase price allocation for the acquisition of Vilebrequin:

Purchase price:	
Cash paid	\$ 87,573
Notes issued	18,633
Fair value of contingent consideration	<u>5,452</u>
	<u>\$111,658</u>
Allocation:	
Current assets	\$ 25,793
Property, plant and equipment	5,724
Identifiable intangible assets	68,847
Other non-current assets, net	4,551
Assumed liabilities	(12,938)
Deferred income taxes	(12,515)
Goodwill	<u>32,196</u>
	<u>\$111,658</u>

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

Note 3 – 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. Inventories consist of:

	April 30, 2013	April 30, 2012	January 31, 2013
	(In thousands)		
Finished goods	\$229,268	\$198,621	\$271,155
Raw materials and work-in-process	12,804	10,134	9,774
	<u>\$242,072</u>	<u>\$208,755</u>	<u>\$280,929</u>

Note 4 – Net Income (Loss) per Common Share

Basic net income (loss) per common share has been computed using the weighted average number of common shares outstanding during each period. Diluted net income per share, when applicable, is computed using the weighted average number of common shares and potential dilutive common shares, consisting of unvested restricted stock awards and stock options, during the period. All share based payments outstanding as of April 30, 2013 that vest based on the achievement of performance or market conditions, and for which the performance or market conditions have not been achieved, have been excluded from the diluted per share calculation as their inclusion would be anti-dilutive. For the three months ended April 30, 2013 and 2012, 118,170 and 182,708 shares of common stock, respectively, were issued in connection with the exercise or vesting of equity awards.

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

	Three Months Ended April 30,	
	2013	2012
Net income (loss) attributable to G-III	\$ 1,118	\$ (847)
Basic net income (loss) per share:		
Basic common shares	20,161	19,860
Basic net income (loss) per share	<u>\$ 0.06</u>	<u>\$ (0.04)</u>
Diluted net income (loss) per share:		
Basic common shares	20,161	19,860
Stock options and restricted stock awards	241	—
Diluted common shares	<u>20,402</u>	<u>19,860</u>
Diluted net income (loss) per share	<u>\$ 0.05</u>	<u>\$ (0.04)</u>

Note 5 – Notes Payable

In August 2012, the Company entered into a new credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent for a group of lenders. The credit agreement is a five year senior secured credit facility providing for borrowings in the aggregate principal amount of up to \$450 million. Amounts available under the credit agreement are subject to borrowing base formulas and over advances as specified in the credit agreement. As of April 30, 2013, there was \$73.4 million available under the credit agreement.

Borrowings bear interest, at the Company's option, at LIBOR plus a margin of 1.5% to 2.0% or prime plus a margin of 0.5% to 1.0%, with the applicable margin determined based on availability under the credit agreement. The credit agreement requires the Company to maintain a minimum fixed charge coverage ratio, as defined, under certain circumstances and prohibits payments for cash dividends, stock redemptions and share repurchases until February 2014, after which such payments may be made subject to compliance with certain covenants. As of April 30, 2013, the Company was in compliance with these covenants.

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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.

Amounts payable under the Company's new credit agreement were \$76.1 million at April 30, 2013 compared to \$83.1 million payable under the Company's prior financing agreement at April 30, 2012.

In August 2012, as part of the purchase price in connection with the Vilebrequin acquisition, the Company issued to the seller €15.0 million (approximately \$19.2 million) of unsecured promissory notes due December 31, 2017, with interest payable at the rate of 5% per year. The promissory notes were recorded at stated value, which approximated fair value, on the date of issuance. The fair value of these promissory notes approximated its carrying value at April 30, 2013.

Note 6 – Segments

The Company's reportable segments are business units that offer products through different channels of distribution and are managed separately. The Company aggregates its operating divisions into three reportable segments; licensed products, non-licensed products and retail operations. The Vilebrequin business acquired in August 2012, including the retail operations conducted by Vilebrequin, is part of the non-licensed segment. 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 three month periods indicated below:

	Three Months Ended April 30, 2013				
	Licensed	Non-Licensed	Retail	Elimination ⁽¹⁾	Total
Net sales	\$180,507	\$ 60,689	\$45,250	\$ (13,831)	\$272,615
Cost of goods sold	130,302	41,495	22,211	(13,785)	180,223
Gross profit	50,205	19,194	23,039	(46)	92,392
Selling, general and administrative	46,257	19,298	20,335	(62)	85,828
Depreciation and amortization	485	1,940	696	—	3,121
Operating profit (loss)	\$ 3,463	\$ (2,044)	\$ 2,008	\$ 16	\$ 3,443

	Three Months Ended April 30, 2012				
	Licensed	Non-Licensed	Retail	Elimination ⁽¹⁾	Total
Net sales	\$156,955	\$ 47,337	\$36,135	\$ (10,978)	\$229,449
Cost of goods sold	116,663	35,683	19,391	(10,978)	160,759
Gross profit	40,292	11,654	16,744	—	68,690
Selling, general and administrative	39,513	10,097	17,004	—	66,614
Depreciation and amortization	502	982	569	—	2,053
Operating profit (loss)	\$ 277	\$ 575	\$ (829)	\$ —	\$ 23

(1) Represents intersegment sales to the Company's retail operations.

Included in finished goods inventory at April 30, 2013 are approximately \$145.4 million, \$45.2 million and \$38.7 million of inventories for licensed products, non-licensed products and retail operations, respectively. Included in finished goods inventory at April 30, 2012 are approximately \$135.2 million, \$27.8 million and \$35.6 million of inventories for licensed products, non-licensed products and retail operations, respectively. Substantially all other assets are commingled.

Note 7 – Investment in Joint Ventures

During the first quarter of fiscal 2013, the Company entered into a joint venture, of which it owns 51%, to operate Calvin Klein Performance retail stores in mainland China and Hong Kong. The joint venture began operating retail locations in major Chinese markets beginning in the third quarter of fiscal 2013. As the majority owner, the Company consolidates the accounts of this joint venture in its financial statements and the results of operations are included in the retail segment.

In October 2012, the Company sold back to the Camuto Group the Company's 50% interest in the joint venture that operated 11 outlet stores under the Vince Camuto name for an amount approximating its carrying cost. The Company's interest in this joint venture was accounted for by the equity method.

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Note 8 – Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board (“FASB”) issued ASU 2013-02, “Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” ASU 2013-02 requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about those amounts. The amendments do not change the current requirements for reporting net income or other comprehensive income in financial statements. For public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2012. Early adoption is permitted. The adoption of this pronouncement did not have a material impact on the Company’s results of operations or financial position.

In March 2013, the FASB issued Accounting Standards Update No. 2013-04 (ASU 2013-04), which updated the guidance in ASC Topic 405, Liabilities. The amendments in ASU 2013-04 generally provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this Update is fixed at the reporting date, except for obligations addressed within existing guidance in GAAP. The guidance requires an entity to measure those obligations as the sum of the amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and any additional amount the reporting entity expects to pay on behalf of its co-obligors. The guidance in ASU 2013-04 also requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. This guidance will become effective as of the beginning of the Company’s 2015 fiscal year. The adoption of this guidance is not expected to have a material impact on the Company’s financial position or results of operations.

On March 4, 2013, the FASB issued ASU 2013-05, “Foreign Currency Matters (Topic 830): Parent’s Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity” (“ASU 2013-05”). ASU 2013-05 updates accounting guidance related to the application of consolidation guidance and foreign currency matters. This guidance resolves the diversity in practice about what guidance applies to the release of the cumulative translation adjustment into net income. This guidance is effective for interim and annual periods beginning after December 15, 2013. The Company does not anticipate that these changes will have a material impact on its consolidated financial statements or disclosures.

Note 9 – 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.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Unless the context otherwise requires, “G-III”, “us”, “we” and “our” refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year. For example, our fiscal year ending January 31, 2014 is referred to as “fiscal 2014”. Vilebrequin reports results on a calendar year basis rather than on the January 31 fiscal year basis used by G-III. Accordingly, the results of Vilebrequin are and will be included in our financial statements for the quarter ended or ending closest to G-III’s fiscal quarter. For example, in this Form 10-Q for the quarter ended April 30, 2013 Vilebrequin’s results are included from January 1, 2013 through March 31, 2013.

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

- our dependence on licensed product;
- our dependence on the strategies and reputation of our licensors;
- costs and uncertainties with respect to expansion of our product offerings;
- the performance of our products at retail and customer acceptance of new products;
- customer concentration;
- risks of doing business abroad;
- price, availability and quality of materials used in our products;
- the need to protect our trademarks and other intellectual property;
- risks relating to our retail business;
- risks relating to our acquisition of Vilebrequin;
- dependence on existing management;
- our ability to make strategic acquisitions and possible disruptions from acquisitions;
- need for additional financing;
- seasonal nature of our business;
- our reliance on foreign manufacturers;
- the need to successfully upgrade, maintain and secure our information systems;
- the impact of the current economic and credit environment on us, our customers, suppliers and vendors;
- the effects of competition in the markets in which we operate;
- consolidation of our retail customers;
- additional legislation and/or regulation in the U.S. or around the world;
- our ability to import products in a timely and cost effective manner;
- our ability to continue to maintain our reputation;

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

These forward-looking statements are based largely on our expectations and judgments and are subject to a number of risks and uncertainties, many of which are unforeseeable and beyond our control. A detailed discussion of significant risk factors that have the potential to cause our actual results to differ materially from our expectations is described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2013. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Overview

G-III designs, manufactures and markets an extensive range of apparel, including outerwear, dresses, sportswear, swimwear, women's suits and women's performance wear, as well as luggage and women's handbags, small leather goods and cold weather accessories. We sell our products under our own proprietary brands, which include Vilebrequin, Andrew Marc and Marc New York, licensed brands and private retail labels. G-III also operates retail stores under the Wilsons Leather, Vilebrequin, Calvin Klein Performance and Andrew Marc names.

Our business is dependent on, among other things, retailer and consumer demand for our products. We believe that economic uncertainty and a slowdown in the global macroeconomic environment continue to negatively impact the level of consumer spending for discretionary items. The current uncertain economic environment has been characterized by a decline in consumer discretionary spending that may affect retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary purchases, such as fashion apparel and related products, such as ours. We cannot predict the direction in which the current economic environment will move. Continued uncertain macroeconomic conditions may have a negative impact on our results for fiscal 2014.

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

We aggregate our operating divisions into three reportable segments, licensed products, non-licensed products and retail operations. The licensed products segment includes sales of products under brands licensed by us from third parties. The non-licensed products segment includes sales of products under our own brands and private label brands, as well as of the Vilebrequin business that we acquired in August 2012, including the retail operations conducted by Vilebrequin. The retail operations segment consists almost entirely of our Wilsons retail stores, as well as a limited number of Andrew Marc retail stores and Calvin Klein Performance stores.

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

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

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

The sale of licensed products is a key element of our strategy and we have continually expanded our offerings of licensed products for the past 20 years. Most recently, in December 2012, we entered into a license agreement covering a broad range of women's apparel under the Ivanka Trump brand and, in April 2013, we entered into a license agreement for Calvin Klein men's and women's swimwear that will become effective on December 1, 2013. We expect to begin shipping swimwear under this agreement for the Spring 2014 season.

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

Our retail operations segment consists almost entirely of our Wilsons retail store business, substantially all of which are operated as outlet stores. We believe that operation of the Wilsons stores is part of our core competency, as outerwear comprised approximately one-half of our net sales at Wilsons in fiscal 2013. As of April 30, 2013, we operated 146 Wilsons stores and 4 Andrew Marc retail stores.

In November 2011, we entered into a license agreement granting us the retail rights to distribute and market Calvin Klein women's performance apparel in the United States and China. We opened our first Calvin Klein Performance store in Scottsdale, Arizona in February 2012 and opened a second store in San Francisco, California in May 2012. In March 2012, we entered into a joint venture agreement, with Finity Apparel Retail Limited to open and operate Calvin Klein Performance retail stores in mainland China and Hong Kong. We consolidate the results of operations of this joint venture, of which we own 51%, in our financial statements.

Trends

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

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

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

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

Results of Operations

Three months ended April 30, 2013 compared to three months ended April 30, 2012

Net sales for the three months ended April 30, 2013 increased to \$272.6 million from \$229.4 million in the same period last year. Net sales of licensed products increased to \$180.5 million from \$157.0 million primarily as a result of increases of \$18.6 million in net sales of Calvin Klein licensed product, mainly due to increased net sales of Calvin Klein women's suits and sportswear, and an increase of \$4.4 million in net sales of our Kensie sportswear line. Net sales of non-licensed products in the three months ended April 30, 2013 were \$60.7 million compared to \$47.3 million in the same period last year. The increase in net sales in this segment is primarily due to net sales of \$12.6 million by our Vilebrequin business which was acquired in August 2012. Net sales of our retail operations increased to \$45.3 million for the three months ended April 30, 2013 from \$36.1 million in the same period last year as a result of an increase in the number of stores, as well as a comparative store sales increase of 12.4%.

Gross profit increased to \$92.4 million, or 33.9% of net sales, for the three months ended April 30, 2013, from \$68.7 million, or 29.9% of net sales, in the same period last year. The gross profit percentage in our licensed products segment was 27.8% in the three months ended April 30, 2013 compared to 25.7% in the same period last year. This increase in gross profit percentage is primarily attributable to an increase in net sales as well as improved gross margin of Calvin Klein women's suits, sportswear and handbags, as well as of Kensie sportswear. The gross profit percentage in our non-licensed products segment was 31.6% in the three month period ended April 30, 2013 compared to 24.6% in the same period last year. This increase in gross profit percentage is primarily attributable to our Vilebrequin business which operates with a higher gross margin than our other non-licensed businesses. The gross profit percentage for our retail operations segment was 50.9% for the three months ended April 30, 2013 compared to 46.3% for the comparable period last year. Gross profit percentage for the retail operations segment was positively impacted by a higher margin product mix and less promotional activity.

Selling, general and administrative expenses increased to \$85.8 million in the three months ended April 30, 2013 from \$66.6 million in the same period last year. This increase is primarily a result of increases in personnel costs (\$9.6 million), facility costs (\$4.0 million), advertising expenses (\$2.3 million) and third party warehousing costs (\$1.1 million). Personnel costs increased primarily as a result of the acquisition of Vilebrequin and an increase in personnel to staff additional stores in our retail division. Facility costs increased primarily as a result of costs associated with the new Vilebrequin business and additional retail store leases. Advertising costs increased because sales of licensed product, primarily Calvin Klein, increased and we typically pay an advertising fee under our license agreements based on a percentage of sales of licensed product. Third party warehousing costs increased as a result of our increased shipping volume.

Depreciation and amortization increased to \$3.1 million in the three months ended April 30, 2013 from \$2.1 million in the same period last year primarily as a result of depreciation and amortization related to the acquired Vilebrequin business.

Equity loss in joint venture for the three months ended April 30, 2012 was approximately \$286,000. There was no comparable amount for the three months ended April 30, 2013 due to the sale of the Company's interest in the joint venture to the Camuto Group in October 2012. The Company's interest in this joint venture was accounted for by the equity method.

Interest and financing charges, net for the three months ended April 30, 2013, were \$1.8 million compared to \$1.1 million for the same period last year. Our interest charges were higher because of higher average borrowings under our credit facility during the first quarter primarily as a result of additional borrowings to fund our acquisition of Vilebrequin and interest related to the notes issued for the acquisition of Vilebrequin.

Income tax expense for the three months ended April 30, 2013 was \$633,000 compared to an income tax benefit of \$520,000 for the same period last year. The effective tax rate for each of the three month periods ended April 30, 2013 and 2012 was 38.0%.

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Liquidity and Capital Resources

Our primary cash requirements are to fund our seasonal buildup in inventories and accounts receivable, primarily during the second and third fiscal quarters each year. Due to the seasonality of our business, we generally reach our peak borrowings under our asset-based credit facility during our third fiscal quarter. The primary sources to meet our cash requirements have been borrowings under our credit facility and cash generated from operations.

At April 30, 2013, we had cash and cash equivalents of \$20.6 million and outstanding borrowings of \$95.3 million. At April 30, 2012, we had cash and cash equivalents of \$38.3 million and outstanding borrowings of \$83.1 million.

Our contingent liability under open letters of credit was approximately \$30.0 million as of April 30, 2013 compared to \$22.9 million as of April 30, 2012.

Credit Agreement

In August 2012, we entered into a new credit agreement with JPMorgan Chase Bank, N.A., as Administrative Agent for a group of lenders. The credit agreement is a five year senior secured credit facility providing for borrowings in the aggregate principal amount of up to \$450 million. Amounts available under the credit agreement are subject to borrowing base formulas and over advances as specified in the credit agreement. Borrowings bear interest, at our option, at LIBOR plus a margin of 1.5% to 2.0% or prime plus a margin of 0.5% to 1.0%, with the applicable margin determined based on availability under the credit agreement. The credit agreement requires us to maintain a minimum fixed charge coverage ratio, as defined, under certain circumstances and prohibits payments for cash dividends and stock redemptions until February 2014, after which such payments may be made subject to compliance with certain covenants. As of April 30, 2013, we were in compliance with these covenants.

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

Amounts payable under our credit agreement were \$76.1 million at April 30, 2013 compared to \$83.1 million payable under the Company's prior financing agreement at April 30, 2012.

Cash from Operating Activities

We used \$14.2 million of cash in operating activities during the three months ended April 30, 2013, primarily as a result of a decrease of \$56.6 million in accounts payable and accrued expenses, a decrease in income tax payable of \$14.4 million and an increase in other assets of \$11.6 million. These changes were offset by a decrease of \$26.2 million in accounts receivable and a decrease of \$38.6 million in inventory.

The changes in these operating cash flow items are generally consistent with our seasonal pattern. The decrease in accounts payable and accrued expenses is primarily attributable to vendor payments related to inventory purchases and the payment of accrued year-end bonuses in our first fiscal quarter. Our inventory decreased because we experience lower sales levels in our first and second fiscal quarters than in our third and fourth fiscal quarters.

Cash from Investing Activities

We used \$4.6 million of cash in investing activities in the three months ended April 30, 2013 for capital expenditures primarily used for build out costs and fixtures with respect to the addition of new retail stores.

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Cash from Financing Activities

Cash from financing activities provided \$11.8 million in the three months ended April 30, 2013, primarily as a result of \$11.1 million of net borrowings under our revolving credit facility. We increased our borrowings primarily to pay for purchases of inventory.

Financing Needs

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

Critical Accounting Policies

Our discussion of results of operations and financial condition relies on our consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. We believe that investors need to be aware of these policies and how they impact our financial statements as a whole, as well as our related discussion and analysis presented herein. While we believe that these accounting policies are based on sound measurement criteria, actual future events can and often do result in outcomes that can be materially different from these estimates or forecasts. The accounting policies and related estimates described in our Annual Report on Form 10-K for the year ended January 31, 2013 are those that depend most heavily on these judgments and estimates. As of April 30, 2013, there have been no material changes to our critical accounting policies.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There are no material changes to the disclosure made with respect to these matters in our Annual Report on Form 10-K for the year ended January 31, 2013.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, our management, including our 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.

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.

PART II – OTHER INFORMATION

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2013, which could materially affect our business, financial condition or future results. There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits.

- | | |
|---------|---|
| 10.5(e) | Sixth Amendment of Lease (2nd Floor (including mezzanine), 21st, 22nd, 23rd, 24th, 27th, 29th, 31st, 36th, 39th 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. |
| 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 Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2013. |
| 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 Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2013. |
| 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 Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2013. |
| 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 Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2013. |
| 101.INS | XBRL Instance Document. |
| 101.SCH | XBRL Schema Document. |
| 101.CAL | XBRL Calculation Linkbase Document. |
| 101.LAB | XBRL Label Linkbase Document. |
| 101.PRE | XBRL Presentation Linkbase Document. |

SIGNATURES

Pursuant to the requirements 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.
(Registrant)

Date: June 10, 2013

By: /s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: June 10, 2013

By: /s/ Neal S. Nackman

Neal S. Nackman
Chief Financial Officer

SIXTH AMENDMENT OF LEASE
(2nd Floor (including mezzanine), 21st, 22nd, 23rd, 24th, 27th, 29th, 31st, 36th, 39th and 40th Floors)

THIS SIXTH AMENDMENT OF LEASE (this “Agreement” or “Sixth Amendment”) is made as of May 23, 2013 (the “Effective Date”), by and between **500-512 SEVENTH AVENUE LIMITED PARTNERSHIP**, a New York limited partnership (“Landlord”) having an address c/o Newmark Grubb Knight Frank, 125 Park Avenue, New York, New York 10017, and **G-III LEATHER FASHIONS, INC.**, a New York corporation, having an address at 512 Seventh Avenue, New York, New York, 10018 (“Tenant”).

RECITALS:

WHEREAS, 500/512 Seventh Avenue Associates, Landlord’s predecessor-in-interest, and BET Studio LLC, Tenant’s predecessor-in-interest, entered into a certain agreement of lease dated as of April 23, 1997 (“Original Lease”), as amended by (i) the First Amendment to Lease dated as of July 1, 2000 (“First Amendment”), (ii) the Second Amendment to Lease dated as of May 1, 2001 (“Second Amendment”), (iii) the Third Amendment of Lease dated as of March 26, 2010 (“Third Amendment”), (iv) the Fourth Amendment of Lease dated as of September 1, 2010 (“Fourth Amendment”), and (v) the Fifth Amendment of Lease dated as of November 2, 2010 (“Fifth Amendment”) (collectively, and as amended hereby, the “Lease”) currently for the 21st, 22nd, 23rd, 24th, 27th, 29th, 36th, 39th and 40th Floors (collectively, the “Premises”) as more particularly described in the Lease, in the office building located at and known as 512 Seventh Avenue, New York, New York (the “Building”); and

WHEREAS, the term of the Lease with respect to the portion of the Premises on the 29th Floor of the Building (the “29th Floor Space”), as more fully described in the Lease, is scheduled to expire on November 30, 2013; and

WHEREAS, Landlord and Tenant desire to extend the term of the Lease with respect to the 29th Floor Space for a period of nine (9) years and four (4) months (to March 31, 2023) upon the terms and conditions hereinafter set forth; and

WHEREAS, pursuant to the Third Amendment, Tenant has exercised the Expansion Option with respect to the 2nd Floor (including mezzanine), 27th Floor, 39th Floor and 40th Floor of the Building; and

WHEREAS, Landlord and Tenant desire to confirm the terms of the Lease with respect to the 2nd Floor (including mezzanine), 27th Floor, 39th Floor and 40th Floor of the Building; and

WHEREAS, Landlord and Tenant desire to add to the Premises the entire rentable area of the 31st Floor of the Building ("31st Floor Space"), as more fully described in Exhibit A annexed hereto and made a part hereof, for a term of nine (9) years, ten (10) months, and nine (9) days from May 23, 2013 to March 31, 2023 (both dates inclusive), pursuant to the terms and conditions of the Lease, except as otherwise set forth herein; and

WHEREAS, Landlord and Tenant desire to set forth the terms of Tenant's option to renew the Lease (for a renewal term of five (5) years to March 31, 2028) with respect to the 2nd Floor (including mezzanine), 27th Floor, 29th Floor Space, 31st Floor Space, 39th Floor, and 40th Floor of the Building; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto by these presents do covenant and agree as follows:

1. **Recitals; Definitions.** The Recitals set forth above are true and correct and are incorporated herein and form a part of this Agreement. Unless otherwise defined in this Agreement, all terms used in this Agreement that are defined in the Lease shall have the meanings ascribed to them in the Lease.

2. **Extension of 29th Floor Term.** The term of the Lease with respect to the 29th Floor Space is hereby extended for a period of nine (9) years and four (4) months ("29th Floor Extension Term"), commencing on December 1, 2013 and ending on March 31, 2023, or until the term shall sooner cease or expire as hereinafter provided, by law or otherwise, both dates inclusive. From and after the date hereof, with respect to the 29th Floor Space, all references in the Lease to (i) "term" shall be deemed to mean the term of the Lease as extended by this Agreement, and (ii) "Expiration Date" shall be deemed to mean March 31, 2023, unless Tenant's lease of the 29th Floor Space is further extended pursuant to Article 18 of this Agreement.

3. **Rent for 29th Floor Space through and including November 30, 2013.** From the Effective Date through and including November 30, 2013, Tenant shall continue to pay to Landlord Fixed Rent and additional rent for the 29th Floor Space pursuant to the Lease.

4. **Fixed Rent for 29th Floor Space During 29th Floor Extension Term.** During the 29th Floor Extension Term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 29th Floor Space in the amounts set forth below:

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (29th Floor Space During 29th Floor Extension Term)</u>
December 1, 2013 – March 31, 2014	\$422,486.55 per annum (\$35,207.21 per month)
April 1, 2014 – March 31, 2015	\$433,048.71 per annum (\$36,087.39 per month)
April 1, 2015 – March 31, 2016	\$443,874.93 per annum (\$36,989.58 per month)

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (29th Floor Space During 29th Floor Extension Term)</u>
April 1, 2016 – March 31, 2017	\$454,971.81 per annum (\$37,914.32 per month)
April 1, 2017 – March 31, 2018	\$466,346.10 per annum (\$38,862.18 per month)
April 1, 2018 – March 31, 2019	\$478,004.75 per annum (\$39,833.73 per month)
April 1, 2019 – March 31, 2020	\$489,954.87 per annum (\$40,829.57 per month)
April 1, 2020 – March 31, 2021	\$502,203.74 per annum (\$41,850.31 per month)
April 1, 2021 – March 31, 2022	\$514,758.84 per annum (\$42,896.57 per month)
April 1, 2022 – March 31, 2023	\$527,627.81 per annum (\$43,968.98 per month)

Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay Fixed Rent for the 29th Floor Space.

5. **Electricity, Water, Sewer and Sprinkler for 29th Floor Space During 29th Floor Extension Term.** During the 29th Floor Extension Term, Tenant shall continue to pay for all of the following with respect to the 29th Floor Space: (i) electrical use on a 'submetering' basis in accordance with Article Twenty-Second of the First Amendment, (ii) water and sewer charges of \$102 per month in accordance with Article Twenty-Third of the Original Lease, and (iii) a sprinkler supervisory service charge of \$102 per month in accordance with Article Twenty-Fourth of the Original Lease.

6. **Real Estate Taxes for 29th Floor Space During 29th Floor Extension Term.** During the 29th Floor Extension Term, Tenant shall pay real estate tax escalation with respect to

the 29th Floor Space in accordance with Article Fifty-Eighth of the Original Lease except that (i) the base tax year shall be the New York City real estate tax year commencing July 1, 2013 and ending June 30, 2014, (ii) the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any tax abatement or exemption, and (iii) The Percentage for the 29th Floor Space shall be 2.37%.

7. **Additional Rent for 29th Floor Space During 29th Floor Extension Term.** In addition to the Fixed Rent and specific items of additional rent set forth above, during the 29th Floor Extension Term, Tenant shall continue to be responsible for all additional rent with respect to the 29th Floor Space as set forth in the Lease. Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay additional rent for the 29th Floor Space.

8. No Landlord Work; No Work Contribution

Tenant hereby acknowledges and agrees that Landlord shall not be obligated or required to perform any work or to make any alterations or decorations, or install any fixtures, equipment or improvements or make any repairs or replacements to or in (i) the 29th Floor Space in connection with this Agreement or the extension of the term of the Lease with respect to the 29th Floor Space pursuant to this Agreement, (ii) except for the removal of asbestos in friable condition, if any, (as expressly required pursuant to Article 11 of this Agreement), the 31st Floor Space in connection with this Agreement or the inclusion of the 31st Floor Space pursuant to this Agreement, or (iii) any other portion of the Premises or the Building in connection with this Agreement.

Tenant hereby acknowledges and agrees that, except to the extent that the 31st Floor Work Contribution (as hereafter defined) is applied toward Tenant's cost of alterations

performed to the 29th Floor Space, Landlord shall not be obligated or required to pay any work contribution or provide any work allowance in connection with the extension of the term of the Lease with respect to the 29th Floor Space pursuant to this Agreement or in connection with any alterations that Tenant might perform to the 29th Floor Space (which alterations shall be performed in accordance with the Lease).

9. **Expansion to 27th Floor, 39th Floor and 40th Floor.** Landlord and Tenant acknowledge and agree (i) that Tenant has timely exercised the Expansion Option pursuant to the Third Amendment with respect to the 27th Floor, the 39th Floor and the 40th Floor of the Building, (ii) that Landlord has delivered possession of (a) the 27th Floor on April 30, 2010, (b) the 39th Floor on September 1, 2010, and (c) the 40th Floor on May 3, 2010, all in accordance with the Lease, (iii) that each such floor has therefore been incorporated into the Premises as of the date that possession was delivered, (iv) that Tenant is currently leasing each such floor in accordance with the Lease for a term expiring on March 31, 2023 or until the term shall sooner cease or expire as provided in the Lease, by law or otherwise, (v) that, for the sake of certainty, subject to any offsets set forth in the Lease, the Fixed Rent (a) with respect to the 39th Floor is as set forth in Articles 3 and 4 of the Fourth Amendment, and (b) with respect to the 27th Floor and the 40th Floor is as follows:

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (27th Floor)</u>
May 1, 2010 – March 31, 2011	\$375,906.00 per annum (\$31,325.50 per month)
April 1, 2011 – March 31, 2012	\$385,303.65 per annum (\$32,108.64 per month)
April 1, 2012 – March 31, 2013	\$394,936.24 per annum (\$32,911.35 per month)

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (27th Floor)</u>
April 1, 2013 – March 31, 2014	\$404,809.65 per month (\$33,734.14 per month)
April 1, 2014 – March 31, 2015	\$414,929.89 per annum (\$34,577.49 per month)
April 1, 2015 – March 31, 2016	\$425,303.14 per annum (\$35,441.93 per month)
April 1, 2016 – March 31, 2017	\$460,187.71 per annum (\$38,348.98 per month)
April 1, 2017 – March 31, 2018	\$471,692.41 per annum (\$39,307.70 per month)
April 1, 2018 – March 31, 2019	\$483,484.72 per annum (\$40,290.39 per month)
April 1, 2019 – March 31, 2020	\$495,571.84 per annum (\$41,297.65 per month)
April 1, 2020 – March 31, 2021	\$507,961.13 per annum (\$42,330.09 per month)
April 1, 2021 – March 31, 2022	\$520,660.16 per annum (\$43,388.35 per month)
April 1, 2022 – March 31, 2023	\$533,676.66 per annum (\$44,473.06 per month)

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (40th Floor)</u>
May 3, 2010 – March 31, 2011	\$329,344.00 per annum (\$27,445.33 per month)
April 1, 2011 – March 31, 2012	\$337,577.60 per annum (\$28,131.47 per month)
April 1, 2012 – March 31, 2013	\$346,017.04 per annum (\$28,834.75 per month)
April 1, 2013 – March 31, 2014	\$354,667.47 per annum (\$29,555.62 per month)

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (40th Floor)</u>
April 1, 2014 – March 31, 2015	\$363,534.15 per annum (\$30,294.51 per month)
April 1, 2015 – March 31, 2016	\$372,622.51 per annum (\$31,051.88 per month)
April 1, 2016 – March 31, 2017	\$403,186.07 per annum (\$33,598.84 per month)
April 1, 2017 – March 31, 2018	\$413,265.72 per annum (\$34,438.81 per month)
April 1, 2018 – March 31, 2019	\$423,597.36 per annum (\$35,299.78 per month)
April 1, 2019 – March 31, 2020	\$434,187.30 per annum (\$36,182.27 per month)
April 1, 2020 – March 31, 2021	\$445,041.98 per annum (\$37,086.83 per month)
April 1, 2021 – March 31, 2022	\$456,168.03 per annum (\$38,014.00 per month)
April 1, 2022 – March 31, 2023	\$467,572.23 per annum (\$38,964.35 per month)

and (vi) that additional rent with respect to the 27th Floor, 39th Floor and 40th Floor is as set forth in the Lease and that for the sake of certainty, for the purpose of calculating real estate tax escalation with respect to the 27th Floor, 39th Floor and 40th Floor, the base tax year for each such Floor is the New York City real estate tax year commencing July 1, 2011 and ending June 30, 2012.

10. **Expansion to Second Floor (including mezzanine).** Landlord and Tenant acknowledge and agree that Tenant has timely exercised the Expansion Option pursuant to the Third Amendment with respect to the Second Floor (including mezzanine). Pursuant to the

Lease, (i) the Second Floor (including mezzanine) shall be incorporated into the Premises as of the date ("Second Floor (IM) Inclusion Date") that Landlord delivers to Tenant possession of the Second Floor (including mezzanine) in accordance with the Lease; (ii) from and after the Second Floor (IM) Inclusion Date, Tenant shall lease the Second Floor (including mezzanine) on the terms and conditions set forth in the Lease for a term expiring on March 31, 2023, or until the term shall sooner cease or expire as provided in the Lease, by law or otherwise; (iii) the Fixed Rent for the Second Floor (including mezzanine) shall be \$504,396 per annum for the period commencing on the Second Floor (IM) Inclusion Date and ending on March 31, 2016 with annual increases during such period, on each April 1, of 2.5% cumulative and compounding. On April 1, 2016, the then escalated Fixed Rent for the Second Floor (including mezzanine) shall increase (I) by 2.5% on a cumulative and compounding basis, and then (II) by the amount of \$28,022. The Fixed Rent for the Second Floor (including mezzanine) as determined by (I) and (II) of the preceding sentence shall escalate by 2.5% annually on a cumulative and compounding basis on each April 1 during the period beginning April 2, 2016 and continuing to and including March 31, 2023. Notwithstanding anything above to the contrary, in the event that the Second Floor (IM) Inclusion Date occurs after March 31, 2016, the Fixed Rent for the Second Floor (including mezzanine) from the Second Floor (IM) Inclusion Date shall be \$532,418 per annum for the period commencing on the Second Floor (IM) Inclusion Date and ending on March 31, 2023 with annual increases during such period, on each April 1, of 2.5% cumulative and compounding. For the sake of certainty, and by way of example only, if the Second Floor (IM) Inclusion Date is September 1, 2013, the Fixed Rent for the Second Floor (including mezzanine) shall be as follows: Fixed Rent for the period beginning September 1, 2013 shall be \$504,396 per annum. On April 1, 2014, the Fixed Rent shall increase by 2.5% (cumulative and compounding)

to \$517,005.90 per annum. On April 1, 2015, the Fixed Rent shall increase by 2.5% (cumulative and compounding) to \$529,931.05 per annum. On April 1, 2016, the Fixed Rent per annum shall increase (I) by 2.5% (cumulative and compounding) to \$543,179.32, and (II) by \$28,022 to \$571,201.32. On April 1, 2017, the Fixed Rent shall be increased by 2.5% (cumulative and compounding) to \$585,481.36 per annum. On April 1, 2018, the Fixed Rent shall be increased by 2.5% (cumulative and compounding) to \$600,118.39 per annum. On April 1, 2019, the Fixed Rent shall be increased by 2.5% (cumulative and compounding) to \$615,121.35 per annum. On April 1, 2020, the Fixed Rent shall be increased by 2.5% (cumulative and compounding) to \$630,499.38 per annum. On April 1, 2021, the Fixed Rent shall be increased by 2.5% (cumulative and compounding) to \$646,261.87 per annum. On April 1, 2022, the Fixed Rent shall be increased by 2.5% (cumulative and compounding) to \$662,418.42 per annum; and (iv) additional rent with respect to the Second Floor (including mezzanine) shall be payable as set forth in the Lease. For the sake of certainty, for the purpose of calculating real estate tax escalation with respect to the Second Floor (including mezzanine), irrespective of when the Second Floor (IM) Inclusion Date occurs, the base tax year for the Second Floor (including mezzanine) shall be the New York City real estate tax year commencing July 1, 2011 and ending June 30, 2012.

11. **31st Floor Space.** The Premises shall be expanded to include the 31st Floor Space for the period commencing May 23, 2013 and ending March 31, 2023 (both dates inclusive) ("31st Floor Space Term"). Tenant shall, on May 23, 2013, take possession of the 31st Floor Space pursuant to the terms of the Lease, in its "as is", "where is" condition, with all faults; provided however, that the 31st Floor Space shall, on May 23, 2013 be free of (i) all tenancies and occupants other than Tenant and its employees, agents and subsidiaries, (ii)

violations that would prevent Tenant from obtaining a work permit for the performance of Tenant's Initial 31st Floor Work (as hereafter defined), and (iii) asbestos in friable condition. Tenant agrees that if at any time, it uncovers asbestos while making improvements to the 31st Floor Space and the asbestos is not in friable condition, or is or can be encapsulated, then Landlord will have no obligation to remove the asbestos. By way of example, if there is VAT tile, which is covered, or shall be covered by Tenant with other floor covering, Landlord shall have no obligation to remove the VAT tile. If Tenant elects to perform demolition work within the 31st Floor Space, Landlord agrees to obtain for Tenant an ACP-5 for any such work within twenty (20) days after receipt from Tenant of demolition plans for the 31st Floor Space. LANDLORD AND LANDLORD'S AGENTS HAVE MADE NO REPRESENTATION OR WARRANTY TO TENANT, EXPRESS OR IMPLIED, RESPECTING THE CONDITION OF THE 31ST FLOOR SPACE LEASED HEREUNDER OR THE BUILDING, INCLUDING WITHOUT LIMITATION (A) ANY IMPLIED OR EXPRESS WARRANTY OF QUALITY, CONDITION OR TENANTABILITY, OR (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. Except for the removal of asbestos in friable condition, if any, (as expressly required pursuant to this Article 11 of this Agreement), Landlord shall not be obligated or required to do any work or make any alterations or decorations or install any fixtures, equipment or improvements or make any repairs or replacements to the 31st Floor Space to prepare or fit the same for Tenant's use or for any other reason whatsoever. Except as expressly set forth herein, Landlord shall not be obligated or required to pay any work contribution or construction allowance in connection with Tenant's lease of the 31st Floor Space.

12. **Fixed Rent for 31st Floor Space During 31st Floor Space Term.** During the 31st Floor Space Term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 31st Floor Space in the amounts set forth below:

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month (31st Floor Space)</u>
May 23, 2013 – March 31, 2014	\$496,797.00 per annum (\$41,399.75 per month)
April 1, 2014 – March 31, 2015	\$509,216.93 per annum (\$42,434.74 per month)
April 1, 2015 – March 31, 2016	\$521,947.35 per annum (\$43,495.61 per month)
April 1, 2016 – March 31, 2017	\$534,996.03 per annum (\$44,583.00 per month)
April 1, 2017 – March 31, 2018	\$548,370.93 per annum (\$45,697.58 per month)
April 1, 2018 – March 31, 2019	\$562,080.21 per annum (\$46,840.02 per month)
April 1, 2019 – March 31, 2020	\$576,132.21 per annum (\$48,011.02 per month)
April 1, 2020 – March 31, 2021	\$590,535.52 per annum (\$49,211.29 per month)
April 1, 2021 – March 31, 2022	\$605,298.90 per annum (\$50,441.58 per month)
April 1, 2022 – March 31, 2023	\$620,431.38 per annum (\$51,702.61 per month)

Provided and on condition that Tenant is not then in default under the terms of the Lease beyond any applicable grace and notice periods, Tenant shall be entitled to a one-time credit against the obligation to pay Fixed Rent for the 31st Floor Space only, in the aggregate amount of \$124,199.25 (“31st Floor Space Credit”) to be applied against the Fixed Rent for the 31st

Floor Space beginning on May 23, 2013 and continuing thereafter until exhausted. Except for the 31st Floor Space Credit, Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay Fixed Rent for the 31st Floor Space.

13. **Electricity, Water, Sewer and Sprinkler for 31st Floor Space During 31st Floor Term.** During the 31st Floor Space Term, Tenant shall pay for all of the following with respect to the 31st Floor Space: (i) electrical use on a 'submetering' basis in accordance with Article Twenty-Second of the First Amendment, (ii) water and sewer charges of \$102 per month in accordance with Article Twenty-Third of the Original Lease, and (iii) a sprinkler supervisory service charge of \$102 per month in accordance with Article Twenty-Fourth of the Original Lease.

14. **Real Estate Taxes for 31st Floor Space During 31st Floor Space Term.** During the 31st Floor Space Term, Tenant shall pay real estate tax escalation with respect to the 31st Floor Space in accordance with Article Fifty-Eighth of the Original Lease except that (i) the base tax year shall be the New York City real estate tax year commencing July 1, 2013 and ending June 30, 2014, (ii) the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any tax abatement or exemption, and (iii) The Percentage for the 31st Floor Space shall be 2.37%.

15. **Additional Rent for 31st Floor Space During 31st Floor Space Term.** In addition to the Fixed Rent and specific items of additional rent set forth above, during the 31st Floor Space Term, Tenant shall continue to be responsible for all additional rent with respect to the 31st Floor Space as set forth in the Lease. Tenant shall not be entitled to any free rent, rent abatement, or rent credit of any kind against Tenant's obligation to pay additional rent for the 31st Floor Space.

16. **Work Contribution (31st Floor Space).** Provided Tenant shall not be in default under this Lease beyond the expiration of any applicable notice and cure periods, Landlord shall contribute as hereinafter provided an amount (“31st Floor Work Contribution”) not to exceed a maximum of \$302,925.00 toward (a) Tenant’s actual “hard costs” of performing and completing Tenant’s build out of the 31st Floor Space (“Tenant’s Initial 31st Floor Work”), which Tenant’s Initial 31st Floor Work shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord’s prior written consent thereto), (b) “Soft Costs” incurred in connection with Tenant’s Initial 31st Floor Work, including architectural and engineering fees and other soft costs incurred in connection with Tenant’s Initial 31st Floor Work (Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses), and (c) the actual Hard Costs and/or Soft Costs of any other alterations being performed by Tenant to the Premises on any floor of the Premises (which alterations shall be subject to the Tenant alteration provisions of the Lease (including, without limitation, the requirement that Tenant obtain Landlord’s prior written consent thereto)).

Provided that the Lease is in full force and effect and no event of default shall have occurred and is continuing hereunder beyond the expiration of any applicable notice and cure periods, and provided further that there are no outstanding mechanic’s lien, financing statement or other lien, charge or order in existence filed against Landlord, or against all or any portion of the Premises, or the Building due to any act or omission of Tenant or any of Tenant’s contractors or affiliates that has not been actually released and discharged of record or bonded or insured over to the reasonable satisfaction of Landlord, Landlord shall make progress payments to

Tenant on account of the 31st Floor Work Contribution on a periodic basis, not more frequently than monthly, in reimbursement of the cost of the work performed by or on behalf of Tenant and paid for by Tenant for Tenant's Initial 31st Floor Work and/or other alterations to the Premises (and not previously reimbursed out of disbursements from the 31st Floor Work Contribution). Concurrently with a request by Tenant for reimbursement out of the 31st Floor Work Contribution, Tenant shall provide documentation to Landlord evidencing that Tenant has retained a portion of the total amounts then due to Tenant's general contractor which portion shall not be less than (a) ten percent (10%) until at least fifty percent (50%) of the Tenant's Initial 31st Floor Work and/or other alterations to the Premises have been substantially completed and (b) five percent (5%) until all of Tenant's Initial 31st Floor Work and/or other alterations to the Premises have been substantially completed. Each of Landlord's progress payments will be limited to an amount equal to (a) the aggregate amounts theretofore paid by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from 31st Floor Work Contribution), **multiplied by** (b) a fraction (which shall not exceed 1.0), the numerator of which is the amount of 31st Floor Work Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for Tenant's Initial 31st Floor Work and other alterations to the Premises, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's Initial 31st Floor Work and other alterations to the Premises shown on all plans and specifications approved by Landlord. Provided that Tenant delivers requisitions to Landlord no more than once every thirty (30) days, such progress payments shall be made within thirty (30) days after the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set

forth the names of each contractor and subcontractor to whom payment is due, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant, (ii) a written certification from Tenant that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord, (iii) copies of canceled checks from Tenant's general contractor evidencing the payment in full of the work for which such requisition is being made, and (iv) such other documents and information as Landlord may reasonably request. Provided true, correct and complete requisitions are made no more often than every thirty (30) days, and provided further that the required accompanying documentation as set forth in this Article 16 is delivered to Landlord with such requisition, such requisition shall be paid by Landlord within thirty (30) days after Landlord's receipt of the applicable requisition. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted on or before October 31, 2014 (the "Final Submission Date"), *time being of the essence* as to such date. The amounts requested under Tenant's final requisition of the 31st Floor Work Contribution (which shall include, without limitation, the 5% Retainage (as hereafter defined)) shall not be disbursed until all documentation required under this Article 16, together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and sign-offs for Tenant's Initial 31st Floor Work and other alterations to the Premises by all Governmental Authorities having jurisdiction thereover (it being acknowledged that a copy of the back of the building permit with "sign-offs" from the applicable inspectors shall satisfy the requirements of this subsection (A)). Notwithstanding anything set forth above to the contrary, the requirements set forth in this subsection (A) shall

not be a prerequisite to payment by Landlord of the final requisition of the 31st Floor Work Contribution; provided, however, should Tenant fail to submit the items required by this subsection (A), Landlord shall have the absolute right to retain an amount equal to five percent (5%) of the 31st Floor Work Contribution ("5% Retainage") until such time as Tenant submits the items required by this subsection (A), (B) final "as-built" plans and specifications for Tenant's Initial 31st Floor Work and other alterations to the Premises, (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers (in each case having contracts with a value over \$2,000) covering all of Tenant's Initial 31st Floor Work and other alterations to the Premises, and (D) copies of canceled checks from Tenant's general contractor evidencing the payment in full of Tenant's Initial 31st Floor Work and other alterations to the Premises. Notwithstanding anything to the contrary set forth in this Lease, the 31st Floor Work Contribution shall be paid by Landlord in no less than three (3) installments with each installment other than the final installment constituting no more than forty percent (40%) of the 31st Floor Work Contribution. Notwithstanding anything to the contrary set forth in this Article 16, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers, and Tenant shall fail to remove or bond any lien within ten (10) days after notice from Landlord of such failure, such failure shall constitute an event of default under the Lease without the requirement of any other notice of any kind, and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefore. Under no circumstance shall Landlord contribute in excess of the 31st Floor Work Contribution. Any costs in excess of the

31st Floor Work Contribution shall be the sole responsibility of Tenant. Tenant shall be entitled to receive a portion of the 31st Floor Work Contribution (which portion shall in no event exceed \$60,585.00 (the "Maximum Portion")) not actually expended by Tenant in the performance of Tenant's Initial 31st Floor Work or Tenant's other alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the 31st Floor Space, but not additional rent, for the period beginning November 1, 2014 and continuing thereafter until exhausted but only provided on condition that at the time of application of such credit, (i) Tenant is not then in default of its obligations to pay Fixed Rent or additional rent and that no other material event of default shall have occurred and be continuing hereunder, and (ii) Tenant has completed Tenant's Initial 31st Floor Work and has provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's Initial 31st Floor Work, Tenant's other alterations to the Premises, and Soft Costs. For the sake of certainty, in the event that as of November 1, 2014 (ie. the day immediately following the Final Submission Date) with *time being of the essence*, Tenant shall have failed to requisition (in accordance with the Lease) a portion of the 31st Floor Work Contribution which exceeds the Maximum Portion, Tenant shall forever waive Tenant's right to receive (in every respect, including, without limitation as a credit and/or as a work contribution) such excess portion of the 31st Floor Work Contribution over and above the Maximum Portion. No portion of the 31st Floor Work Contribution may be assigned by Tenant prior to the actual payment thereof by Landlord. Landlord has made no representations as to the projected cost of Tenant's Initial 31st Floor Work, Soft Costs, or of Tenant's other alterations to the Premises.

17. **Increase In Security Deposit.** Article Thirty-Eighth of the Original Lease is hereby amended to reflect that effective as of the date hereof, the security deposit under the

Lease shall be increased by the sum of \$76,606.96. Concurrently herewith, Tenant has delivered to Landlord the sum of \$76,606.96 so as to increase the security deposit pursuant to the preceding sentence. From and after the Effective Date, the security deposit (as increased hereby) shall continue to be maintained by Landlord pursuant to Article Thirty-Eighth of the Original Lease.

18. Renewal Option with Respect to 2nd Floor (including mezzanine), 27th Floor, 29th Floor Space, 31st Floor Space, 39th Floor, and 40th Floor.

Tenant's one (1) time option to renew the term of the Lease for a term of five (5) years (commencing April 1, 2023 and ending March 31, 2028) as set forth in Article 14 of the Third Amendment, shall apply and extend to Tenant's lease of each of the 2nd Floor (including mezzanine), 27th Floor, 29th Floor Space, 31st Floor Space, 39th Floor, and 40th Floor of the Building, subject to Tenant's satisfaction of all of the conditions set forth in Article 14 of the Third Amendment, including, without limitation, (i) that this Lease is in full force and effect and that no default exists hereunder beyond the expiration of any applicable notice and cure periods at the time of delivery of the Renewal Notice or on the effective date of the Renewal Term (as such terms are defined in the Third Amendment), (ii) that Tenant renews for a term of five (5) years leases in the Building aggregating no less than eight (8) full floors, and (iii) that Tenant delivers the Renewal Notice (with respect to each such floor for which Tenant is exercising the Renewal Option) by no later than March 31, 2022. Also for the sake of certainty, once Tenant delivers the Renewal Notice (with respect to any floor for which Tenant is exercising the Renewal Option), such Renewal Notice shall not under any circumstance be revocable by Tenant.

The Renewal Option for each of the 2nd Floor (including mezzanine), 27th Floor, 29th Floor Space, 31st Floor Space, 39th Floor, and 40th Floor of the Building shall be on all of the same terms, covenants and conditions set forth in the Lease except that during the Renewal Term (commencing April 1, 2023 and ending March 31, 2028) (i) Landlord shall have no obligation to perform any work in the Premises; (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance; (iii) Tenant shall not be entitled to any free rent, rent credit, concession or abatement; (iv) Tenant shall have no option to renew or extend the term of the Lease beyond March 31, 2028; and (v) Fixed Rent during the Renewal Term for each of the 27th Floor, 29th Floor Space, 31st Floor Space, 39th Floor, and 40th Floor shall be as follows:

<u>Time Period</u>	<u>Fixed Rent during Renewal Term for 27th Floor</u>	
	<u>Fixed Rent Per Annum</u>	<u>Fixed Rent Per Month</u>
April 1, 2023 – March 31, 2024	\$ 587,044.33	\$ 48,920.36
April 1, 2024 – March 31, 2025	\$ 601,720.44	\$ 50,143.37
April 1, 2025 – March 31, 2026	\$ 616,763.45	\$ 51,396.95
April 1, 2026 – March 31, 2027	\$ 632,182.54	\$ 52,681.88
April 1, 2027 – March 31, 2028	\$ 647,987.10	\$ 53,998.92

<u>Time Period</u>	<u>Fixed Rent during Renewal Term for 29th Floor Space</u>	
	<u>Fixed Rent Per Annum</u>	<u>Fixed Rent Per Month</u>
April 1, 2023 – March 31, 2024	\$ 580,390.59	\$ 48,365.88
April 1, 2024 – March 31, 2025	\$ 594,900.36	\$ 49,575.03
April 1, 2025 – March 31, 2026	\$ 609,772.86	\$ 50,814.41
April 1, 2026 – March 31, 2027	\$ 625,017.19	\$ 52,084.77
April 1, 2027 – March 31, 2028	\$ 640,642.62	\$ 53,386.88

<u>Time Period</u>	<u>Fixed Rent during Renewal Term for 31st Floor Space</u>	
	<u>Fixed Rent Per Annum</u>	<u>Fixed Rent Per Month</u>
April 1, 2023 – March 31, 2024	\$ 682,474.52	\$ 56,872.88
April 1, 2024 – March 31, 2025	\$ 699,536.38	\$ 58,294.70
April 1, 2025 – March 31, 2026	\$ 717,024.79	\$ 59,752.07
April 1, 2026 – March 31, 2027	\$ 734,950.41	\$ 61,245.87
April 1, 2027 – March 31, 2028	\$ 753,324.17	\$ 62,777.01

<u>Time Period</u>	<u>Fixed Rent during Renewal Term for 39th Floor</u>	
	<u>Fixed Rent Per Annum</u>	<u>Fixed Rent Per Month</u>
April 1, 2023 – March 31, 2024	\$ 515,924.59	\$ 42,993.72
April 1, 2024 – March 31, 2025	\$ 528,822.70	\$ 44,068.56
April 1, 2025 – March 31, 2026	\$ 542,043.27	\$ 45,170.27
April 1, 2026 – March 31, 2027	\$ 555,594.35	\$ 46,299.53
April 1, 2027 – March 31, 2028	\$ 569,484.21	\$ 47,457.02

<u>Time Period</u>	<u>Fixed Rent during Renewal Term for 40th Floor</u>	
	<u>Fixed Rent Per Annum</u>	<u>Fixed Rent Per Month</u>
April 1, 2023 – March 31, 2024	\$ 514,329.45	\$ 42,860.79
April 1, 2024 – March 31, 2025	\$ 527,187.69	\$ 43,932.31
April 1, 2025 – March 31, 2026	\$ 540,367.38	\$ 45,030.62
April 1, 2026 – March 31, 2027	\$ 553,876.57	\$ 46,156.38
April 1, 2027 – March 31, 2028	\$ 567,723.48	\$ 47,310.29

Fixed Rent during the Renewal Term for the 2nd Floor (including mezzanine) cannot be determined until Landlord delivers to Tenant possession of the 2nd Floor (including mezzanine). Landlord and Tenant nonetheless acknowledge and agree that Fixed Rent during the Renewal Term for the 2nd Floor (including mezzanine) shall be calculated as follows:

Fixed Rent for the first year of the Renewal Term (April 1, 2023 – March 31, 2024) shall be 1.10 times the Fixed Rent for the period beginning April 1, 2022 and continuing thereafter to and including March 31, 2023. Beginning on April 1, 2024, and thereafter on each April 1 during the Renewal Term, Fixed Rent shall be increased by 2.5% on a cumulative and compounded basis.

With respect to each of the 2nd Floor (including mezzanine), 27th Floor, 29th Floor Space, 31st Floor Space, 39th Floor, and 40th Floor, during the Renewal Term, Tenant shall be responsible for all additional rent including, without limitation, water, sewer and sprinkler charges, electricity charges, and real estate tax escalation as set forth in the Lease, and for purposes of calculating said real estate tax escalation, the base year shall not be changed with respect to each of the 2nd Floor (including mezzanine), 27th Floor, 29th Floor Space, 31st Floor Space, 39th Floor, and 40th Floor.

19. **Tenant's Surrender Option Void.** In consideration for Landlord's agreeing pursuant to this Agreement to extend the term of Tenant's lease of the 29th Floor Space and add to the Premises the 31st Floor Space, Tenant hereby acknowledges and agrees as follows: (i) Article 22 of the Third Amendment is hereby deleted in its entirety, and (ii) the Surrender Option is hereby deemed null and void and of no force or effect.

20. **Insurance.** Tenant hereby agrees to (at Tenant's sole cost and expense) procure and maintain in full force and effect throughout the remainder of term of the Lease (and any extension thereof) any and all additional insurance in the forms and with the minimum limits reasonably required by Landlord. All such insurance shall (i) name Landlord, Landlord's managing agent, and such other parties as Landlord shall require as certificate holder and additional insured and (ii) extend to all floors (and partial floors) comprising the Premises.

Concurrently with its execution and delivery of this Agreement, Tenant shall furnish to Landlord documentation (including, without limitation certificates and endorsements) evidencing Tenant's having obtained such insurance and paid the premiums for such insurance.

21. **Brokerage.** Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Agreement, other than Newmark Grubb Knight Frank, which will be compensated by Landlord per separate agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, reasonable attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

22. **Ratification.** This Agreement amends and forms a part of the Lease. Landlord and Tenant hereby ratify and confirm their obligations under the Lease and represent and warrant to each other that each has no defenses thereto. Additionally, Landlord and Tenant further confirm and ratify that, as of the date hereof, (i) the Lease is and remains in good standing and in full force and effect, (ii) each has no claims, counterclaims, set-offs or defenses against the other arising out of the Lease, and other leases for space occupied by Tenant in the Building, or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (iii) except as may be otherwise be expressly set forth in the Lease, Tenant is not entitled to any free rent, rent abatement, Landlord's work contribution or allowance, or Landlord's work. Tenant acknowledges that to Tenant's knowledge, Landlord has performed all obligations imposed on Landlord by the Lease, and other leases for space occupied by Tenant in the Building, prior to the date hereof.

23. **Entire Agreement; No Waiver.** This Agreement, together with the Lease, constitutes the entire agreement of the parties hereto with respect to the matters stated herein,

and may not be amended or modified unless such amendment or modification shall be in writing and shall have been signed by the party against whom enforcement is sought. No waiver by either party or any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement or the application of such provision other than to the extent that it is invalid or unenforceable shall not be affected, and each provision of this Agreement shall remain in full force and effect notwithstanding the invalidity or unenforceability of such provision, but only to the extent that application and/or enforcement, as the case may be, would be equitable and consistent with the intent of the parties in entering into this Agreement.

24. **Submission of Amendment**. The submission by Landlord to Tenant of this Agreement shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any rights or impose any obligations upon either party until the execution thereof by Landlord and the delivery of an executed original copy thereof to Tenant or its representative.

25. **Binding Effect; Governing Law**. This Agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the remaining terms of this Lease, the terms of this Agreement shall govern and control. This Agreement shall be governed by the laws of the State of New York.

26. **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one and the same document.

27. **No Recordation**. Landlord and Tenant agree that this Agreement shall not be recorded.

IN WITNESS WHEREOF, intending to be legally bound hereby, the parties hereto have duly executed this Agreement as of the date first written above.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: 500-512 Seventh Avenue GP LLC

By: /s/ Joseph Chetrit

Joseph Chetrit

TENANT:

G-III LEATHER FASHIONS, INC.

By: /s/ Jeffrey Goldfarb

Name and Title:

Jeffrey Goldfarb

Director of Business Development

EXHIBIT A
31st Floor Space

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
RULE 13a – 14(a) OR RULE 15d – 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Morris Goldfarb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 10, 2013

/s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
RULE 13a – 14(a) OR RULE 15d – 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Neal S. Nackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 10, 2013

/s/ Neal S. Nackman

Neal S. Nackman
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2013, as filed with the Securities and Exchange Commission (the "Report"), I, Morris Goldfarb, Chief Executive Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: June 10, 2013

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2013, as filed with the Securities and Exchange Commission (the "Report"), I, Neal S. Nackman, Chief Financial Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Neal S. Nackman

Neal S. Nackman
Chief Financial Officer

Date: June 10, 2013

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

