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

FORM 10-Q

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

For the quarterly period ended August 3, 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: 1-11893

GUESS?, INC.
(Exact name of registrant as specified in its charter)

Delaware	**95-3679695**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1444 South Alameda Street	
Los Angeles, California	**90021**
(Address of principal executive offices)	(Zip Code)

(213) 765-3100
(Registrant's telephone number, including area code)

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 ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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 September 5, 2013 the registrant had 84,892,646 shares of Common Stock, $.01 par value per share, outstanding.

GUESS?, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

GUESS?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	Aug 3, 2013 (unaudited)	Feb 2, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 343,725	$ 329,021
Short-term investments	5,022	6,906
Accounts receivable, net	271,826	316,863
Inventories	400,141	369,712
Other current assets	108,381	84,723
Total current assets	1,129,095	1,107,225
Property and equipment, net	341,378	355,729
Goodwill	38,661	39,287
Other intangible assets, net	14,611	16,032
Long-term deferred tax assets	40,711	43,063
Other assets	116,547	152,170
	$ 1,681,003	$ 1,713,506
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations and borrowings	$ 3,015	$ 1,901
Accounts payable	198,388	191,143
Accrued expenses	171,204	191,922
Total current liabilities	372,607	384,966
Capital lease obligations	7,210	8,314
Deferred rent and lease incentives	91,601	94,218
Other long-term liabilities	115,919	121,996
	587,337	609,494
Redeemable noncontrolling interests	3,996	3,144
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding	—	—
Common stock, $.01 par value. Authorized 150,000,000 shares; issued 139,146,044 and 138,812,082 shares, outstanding 84,846,397 and 85,367,984 shares, at August 3, 2013 and February 2, 2013, respectively	848	853
Paid-in capital	431,773	423,387
Retained earnings	1,178,601	1,162,982
Accumulated other comprehensive loss	(17,627)	(2,461)
Treasury stock, 54,299,647 and 53,444,098 shares at August 3, 2013 and February 2, 2013, respectively	(519,613)	(497,769)
Guess?, Inc. stockholders' equity	1,073,982	1,086,992
Nonredeemable noncontrolling interests	15,688	13,876
Total stockholders' equity	1,089,670	1,100,868
	$ 1,681,003	$ 1,713,506

See accompanying notes to condensed consolidated financial statements.

GUESS?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	Aug 3, 2013	Jul 28, 2012	Aug 3, 2013	Jul 28, 2012
Product sales	$ 611,894	$ 608,383	$ 1,130,558	$ 1,158,749
Net royalties	27,118	27,010	57,368	55,910
Net revenue	639,012	635,393	1,187,926	1,214,659
Cost of product sales	390,480	383,833	741,968	728,023
Gross profit	248,532	251,560	445,958	486,636
Selling, general and administrative expenses	181,623	194,259	365,387	390,194
Restructuring charges	6,129	—	8,466	—
Earnings from operations	60,780	57,301	72,105	96,442
Other income (expense):				
Interest expense	(365)	(397)	(914)	(781)
Interest income	475	815	809	1,509
Other income (expense), net	(139)	5,442	5,318	6,010
	(29)	5,860	5,213	6,738
Earnings before income tax expense	60,751	63,161	77,318	103,180
Income tax expense	20,048	20,212	25,515	33,018
Net earnings	40,703	42,949	51,803	70,162
Net earnings attributable to noncontrolling interests	837	50	2,021	617
Net earnings attributable to Guess?, Inc.	$ 39,866	$ 42,899	$ 49,782	$ 69,545
Net earnings per common share attributable to common stockholders (Note 2):				
Basic	$ 0.47	$ 0.49	$ 0.59	$ 0.78
Diluted	$ 0.47	$ 0.49	$ 0.58	$ 0.78
Weighted average common shares outstanding attributable to common stockholders (Note 2):				
Basic	84,080	86,972	84,331	88,081
Diluted	84,347	87,237	84,563	88,384
Dividends declared per common share	$ 0.20	$ 0.20	$ 0.40	$ 0.40

See accompanying notes to condensed consolidated financial statements.

GUESS?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended		Six Months Ended	
	Aug 3, 2013	Jul 28, 2012	Aug 3, 2013	Jul 28, 2012
Net earnings	$ 40,703	$ 42,949	$ 51,803	$ 70,162
Other comprehensive income (loss):				
Foreign currency translation adjustment				
Gains (losses) arising during the period	2,504	(52,888)	(29,507)	(49,247)
Less income tax effect	(114)	11,375	7,483	10,454
Derivative financial instruments designated as cash flow hedges				
Gains arising during the period	227	8,314	4,897	7,440
Less income tax effect	(163)	(1,053)	(745)	(673)
Reclassification to net income for gains realized	(508)	(832)	(966)	(3,453)
Less income tax effect	84	99	154	420
Marketable securities				
Gains (losses) arising during the period	(132)	(135)	(33)	97
Less income tax effect	51	52	11	(37)
Supplemental Executive Retirement Plan (“SERP”)				
Plan amendment	4,529	—	4,529	—
Less income tax effect	(1,733)	—	(1,733)	—
Actuarial loss amortization	277	835	554	1,670
Prior service cost amortization	156	155	311	310
Less income tax effect	(165)	(378)	(330)	(756)
Total comprehensive income	45,716	8,493	36,428	36,387
Less comprehensive income attributable to noncontrolling interests:				
Net earnings	837	50	2,021	617
Foreign currency translation adjustment	(561)	(521)	(209)	(519)
Amounts attributable to noncontrolling interests	276	(471)	1,812	98
Comprehensive income attributable to Guess?, Inc.	$ 45,440	$ 8,964	$ 34,616	$ 36,289

See accompanying notes to condensed consolidated financial statements.

GUESS?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended	
	Aug 3, 2013	Jul 28, 2012
Cash flows from operating activities:		
Net earnings	$ 51,803	$ 70,162
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	43,327	42,369
Amortization of intangible assets	981	1,147
Share-based compensation expense	5,999	8,643
Unrealized forward contract gains	(1,601)	(2,992)
Net loss on disposition of property and equipment	7,290	386
Other items, net	(3,215)	1,491
Changes in operating assets and liabilities:		
Accounts receivable	38,950	(10,708)
Inventories	(33,156)	(55,831)
Prepaid expenses and other assets	4,752	3,268
Accounts payable and accrued expenses	(15,890)	(22,768)
Deferred rent and lease incentives	(2,354)	3,522
Other long-term liabilities	5,281	5,964
Net cash provided by operating activities	102,167	44,653
Cash flows from investing activities:		
Purchases of property and equipment	(40,445)	(49,966)
Changes in other long-term assets	7,804	(7,946)
Proceeds from maturity of investment	1,826	—
Acquisition of businesses, net of cash acquired	(653)	(15,980)
Net cash settlement of forward contracts	1,468	4,375
Net cash used in investing activities	(30,000)	(69,517)
Cash flows from financing activities:		
Proceeds from short-term borrowings	1,294	—
Repayment of borrowings and capital lease obligations	(1,002)	(970)
Dividends paid	(34,100)	(36,095)
Purchase of redeemable noncontrolling interest	—	(4,185)
Noncontrolling interest capital contributions	521	—
Noncontrolling interest capital distributions	—	(3,086)
Issuance of common stock, net of nonvested award repurchases	3,259	1,760
Excess tax benefits from share-based compensation	221	45
Purchase of treasury stock	(22,099)	(140,262)
Net cash used in financing activities	(51,906)	(182,793)
Effect of exchange rates on cash and cash equivalents	(5,557)	(12,211)
Net change in cash and cash equivalents	14,704	(219,868)
Cash and cash equivalents at beginning of period	329,021	491,805
Cash and cash equivalents at end of period	$ 343,725	$ 271,937
Supplemental cash flow data:		
Interest paid	$ 537	$ 468
Income taxes paid	$ 50,986	$ 45,459

See accompanying notes to condensed consolidated financial statements.

GUESS?, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
August 3, 2013
(unaudited)

(1) Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Guess?, Inc. and its subsidiaries (the "Company") contain all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the condensed consolidated balance sheets as of August 3, 2013 and February 2, 2013, the condensed consolidated statements of income and condensed consolidated statements of comprehensive income for the three and six months ended August 3, 2013 and July 28, 2012, and the condensed consolidated statements of cash flows for the six months ended August 3, 2013 and July 28, 2012. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the instructions to Rule 10-01 of Regulation S-X of the Securities and Exchange Commission (the "SEC"). Accordingly, they have been condensed and do not include all of the information and footnotes required by GAAP for complete financial statements. The results of operations for the three and six months ended August 3, 2013 are not necessarily indicative of the results of operations to be expected for the full fiscal year. These financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended February 2, 2013.

The Company has made certain reclassifications to the prior year's consolidated financial statements to conform to classifications in the current year. These reclassifications had no impact on previously reported results from operations or net cash provided by operating activities.

The three and six months ended August 3, 2013 had the same number of days as the three and six months ended July 28, 2012. All references herein to "fiscal 2014", "fiscal 2013" and "fiscal 2012" represent the results of the 52-week fiscal year ending February 1, 2014, the 53-week fiscal year ended February 2, 2013 and the 52-week fiscal year ended January 28, 2012, respectively.

New Accounting Guidance

In February 2013, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income (loss) by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income (loss) by the respective line items of net income but only if the amount reclassified is required under GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. The Company adopted this guidance effective February 3, 2013 and accordingly has presented the required comprehensive income disclosures in the accompanying notes to the condensed consolidated financial statements.

In July 2013, the FASB issued authoritative guidance which requires that an unrecognized tax benefit be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar loss or a tax credit carryforward, if specific criteria are met. This guidance is effective for fiscal periods beginning after December 15, 2013. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

(2) Earnings Per Share

Basic earnings per share represents net earnings attributable to common stockholders divided by the weighted-average number of common shares outstanding for the period. Diluted earnings per share represents net earnings attributable to common stockholders divided by the weighted-average number of common shares outstanding, inclusive of the dilutive impact of common equivalent shares outstanding during the period. However, nonvested restricted stock awards (referred to as participating securities) are excluded from the dilutive impact of common equivalent shares outstanding in accordance with authoritative guidance under the two-class method since the nonvested restricted stockholders are entitled to participate in dividends declared on common stock as if the shares were fully vested and hence are deemed to be participating securities. Under the two-class method, earnings attributable to nonvested restricted stockholders are excluded from net earnings attributable to common stockholders for purposes of calculating basic and diluted earnings per common share.

The computation of basic and diluted net earnings per common share attributable to common stockholders is as follows (in thousands, except per share data):

	Three Months Ended		Six Months Ended	
	Aug 3, 2013	**Jul 28, 2012**	**Aug 3, 2013**	**Jul 28, 2012**
Net earnings attributable to Guess?, Inc.	$ 39,866	$ 42,899	$ 49,782	$ 69,545
Less net earnings attributable to nonvested restricted stockholders	351	298	410	460
Net earnings attributable to common stockholders	$ 39,515	$ 42,601	$ 49,372	$ 69,085
Weighted average common shares used in basic computations	84,080	86,972	84,331	88,081
Effect of dilutive securities:				
Stock options and restricted stock units	267	265	232	303
Weighted average common shares used in diluted computations	84,347	87,237	84,563	88,384
Net earnings per common share attributable to common stockholders:				
Basic	$ 0.47	$ 0.49	$ 0.59	$ 0.78
Diluted	$ 0.47	$ 0.49	$ 0.58	$ 0.78

For the three months ended August 3, 2013 and July 28, 2012, equity awards granted for 1,061,684 and 1,541,867, respectively, of the Company's common shares and for the six months ended August 3, 2013 and July 28, 2012, equity awards granted for 1,412,576 and 1,328,398, respectively, of the Company's common shares were outstanding but were excluded from the computation of diluted weighted average common shares and common share equivalents outstanding because their effect would have been anti-dilutive. For the three and six months ended August 3, 2013, the Company also excluded 243,700 nonvested stock units which are subject to the achievement of performance-based vesting conditions from the computation of diluted weighted average common shares and common share equivalents outstanding because the performance condition had not yet been achieved as of August 3, 2013. There were no nonvested stock options or units in the comparable prior-year periods which remained subject to a performance condition as of July 28, 2012.

On March 14, 2011, the Company's Board of Directors authorized a program to repurchase, from time-to-time and as market and business conditions warrant, up to $250 million of the Company's common stock (the "2011 Share Repurchase Program"). On June 26, 2012, the Company's Board of Directors authorized a new program to repurchase, from time-to-time and as market and business conditions warrant, up to $500 million of the Company's common stock (the "2012 Share Repurchase Program"). The 2012 Share Repurchase Program was in addition to the 2011 Share Repurchase Program. Repurchases under programs may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under programs and programs may be discontinued at any time, without prior notice. During the six months ended August 3, 2013, the Company repurchased 882,551 shares under the 2011 and 2012 Share Repurchase Programs at an aggregate cost of $22.1 million. All such share repurchases were made during the three months ended May 4, 2013. At August 3, 2013, the Company had remaining authority under the 2012 Share Repurchase Program to purchase $ 495.8 million of its common stock and no remaining authority to purchase shares under the 2011 Share Repurchase Program.

(3) Stockholders' Equity and Redeemable Noncontrolling Interests

A reconciliation of the total carrying amount of total stockholders ' equity, Guess?, Inc. stockholders' equity and stockholders' equity attributable to nonredeemable and redeemable noncontrolling interests for the fiscal year ended February 2, 2013 and six months ended August 3, 2013 is as follows (in thousands):

	Stockholders' Equity			
	Guess?, Inc. Stockholders' Equity	Nonredeemable Noncontrolling Interests	Total	Redeemable Noncontrolling Interests
Balances at January 28, 2012	$ 1,175,630	$ 18,635	$ 1,194,265	$ 8,293
Net earnings	178,744	2,742	181,486	—
Foreign currency translation adjustment, net of income tax of ($13,769)	22,025	322	22,347	65
Loss on derivative financial instruments designated as cash flow hedges, net of income tax of $1,056	(6,041)	—	(6,041)	—
Gain on marketable securities, net of income tax of ($85)	139	—	139	—
SERP prior service cost and actuarial valuation gain (loss) and related amortization, net of income tax of ($2,855)	4,613	—	4,613	—
Issuance of common stock under stock compensation plans, net of tax effect	1,362	—	1,362	—
Issuance of stock under ESPP	1,186	—	1,186	—
Share-based compensation	16,285	—	16,285	—
Dividends	(172,792)	—	(172,792)	—
Share repurchases	(140,262)	—	(140,262)	—
Purchase of redeemable noncontrolling interest	4,857	(4,857)	—	(4,185)
Noncontrolling interest capital contribution	—	1,488	1,488	—
Noncontrolling interest capital distribution	—	(4,237)	(4,237)	—
Redeemable noncontrolling interest redemption value adjustment	1,246	(217)	1,029	(1,029)
Balances at February 2, 2013	$ 1,086,992	$ 13,876	$ 1,100,868	$ 3,144
Net earnings	49,782	2,021	51,803	—
Foreign currency translation adjustment, net of income tax of $7,483	(21,815)	(209)	(22,024)	(79)
Gain on derivative financial instruments designated as cash flow hedges, net of income tax of ($591)	3,340	—	3,340	—
Loss on marketable securities, net of income tax of $11	(22)	—	(22)	—
SERP plan amendment, prior service cost and actuarial valuation amortization, net of income tax of ($2,063)	3,331	—	3,331	—
Issuance of common stock under stock compensation plans, net of tax effect	2,468	—	2,468	—
Issuance of stock under ESPP	565	—	565	—
Share-based compensation	5,999	—	5,999	—
Dividends	(34,149)	—	(34,149)	—
Share repurchases	(22,099)	—	(22,099)	—
Noncontrolling interest capital contribution	—	—	—	521
Redeemable noncontrolling interest redemption value adjustment	(410)	—	(410)	410
Balances at August 3, 2013	$ 1,073,982	$ 15,688	$ 1,089,670	$ 3,996

Accumulated Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss), net of related income taxes, for the three and six months ended August 3, 2013 are as follows (in thousands):

	Foreign currency translation adjustment	Derivative financial instruments designated as cash flow hedges	Marketable securities	SERP	Total
Balances at May 4, 2013	$ (14,148)	$ 1,918	$ 169	$ (11,140)	$ (23,201)
Gains (losses) arising during the period	2,951	64	(81)	2,796	5,730
Reclassification to net income for (gains) losses realized	—	(424)	—	268	(156)
Net other comprehensive income (loss)	2,951	(360)	(81)	3,064	5,574
Balances at August 3, 2013	$ (11,197)	$ 1,558	$ 88	$ (8,076)	$ (17,627)

	Foreign currency translation adjustment	Derivative financial instruments designated as cash flow hedges	Marketable securities	SERP	Total
Balances at February 2, 2013	$ 10,618	$ (1,782)	$ 110	$ (11,407)	$ (2,461)
Gains (losses) arising during the period	(21,815)	4,152	(22)	2,796	(14,889)
Reclassification to net income for (gains) losses realized	—	(812)	—	535	(277)
Net other comprehensive income (loss)	(21,815)	3,340	(22)	3,331	(15,166)
Balances at August 3, 2013	$ (11,197)	$ 1,558	$ 88	$ (8,076)	$ (17,627)

Details on reclassifications out of accumulated other comprehensive income (loss) to net income during the three and six months ended August 3, 2013 are as follows (in thousands):

	Three Months Ended Aug 3, 2013	Six Months Ended Aug 3, 2013	Location of (Gain)/Loss Reclassified from Accumulated OCI into Income
Derivative financial instruments designated as cash flow hedges:			
Foreign exchange currency contracts	$ (393)	$ (872)	Cost of sales
Foreign exchange currency contracts	(115)	(94)	Other income/expense
Less income tax effect	84	154	Income tax expense
	(424)	(812)	
SERP:			
Actuarial loss amortization	277	554	(1)
Prior service cost amortization	156	311	(1)
Less income tax effect	(165)	(330)	Income tax expense
	268	535	
Total reclassifications during the period ended August 3, 2013	$ (156)	$ (277)	

(1) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension cost. Refer to Note 13 for further information.

Redeemable Noncontrolling Interests

The Company is party to a put arrangement with respect to the common securities that represent the remaining noncontrolling interest from the acquisition of its majority-owned subsidiary, Guess Sud SAS ("Guess Sud"). The put arrangement for Guess Sud, representing 40% of the total outstanding equity interest of that subsidiary, may be exercised at the discretion of the noncontrolling interest holders by providing written notice to the Company any time after January 30, 2012. The put arrangement is recorded on the balance sheet at its expected redemption value and classified as a redeemable noncontrolling interest outside of permanent equity. On May 15, 2012, the Company and the noncontrolling interest holders executed an amendment to the Guess Sud put arrangement which modified the put price to be based on the value of specified net tangible and intangible assets of Guess Sud

instead of being based on a multiple of Guess Sud's earnings before interest, taxes, depreciation and amortization. The redemption value of the Guess Sud redeemable put arrangement was $ 3.5 million and $3.1 million at August 3, 2013 and February 2, 2013, respectively.

During the second quarter of fiscal 2014, the Company entered into a majority-owned joint venture to establish Guess Brasil Comércio e Distribuição S.A. ("Guess Brazil"). The Company funded $ 0.8 million to obtain a 60% interest in Guess Brazil and is subject to a put arrangement with respect to the common securities that represent the remaining noncontrolling interest. The put arrangement may be exercised at the discretion of the noncontrolling interest holder by providing written notice to the Company beginning in fiscal 2020, or sooner in certain limited circumstances, and every third anniversary thereafter subject to certain time restrictions. The redemption value of the Guess Brazil put arrangement is based on a multiple of Guess Brazil's earnings before interest, taxes, depreciation and amortization subject to certain adjustments. The redemption value of the Guess Brazil redeemable put arrangement was $0.5 million at August 3, 2013.

The Company was previously party to a put arrangement in connection with its now wholly-owned subsidiary, Focus Europe S.r.l. ("Focus"). Under the terms of this put arrangement, which represented 25% of the total outstanding interest of that subsidiary, the noncontrolling interest holder had the option to exercise the put arrangement at its discretion by providing written notice to the Company no later than June 27, 2012. The redemption value of the put arrangement was determined based on a multiple of Focus's net earnings. In June 2012, the noncontrolling interest holder notified the Company of its intent to exercise the put arrangement. On July 9, 2012, the Company paid $4.2 million to the noncontrolling interest holder to acquire the remaining 25% interest in Focus. This amount was determined based on a multiple of Focus's net earnings in accordance with the terms of the put arrangement.

(4) Accounts Receivable

Accounts receivable consists of trade receivables relating primarily to the Company's wholesale business in Europe, and to a lesser extent, to its wholesale businesses in North America and Asia. The Company provided for allowances relating to these receivables of $36.0 million and $38.4 million at August 3, 2013 and February 2, 2013, respectively. In addition, accounts receivable includes royalty receivables relating to licensing operations of $ 8.9 million and $8.8 million at August 3, 2013 and February 2, 2013, respectively, for which the Company provided for an allowance for doubtful accounts of $ 0.3 million at each of the periods ended August 3, 2013 and February 2, 2013. The accounts receivable allowance includes allowances for doubtful accounts, wholesale sales returns and wholesale markdowns. Retail sales returns allowances are included in accrued expenses.

(5) Inventories

Inventories consist of the following (in thousands):

	Aug 3, 2013	Feb 2, 2013
Raw materials	$ 20,057	$ 14,706
Work in progress	1,969	1,765
Finished goods	378,115	353,241
	$ 400,141	$ 369,712

As of August 3, 2013 and February 2, 2013, the Company had an allowance to write-down inventories to the lower of cost or market of $23.0 million and $20.4 million, respectively.

(6) Restructuring Charges

During the first quarter of fiscal 2014, the Company implemented plans to streamline its structure and reduce expenses in both Europe and North America. During the second quarter of fiscal 2014, the Company expanded these plans to include the consolidation and streamlining of certain operations in Europe and Asia. These actions resulted in restructuring charges related primarily to severance, impairment and lease termination costs of $6.1 million and $8.5 million during the three and six months ended August 3, 2013, respectively. As of August 3, 2013, the Company had a balance of approximately $4.4 million in accrued expenses for amounts expected to be paid during the remainder of fiscal 2014. The Company currently estimates that it may incur an additional $2.0 million to $4.0 million in future cash-related severance and lease termination costs during fiscal 2014 as facilities are vacated.

The following table summarizes the components of the restructuring activity during the three and six months ended August 3, 2013 (in thousands):

	Three Months Ended Aug 3, 2013		
	Severance	Impairment and Lease Termination	Total
Beginning balance	$ 1,368	$ —	$ 1,368
Charges to operations	4,092	2,037	6,129
Non-cash write-offs	—	(1,921)	(1,921)
Cash payments	(1,244)	(97)	(1,341)
Foreign currency and other adjustments	160	(15)	145
Ending balance	$ 4,376	$ 4	$ 4,380

	Six Months Ended Aug 3, 2013		
	Severance	Impairment and Lease Termination	Total
Beginning balance	$ —	$ —	$ —
Charges to operations	7,239	1,227	8,466
Non-cash write-offs	—	(1,111)	(1,111)
Cash payments	(2,992)	(97)	(3,089)
Foreign currency and other adjustments	129	(15)	114
Ending balance	$ 4,376	$ 4	$ 4,380

(7) Income Taxes

Income tax expense for the interim periods was computed using the effective tax rate estimated to be applicable for the full fiscal year. The Company's effective income tax rate increased to 33.0% for the six months ended August 3, 2013 from 32.0% for the six months ended July 28, 2012.

The Company accrues an amount for its estimate of additional income tax liability which the Company, more likely than not, could incur as a result of the ultimate resolution of income tax audits ("uncertain tax positions"). The Company reviews and updates the estimates used in the accrual for uncertain tax positions as more definitive information becomes available from taxing authorities, upon completion of tax audits, upon expiration of statutes of limitation, or upon occurrence of other events.

The Company had aggregate accruals for uncertain tax positions, including penalties and interest and net of federal tax benefits, of $4.4 million at each of the periods ended August 3, 2013 and February 2, 2013.

Italian Tax Settlement

In January 2013, to avoid a potentially long and costly litigation process, the Company reached an agreement with the Italian tax authority regarding an ongoing audit of one of the Company's Italian subsidiaries. The agreement covered fiscal years 2008 through 2013 (with fiscal year 2013 remaining subject to final documentation). As a result of the agreement during the fourth quarter of fiscal 2013, the Company recorded a settlement charge of $ 12.8 million (including penalty and interest and net of related offsets in other tax jurisdictions) in excess of prior uncertain tax position reserves of $ 11.7 million. As part of the agreement, a portion of the amount payable to the Italian tax authority will be payable in four installments during fiscal 2015, and as such, €3.0 million (US$4.0 million) is included in other long-term liabilities in the Company's condensed consolidated balance sheet as of August 3, 2013. At February 2, 2013, the Company included €9.1 million (US$12.4 million) in other long-term liabilities related to this agreement.

The Company was advised by its Italian counsel that tax audits like this one in Italy involving proposed income adjustments greater than €2 million are automatically referred for review by a public prosecutor who may seek to pursue charges or close the matter, and that resulting criminal charges, if any, would be instituted against individuals rather than against the affected companies under Italian law. Consistent with this process, a review proceeding by a prosecutor in Italy was initiated with respect to one current and two former members of the Guess European management team and the Company's former President (as the signing officer for certain Italian tax returns covering the relevant periods). In July 2013, the matter was closed based on the prosecutor's recommendation.

(8) Segment Information

The Company's businesses are grouped into five reportable segments for management and internal financial reporting purposes: North American Retail, Europe, Asia, North American Wholesale and Licensing. Management evaluates segment performance based primarily on revenues and earnings from operations before restructuring charges, if any. The Company believes this segment reporting reflects how its five business segments are managed and each segment's performance is evaluated. The North American Retail segment includes the Company's retail operations in North America. The Europe segment includes the Company's wholesale and retail operations in Europe and the Middle East. The Asia segment includes the Company's wholesale and retail operations in Asia. The North American Wholesale segment includes the Company's wholesale operations in North America and export sales to Central and South America. The Licensing segment includes the worldwide licensing operations of the Company. The business segment operating results exclude corporate overhead costs, which consist of shared costs of the organization, and restructuring charges. These costs are presented separately and generally include, among other things, the following unallocated corporate costs: accounting and finance, executive compensation, facilities, global advertising and marketing, human resources, information technology and legal.

Net revenue and earnings from operations are summarized as follows for the three and six months ended August 3, 2013 and July 28, 2012 (in thousands):

	Three Months Ended		Six Months Ended	
	Aug 3, 2013	Jul 28, 2012	Aug 3, 2013	Jul 28, 2012
Net revenue:				
North American Retail	$ 254,313	$ 253,012	$ 492,624	$ 504,810
Europe	250,372	246,917	415,764	436,732
Asia	65,852	66,826	136,984	131,661
North American Wholesale	41,357	41,628	85,186	85,546
Licensing	27,118	27,010	57,368	55,910
Total net revenue	$ 639,012	$ 635,393	$ 1,187,926	$ 1,214,659
Earnings (loss) from operations:				
North American Retail	$ 10,390	$ 16,761	$ 6,157	$ 33,751
Europe	39,275	24,622	34,057	37,103
Asia	5,039	4,019	12,003	9,894
North American Wholesale	8,478	7,701	17,127	17,047
Licensing	25,101	22,869	51,305	47,455
Corporate Overhead	(21,374)	(18,671)	(40,078)	(48,808)
Restructuring Charges	(6,129)	—	(8,466)	—
Total earnings from operations	$ 60,780	$ 57,301	$ 72,105	$ 96,442

Due to the seasonal nature of the Company's business segments, the above net revenue and operating results are not necessarily indicative of the results that may be expected for the full fiscal year. Restructuring charges incurred during the three and six months ended August 3, 2013 related to plans to streamline and consolidate the Company's operations and reduce expenses in North America, Europe and Asia. Refer to Note 6 for more information regarding these restructuring charges.

(9) Borrowings and Capital Lease Obligations

Borrowings and capital lease obligations are summarized as follows (in thousands):

	Aug 3, 2013	Feb 2, 2013
European capital lease, maturing quarterly through 2016	$ 8,924	$ 10,121
Other	1,301	94
	10,225	10,215
Less current installments	3,015	1,901
Long-term capital lease obligations	$ 7,210	$ 8,314

Capital Lease

The Company entered into a capital lease in December 2005 for a new building in Florence, Italy. At August 3, 2013, the capital lease obligation was $8.9 million. The Company entered into a separate interest rate swap agreement designated as a non-hedging instrument that resulted in a swap fixed rate of 3.55%. This interest rate swap agreement matures in 2016 and converts the nature of the capital lease obligation from Euribor floating-rate debt to fixed-rate debt. The fair value of the interest rate swap liability at August 3, 2013 was approximately $0.6 million.

Credit Facilities

On July 6, 2011, the Company entered into a five-year senior secured revolving credit facility with JPMorgan Chase Bank, N.A., Bank of America, N.A. and the other lenders party thereto (the "Credit Facility") which provided for a $ 200 million revolving multicurrency line of credit. The Credit Facility is available for direct borrowings and the issuance of letters of credit, subject to certain letters of credit sublimits. It may be used for working capital and other general corporate purposes.

On August 31, 2012, the Company increased its borrowing capacity under the Credit Facility from $ 200 million to $300 million by exercising the accordion feature in the Credit Facility pursuant to a Lender Joinder Agreement with the lenders party thereto. Also on August 31, 2012, the Company entered into an Amendment to the Credit Facility with the lenders party thereto to provide for (i) greater flexibility in certain of the Company's covenants under the Credit Facility and (ii) access to a new $ 100 million accordion feature, subject to certain conditions and the willingness of existing or new lenders to assume such increased amount. At August 3, 2013, the Company had $3.5 million in outstanding standby letters of credit, no outstanding documentary letters of credit and no outstanding borrowings under the Credit Facility.

The Company, through its European subsidiaries, maintains short-term uncommitted borrowing agreements, primarily for working capital purposes, with various banks in Europe. The majority of the borrowings under these agreements are secured by specific accounts receivable balances. Based on the applicable accounts receivable balances at August 3, 2013, the Company could have borrowed up to $140.0 million under these agreements. At August 3, 2013, the Company had no outstanding borrowings and $1.8 million in outstanding documentary letters of credit under these agreements. The agreements are denominated primarily in euros and provide for annual interest rates ranging from 0.5% to 3.0%. The maturities of any short-term borrowings under these arrangements are generally linked to the credit terms of the underlying accounts receivable that secure the borrowings. With the exception of one facility for up to $46.5 million that has a minimum net equity requirement, there are no other financial ratio covenants.

Other

From time-to-time, the Company will obtain other short-term financing in foreign countries for working capital to finance its local operations.

(10) Share-Based Compensation

The following table summarizes the share-based compensation expense recognized under all of the Company's stock plans during the three and six months ended August 3, 2013 and July 28, 2012 (in thousands):

	Three Months Ended		Six Months Ended	
	Aug 3, 2013	Jul 28, 2012	Aug 3, 2013	Jul 28, 2012
Stock options	$ 684	$ 1,293	$ 1,257	$ 2,481
Nonvested stock awards/units	2,994	2,471	4,599	5,980
Employee Stock Purchase Plan	73	77	143	182
Total share-based compensation expense	$ 3,751	$ 3,841	$ 5,999	$ 8,643

Unrecognized compensation cost, adjusted for estimated forfeitures, related to nonvested stock options and nonvested stock awards/units totaled approximately $5.3 million and $28.3 million, respectively, as of August 3, 2013. This cost is expected to be recognized over a weighted-average period of 1.9 years. The weighted average fair values of stock options granted during the six months ended August 3, 2013 and July 28, 2012 were $6.05 and $9.19, respectively.

Grants

On April 3, 2013, the Company made an annual grant of 416,500 stock options and 408,400 nonvested stock awards/units to its employees. On March 28, 2012, the Company made an annual grant of 290,400 stock options and 292,800 nonvested stock awards/units to its employees. On June 21, 2012, the Company made a grant of 270,000 nonvested stock awards/units to its employees.

Performance Awards

On July 11, 2013, the Company granted 100,000 nonvested stock units to Paul Marciano, the Company's Chief Executive Officer and Vice Chairman of the Board, in connection with a new employment agreement entered into between the Company and Mr. Paul Marciano. The nonvested stock units have an initial vesting period of seven months followed by two annual vesting periods, subject to the achievement of performance-based vesting conditions for the last three quarters of fiscal 2014. The Company also granted a target of 143,700 nonvested stock units to Mr. Paul Marciano on July 11, 2013. The number of shares that will ultimately vest will equal 0% to 150% of the target number of shares, subject to the achievement of performance-based conditions for the last three quarters of fiscal 2014. Such shares are scheduled to vest on February 1, 2016.

On May 1, 2008, the Company granted an aggregate of 167,000 nonvested stock awards to certain employees which were subject to certain annual performance-based vesting conditions over a five-year period. On October 30, 2008, the Company granted an aggregate of 563,400 nonvested stock options to certain employees scheduled to vest over a four-year period, which were subject to the achievement of performance-based vesting conditions for fiscal 2010. During the first quarter of fiscal 2010, the Compensation Committee determined that the performance goals established in the prior year were no longer set at an appropriate level to incentivize and help retain employees given the greater than previously anticipated deterioration of the economy that had occurred since the goals were established. Therefore, in April 2009, the Compensation Committee modified the performance goals of that year's tranche of the outstanding performance-based stock awards and options to address the challenges associated with the economic environment. During the first quarter of fiscal 2011, fiscal 2012 and fiscal 2013, the Compensation Committee modified the performance goals of the respective year's tranche of the outstanding performance-based stock awards to address the continuing challenges associated with the economic environment. None of the modifications had a material impact on the consolidated financial statements of the Company.

Consulting Arrangement

On June 18, 2011, Maurice Marciano, the Company's then-serving executive Chairman of the Board of Directors, notified the Company of his decision to retire as an employee and executive officer effective January 28, 2012, the end of fiscal 2012. Mr. Maurice Marciano continues to serve as non-executive Chairman of the Board of Directors. In accordance with the terms of Mr. Maurice Marciano's employment agreement, the Company and

Mr. Maurice Marciano entered into a two-year consulting agreement, under which Mr. Maurice Marciano will provide certain consulting services to the Company through January 2014. In connection with the ongoing services to be provided, Mr. Maurice Marciano's outstanding equity awards were modified to provide that all awards that would have otherwise been unvested and forfeited at January 28, 2012, will continue to vest in accordance with the original vesting terms for as long as Mr. Maurice Marciano continues to serve as a member of the Board of Directors of the Company. The original grant date fair value of the modified equity awards aggregated $4.7 million while the modified grant date fair value aggregated $ 5.0 million. As a result of the modification, compensation expense of $2.5 million was accelerated and recorded in the last eight months of fiscal 2012.

(11) Related Party Transactions

The Company and its subsidiaries periodically enter into transactions with other entities or individuals that are considered related parties, including certain transactions with entities affiliated with trusts for the respective benefit of Paul Marciano, who is an executive of the Company, Maurice Marciano, Chairman of the Board, Armand Marciano, their brother and former executive of the Company, and certain of their children (the "Marciano Trusts").

Leases

The Company leases warehouse and administrative facilities, including the Company's corporate headquarters in Los Angeles, California, from partnerships affiliated with the Marciano Trusts and certain of their affiliates. There were four of these leases in effect at August 3, 2013 with expiration dates ranging from 2014 to 2020.

Aggregate rent and property tax expense under these related party leases was $ 2.9 million for each of the six months ended August 3, 2013 and July 28, 2012. The Company believes the related party lease terms have not been significantly affected by the fact that the Company and the lessors are related.

Aircraft Arrangements

The Company periodically charters aircraft owned by MPM Financial, LLC ("MPM Financial"), an entity affiliated with the Marciano Trusts, through independent third party management companies contracted by MPM Financial to manage its aircraft. Under an informal arrangement with MPM Financial and the third party management companies, the Company has chartered, and may from time-to-time continue to charter, aircraft owned by MPM Financial at a discount from the third party management companies' preferred customer hourly charter rates. The total fees paid under these arrangements for the six months ended August 3, 2013 were minimal. During the six months ended July 28, 2012, the total fees paid under these arrangements were approximately $ 0.9 million.

Consulting Arrangement

After serving for over 30 years as an executive and leader for Guess?, co-founder Maurice Marciano elected to retire from his position as executive Chairman of the Board and as an employee of the Company upon the expiration of his employment agreement on January 28, 2012. Mr. Marciano continues to serve the Company as its non-executive Chairman of the Board. In addition, under the terms of his previously existing employment agreement, the Company and Mr. Marciano entered into a two-year consulting agreement (the "Marciano Consulting Agreement") under which Mr. Marciano will provide certain consulting services to the Company, including advice and counsel to the Company's Chief Executive Officer and other senior executives. The Marciano Consulting Agreement, which has a two-year term that commenced on January 28, 2012, provides for consulting fees of $ 500,000 per year and continued automobile use in a manner consistent with past practice. Total expenses incurred with respect to the Marciano Consulting Agreement were for $0.3 million for each of the six months ended August 3, 2013 and July 28, 2012.

Other Transactions

From time-to-time, the Company utilizes a third-party agent named Harmony Collection, LLC to produce specific apparel products on behalf of the Company. Armand Marciano, brother of Maurice and Paul Marciano, is part owner and an executive of the parent company of Harmony Collection, LLC. The total payments made by the Company under this arrangement for the six months ended August 3, 2013 and July 28, 2012 were approximately $0.8 million and $0.3 million, respectively. The Company believes that the price and transaction terms have not been significantly affected by the relationship between the parties.

These related party disclosures should be read in conjunction with the disclosure concerning related party transactions in the Company's Annual Report on Form 10-K for the year ended February 2, 2013.

(12) Commitments and Contingencies

Leases

The Company leases its showrooms and retail store locations under operating lease agreements expiring on various dates through September 2031. Some of these leases require the Company to make periodic payments for property taxes, utilities and common area operating expenses. Certain retail store leases provide for rents based upon the minimum annual rental amount and a percentage of annual sales volume, generally ranging from 3% to 12%, when specific sales volumes are exceeded. Some leases include lease incentives, rent abatements and fixed rent escalations, which are amortized and recorded over the initial lease term on a straight-line basis. The Company also leases some of its equipment under operating lease agreements expiring at various dates through October 2018. As discussed in further detail in Note 9, the Company leases a building in Florence, Italy under a capital lease.

Litigation

On May 6, 2009, Gucci America, Inc. filed a complaint in the U.S. District Court for the Southern District of New York against Guess?, Inc. and certain third-party licensees for the Company asserting, among other things, trademark and trade dress law violations and unfair competition. The complaint sought injunctive relief, compensatory damages, including treble damages, and certain other relief. Complaints similar to those in the above action have also been filed by Gucci entities against the Company and certain of its subsidiaries in the Court of Milan, Italy, the Court of Paris, France and the Intermediate People's Court of Nanjing, China. The three week bench trial in the U.S. matter concluded on April 19, 2012, with the court issuing a preliminary ruling on May 21, 2012 and a final ruling on July 19, 2012. Although the plaintiff was seeking compensation in the U.S. matter in the form of damages of $ 26 million and an accounting of profits of $99 million, the final ruling provided for monetary damages of $ 2.3 million against the Company and $2.3 million against certain of its licensees. The court also granted narrow injunctions in favor of the plaintiff for certain of the claimed infringements. On August 20, 2012, the appeal period expired without any party having filed an appeal, rendering the judgment final. On May 2, 2013, the Court of Milan ruled in favor of the Company in the Milan, Italy matter. In the ruling, the Court rejected all of the plaintiff's claims and ordered the cancellation of three of the plaintiff's Italian and four of the plaintiff's European Community trademark registrations. On June 10, 2013, the plaintiff appealed the Court's ruling in the Milan matter.

On August 25, 2006, Franchez Isaguirre, a former employee of the Company, filed a complaint in the Superior Court of California, County of Los Angeles alleging violations by the Company of California wage and hour laws. The complaint was subsequently amended, adding a second former employee as an additional named party. The plaintiffs purport to represent a class of similarly situated employees in California who allegedly had been injured by not being provided adequate meal and rest breaks. The complaint seeks unspecified compensatory damages, statutory penalties, attorney's fees and injunctive and declaratory relief. On June 9, 2009, the Court certified the class but immediately stayed the case pending the resolution of a separate California Supreme Court case on the standards of class treatment for meal and rest break claims. Following the Supreme Court ruling, the Superior Court denied the Company's motions to decertify the class and to narrow the class in January 2013 and June 2013, respectively. The Company filed a writ petition in July 2013 challenging the Court's decision not to narrow the class definitions and is awaiting a ruling. No trial date has been set.

Although the Company believes that it has a strong position and will continue to vigorously defend each of these matters, it is unable to predict with certainty whether or not these efforts will ultimately be successful or whether the outcomes will have a material impact on the Company's financial position or results of operations.

The Company is also involved in various other claims and other matters incidental to the Company's business, the resolution of which is not expected to have a material adverse effect on the Company's financial position or results of operations. No material amounts were accrued as of August 3, 2013 or February 2, 2013 related to any of the Company's legal proceedings.

(13) Supplemental Executive Retirement Plan

The components of net periodic pension cost for the three and six months ended August 3, 2013 and July 28, 2012 were as follows (in thousands):

	Three Months Ended		Six Months Ended	
	Aug 3, 2013	Jul 28, 2012	Aug 3, 2013	Jul 28, 2012
Interest cost	$ 586	$ 598	$ 1,172	$ 1,196
Net amortization of unrecognized prior service cost	156	155	311	310
Net amortization of actuarial losses	277	835	554	1,670
Net periodic defined benefit pension cost	$ 1,019	$ 1,588	$ 2,037	$ 3,176

In July 2013, the Company amended the SERP to limit the amount of eligible wages under the plan that count toward the SERP benefit for the active participant. As a result, the projected benefit obligation and unrecognized prior service cost were reduced by $ 4.5 million.

As a non-qualified pension plan, no dedicated funding of the SERP is required; however, the Company has made, and expects to continue to make, periodic payments into insurance policies held in a rabbi trust to fund the expected obligations arising under the non-qualified SERP. The amount of future payments into the insurance policies may vary, depending on any changes to the estimates of final annual compensation levels and investment performance of the trust. The cash surrender values of the insurance policies were $ 50.4 million and $47.9 million as of August 3, 2013 and February 2, 2013, respectively, and were included in other assets in the Company's condensed consolidated balance sheets. As a result of changes in the value of the insurance policy investments, the Company recorded unrealized gains of $1.1 million and $2.6 million in other income during the three and six months ended August 3, 2013 , respectively, and an unrealized loss of $0.5 million and an unrealized gain of $0.7 million in other income and expense during the three and six months ended July 28, 2012, respectively.

(14) Fair Value Measurements

Authoritative guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The guidance establishes a fair value hierarchy, which prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e. interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect assumptions about what market participants would use in pricing the asset or liability. These inputs would be based on the best information available, including the Company 's own data.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of August 3, 2013 and February 2, 2013 (in thousands):

Recurring Fair Value Measures	Fair Value Measurements at Aug 3, 2013 Level 1	Level 2	Level 3	Total	Fair Value Measurements at Feb 2, 2013 Level 1	Level 2	Level 3	Total
Assets:								
Foreign exchange currency contracts	$ —	$ 2,025	$ —	$ 2,025	$ —	$ 1,358	$ —	$ 1,358
Available-for-sale securities	10,738	—	—	10,738	12,630	—	—	12,630
Total	$ 10,738	$ 2,025	$ —	$ 12,763	$ 12,630	$ 1,358	$ —	$ 13,988
Liabilities:								
Foreign exchange currency contracts	$ —	$ 733	$ —	$ 733	$ —	$ 5,552	$ —	$ 5,552
Interest rate swap	—	623	—	623	—	852	—	852
Deferred compensation obligations	—	8,270	—	8,270	—	7,574	—	7,574
Total	$ —	$ 9,626	$ —	$ 9,626	$ —	$ 13,978	$ —	$ 13,978

There were no transfers of financial instruments between the three levels of fair value hierarchy during the six months ended August 3, 2013 or during the year ended February 2, 2013.

The fair values of the Company's available-for-sale securities are based on quoted prices. The fair value of the interest rate swaps are based upon inputs corroborated by observable market data. Foreign exchange forward contracts are entered into by the Company principally to hedge the future payment of inventory and intercompany transactions by non-U.S. subsidiaries. Periodically, the Company may also use foreign exchange forward contracts to hedge the translation and economic exposures related to its net investments in certain of its international subsidiaries. The fair values of the Company's foreign exchange forward contracts are based on quoted foreign exchange forward rates at the reporting date. Deferred compensation obligations to employees are adjusted based on changes in the fair value of the underlying employee-directed investments. Fair value of these obligations is based upon inputs corroborated by observable market data.

Available-for-sale securities are recorded at fair value and are included in short-term investments and other assets in the accompanying condensed consolidated balance sheets depending on their respective maturity dates. At August 3, 2013, available-for-sale securities consisted of $10.2 million of corporate bonds with maturity dates ranging from November 2013 to September 2014 and $0.5 million of marketable equity securities. At February 2, 2013, available-for-sale securities consisted of $10.3 million of corporate bonds, $1.8 million of certificates of deposit and $0.5 million of marketable equity securities. Unrealized gains (losses), net of taxes, are included as a component of stockholders' equity and comprehensive income (loss). The accumulated unrealized gains net of taxes, included in accumulated other comprehensive income (loss) related to available-for-sale securities owned by the Company at each of the periods ended August 3, 2013 and February 2, 2013 were $0.1 million.

The carrying amount of the Company's remaining financial instruments, which principally include cash and cash equivalents, trade receivables, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments. The fair values of the Company's debt instruments (see Note 9) are based on the amount of future cash flows associated with each instrument discounted using the Company's incremental borrowing rate. At August 3, 2013 and February 2, 2013, the carrying value of all financial instruments was not materially different from fair value, as the interest rates on variable-rate debt including the capital lease obligation approximated rates currently available to the Company.

Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment quarterly or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company considers each individual store as an asset group for impairment testing, which is the lowest level at which individual cash flows can be identified. The asset group includes store leasehold improvements, furniture, fixtures and equipment, computer hardware and software and certain long-term security deposits and lease acquisition costs. The Company reviews retail stores for impairment risk once the locations have been opened for at least one year, or sooner as changes in circumstances require. The Company believes that waiting one year allows a store to reach a maturity level where a more comprehensive analysis of financial performance can be performed.

An asset is considered to be impaired if the Company determines that the carrying value may not be recoverable based upon its assessment of the asset's ability to continue to generate income from operations and positive cash flow in future periods or if significant changes in the Company's strategic business objectives and utilization of the assets occurred. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the estimated fair value, which is determined based on discounted future cash flows. The impairment loss calculations require management to apply judgment in estimating future cash flows and the discount rates that reflect the risk inherent in future cash flows. Future expected cash flows for store assets are based on management's estimates of future cash flows over the remaining lease period or expected life, if shorter. The Company considers historical trends, expected future business trends and other factors when estimating each store's future cash flow. The Company also considers factors such as: the local environment for each store location, including mall traffic and competition; the Company's ability to successfully implement strategic initiatives; and the ability to control variable costs such as cost of sales and payroll, and in some cases, renegotiate lease costs. The estimated cash flows used for this nonrecurring fair value measurement are considered a Level 3 input as defined above. If actual results are not consistent with the assumptions and judgments used in estimating future cash flows and asset fair values, there may be additional exposure to future impairment losses that could be material to the Company's results of operations.

The Company recorded asset impairments charges of $ 2.1 million and $3.1 million during the three and six months ended August 3, 2013, respectively, and $0.1 million during the three and six months ended July 28, 2012, related primarily to the full impairment of long-lived assets for certain under-performing retail stores in North America and Europe. These asset impairment charges, which exclude asset impairment charges incurred related to restructuring activities, were included in SG&A expenses in the Company's condensed consolidated income statement for each of the respective periods. Refer to Note 6 for more information regarding asset impairment charges related to restructuring activities.

(15) Derivative Financial Instruments

Hedging Strategy

The Company operates in foreign countries, which exposes it to market risk associated with foreign currency exchange rate fluctuations. The Company has entered into certain forward contracts to hedge the risk of foreign currency rate fluctuations. The Company has elected to apply the hedge accounting rules in accordance with authoritative guidance for certain of these hedges.

The Company's primary objective is to hedge the variability in forecasted cash flows due to the foreign currency risk. Various transactions that occur in Canada, Europe and South Korea are denominated in U.S. dollars and British pounds and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their functional currencies. These types of transactions include U.S. dollar denominated purchases of merchandise and U.S. dollar and British pound intercompany liabilities. In addition, certain operating expenses and tax liabilities are denominated in Swiss francs and are exposed to earnings risk as a result of exchange rate fluctuations when converted to the functional currency. The Company enters into derivative financial instruments, including forward exchange contracts, to offset some but not all of the exchange risk on certain of these anticipated foreign currency transactions.

Periodically, the Company may also use foreign currency forward contracts to hedge the translation and economic exposures related to its net investments in certain of its international subsidiaries.

The impact of the credit risk of the counterparties to the derivative contracts is considered in determining the fair value of the foreign currency forward contracts. As of August 3, 2013, credit risk has not had a significant effect on the fair value of the Company's foreign currency contracts.

The Company also has interest rate swap agreements, which are not designated as hedges for accounting purposes, to effectively convert its floating-rate debt to a fixed-rate basis. The principal objective of these contracts is to eliminate or reduce the variability of the cash flows in interest payments associated with the Company's variable-rate capital lease obligation, thus reducing the impact of interest rate changes on future interest payment cash flows. Refer to Note 9 for further information.

Hedge Accounting Policy

U.S. dollar forward contracts are used to hedge forecasted merchandise purchases over specific months. Changes in the fair value of these U.S. dollar forward contracts, designated as cash flow hedges, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in cost of product sales in the period which approximates the time the hedged merchandise inventory is sold. The Company also hedges forecasted intercompany royalties over specific months. Changes in the fair value of these U.S. dollar forward contracts, designated as cash flow hedges, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in other income and expense in the period in which the royalty expense is incurred.

U.S. dollar forward contracts are also used to hedge the net investments of certain of the Company's international subsidiaries over specific months. Changes in the fair value of these U.S. dollar forward contracts, designated as net investment hedges, are recorded in foreign currency translation adjustment as a component of accumulated other comprehensive income (loss) within stockholders' equity and are not recognized in income until the sale or liquidation of the hedged net investment.

The Company also has foreign currency contracts that are not designated as hedging instruments for accounting purposes. Changes in fair value of foreign currency contracts not qualifying as cash flow hedges or net investment hedges are reported in net earnings as part of other income and expense.

Summary of Derivative Instruments

The fair value of derivative instruments in the condensed consolidated balance sheet as of August 3, 2013 and February 2, 2013 was as follows (in thousands):

	Derivative Balance Sheet Location	Fair Value at Aug 3, 2013	Fair Value at Feb 2, 2013
ASSETS:			
Derivatives designated as hedging instruments:			
Foreign exchange currency contracts:			
Cash flow hedges	Other current assets	$ 927	$ 387
Derivatives not designated as hedging instruments:			
Foreign exchange currency contracts	Other current assets	1,098	971
Total		$ 2,025	$ 1,358
LIABILITIES:			
Derivatives designated as hedging instruments:			
Foreign exchange currency contracts:			
Cash flow hedges	Current liabilities	$ 471	$ 2,904
Derivatives not designated as hedging instruments:			
Foreign exchange currency contracts	Current liabilities	262	2,648
Interest rate swaps	Long-term liabilities	623	852
Total derivatives not designated as hedging instruments		885	3,500
Total		$ 1,356	$ 6,404

Derivatives Designated As Hedging Instruments

Cash Flow Hedges

During the six months ended August 3, 2013, the Company purchased U.S. dollar forward contracts in Europe and Canada totaling US$68.4 million and $10.1 million, respectively, to hedge forecasted merchandise purchases and intercompany royalties that were designated as cash flow hedges. As of August 3, 2013, the Company had forward contracts outstanding for its European and Canadian operations of US$102.3 million and US$22.1 million, respectively, which are expected to mature over the next 13 months.

The following table summarizes the gains (losses) before taxes recognized on the derivative instruments designated as cash flow hedges in OCI and net earnings for the three and six months ended August 3, 2013 and July 28, 2012 (in thousands):

	Gain/(Loss) Recognized in OCI		Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (1)	Gain/(Loss) Reclassified from Accumulated OCI into Income	
	Three Months Ended Aug 3, 2013	Three Months Ended Jul 28, 2012		Three Months Ended Aug 3, 2013	Three Months Ended Jul 28, 2012
Derivatives designated as cash flow hedges:					
Foreign exchange currency contracts	$ 247	$ 7,641	Cost of sales	$ 393	$ 714
Foreign exchange currency contracts	$ (20)	$ 673	Other income/expense	$ 115	$ 118

	Gain/(Loss) Recognized in OCI		Location of Gain/(Loss) Reclassified from Accumulated OCI into Income (1)	Gain/(Loss) Reclassified from Accumulated OCI into Income	
	Six Months Ended Aug 3, 2013	Six Months Ended Jul 28, 2012		Six Months Ended Aug 3, 2013	Six Months Ended Jul 28, 2012
Derivatives designated as cash flow hedges:					
Foreign exchange currency contracts	$ 4,479	$ 6,818	Cost of sales	$ 872	$ 3,157
Foreign exchange currency contracts	$ 418	$ 622	Other income/expense	$ 94	$ 296

(1) The ineffective portion was immaterial during the three and six months ended August 3, 2013 and July 28, 2012 and was recorded in net earnings and included in interest income/expense.

As of August 3, 2013, accumulated other comprehensive income included a net unrealized gain of approximately $1.6 million, net of tax, which will be recognized in other income or cost of product sales over the following 12 months, at the then current values on a pre-tax basis, which can be different than the current quarter-end values.

The following table summarizes net after-tax derivative activity recorded in accumulated other comprehensive income (loss) (in thousands):

	Three Months Ended		Six Months Ended	
	Aug 3, 2013	Jul 28, 2012	Aug 3, 2013	Jul 28, 2012
Beginning balance gain (loss)	$ 1,918	$ 1,465	$ (1,782)	$ 4,259
Net gains (losses) from changes in cash flow hedges	64	7,261	4,152	6,767
Net losses (gains) reclassified to income	(424)	(733)	(812)	(3,033)
Ending balance gain (loss)	$ 1,558	$ 7,993	$ 1,558	$ 7,993

As of February 2, 2013, the Company had forward contracts outstanding for its European and Canadian operations of US$ 106.9 million and US$40.3 million, respectively, that were designated as cash flow hedges.

Net Investment Hedges

During the six months ended August 3, 2013 , the Company purchased U.S. dollar forward contracts in Europe totaling US $17.9 million to hedge the net investments in certain of the Company's international subsidiaries that were designated as net investment hedges. The Company had no forward contracts outstanding for its European net investments as of August 3, 2013.

The Company recognized gains, net of tax, of $0.2 million in the foreign currency translation adjustment component of accumulated other comprehensive income (loss) during the three and six months ended August 3,

2013. There were no amounts that were recognized or reclassified into net income during the three and six months ended August 3, 2013.

As of February 2, 2013 and July 28, 2012, there were no forward contracts that were designated as net investment hedges .

Derivatives Not Designated as Hedging Instruments

As of August 3, 2013, the Company had euro foreign currency contracts to purchase US$ 113.5 million expected to mature over the next 12 months, Canadian dollar foreign currency contracts to purchase US$ 15.9 million expected to mature over the next three months and GBP£0.5 million of foreign currency contracts to purchase euros expected to mature over the next one month.

The following table summarizes the gains (losses) before taxes recognized on the derivative instruments not designated as hedging instruments in other income and expense for the three and six months ended August 3, 2013 and July 28, 2012 (in thousands):

	Location of Gain/(Loss) Recognized in Income	Gain/(Loss) Recognized in Income		Gain/(Loss) Recognized in Income	
		Three Months Ended Aug 3, 2013	Three Months Ended Jul 28, 2012	Six Months Ended Aug 3, 2013	Six Months Ended Jul 28, 2012
Derivatives not designated as hedging instruments:					
Foreign exchange currency contracts	Other income/expense	$ (727)	$ 8,474	$ 3,049	6,220
Interest rate swaps	Other income/expense	$ 118	$ (14)	$ 196	$ 5

As of February 2, 2013, the Company had euro foreign currency contracts to purchase US$ 90.2 million, Canadian dollar foreign currency contracts to purchase US$ 39.7 million and GBP£4.7 million of foreign currency contracts to purchase euros.

(16) Subsequent Events

On August 28, 2013, the Company announced a regular quarterly cash dividend of $0.20 per share on the Company's common stock. The cash dividend will be paid on September 27, 2013 to shareholders of record as of the close of business on September 11, 2013.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

Unless the context indicates otherwise, when we refer to "we," "us," "our" or the "Company" in this Form 10-Q, we are referring to Guess?, Inc. ("GUESS?") and its subsidiaries on a consolidated basis.

Important Notice Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including documents incorporated by reference herein, contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be contained in the Company's other reports filed under the Securities Exchange Act of 1934, as amended, in its press releases and in other documents. In addition, from time-to-time, the Company through its management may make oral forward-looking statements. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our goals, future prospects and proposed new products, services, developments or business strategies. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "may," "outlook," "pending," "plan," "predict," "project," "strategy," "will," "would," and other similar terms and phrases, including references to assumptions.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed. These forward-looking statements may include, among other things, statements relating to our expected results of operations, the accuracy of data relating to, and anticipated levels of, future inventory and gross margins, anticipated cash requirements and sources, cost containment efforts, restructuring charges, estimated charges, plans regarding store openings and closings, plans regarding business growth and international expansion, e-commerce, business seasonality, results of litigation, industry trends, consumer demands and preferences, competition, currency fluctuations, estimated tax rates, results of tax audits and other regulatory proceedings, raw material and other inflationary cost pressures, consumer confidence and general economic conditions. We do not intend, and undertake no obligation, to update our forward-looking statements to reflect future events or circumstances. Such statements involve risks and uncertainties, which may cause actual results to differ materially from those set forth in these statements. Important factors that could cause or contribute to such difference include those discussed under "Part I, Item 1A. Risk Factors" contained in the Company's most recent Annual Report on Form 10-K for the fiscal year ended February 2, 2013 and in our other filings made from time-to-time with the Securities and Exchange Commission ("SEC") after the date of this report.

Business Segments

The Company's businesses are grouped into five reportable segments for management and internal financial reporting purposes: North American Retail, Europe, Asia, North American Wholesale and Licensing. Information relating to these segments is summarized in Note 8 to the Condensed Consolidated Financial Statements. Management evaluates segment performance based primarily on revenues and earnings from operations before restructuring charges, if any. The Company believes this segment reporting reflects how its five business segments are managed and each segment's performance is evaluated. The North American Retail segment includes the Company's retail operations in North America. The Europe segment includes the Company's wholesale and retail operations in Europe and the Middle East. The Asia segment includes the Company's wholesale and retail operations in Asia. The North American Wholesale segment includes the Company's wholesale operations in North America and export sales to Central and South America. The Licensing segment includes the worldwide licensing operations of the Company. The business segment operating results exclude corporate overhead costs, which consist of shared costs of the organization, and restructuring charges. These costs are presented separately and generally include, among other things, the following unallocated corporate costs: accounting and finance, executive compensation, facilities, global advertising and marketing, human resources, information technology and legal.

Products

We derive our net revenue from the sale of GUESS?, G by GUESS, GUESS Kids and MARCIANO apparel and our licensees' products through our worldwide network of retail stores, wholesale customers and distributors, as well as our on-line sites. We also derive royalty revenue from worldwide licensing activities.

Recent Global Economic Developments

Economic and market conditions have continued to be volatile and uncertain in many markets around the world and consumer behavior remains cautious. In North America, the relatively weaker levels of consumer confidence and the highly promotional conditions among retailers may persist for some time. In Europe, sovereign debt issues, government austerity programs and bank credit issues continue to affect the capital markets of numerous European countries, resulting in reduced consumer confidence and discretionary spending in those countries. These circumstances have had, and are expected to continue to have, a negative impact on our business, particularly in our more mature markets in Southern Europe. These conditions could have a greater impact in our multi-brand wholesale channel, particularly in Italy, where many customers are relatively small and are not well capitalized. We have also begun to see evidence of a more cautious consumer in China, where the economy has shown clear signs of slowing.

Foreign Currency Volatility

Since the majority of our international operations are conducted in currencies other than the U.S. dollar (primarily the euro, Canadian dollar and Korean won), currency fluctuations can have a significant impact on the translation of our international revenues and earnings into U.S. dollar amounts.

During the first half of fiscal 2014, the average U.S. dollar rate was weaker against the euro and the Korean won and stronger against the Canadian dollar compared to the average rate in the same prior-year period. This had an overall positive impact on the translation of our international revenues and earnings for the six months ended August 3, 2013 compared to the same prior-year period.

In addition, some of our transactions that occur in Canada, Europe and South Korea are denominated in U.S. dollars, Swiss francs and British pounds, exposing them to exchange rate fluctuations when converted to their functional currencies. Fluctuations in exchange rates can impact the operating margins of our foreign operations and reported earnings and are largely dependent on the transaction timing and magnitude during the period that the currency fluctuates. Relative weakness in the euro verses the U.S. dollar resulted in higher costs of U.S. dollar denominated purchases of merchandise in our European operations and resulted in an unfavorable impact on product margins during the first half of fiscal 2014 compared to the same prior-year period. In the future, if the euro weakens versus the U.S. dollar at the time U.S. dollar denominated inventory is purchased relative to the purchases of the comparable period, our product margins in Europe could continue to be unfavorably impacted. The Company enters into derivative financial instruments to offset some but not all of the exchange risk on foreign currency transactions. For additional discussion regarding our exposure to foreign currency risk, forward contracts designated as hedging instruments and forward contracts not designated as hedging instruments, refer to "Item 3. Quantitative and Qualitative Disclosures About Market Risk."

Strategy

International Growth. Despite the difficult economic conditions described above, our key long-term strategies remain unchanged. Global expansion continues to be the cornerstone of our long-term growth strategy. Our combined revenues outside of the U.S. and Canada represented more than half of the Company's total revenues for the six months ended August 3, 2013, compared to one-fifth in fiscal 2005. We expect to continue to expand in our existing international markets, particularly in less mature markets like China, Germany, India, Mexico, the Middle East and Russia. At the same time, we plan to develop in newer key markets such as Brazil and Japan.

Productivity Improvements. Our goal is also to drive growth by enhancing the productivity of our existing operations. During the first quarter of fiscal 2014, the Company implemented plans to streamline its structure and reduce expenses in both Europe and North America. During the second quarter of fiscal 2014, the Company expanded these plans to include the consolidation and streamlining of certain operations in Europe and Asia. We will continue to regularly assess and implement initiatives that we believe will build brand equity, grow our business and enhance long-term profitability in each region.

North American Retail. In North American Retail, we plan to increase retail sales and profitability over the long-term by improving the productivity and performance of existing stores, increasing our mix of product offerings at lower price points and shortening our supply chain calendar to allow more flexibility to react to the latest trends. We will also continue to emphasize our e-commerce channel as we develop our omni-channel retail strategy. During the first half of fiscal 2014, we opened five retail stores in the U.S. and Canada. In fiscal 2014, we plan to reduce our store openings in the U.S. and Canada as compared to fiscal 2013 to 11 retail stores in total across all concepts as we focus on improving the performance of existing stores. In addition, we plan to remodel key existing locations as part of the roll-out of our new store designs.

Europe. In Europe, over the long-term, we will continue to focus on developing new markets in Northern and Eastern Europe where our brand is well known but still under-penetrated. We have flagship stores in key cities such as Barcelona, Dusseldorf, London, Milan and Paris. Together with our licensee partners, we opened 45 stores in Europe during the first half of fiscal 2014. In addition, we also acquired four stores from one of our European licensees. During fiscal 2014, we plan to continue our expansion in Europe, primarily in Northern and Eastern Europe, by opening 85 retail stores in total, about one-third of which will be operated directly by us. During fiscal 2014, we plan to strategically reduce our store openings in Southern Europe as compared to fiscal 2013 so we can focus on improving the performance of existing stores.

Asia. We see significant long-term market opportunities in Asia and we have dedicated capital and human resources to support the region's growth and development. We and our partners have opened flagship stores in key cities such as Beijing, Hong Kong, Macau, Seoul and Shanghai, and we have partnered with licensees to develop our business in the second-tier cities in this region. During fiscal 2013, we also partnered with a licensee in China to help our expansion efforts in the northern part of the country. In China, where the economy has shown some signs of slowing, we have begun to see evidence of a more cautious consumer. As a result, we have lowered our expectations for our China business for the remainder of fiscal 2014 in order to protect our licensee partners and to ensure that we continue to have a solid foundation for long-term growth in the region. Our strategy in South Korea, with a combined 343 stores and concessions at August 3, 2013, is to improve productivity and expand distribution for both our GUESS? and G by GUESS branded locations. We are also in the process of establishing our direct operations in Japan where we expect to have our first flagship store opened by fiscal 2015. We and our partners opened 22 stores and 26 concessions during the first half of fiscal 2014 across all of Asia and plan to open between 90 and 100 retail stores and concessions in total across all concepts in Asia during fiscal 2014.

Capital Allocation

The Company's investments in capital for the full fiscal year 2014 are planned between $80 million and $90 million (after deducting estimated lease incentives of approximately $8 million). The planned investments in capital are primarily for expansion of our retail businesses in Europe and North America and store remodeling programs in North American Retail.

Other

The Company operates on a 52/53-week fiscal year calendar, which ends on the Saturday nearest to January 31 of each year. The three and six months ended August 3, 2013 had the same number of days as the three and six months ended July 28, 2012.

The Company reports National Retail Federation ("NRF") calendar comparable store sales on a quarterly basis for our physical stores in the U.S. and Canada excluding the results of our e-commerce sites. A store is considered comparable after it has been open for 13 full months. If a store remodel results in a square footage change of more than 15%, or involves a relocation or a change in store concept, the store is removed from the comparable store base until it has been opened at its new size, in its new location or under its new concept for 13 full months.

Executive Summary

Overview

Net earnings attributable to Guess?, Inc. decreased 7.1% to $39.9 million, or diluted earnings of $0.47 per common share, for the quarter ended August 3, 2013, compared to net earnings attributable to Guess?, Inc. of $42.9 million, or diluted earnings of $0.49 per common share, for the quarter ended July 28, 2012. During the first quarter of fiscal 2014, the Company implemented plans to streamline its structure and reduce expenses in both Europe and North America. During the second quarter of fiscal 2014, the Company expanded these plans to include the consolidation and streamlining of certain operations in Europe and Asia . These actions resulted in restructuring charges for the quarter ended August 3, 2013 of $6.1 million (or $4.4 million after considering the $1.7 million reduction to income tax expense as a result of the charge), or an unfavorable after-tax impact of $0.05 per share. Excluding the impact of the restructuring charges and the related tax impact, adjusted net earnings attributable to Guess?, Inc. was $44.3 million and adjusted diluted earnings was $0.52 per common share for the quarter ended August 3, 2013. References to financial results excluding the impact of the restructuring charges are non-GAAP measures and are addressed below under “Non-GAAP Measures.”

Highlights of the Company’s performance for the quarter ended August 3, 2013 compared to the same prior-year period are presented below, followed by a more comprehensive discussion under “Results of Operations”:

Operations

- Total net revenue increased 0.6% to $639.0 million for the quarter ended August 3, 2013, from $635.4 million in the same prior-year period. In constant currency, net revenue decreased by 1.4%.
- Gross margin (gross profit as a percentage of total net revenue) declined 70 basis points to 38.9% for the quarter ended August 3, 2013, compared to 39.6% in the same prior-year period.
- Selling, general and administrative (“SG&A”) expenses decreased 6.5% to $181.6 million for the quarter ended August 3, 2013, compared to $194.3 million in the same prior-year period. SG&A expenses as a percentage of revenue (“SG&A rate”) decreased by 220 basis points to 28.4% for the quarter ended August 3, 2013, compared to 30.6% in the same prior-year period.
- The Company incurred $6.1 million in restructuring charges during the quarter ended August 3, 2013.
- Earnings from operations increased 6.1% to $60.8 million for the quarter ended August 3, 2013, compared to $57.3 million in the same prior-year period. Operating margin increased by 50 basis points to 9.5% for the quarter ended August 3, 2013, compared to 9.0% in the same prior-year period. The restructuring charges of $6.1 million negatively impacted the operating margin for the quarter ended August 3, 2013 by 100 basis points.
- Other expense, net (including interest income and expense), was minimal for the quarter ended August 3, 2013, compared to other income, net of $5.9 million in the same prior-year period.
- The effective income tax rate increased 100 basis points to 33.0% for the quarter ended August 3, 2013, compared to 32.0% in the same prior-year period.

Key Balance Sheet Accounts

- The Company had $348.7 million in cash and cash equivalents and short-term investments as of August 3, 2013, up $67.2 million, compared to $281.5 million as of July 28, 2012.
  - During the fourth quarter of fiscal 2013, the Company paid a special cash dividend of $1.20 per share of the Company’s common stock, totaling approximately $102 million.
  - The Company invested $22.1 million to repurchase approximately 0.9 million of its common shares during the first quarter of fiscal 2014.

- Accounts receivable, which relates primarily to the Company’s wholesale business in Europe, and to a lesser extent, to its wholesale businesses in North America and Asia and its international licensing business, decreased by $51.6 million, or 15.9%, to $271.8 million at August 3, 2013, compared to $323.4 million at July 28, 2012. On a constant currency basis, accounts receivable decreased $66.9 million, or 20.7%.
- Inventory increased by $18.9 million, or 5.0%, to $400.1 million as of August 3, 2013, compared to $381.2 million as of July 28, 2012. When measured in terms of finished goods units, inventory volumes increased by 4.1% as of August 3, 2013, when compared to July 28, 2012.

Global Store Count

In the second quarter of fiscal 2014, together with our partners, we opened 34 new stores worldwide, consisting of 18 stores in Europe and the Middle East, 11 stores in Asia, three stores in the U.S. and Canada and two stores in Central and South America. Together with our partners, we closed 27 stores worldwide, consisting of 14 stores in Europe and the Middle East, seven stores in the U.S. and Canada and six stores in Asia.

We ended the second quarter of fiscal 2014 with 1,699 stores worldwide, comprised as follows:

Region	Total Stores	Directly Operated Stores	Licensee Stores
United States and Canada	507	507	—
Europe and the Middle East	632	257	375
Asia	474	49	425
Central and South America	86	32	54
Total	1,699	845	854

This store count does not include 447 concessions located primarily in South Korea and Greater China, which have been excluded because of their smaller store size in relation to our standard international store size. Of the total 1,699 stores, 1,190 were GUESS? stores, 301 were GUESS? Accessories stores, 112 were G by GUESS stores and 96 were MARCIANO stores.

RESULTS OF OPERATIONS

Three Months Ended August 3, 2013 and July 28, 2012

Consolidated Results

Net Revenue. Net revenue increased by $3.6 million, or 0.6%, to $639.0 million for the quarter ended August 3, 2013, from $635.4 million for the quarter ended July 28, 2012. In constant currency, net revenue decreased by 1.4% as currency translation fluctuations relating to our foreign operations favorably impacted net revenue by $12.5 million compared to the same prior-year period. The increases in revenue from expansion of our retail businesses in Europe and North America were offset by lower European wholesale shipments and negative comparable store sales in Europe and North American Retail.

Gross Profit. Gross profit decreased by $3.1 million, or 1.2%, to $248.5 million for the quarter ended August 3, 2013, from $251.6 million in the same prior-year period, due primarily to the unfavorable impact from lower wholesale sales in Europe and negative comparable store sales in Europe and North American Retail, partially offset by the favorable impact from retail expansion in Europe and North America, net of higher occupancy costs, and currency translation.

Gross margin decreased 70 basis points to 38.9% for the quarter ended August 3, 2013, from 39.6% in the same prior-year period, due to a higher occupancy rate. The higher occupancy rate was driven by negative comparable store sales in North American Retail and Europe, the unfavorable impact of channel mix on the occupancy rate and lower wholesale shipments in Europe.

The Company’s gross margin may not be comparable to that of other entities since some entities include all of the costs related to their distribution in cost of product sales and others, like the Company, generally exclude wholesale-related distribution costs from gross margin, including them instead in SG&A expenses. Additionally, some entities include retail store occupancy costs in SG&A expenses and others, like the Company, include retail store occupancy costs in cost of product sales.

Selling, General and Administrative Expenses. SG&A expenses decreased by $12.7 million, or 6.5%, to $181.6 million for the quarter ended August 3, 2013, from $194.3 million in the same prior-year period. The decrease in SG&A expenses, which included the unfavorable impact of currency translation, was due primarily to the anniversary of a bad debt provision recorded in the same prior-year period, lower investments in advertising and marketing and lower selling and merchandising in Europe.

The Company's SG&A rate decreased by 220 basis points to 28.4% for the quarter ended August 3, 2013, from 30.6% in the same prior-year period. The SG&A rate was favorably impacted by the anniversary of a bad debt provision recorded in the same prior-year period, lower investments in advertising and marketing and lower selling and merchandising in Europe resulting from productivity improvements.

Restructuring Charges. During the first quarter of fiscal 2014, the Company implemented plans to streamline its structure and reduce expenses in both Europe and North America. During the second quarter of fiscal 2014, the Company expanded these plans to include the consolidation and streamlining of certain operations in Europe and Asia . These actions resulted in restructuring charges of $6.1 million incurred during the quarter ended August 3, 2013.

Earnings from Operations. Earnings from operations increased by $3.5 million, or 6.1%, to $60.8 million for the quarter ended August 3, 2013, from $57.3 million in the same prior-year period. Currency translation fluctuations relating to our foreign operations favorably impacted earnings from operations by $2.1 million.

Operating margin increased 50 basis points to 9.5% for the quarter ended August 3, 2013, compared to 9.0% in the same prior-year period. Operating margin was favorably impacted by a lower SG&A rate, partially offset by the negative impact of the restructuring charges and a higher occupancy rate. The restructuring charges of $6.1 million negatively impacted the operating margin for the quarter ended August 3, 2013 by 100 basis points.

Interest Income, Net. Interest income, net was $0.1 million for the quarter ended August 3, 2013, compared to interest income, net of $0.4 million for the quarter ended July 28, 2012 and includes the impact of hedge ineffectiveness of foreign currency forward contracts designated as cash flow hedges.

***Other Income (Expense), Net*.** Other expense, net was $0.1 million for the quarter ended August 3, 2013, compared to other income, net of $5.4 million in the same prior-year period. Other expense, net in the quarter ended August 3, 2013 consisted primarily of net unrealized mark-to-market revaluation losses on foreign currency contracts and other foreign currency balances, partially offset by net unrealized gains on non-operating assets. Other income, net in the quarter ended July 28, 2012 consisted primarily of net unrealized mark-to-market revaluation gains on foreign currency contracts and other foreign currency balances, partially offset by net unrealized losses on non-operating assets.

Income Taxes. Income tax expense for the quarter ended August 3, 2013 was $20.0 million, or a 33.0% effective tax rate, compared to income tax expense of $20.2 million, or a 32.0% effective tax rate, in the same prior-year period. Generally, income taxes for the interim periods are computed using the effective tax rate estimated to be applicable for the full fiscal year which is subject to ongoing review and evaluation by management. The effective income tax rate for the three months ended August 3, 2013 included the impact of $6.1 million in restructuring charges recorded during the second quarter of fiscal 2014. This unfavorably impacted the mix of taxable income among the Company's tax jurisdictions, resulting in an increase in the effective income tax rate for the second quarter of fiscal 2014 of 50 basis points. The increase was also driven by a larger estimated mix of taxable income in higher tax jurisdictions compared to the same prior-year period.

Net Earnings Attributable to Noncontrolling Interests. Net earnings attributable to noncontrolling interests in subsidiaries for the quarter ended August 3, 2013 was $0.8 million, net of taxes, compared to $0.1 million, net of taxes, in the same prior-year period.

Net Earnings Attributable to Guess?, Inc. Net earnings attributable to Guess?, Inc. decreased by $3.0 million, or 7.1%, to $39.9 million for the quarter ended August 3, 2013, from $42.9 million in the same prior-year period.

Diluted earnings per share decreased to $0.47 per share for the quarter ended August 3, 2013, compared to $0.49 per share for the quarter ended July 28, 2012. The results for the quarter ended August 3, 2013 included the unfavorable $0.05 per share after-tax impact of the restructuring charges. Excluding the impact of the restructuring charges and the related tax impact, adjusted net earnings attributable to Guess?, Inc. was $44.3 million and adjusted diluted earnings was $0.52 per common share for the quarter ended August 3, 2013. References to financial results excluding the impact of the restructuring charges are non-GAAP measures and are addressed below under "Non-GAAP Measures."

Information by Business Segment

The following table presents our net revenue and earnings from operations by segment for the three months ended August 3, 2013 and July 28, 2012:

	Three Months Ended			
	Aug 3, 2013	Jul 28, 2012	Change	% Change
	(dollars in thousands)			
Net revenue:				
North American Retail	$ 254,313	$ 253,012	$ 1,301	0.5%
Europe	250,372	246,917	3,455	1.4
Asia	65,852	66,826	(974)	(1.5)
North American Wholesale	41,357	41,628	(271)	(0.7)
Licensing	27,118	27,010	108	0.4
Total net revenue	$ 639,012	$ 635,393	$ 3,619	0.6%
Earnings (loss) from operations:				
North American Retail	$ 10,390	$ 16,761	$ (6,371)	(38.0%)
Europe	39,275	24,622	14,653	59.5
Asia	5,039	4,019	1,020	25.4
North American Wholesale	8,478	7,701	777	10.1
Licensing	25,101	22,869	2,232	9.8
Corporate Overhead	(21,374)	(18,671)	(2,703)	14.5
Restructuring Charges	(6,129)	—	(6,129)	
Total earnings from operations	$ 60,780	$ 57,301	$ 3,479	6.1%
Operating margins:				
North American Retail	4.1%	6.6%		
Europe	15.7%	10.0%		
Asia	7.7%	6.0%		
North American Wholesale	20.5%	18.5%		
Licensing	92.6%	84.7%		
Total Company	9.5%	9.0%		

North American Retail

Net revenue from our North American Retail operations increased by $1.3 million, or 0.5%, to $254.3 million for the quarter ended August 3, 2013, from $253.0 million in the same prior-year period. The increase in revenue resulting from a larger store base and growth in our e-commerce business was offset by negative comparable store sales of 2.0% for our combined U.S. and Canadian stores (negative 1.7% in constant currency, which excludes the unfavorable translation impact of currency fluctuations relating to our Canadian retail stores). The store base for the U.S. and Canada increased by an average of one net additional store during the quarter ended August 3, 2013 compared to the same prior-year period, resulting in a net 0.7% increase in average square footage.

Earnings from operations for the North American Retail segment decreased by $6.4 million, or 38.0%, to $10.4 million for the quarter ended August 3, 2013, from $16.8 million in the same prior-year period. The decrease reflects the impact on earnings from lower product margins and negative comparable store sales and higher asset impairment charges related to certain under-performing retail stores.

Operating margin decreased 250 basis points to 4.1% for the quarter ended August 3, 2013, compared to 6.6% in the same prior-year period. The decrease was driven by lower product margins due primarily to more markdowns, the negative impact on the fixed cost structure resulting from negative comparable store sales and higher asset impairment charges related to certain under-performing retail stores.

In the second quarter of fiscal 2014, we opened three new stores in the U.S. and Canada and closed seven stores. At August 3, 2013, we directly operated 507 stores in the U.S. and Canada, comprised of 180 full-priced GUESS? retail stores, 135 GUESS? factory outlet stores, 82 G by GUESS stores, 59 GUESS? Accessories stores and 51 MARCIANO stores. This compares to 511 stores as of July 28, 2012.

Europe

Net revenue from our Europe operations increased by $3.5 million, or 1.4%, to $250.4 million for the quarter ended August 3, 2013, from $246.9 million in the same prior-year period. In local currency, revenue decreased by 3.3% versus the same prior-year period. The increase in revenue from the expansion of our directly operated retail business was offset by lower revenue from our European wholesale business and a percentage decline in the mid-single digits for comparable store sales versus the same prior-year period. The decrease in our wholesale business was due mainly to lower apparel sales. We grew our business in newer markets, including Germany and Russia, though this growth was more than offset by declines in more mature markets such as Italy and France. At August 3, 2013, we directly operated 257 stores in Europe compared to 227 stores at July 28, 2012, excluding concessions, which represents a 13.2% increase over the prior-year second quarter end. Currency translation fluctuations relating to our European operations favorably impacted net revenue by $11.2 million.

Earnings from operations from our Europe segment increased by $14.7 million, or 59.5%, to $39.3 million for the quarter ended August 3, 2013, from $24.6 million in the same prior-year period. The increase was due primarily to lower SG&A expenses. Currency translation fluctuations relating to our European operations favorably impacted earnings from operations by $2.1 million.

Operating margin increased 570 basis points to 15.7% for the quarter ended August 3, 2013, compared to 10.0% in the same prior-year period. The increase in operating margin was due primarily to a lower SG&A rate driven by the anniversary of a bad debt provision recorded in the same prior-year period, lower selling and merchandising resulting from productivity improvements and lower investments in advertising and marketing.

Asia

Net revenue from our Asia operations decreased by $1.0 million, or 1.5%, to $65.9 million for the quarter ended August 3, 2013, from $66.8 million in the same prior-year period. In constant currency, net revenue decreased by 3.6% versus the same prior-year period. The decrease was driven by lower revenue in our Greater China business, partially offset by higher revenue in our South Korea business driven by higher wholesale shipments and positive comparable store sales versus the same prior-year period. We continued to grow our operations in Asia, where we and our partners opened 11 stores and 13 concessions during the quarter ended August 3, 2013. Currency translation fluctuations relating to our Asia operations favorably impacted net revenue by $1.4 million.

Earnings from operations for the Asia segment increased by $1.0 million, or 25.4%, to $5.0 million for the quarter ended August 3, 2013, from $4.0 million in the same prior-year period. The increase was driven by lower SG&A expenses, partially offset by the unfavorable impact on earnings from lower product margins and higher occupancy costs due to a larger retail store base.

Operating margin increased 170 basis points to 7.7% for the quarter ended August 3, 2013, compared to 6.0% in the same prior-year period. The increase in operating margin was driven primarily by a lower SG&A rate due primarily to lower investments in advertising and marketing, partially offset by lower overall gross margins driven by unfavorable channel mix.

North American Wholesale

Net revenue from our North American Wholesale operations decreased by $0.3 million, or 0.7%, to $41.4 million for the quarter ended August 3, 2013, from $41.6 million in the same prior-year period. In constant currency, net revenue decreased by 1.4% compared to the same prior-year period. This decrease was driven by lower revenue in our U.S. and Canadian wholesale businesses, partially offset by higher revenue in our Mexican wholesale business.

Earnings from operations from our North American Wholesale segment increased by $0.8 million, or 10.1%, to $8.5 million for the quarter ended August 3, 2013, from $7.7 million in the same prior-year period. The increase was due primarily to the favorable impact to earnings from lower distribution costs and higher gross margins.

Operating margin increased 200 basis points to 20.5% for the quarter ended August 3, 2013, compared to 18.5% in the same prior-year period, due primarily to higher gross margins driven by our Mexican wholesale business and a lower SG&A rate driven by lower distribution costs.

Licensing

Net royalty revenue from Licensing operations increased by $0.1 million, or 0.4%, to $27.1 million for the quarter ended August 3, 2013, from $27.0 million in the same prior-year period.

Earnings from operations from our Licensing segment increased by $2.2 million, or 9.8%, to $25.1 million for the quarter ended August 3, 2013, from $22.9 million in the same prior-year period. The increase was driven primarily by lower performance-based compensation.

Corporate Overhead

Unallocated corporate overhead increased by $2.7 million to $21.4 million for the quarter ended August 3, 2013, from $18.7 million in the same prior-year period. The increase was driven primarily by higher performance-based compensation and higher legal fees.

Six months ended August 3, 2013 and July 28, 2012

Consolidated Results

Net Revenue. Net revenue decreased by $26.7 million, or 2.2%, to $1.19 billion for the six months ended August 3, 2013, from $1.21 billion for the six months ended July 28, 2012. In constant currency, net revenue decreased by 3.2% as currency translation fluctuations relating to our foreign operations favorably impacted net revenue by $12.0 million compared to the same prior-year period. The increases in revenue from expansion of our retail businesses in Europe and North America and growth in our Asian operations were more than offset by lower European wholesale shipments and negative comparable store sales in North American Retail and Europe.

Gross Profit. Gross profit decreased by $40.6 million, or 8.4%, to $446.0 million for the six months ended August 3, 2013, from $486.6 million in the same prior-year period, due primarily to the unfavorable impact from lower wholesale sales in Europe, negative comparable store sales in North American Retail and Europe and lower overall product margins, partially offset by the favorable impact from retail expansion in Europe and North America, net of higher occupancy costs, and currency translation.

Gross margin decreased 260 basis points to 37.5% for the six months ended August 3, 2013, from 40.1% in the same prior-year period, due to a higher occupancy rate and lower overall product margins. The higher occupancy rate was driven by negative comparable store sales in North American Retail and Europe, lower wholesale shipments in Europe and the unfavorable impact of channel mix on the occupancy rate. Product margins declined due primarily to more markdowns in North American Retail.

Selling, General and Administrative Expenses. SG&A expenses decreased by $24.8 million, or 6.4%, to $365.4 million for the six months ended August 3, 2013, from $390.2 million in the same prior-year period. The decrease in SG&A expenses, which included the unfavorable impact of currency translation, was due primarily to the anniversary of certain expenses in the same prior-year period.

The Company's SG&A rate decreased by 150 basis points to 30.7% for the six months ended August 3, 2013, from 32.2% in the same prior-year period. The SG&A rate was favorably impacted by the anniversary of certain expenses in the same prior-year period and lower selling and merchandising in Europe resulting from productivity improvements, partially offset by the negative impact on the Company's fixed cost structure resulting from negative comparable store sales in North American Retail and Europe and a decline in European wholesale shipments.

Restructuring Charges. During the first quarter of fiscal 2014, the Company implemented plans to streamline its structure and reduce expenses in both Europe and North America. During the second quarter of fiscal 2014, the Company expanded these plans to include the consolidation and streamlining of certain operations in Europe and Asia . These actions resulted in restructuring charges of $8.5 million incurred during the six months ended August 3, 2013 .

Earnings from Operations. Earnings from operations decreased by $24.3 million, or 25.2%, to $72.1 million for the six months ended August 3, 2013, from $96.4 million in the same prior-year period. Currency translation fluctuations relating to our foreign operations favorably impacted earnings from operations by $2.4 million.

Operating margin decreased 180 basis points to 6.1% for the six months ended August 3, 2013 , compared to 7.9% in the same prior-year period. Operating margin was negatively impacted by lower overall gross margins and the negative impact of the restructuring charges, partially offset by a lower SG&A rate. The restructuring charges of $8.5 million negatively impacted the operating margin for the six months ended August 3, 2013 by 70 basis points.

income, net of $0.7 million for the six months ended July 28, 2012 and includes the impact of hedge ineffectiveness of foreign currency forward contracts designated as cash flow hedges. The change in interest expense, net for the six months ended August 3, 2013 compared to the same prior-year period was due primarily to lower average invested cash balances and lower interest rates on invested cash.

Other Income, Net**.** Other income, net was $5.3 million for the six months ended August 3, 2013 , compared to other income, net of $6.0 million in the same prior-year period. Other income, net in the six months ended August 3, 2013 consisted primarily of net unrealized mark-to-market revaluation gains on foreign currency contracts and net unrealized gains on non-operating assets. Other income, net in the six months ended July 28, 2012 consisted primarily of net unrealized mark-to-market revaluation gains on foreign currency contracts and other foreign currency balances and net unrealized gains on non-operating assets.

Income Taxes. Income tax expense for the six months ended August 3, 2013 was $25.5 million, or a 33.0% effective tax rate, compared to income tax expense of $33.0 million, or a 32.0% effective tax rate, in the same prior-year period. Generally, income taxes for the interim periods are computed using the effective tax rate estimated to be applicable for the full fiscal year which is subject to ongoing review and evaluation by management. The effective income tax rate for the six months ended August 3, 2013 included the impact of $8.5 million in restructuring charges recorded during the first half of fiscal 2014. This unfavorably impacted the mix of taxable income among the Company's tax jurisdictions, resulting in an increase in the effective income tax rate for the six months ended August 3, 2013 of 60 basis points. The increase was also driven by a larger estimated mix of taxable income in higher tax jurisdictions compared to the same prior-year period.

Net Earnings Attributable to Noncontrolling Interests. Net earnings attributable to noncontrolling interests in subsidiaries for the six months ended August 3, 2013 was $2.0 million, net of taxes, compared to $0.6 million, net of taxes, in the same prior-year period.

Net Earnings Attributable to Guess?, Inc. Net earnings attributable to Guess?, Inc. decreased by $19.7 million, or 28.4%, to $49.8 million for the six months ended August 3, 2013 , from $69.5 million in the same prior-year period. Diluted earnings per share decreased to $0.58 per share for the six months ended August 3, 2013 , compared to $0.78 per share for the six months ended July 28, 2012. The results for the six months ended August 3, 2013 included the unfavorable $0.08 per share after-tax impact of the restructuring charges. Excluding the impact of the restructuring charges and the related tax impact, adjusted net earnings attributable to Guess?, Inc. was $56.0 million and adjusted diluted earnings was $0.66 per common share for the six months ended August 3, 2013 . References to financial results excluding the impact of the restructuring charges are non-GAAP measures and are addressed below under "Non-GAAP Measures."

Information by Business Segment

The following table presents our net revenue and earnings from operations by segment for the six months ended August 3, 2013 and July 28, 2012:

	Six Months Ended			
	Aug 3, 2013	Jul 28, 2012	Change	% Change
	(dollars in thousands)			
Net revenue:				
North American Retail	$ 492,624	$ 504,810	$ (12,186)	(2.4%)
Europe	415,764	436,732	(20,968)	(4.8)
Asia	136,984	131,661	5,323	4.0
North American Wholesale	85,186	85,546	(360)	(0.4)
Licensing	57,368	55,910	1,458	2.6
Total net revenue	$ 1,187,926	$ 1,214,659	$ (26,733)	(2.2%)
Earnings (loss) from operations:				
North American Retail	$ 6,157	$ 33,751	$ (27,594)	(81.8%)
Europe	34,057	37,103	(3,046)	(8.2)
Asia	12,003	9,894	2,109	21.3
North American Wholesale	17,127	17,047	80	0.5
Licensing	51,305	47,455	3,850	8.1
Corporate Overhead	(40,078)	(48,808)	8,730	(17.9)
Restructuring Charges	(8,466)	—	(8,466)	
Total earnings from operations	$ 72,105	$ 96,442	$ (24,337)	(25.2%)
Operating margins:				
North American Retail	1.2%	6.7%		
Europe	8.2%	8.5%		
Asia	8.8%	7.5%		
North American Wholesale	20.1%	19.9%		
Licensing	89.4%	84.9%		
Total Company	6.1%	7.9%		

North American Retail

Net revenue from our North American Retail operations decreased by $12.2 million, or 2.4%, to $492.6 million for the six months ended August 3, 2013, from $504.8 million in the same prior-year period. The increase in revenue resulting from a larger store base and growth in our e-commerce business was more than offset by negative comparable store sales of 5.9% for our combined U.S. and Canadian stores (negative 5.5% in constant currency, which excludes the unfavorable translation impact of currency fluctuations relating to our Canadian retail stores). The store base for the U.S. and Canada increased by an average of five net additional stores during the six months ended August 3, 2013 compared to the same prior-year period, resulting in a net 1.4% increase in average square footage. Currency translation fluctuations relating to our non-U.S. retail stores unfavorably impacted net revenue in our North American Retail segment by $1.2 million.

Earnings from operations for the North American Retail segment decreased by $27.6 million, or 81.8%, to $6.2 million for the six months ended August 3, 2013, from $33.8 million in the same prior-year period. The decrease reflects the impact on earnings from negative comparable store sales and lower product margins.

year period. The decrease was driven by an overall deleveraging of SG&A expenses and occupancy costs resulting from the negative comparable store sales and lower product margins due primarily to more markdowns.

Europe

Net revenue from our Europe operations decreased by $21.0 million, or 4.8%, to $415.8 million for the six months ended August 3, 2013, from $436.7 million in the same prior-year period. In local currency, revenue decreased by 7.1% versus the same prior-year period. The increase in revenue from the expansion of our directly

operated retail business was more than offset by lower revenue from our European wholesale business and a percentage decline in the high-single digits for comparable store sales versus the same prior-year period. The decrease in our wholesale business was due mainly to lower apparel sales. We grew our business in newer markets, including Germany and Russia, though this growth was more than offset by declines in more mature markets such as Italy and France. At August 3, 2013, we directly operated 257 stores in Europe compared to 227 stores at July 28, 2012, excluding concessions, which represents a 13.2% increase over the prior-year second quarter end. Currency translation fluctuations relating to our European operations favorably impacted net revenue by $10.3 million.

Earnings from operations from our Europe segment decreased by $3.0 million, or 8.2%, to $34.1 million for the six months ended August 3, 2013, from $37.1 million in the same prior-year period. The decrease resulted primarily from the negative impact on earnings from lower wholesale shipments, partially offset by lower SG&A expenses and higher profits from the growth in retail stores, net of higher occupancy costs. Currency translation fluctuations relating to our European operations favorably impacted earnings from operations by $2.3 million.

Operating margin decreased 30 basis points to 8.2% for the six months ended August 3, 2013, compared to 8.5% in the same prior-year period. The decline in operating margin was driven by a higher occupancy rate due to lower wholesale shipments and retail expansion, partially offset by a lower SG&A rate driven primarily by the anniversary of certain expenses in the same prior-year period and lower selling and merchandising resulting from productivity improvements.

Asia

Net revenue from our Asia operations increased by $5.3 million, or 4.0%, to $137.0 million for the six months ended August 3, 2013, from $131.7 million in the same prior-year period. In constant currency, net revenue increased by 2.1% versus the same prior-year period. The increase in revenue was driven by growth in our South Korea business due primarily to retail expansion and higher wholesale shipments, partially offset by lower revenue in our Greater China business. We continued to grow our operations in Asia, where we and our partners opened 22 stores and 26 concessions during the six months ended August 3, 2013. Currency translation fluctuations relating to our Asia operations favorably impacted net revenue by $2.5 million.

Earnings from operations for the Asia segment increased by $2.1 million, or 21.3%, to $12.0 million for the six months ended August 3, 2013, from $9.9 million in the same prior-year period. The increase was driven primarily by the favorable impact to earnings from lower SG&A expenses, partially offset by higher occupancy costs due to a larger retail store base.

Operating margin increased 130 basis points to 8.8% for the six months ended August 3, 2013, compared to 7.5% in the same prior-year period. The increase in operating margin was driven primarily by a lower SG&A rate due primarily to lower investments in advertising and marketing, partially offset by lower overall gross margins driven by unfavorable channel mix.

North American Wholesale

Net revenue from our North American Wholesale operations decreased by $0.4 million, or 0.4%, to $85.2 million for the six months ended August 3, 2013, from $85.5 million in the same prior-year period. In constant currency, net revenue decreased by 0.9% compared to the same prior-year period. This decrease was driven by lower revenue in our U.S. and Canadian wholesale businesses, partially offset by higher revenue in our Mexican wholesale business.

Earnings from operations from our North American Wholesale segment increased by $0.1 million, or 0.5%, to $17.1 million for the six months ended August 3, 2013, from $17.0 million in the same prior-year period.

Operating margin increased 20 basis points to 20.1% for the six months ended August 3, 2013, compared to 19.9% in the same prior-year period.

Licensing

Net royalty revenue from Licensing operations increased by $1.5 million, or 2.6%, to $57.4 million for the six months ended August 3, 2013, from $55.9 million in the same prior-year period.

Earnings from operations from our Licensing segment increased by $3.9 million, or 8.1%, to $51.3 million for the six months ended August 3, 2013, from $47.5 million in the same prior-year period. The increase was driven primarily by lower performance-based compensation and higher revenue.

Corporate Overhead

Unallocated corporate overhead decreased by $8.7 million to $40.1 million for the six months ended August 3, 2013, from $48.8 million in the same prior-year period. The decrease was driven primarily by lower legal fees.

NON-GAAP MEASURES

The Company's reported financial results are presented in accordance with GAAP. The reported net earnings attributable to Guess?, Inc. and diluted earnings per share for the three and six months ended August 3, 2013 reflect the impact of restructuring charges which affects the comparability of those reported results. Those financial results are also presented on a non-GAAP basis, as defined in Section 10(e) of Regulation S-K of the SEC, to exclude the effect of this item. The Company has excluded these restructuring charges, and related tax impact, from its adjusted financial measures primarily because it does not believe such charges reflect the Company's ongoing operating results or future outlook. The Company believes that these "non-GAAP" or "adjusted" financial measures are useful as an additional means for investors to evaluate the comparability of the Company's operating results when reviewed in conjunction with the Company's GAAP financial statements. The non-GAAP measures are provided in addition to, and not as alternatives for, the Company's reported GAAP results.

The adjusted measures for the three and six months ended August 3, 2013 exclude the impact of restructuring charges. During the first quarter of fiscal 2014, the Company implemented plans to streamline its structure and reduce expenses in both Europe and North America. During the second quarter of fiscal 2014, the Company expanded these plans to include the consolidation and streamlining of certain operations in Europe and Asia. These actions resulted in restructuring changes incurred during the three and six months ended August 3, 2013. During the three months ended August 3, 2013, the Company recognized restructuring charges of $6.1 million (or $4.4 million after considering a $1.7 million reduction to income tax as a result of the charges), or an unfavorable after-tax impact of $0.05 per share. During the six months ended August 3, 2013, the Company recognized restructuring charges of $8.5 million (or $6.2 million after considering a $2.2 million reduction to income tax expense as a result of the charges), or an unfavorable after-tax impact of $0.08 per share. Net earnings attributable to Guess?, Inc. for the three and six months ended August 3, 2013 was $39.9 million and $49.8 million, respectively, and diluted earnings per common share for the three and six months ended August 3, 2013 was $0.47 and $0.58, respectively. Excluding the impact of the restructuring charges and the related tax impacts, adjusted net earnings attributable to Guess?, Inc. for the three and six months ended August 3, 2013 was $44.3 million and $56.0 million, respectively, and adjusted diluted earnings per common share for the three and six months ended August 3, 2013 was $0.52 and $0.66, respectively.

Our discussion and analysis above also includes certain constant currency financial information. Foreign currency exchange rate fluctuations affect the amount reported from translating the Company's foreign revenues and expenses into U.S. dollars. These rate fluctuations can have a significant effect on reported operating results under GAAP. The Company provides constant currency information to help investors assess how our businesses performed excluding the effects of changes in foreign currency translation rates. To calculate revenues and earnings from operations on a constant currency basis, operating results for the current year period for entities reporting in currencies other than U.S. dollars are translated into U.S. dollars at the average exchange rates in effect during the comparable period of the prior year. The constant currency calculations do not adjust for the impact of revaluing specific transactions denominated in a currency that is different to the functional currency of that entity when exchange rates fluctuate. The constant currency information presented may not be comparable to similarly titled measures reported by other companies.

LIQUIDITY AND CAPITAL RESOURCES

We need liquidity primarily to fund our working capital, the expansion and remodeling of our retail stores, shop-in-shop programs, concessions, systems, infrastructure, other existing operations, international growth, potential acquisitions, potential share repurchases and payment of dividends to our stockholders. During the six months ended August 3, 2013, the Company relied primarily on trade credit, available cash, real estate leases, short-term lines of credit, and internally generated funds to finance our operations and expansion. The Company anticipates that we will be able to satisfy our ongoing cash requirements during the next twelve months for working capital, capital expenditures, interest and principal payments on our debt, potential acquisitions, potential share repurchases and any dividend payments to stockholders, primarily with cash flow from operations and existing cash balances supplemented by borrowings, as necessary, under our existing Credit Facility and bank facilities in Europe, as described below under "—Credit Facilities."

As of August 3, 2013, the Company had cash and cash equivalents of $343.7 million and short-term investments of $5.0 million. Approximately 74% of the Company's cash and cash equivalents were held outside of the U.S. As of August 3, 2013, we have not provided for U.S. federal and state income taxes on the undistributed earnings of our foreign subsidiaries, since such earnings are considered indefinitely reinvested outside the United States. If in the future we decide to repatriate such earnings, we would incur incremental U.S. federal and state income tax, reduced by allowable foreign tax credits. However, our intent is to keep these funds indefinitely reinvested outside of the United States and our current plans do not indicate a need to repatriate them to fund our U.S. operations.

Excess cash and cash equivalents, which represent the majority of our outstanding cash and cash equivalents balance, are held primarily in overnight deposit and short-term time deposit accounts and four diversified money market funds. The money market funds are AAA rated by national credit rating agencies and are generally comprised of high-quality, liquid investments. Please see "—Important Notice Regarding Forward-Looking Statements" and "Part I, Item 1A. Risk Factors" contained in the Company's most recent Annual Report on Form 10-K for the fiscal year ended February 2, 2013 for a discussion of risk factors which could reasonably be likely to result in a decrease of internally generated funds available to finance capital expenditures and working capital requirements.

The Company has presented below the cash flow performance comparison of the six months ended August 3, 2013, versus the six months ended July 28, 2012.

Operating Activities

Net cash provided by operating activities was $102.2 million for the six months ended August 3, 2013, compared to $44.7 million for the six months ended July 28, 2012, or an increase of $57.5 million. The increase was driven primarily by the favorable impact of changes in working capital, partially offset by lower net earnings for the six month period ended August 3, 2013 versus the same prior-year period. The change in working capital was driven primarily by lower accounts receivable due to the favorable impact from timing of collections and lower European wholesale shipments compared to same prior-year period and the favorable impact from timing of inventory receipts in Asia and Europe.

Investing Activities

Net cash used in investing activities was $30.0 million for the six months ended August 3, 2013, compared to $69.5 million for the six months ended July 28, 2012. Cash used in investing activities related primarily to capital expenditures incurred on the expansion of our Europe and North American Retail businesses and existing store remodeling programs in North American Retail. In addition, the settlement of forward currency contracts designated as hedging instruments, the cost of any business acquisitions and purchases of investments or proceeds from the sale or maturity of investments are also included in cash flows used in investing activities.

The decrease in cash used in investing activities related primarily to lower investments in business acquisitions in our European business, timing of cash receipts on other long-term assets and a lower level of spending on new store expansion in North American Retail and Europe during the six months ended August 3, 2013 compared to the same prior-year period. During the six months ended August 3, 2013, the Company opened 31 directly operated stores compared to 39 directly operated stores that were opened in the comparable prior-year period. During the six months ended August 3, 2013, we also acquired four stores from one of our European licensees compared to 26 stores that were acquired from one of our European licensees in the comparable prior-year period.

Financing Activities

Net cash used in financing activities was $51.9 million for the six months ended August 3, 2013, compared to $182.8 million for the six months ended July 28, 2012. The decrease in net cash used in financing activities was due primarily to higher repurchases of shares of the Company's common stock during the six months ended July 28, 2012.

Effect of Exchange Rates on Cash

During the six months ended August 3, 2013, changes in foreign currency translation rates decreased our reported cash and cash equivalents balance by $5.6 million. This compares to a decrease of $12.2 million in cash and cash equivalents driven by changes in foreign currency translation rates during the six months ended July 28, 2012.

Working Capital

At August 3, 2013, the Company had net working capital (including cash and cash equivalents) of $ 756.5 million compared to $722.3 million at February 2, 2013 and $695.9 million at July 28, 2012. The higher net working capital is due primarily to lower repurchases of the Company's common shares during the six months ended August 3, 2013 compared to the same prior-year period, partially offset by the payment of a special dividend in the fourth quarter of fiscal 2013 of $1.20 per common share totaling approximately $102 million. The Company's primary working capital needs are for accounts receivable and inventory. Accounts receivable at August 3, 2013 amounted to $271.8 million, down $51.6 million, compared to $323.4 million at July 28, 2012. The accounts receivable balance relates primarily to the Company's wholesale business in Europe, and to a lesser extent, to its wholesale businesses in North America and Asia and its international licensing business. On a constant currency basis, accounts receivable decreased by $66.9 million, or 20.7% when compared to July 28, 2012. The decrease in accounts receivable was driven primarily by lower European wholesale shipments during the first half of fiscal 2014 compared to same prior-year period. As of August 3, 2013, approximately 66% of our total trade receivables were insured for collection purposes or subject to certain bank guarantees or letters of credit. In Europe, approximately 81% of our trade receivables were insured for collection purposes or subject to certain bank guarantees or letters of credit. Inventory at August 3, 2013 increased to $400.1 million, or 5.0%, compared to $381.2 million at July 28, 2012. The increase reflects the negative impact of softer sales in North American Retail during the first quarter of fiscal 2014. The increase also supports the growth of our international retail business and expansion of our G by GUESS store concept in the U.S. and South Korea. When measured in terms of finished goods units, inventory volumes increased by 4.1% as of August 3, 2013, when compared to July 28, 2012.

Dividends

During the first quarter of fiscal 2008, the Company announced the initiation of a quarterly cash dividend of $0.06 per share of the Company's common stock. Since that time, the Company has continued to pay a quarterly cash dividend, which has subsequently increased to $0.20 per common share.

On August 28, 2013, the Company announced a regular quarterly cash dividend of $0.20 per share on the Company's common stock. The cash dividend will be paid on September 27, 2013 to shareholders of record as of the close of business on September 11, 2013.

The payment of cash dividends in the future will be at the discretion of our Board of Directors and will be based on a number of business, legal and other considerations, including our cash flow from operations, capital expenditures, debt service requirements, cash paid for income taxes, earnings, share repurchases and liquidity.

Capital Expenditures

Gross capital expenditures totaled $40.4 million, before deducting lease incentives of $0.3 million, for the six months ended August 3, 2013. This compares to gross capital expenditures of $50.0 million, before deducting lease incentives of $5.6 million, for the six months ended July 28, 2012. The Company's investments in capital for the full fiscal year 2014 are planned between $80 million and $90 million (after deducting estimated lease incentives of approximately $8 million). The planned investments in capital are primarily for expansion of our retail businesses in Europe and North America and store remodeling programs in North American Retail.

In addition, we periodically evaluate strategic acquisitions and alliances and pursue those that we believe will support and contribute to our overall growth initiatives.

Credit Facilities

On July 6, 2011, the Company entered into a five-year senior secured revolving credit facility with JPMorgan Chase Bank, N.A., Bank of America, N.A. and the other lenders party thereto (the "Credit Facility") which provided for a $ 200 million revolving multicurrency line of credit. The Credit Facility is available for direct borrowings and the issuance of letters of credit, subject to certain letters of credit sublimits. It may be used for working capital and other general corporate purposes.

On August 31, 2012, the Company increased its borrowing capacity under the Credit Facility from $ 200 million to $300 million by exercising the accordion feature in the Credit Facility pursuant to a Lender Joinder Agreement with the lenders party thereto. Also on August 31, 2012, the Company entered into an Amendment to the Credit Facility with the lenders party thereto to provide for (i) greater flexibility in certain of the Company's covenants under the Credit Facility and (ii) access to a new $ 100 million accordion feature, subject to certain conditions and the willingness of existing or new lenders to assume such increased amount. At August 3, 2013, the Company had $3.5 million in outstanding standby letters of credit, no outstanding documentary letters of credit and no outstanding borrowings under the Credit Facility.

The Credit Facility requires the Company to comply with a leverage ratio and a fixed charge coverage ratio. In addition, the Credit Facility contains customary covenants, including covenants that limit or restrict the Company and its subsidiaries' ability to: incur liens, incur indebtedness, make investments, dispose of assets, make certain restricted payments, merge or consolidate and enter into certain transactions with affiliates. The Credit Facility also limits the Company's ability to pay dividends unless immediately after giving effect thereto the aggregate amount of unrestricted cash and cash equivalents held by Guess?, Inc. and its domestic subsidiaries is at least $50 million. The Company may need to borrow against this facility periodically to ensure it will continue to meet the requirements of this covenant. Upon the occurrence of an event of default under the Credit Facility, the lenders may cease making loans, terminate the Credit Facility and declare all amounts outstanding to be immediately due and payable. The Credit Facility specifies a number of events of default (some of which are subject to applicable grace or cure periods), including, among other things, non-payment defaults, covenant defaults, cross-defaults to other material indebtedness, bankruptcy and insolvency defaults and material judgment defaults. The Credit Facility allows for both secured and unsecured borrowings outside of the Credit Facility up to specified amounts.

The Company, through its European subsidiaries, maintains short-term uncommitted borrowing agreements, primarily for working capital purposes, with various banks in Europe. The majority of the borrowings under these agreements are secured by specific accounts receivable balances. Based on the applicable accounts receivable balances at August 3, 2013, the Company could have borrowed up to $140.0 million under these agreements. At August 3, 2013, the Company had no outstanding borrowings and $1.8 million in outstanding documentary letters of credit under these agreements. The agreements are denominated primarily in euros and provide for annual interest rates ranging from 0.5% to 3.0%. The maturities of any short-term borrowings under these arrangements are generally linked to the credit terms of the underlying accounts receivable that secure the borrowings. With the exception of one facility for up to $46.5 million that has a minimum net equity requirement, there are no other financial ratio covenants.

The Company entered into a capital lease in December 2005 for a new building in Florence, Italy. At August 3, 2013, the capital lease obligation was $8.9 million. The Company entered into a separate interest rate swap agreement designated as a non-hedging instrument that resulted in a swap fixed rate of 3.55%. This interest rate swap agreement matures in 2016 and converts the nature of the capital lease obligation from Euribor floating-rate debt to fixed-rate debt. The fair value of the interest rate swap liability at August 3, 2013 was approximately $0.6 million.

From time-to-time, the Company will obtain other short-term financing in foreign countries for working capital to finance its local operations.

Share Repurchases

On March 14, 2011, the Company's Board of Directors authorized a program to repurchase, from time-to-time and as market and business conditions warrant, up to $250 million of the Company's common stock (the "2011 Share Repurchase Program"). On June 26, 2012, the Company's Board of Directors authorized a new program to repurchase, from time-to-time and as market and business conditions warrant, up to $500 million of the Company's common stock (the "2012 Share Repurchase Program"). The 2012 Share Repurchase Program was in addition to the 2011 Share Repurchase Program. Repurchases under programs may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under programs and programs may be discontinued at any time, without prior notice. During the six months ended August 3, 2013, the Company repurchased 882,551 shares under the 2011 and 2012 Share Repurchase Programs at an aggregate cost of $22.1 million. All such share repurchases were made during the three months ended May 4, 2013. At August 3, 2013, the Company had remaining authority under the 2012 Share Repurchase Program to purchase $ 495.8 million of its common stock and no remaining authority to purchase shares under the 2011 Share Repurchase Program.

Supplemental Executive Retirement Plan

On August 23, 2005, the Board of Directors of the Company adopted a Supplemental Executive Retirement Plan ("SERP") which became effective January 1, 2006. The SERP provides select employees who satisfy certain eligibility requirements with certain benefits upon retirement, termination of employment, death, disability or a change in control of the Company, in certain prescribed circumstances. Paul Marciano, Chief Executive Officer and Vice Chairman of the Board, is the only active employee participating in the SERP.

As a non-qualified pension plan, no dedicated funding of the SERP is required; however, the Company has made, and expects to continue to make, periodic payments into insurance policies held in a rabbi trust to fund the expected obligations arising under the non-qualified SERP. The amount of future payments into the insurance policies may vary, depending on any changes to the estimates of final annual compensation levels and investment performance of the trust. The cash surrender values of the insurance policies were $ 50.4 million and $47.9 million as of August 3, 2013 and February 2, 2013, respectively, and were included in other assets in the Company's condensed consolidated balance sheets. As a result of changes in the value of the insurance policy investments, the Company recorded unrealized gains of $1.1 million and $2.6 million in other income during the three and six months ended August 3, 2013, respectively, and an unrealized loss of $0.5 million and an unrealized gain of $0.7 million in other income and expense during the three and six months ended July 28, 2012, respectively.

INFLATION

The Company does not believe that inflation trends in the U.S. and internationally over the last three years have had a significant effect on net revenue or profitability.

SEASONALITY

The Company's business is impacted by the general seasonal trends characteristic of the apparel and retail industries. The U.S., European and Canadian retail operations are generally stronger during the second half of the fiscal year, and the U.S. and Canadian wholesale operations generally experience stronger performance from July through November. The European wholesale businesses operate with two primary selling seasons: the Spring/Summer season, which ships from November to April and the Fall/Winter season, which ships from May to

October. The Company's goal in the European wholesale business is to take advantage of early-season demand and potential reorders by offering a pre-collection assortment which ships at the beginning of each season. Customers retain the ability to request early shipment of backlog orders or delay shipment of orders depending on their needs.

WHOLESALE BACKLOG

We generally receive orders for fashion apparel three to six months prior to the time the products are delivered to our customers' stores. The backlog of wholesale orders at any given time is affected by various factors, including seasonality, cancellations, the scheduling of market weeks, the timing of the receipt of orders and the timing of the shipment of orders and may include orders for multiple seasons. Accordingly, a comparison of backlogs of wholesale orders from period to period is not necessarily meaningful and may not be indicative of eventual actual shipments.

U.S. and Canada Backlog. Our U.S. and Canadian wholesale backlog as of August 31, 2013, consisting primarily of orders for fashion apparel, was $47.0 million, compared to $55.9 million in constant currency at September 1, 2012, a decrease of 15.9%.

Europe Backlog. As of September 3, 2013, the European wholesale backlog was €230.8 million, compared to €250.3 million at August 27, 2012, a decrease of 7.8%. The backlog as of September 3, 2013 is comprised of sales orders for the Fall/Winter 2013 and Spring/Summer 2014 seasons.

APPLICATION OF CRITICAL ACCOUNTING POLICIES

Our critical accounting policies reflecting our estimates and judgments are described in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," in our Annual Report on Form 10-K for the year ended February 2, 2013 filed with the SEC on April 1, 2013. There have been no significant changes to our critical accounting policies during the six months ended August 3, 2013.

RECENTLY ISSUED ACCOUNTING GUIDANCE

In July 2013, the Financial Accounting Standards Board ("FASB") issued authoritative guidance which requires that an unrecognized tax benefit be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar loss or a tax credit carryforward, if specific criteria are met. This guidance is effective for fiscal periods beginning after December 15, 2013. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

ITEM 3.Quantitative and Qualitative Disclosures About Market Risk.

Exchange Rate Risk

More than half of product sales and licensing revenue recorded for the six months ended August 3, 2013 were denominated in currencies other than the U.S. dollar. The Company's primary exchange rate risk relates to operations in Europe, Canada and South Korea. Changes in currencies affect our earnings in various ways. For further discussion on currency related risk, please refer to our risk factors under "Part 1, Item 1A. Risk Factors" contained in the Company's most recent Annual Report on Form 10-K for the fiscal year ended February 2, 2013.

Various transactions that occur in Canada, Europe and South Korea are denominated in U.S. dollars and British pounds and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their functional currencies. These types of transactions include U.S. dollar denominated purchases of merchandise and U.S. dollar and British pound intercompany liabilities. In addition, certain operating expenses and tax liabilities are denominated in Swiss francs and are exposed to earnings risk as a result of exchange rate fluctuations when converted to the functional currency. The Company is also subject to certain translation and economic exposures related to its net investment in certain of its international subsidiaries. The Company enters into derivative financial instruments to offset some but not all of its exchange risk. In addition, some of the derivative contracts in place will create volatility during the fiscal year as they are marked-to-market according to the accounting rules and may result in revaluation gains or losses in different periods from when the currency impact on the underlying transactions are realized.

Derivatives Designated As Hedging Instruments

Cash Flow Hedges

During the six months ended August 3, 2013, the Company purchased U.S. dollar forward contracts in Europe and Canada totaling US$68.4 million and $10.1 million, respectively, to hedge forecasted merchandise purchases and intercompany royalties that were designated as cash flow hedges. As of August 3, 2013, the Company had forward contracts outstanding for its European and Canadian operations of US$102.3 million and US$22.1 million, respectively, which are expected to mature over the next 13 months. The Company's derivative financial instruments are recorded in its condensed consolidated balance sheet at fair value based on quoted market rates. Changes in the fair value of the U.S. dollar forward contracts, designated as cash flow hedges for forecasted merchandise purchases, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in cost of product sales in the period which approximates the time the hedged merchandise inventory is sold . Changes in the fair value of the U.S. dollar forward contracts, designated as cash flow hedges for forecasted intercompany royalties, are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity and are recognized in other income and expense in the period in which the royalty expense is incurred.

As of August 3, 2013, accumulated other comprehensive income included a net unrealized gain of approximately $1.6 million, net of tax, which will be recognized in other income or cost of product sales over the following 12 months, at the then current values on a pre-tax basis, which can be different than the current quarter-end values. At August 3, 2013, the net unrealized gain of the remaining open forward contracts recorded in the Company's condensed consolidated balance sheet was approximately $0.5 million.

At February 2, 2013, the Company had forward contracts outstanding for its European and Canadian operations of US$ 106.9 million and US$40.3 million, respectively, that were designated as cash flow hedges. At February 2, 2013, the net unrealized loss of these open forward contracts recorded in the Company's condensed consolidated balance sheet was approximately $2.5 million.

Net Investment Hedges

During the six months ended August 3, 2013, the Company purchased U.S. dollar forward contracts in Europe totaling US $17.9 million to hedge the net investments in certain of the Company's international subsidiaries that were designated as net investment hedges. The Company had no forward contracts outstanding for its European net investments as of August 3, 2013. Changes in the fair value of these U.S. dollar forward contracts, designated as net investment hedges, are recorded in foreign currency translation adjustment as a component of accumulated other comprehensive income (loss) within stockholders' equity and are not recognized in income until the sale or liquidation of the hedged net investment.

The Company recognized gains, net of tax, of $0.2 million in the foreign currency translation adjustment component of accumulated other comprehensive income (loss) during the six months ended August 3, 2013.

As of February 2, 2013, there were no forward contracts that were designated as net investment hedges.

Derivatives Not Designated as Hedging Instruments

The Company also has foreign currency contracts that are not designated as hedging instruments for accounting purposes. Changes in fair value of foreign currency contracts not qualifying as cash flow hedges or net investment hedges are reported in net earnings as part of other income and expense. For the six months ended August 3, 2013, the Company recorded a net gain of $3.0 million for its euro, Canadian dollar and British pound foreign currency contracts not designated as hedges, which has been included in other income. At August 3, 2013, the Company had euro foreign currency contracts to purchase US$ 113.5 million expected to mature over the next 12 months, Canadian dollar foreign currency contracts to purchase US$ 15.9 million expected to mature over the next three months and GBP£0.5 million of foreign currency contracts to purchase euros expected to mature over the next one month. At August 3, 2013, the net unrealized gain of these open forward contracts recorded in the Company's condensed consolidated balance sheet was approximately $0.8 million.

At February 2, 2013, the Company had euro foreign currency contracts to purchase US$ 90.2 million, Canadian dollar foreign currency contracts to purchase US$ 39.7 million and GBP£4.7 million of foreign currency contracts to purchase euros. At February 2, 2013, the net unrealized loss of these open forward contracts recorded in the Company's condensed consolidated balance sheet was approximately $1.7 million.

Sensitivity Analysis

At August 3, 2013, a sensitivity analysis of changes in foreign currencies when measured against the U.S. dollar indicates that, if the U.S. dollar had uniformly weakened by 10% against all of the U.S. dollar denominated foreign exchange derivatives totaling US$253.8 million, the fair value of the instruments would have decreased by $28.2 million. Conversely, if the U.S. dollar uniformly strengthened by 10% against all of the U.S. dollar denominated foreign exchange derivatives, the fair value of these instruments would have increased by $23.1 million. Any resulting changes in the fair value of the hedged instruments may be partially offset by changes in the fair value of certain balance sheet positions (primarily U.S. dollar denominated liabilities in our foreign operations) impacted by the change in the foreign currency rate. The ability to reduce the exposure of currencies on earnings depends on the magnitude of the derivatives compared to the balance sheet positions during each reporting cycle.

Interest Rate Risk

At August 3, 2013, approximately 87% of the Company's total indebtedness related to a capital lease obligation, which is covered by a separate interest rate swap agreement with a swap fixed interest rate of 3.55% that matures in 2016. Changes in the related interest rate that result in an unrealized gain or loss on the fair value of the swap are reported in other income or expense. The change in the unrealized fair value of the interest swap increased other income, net by $0.2 million during the six months ended August 3, 2013. Substantially all of the Company's remaining indebtedness is at variable rates of interest. Accordingly, changes in interest rates would impact the Company's results of operations in future periods. A 100 basis point increase in interest rates would have had an insignificant effect on interest expense for the six months ended August 3, 2013.

The fair value of the Company's debt instruments are based on the amount of future cash flows associated with each instrument discounted using the Company's incremental borrowing rate. At August 3, 2013 and February 2, 2013, the carrying value of all financial instruments was not materially different from fair value, as the interest rate on the Company's debt approximates rates currently available to the Company.

ITEM 4. Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the quarterly period covered by this report.

There was no change in our internal control over financial reporting during the second quarter of fiscal 2014, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

Litigation

On May 6, 2009, Gucci America, Inc. filed a complaint in the U.S. District Court for the Southern District of New York against Guess?, Inc. and certain third-party licensees for the Company asserting, among other things, trademark and trade dress law violations and unfair competition. The complaint sought injunctive relief, compensatory damages, including treble damages, and certain other relief. Complaints similar to those in the above action have also been filed by Gucci entities against the Company and certain of its subsidiaries in the

Court of Milan, Italy, the Court of Paris, France and the Intermediate People’s Court of Nanjing, China. The three week bench trial in the U.S. matter concluded on April 19, 2012, with the court issuing a preliminary ruling on May 21, 2012 and a final ruling on July 19, 2012. Although the plaintiff was seeking compensation in the U.S. matter in the form of damages of $ 26 million and an accounting of profits of $99 million, the final ruling provided for monetary damages of $ 2.3 million against the Company and $ 2.3 million against certain of its licensees. The court also granted narrow injunctions in favor of the plaintiff for certain of the claimed infringements. On August 20, 2012, the appeal period expired without any party having filed an appeal, rendering the judgment final. On May 2, 2013, the Court of Milan ruled in favor of the Company in the Milan, Italy matter. In the ruling, the Court rejected all of the plaintiff’s claims and ordered the cancellation of three of the plaintiff’s Italian and four of the plaintiff’s European Community trademark registrations. On June 10, 2013, the plaintiff appealed the Court's ruling in the Milan matter.

On August 25, 2006, Franchez Isaguirre, a former employee of the Company, filed a complaint in the Superior Court of California, County of Los Angeles alleging violations by the Company of California wage and hour laws. The complaint was subsequently amended, adding a second former employee as an additional named party. The plaintiffs purport to represent a class of similarly situated employees in California who allegedly had been injured by not being provided adequate meal and rest breaks. The complaint seeks unspecified compensatory damages, statutory penalties, attorney's fees and injunctive and declaratory relief. On June 9, 2009, the Court certified the class but immediately stayed the case pending the resolution of a separate California Supreme Court case on the standards of class treatment for meal and rest break claims. Following the Supreme Court ruling, the Superior Court denied the Company's motions to decertify the class and to narrow the class in January 2013 and June 2013, respectively. The Company filed a writ petition in July 2013 challenging the Court's decision not to narrow the class definitions and is awaiting a ruling. No trial date has been set.

Although the Company believes that it has a strong position and will continue to vigorously defend each of these matters, it is unable to predict with certainty whether or not these efforts will ultimately be successful or whether the outcomes will have a material impact on the Company’s financial position or results of operations.

The Company is also involved in various other claims and other matters incidental to the Company’s business, the resolution of which is not expected to have a material adverse effect on the Company’s financial position or results of operations. No material amounts were accrued as of August 3, 2013 or February 2, 2013 related to any of the Company’s legal proceedings.

ITEM 1A. Risk Factors.

There have not been any material changes from the Risk Factors as previously disclosed in our Annual Report on Form 10-K for the year ended February 2, 2013, filed with the SEC on April 1, 2013.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Items (a) and (b) are not applicable.

Item (c). Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares That May Yet Be Purchased Under the Plans or Programs
May 5, 2013 to June 1, 2013				
Repurchase program(1)	—	—	—	$ 495,786,484
Employee transactions(2)	142	$ 31.78	—	—
June 2, 2013 to July 6, 2013				
Repurchase program(1)	—	—	—	$ 495,786,484
Employee transactions(2)	941	$ 30.26	—	—
July 7, 2013 to August 3, 2013				
Repurchase program(1)	—	—	—	$ 495,786,484
Employee transactions(2)	339	$ 31.83	—	—
Total				
Repurchase program(1)	—	—	—	
Employee transactions(2)	1,422	$ 30.78	—	

(1) On March 14, 2011, the Company's Board of Directors authorized a program to repurchase, from time-to-time and as market and business conditions warrant, up to $250 million of the Company's common stock (the "2011 Share Repurchase Program"). On June 26, 2012, the Company's Board of Directors authorized a new program to repurchase, from time-to-time and as market and business conditions warrant, up to $500 million of the Company's common stock (the "2012 Share Repurchase Program"). The 2012 Share Repurchase Program was in addition to the 2011 Share Repurchase Program. Repurchases under programs may be made on the open market or in privately negotiated transactions, pursuant to Rule 10b5-1 trading plans or other available means. There is no minimum or maximum number of shares to be repurchased under programs and programs may be discontinued at any time, without prior notice.

(2) Consists of shares surrendered to, or withheld by, the Company in satisfaction of employee tax withholding obligations that occur upon vesting of restricted stock awards granted under the Company's 2004 Equity Incentive Plan, as amended.

ITEM 6. Exhibits.

Exhibit Number	Description
3.1.	Restated Certificate of Incorporation of the Registrant (incorporated by reference from Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-4419) filed July 30, 1996).
3.2.	Second Amended and Restated Bylaws of the Registrant (incorporated by reference from the Registrant's Current Report on Form 8-K filed December 4, 2007).
4.1.	Specimen Stock Certificate (incorporated by reference from Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-4419) filed July 30, 1996).
†10.1.	Executive Employment Agreement dated July 11, 2013 between the Registrant and Paul Marciano.*
†10.2.	Restricted Stock Unit Agreement dated as of July 11, 2013 between the Registrant and Paul Marciano.*
†10.3.	Performance Share Award Agreement dated as of July 11, 2013 between the Registrant and Paul Marciano.*
†10.4.	Amendment 2013-I to the Supplemental Executive Retirement Plan of the Registrant dated as of July 11, 2013.*
†10.5.	Employment Letter Agreement dated July 18, 2013 between the Registrant and Sandeep Reddy.*
†10.6.	Employment Letter Agreement dated August 21, 2013 between the Registrant and Michael Relich.*
†31.1.	Certification of Chief Executive Officer and Vice Chairman of the Board pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†31.2.	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†32.1.	Certification of Chief Executive Officer and Vice Chairman of the Board pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†32.2.	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†101.INS	XBRL Instance Document
†101.SCH	XBRL Taxonomy Extension Schema Document
†101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
†101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
†101.LAB	XBRL Taxonomy Extension Label Linkbase Document
†101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Management Contract or Compensatory Plan

† Filed herewith

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.

Guess?, Inc.

Date:	September 9, 2013	By:	/s/ PAUL MARCIANO
			Paul Marciano Chief Executive Officer and Vice Chairman of the Board
Date:	September 9, 2013	By:	/s/ SANDEEP REDDY
			Sandeep Reddy Chief Financial Officer (Principal Financial Officer)

Exhibit 10.1

EXECUTIVE EMPLOYMENT AGREEMENT

This **EXECUTIVE EMPLOYMENT AGREEMENT** (the “Agreement”), is entered into this 11th day of July 2013 and made effective as of February 3, 2013 (the “Effective Date”) between Guess?, Inc., a Delaware corporation (the “Company”), and Paul Marciano (the “Executive”).

WITNESSETH:

WHEREAS, the Executive is a co-founder of the Company and the Company and the Executive are parties to that certain Amended and Restated Executive Employment Agreement dated as of December 18, 2008 (the “Prior Agreement”).

WHEREAS, the Company and the Executive wish to replace the Prior Agreement upon the terms set forth in this Agreement effective as of the Effective Date.

WHEREAS, the Company recognizes that the Executive's talents and abilities are unique and have been integral to the success of the Company.

WHEREAS, the Executive is willing to commit himself to serve the Company on the terms and conditions herein provided.

WHEREAS, the Company wishes to continue to retain the services of the Executive and anticipates that the Executive's contribution to the growth and success of the Company will continue to be substantial.

NOW THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **POSITION/DUTIES**.

(a) During the Employment Term (as defined in Section 2 below), the Executive shall serve as the Company's Chief Executive Officer and as Vice Chairman of the Board of Directors. In this capacity the Executive shall have such duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies and such other duties and responsibilities as the Board of Directors of the Company (the “Board”) shall designate that are consistent with the Executive's position as Chief Executive Officer. The Executive shall report exclusively to the Board. The Executive shall have authority as is appropriate to carry out his duties and responsibilities as set forth in this Agreement.

(b) During the Employment Term (as defined below), the Executive shall use the Executive's best reasonable efforts to perform faithfully and efficiently the duties and responsibilities assigned to the Executive hereunder and shall devote substantially all of the Executive's business time (excluding periods of vacation and other approved leaves of absence) as is reasonably necessary to such performance of the Executive's duties with the Company. Subject to Board approval, the Executive may serve on the board of directors or advisory boards of other for profit companies provided that such service does not create a potential business conflict or the appearance thereof. Nothing in this Agreement shall prevent the Executive from managing his family's personal investments so long as such activities do not materially interfere with the performance of the Executive's duties hereunder or create a potential business conflict or the appearance thereof.

(c) During the Employment Term, the Board shall nominate the Executive for re-election as a member of the Board at the expiration of the Executive's then-current term.

(d) The Company shall not relocate the Executive's principal place of business outside of the Los Angeles metropolitan area without the Executive's written consent.

(e) The Executive shall be provided with appropriate office and secretarial facilities in each of the Company's principal executive offices and any other location that the Executive reasonably deems necessary to have an office and support services in order for the Executive to perform his duties to the Company.

2. **EMPLOYMENT TERM**. The Executive's term of employment under this Agreement (such term of employment, as it may be extended or terminated, is herein referred to as the "Employment Term") shall be for a term commencing on the Effective Date and, unless terminated earlier as provided in Section 7 hereof, ending on January 30, 2016 (the "Employment Term").

3. **BASE SALARY**. The Company agrees to pay the Executive a base salary (the "Base Salary") at an annual rate of not less than One Million Five Hundred Thousand Dollars ($1,500,000), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly; provided, however, that with respect to the Company's fiscal year ending February 1, 2014, only $1,000,000 of Base Salary shall paid to the Executive with the remaining $500,000 to be paid upon the earlier of (i) the Executive's separation from service (as defined in Section 8(d) below) with the Company or (ii) the Executive's death (the "Deferred Payment Date"). If payment is triggered by the Executive's separation from service, the payment shall be subject to the six-month delay provisions of the Company's Nonqualified Deferred Compensation Plan (the "NQDC Plan"). The Executive's Base Salary shall be subject to annual review by the Board (or a committee thereof) and may be increased, but not decreased, from time to time by the Board. No increase to Base Salary shall be used to offset or otherwise reduce any obligations of the Company to the Executive hereunder or otherwise. The base salary as determined herein from time to time shall constitute "Base Salary" for purposes of this Agreement. Payment of the Executive's Base Salary in excess of the Base Salary that would be paid each applicable pay period at an annualized rate of $1,000,000 that becomes payable during the Company's fiscal years ending on January 31, 2015 and on January 30, 2016 under this Section 3 shall be deferred until the Deferred Payment Date (as defined above in this Section 3). Payments of Base Salary that are required to be deferred under this Section 3 shall be credited under and subject to the NQDC Plan and the Executive shall be entitled to select deemed investments for such amounts under and in accordance with the NQDC Plan. The deferral credit to the NQDC Plan with respect to the deferred portion of the Executive's Base Salary for the Company's fiscal year ending February 1, 2014 that results from the increase in the Executive's Base Salary pursuant to this Agreement and relates to the period of time prior to execution of this Agreement shall be credited to the NQDC promptly after execution of this Agreement.

4. **ANNUAL INCENTIVE BONUS AND OTHER BONUSES** . During the Employment Term, the Executive shall be eligible to participate in the Company's annual bonus and other incentive compensation plans and programs for the Company's senior executives at a level commensurate with the Executive's position. For each whole fiscal year ("Fiscal Year") of the Company that begins on or after the Effective Date and ends not later than the expiration of the Employment Term, the Executive shall be eligible to earn an annual cash bonus (the "Bonus") under the Company's Annual Incentive Bonus Plan, as amended and restated and as further amended from time to time (the "Bonus Plan") and the Company's 2004 Equity Incentive Plan, or any successor thereto and as the applicable plan may be amended from time to time (the "Equity Plan"), based upon the achievement by the Company and its subsidiaries of performance goals for each such Fiscal Year established by the Compensation Committee of the Board of Directors (the "Compensation Committee"). The range of the Bonus opportunity for each Fiscal Year (and, in lieu of a Bonus opportunity for the full Fiscal Year ending February 1, 2014, the last three quarters of the Company's 2014 Fiscal Year) will be as determined by the Compensation Committee based upon the extent to which such performance goals are achieved, provided that the annual target Bonus opportunity shall be at least 400% of the Executive's Base Salary (for each such year, the "Target Bonus") with the potential payments based on performance ranging from 0% to 125% of the Target Bonus, subject to the maximum amount permitted under the Bonus Plan and the Equity Plan and the Compensation Committee's discretion to reduce the bonus below the maximum determined pursuant to the Bonus Plan or Equity Plan, as applicable. Each Bonus as described above that becomes payable to the Executive will be paid at the same time that bonuses are paid to other executives of the Company, but in any event within seventy-four (74) days after

the conclusion of the Fiscal Year (or portion thereof, in the case of the last three quarters of the Company's 2014 Fiscal Year referred to above) to which such Bonus relates. The Compensation Committee may, in its sole discretion, award additional bonuses to the Executive. Any Bonus, as well any other bonus paid to the Executive by the Company, is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of such award.

5. **EQUITY BASED INCENTIVE AWARDS**.

(a) **TIME-BASED RESTRICTED STOCK UNITS**. The Company shall grant the Executive Time-Based RSUs (as defined below) under the Equity Plan with respect to 100,000 shares of the Company's common stock (the "Initial Time-Based RSU Grant") not later than July 11, 2013 using the form of Time-Based RSU award agreement attached hereto as Exhibit A. The Company will grant additional Time-Based RSUs to the Executive for the 2015 Fiscal Year and the 2016 Fiscal Year in such number of shares as determined by the Committee to be appropriate in its sole discretion. All grants of Time-Based RSUs following the Initial Time-Based RSU Grant shall be made subject to terms and conditions set forth in Exhibit A except to the extent required to comply with applicable law and except as appropriate to reflect the specific vesting schedule (it being intended that future Time-Based RSUs be subject to time-based vesting in annual installments over three years from the date of grant of the award, to the extent the applicable performance goal is satisfied), performance requirement, grant date and number of shares subject to the award. "Time-Based RSUs" means restricted stock units awarded under the Equity Plan that are subject to a time-based vesting requirement and, in order to preserve deductibility for the award under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), a performance-based vesting condition established by the Committee with respect to the fiscal year (or portion thereof, as the case may be) for which such award is granted.

(b) **PERFORMANCE SHARES**. The Company shall grant the Executive Performance Shares (as defined below) under the Equity Plan not later than July 11, 2013 (the "Initial Performance Share Grant") using the form of Performance Share award agreement attached hereto as Exhibit B. The target number of shares of Company common stock subject to the Initial Performance Share Grant shall equal $4.5 million divided by the average of the closing stock prices for a share of the Company's common stock on the New York Stock Exchange for the period of 20 consecutive New York Stock Exchange trading days ending with (and including, if such date is a trading day) the date of grant of such award, rounded to the nearest 100 whole shares. The Company will grant additional Performance Shares to the Executive for the 2015 Fiscal Year and the 2016 Fiscal Year in such number of shares as determined by the Committee to be appropriate in its sole discretion. All grants of Performance Shares following the Initial Performance Share Grant shall be made subject to terms and conditions set forth in Exhibit B except to the extent required to comply with applicable law and except as appropriate to reflect the specific vesting schedule (it being intended that future Performance Shares credited based on performance be subject to time-based vesting on a "cliff" basis two years following the end of the applicable performance period), performance requirement, grant date and number of shares subject to the award. "Performance Shares" means restricted share units awarded under the Equity Plan that are subject to time-based and performance-based vesting requirements and are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, with the performance-based vesting condition established by the Committee with respect to the fiscal year (or portion thereof, as the case may be) for which such award is granted.

(c) **DISCRETIONARY GRANTS**. In addition to the Time-Based RSUs under Section 5(a) and the Performance Shares under Section 5(b) above, at the sole discretion of the Board or the Committee, the Executive shall be eligible to participate throughout the Employment Term in such long-term incentive plans and programs as may be in effect from time to time in accordance with the Company's compensation practices and the terms and provisions of any such plans or programs.

6. **EMPLOYEE BENEFITS**.

(a) **BENEFIT PLANS**. The Executive shall be entitled to participate in all employee benefit plans of the Company including, but not limited to, equity, pension, thrift, Section 401(k), profit sharing, medical coverage, education, or other retirement (including without limitation supplemental executive retirement plans) or welfare benefits that the Company has adopted or may adopt, maintain or contribute to for the benefit of its senior executives at a level commensurate with the Executive's positions subject to satisfying the applicable eligibility requirements. The Executive shall at all times during the Employment Term be entitled to participate in the Guess?, Inc. Supplemental Executive Retirement Plan, as amended and restated effective December 18, 2008 and as subsequently amended as noted below (the "SERP"), the NQDC Plan and any deferred compensation plan which may be maintained by the Company from time to time. The Executive hereby consents to the SERP amendment being adopted in connection with this Agreement that limits to $6.25 million the Executive's "Compensation" as defined in and taken into account under the SERP for any year after 2013.

(b) **VACATION.** The Executive shall be entitled to accrue annual paid vacation in accordance with the Company's policy applicable to senior executives, but in no event less than twenty vacation days per calendar year (as prorated for partial years), which vacation may be taken at such times as the Executive elects with due regard to the needs of the Company. The Executive shall not be permitted to accrue more than a total of twenty five (25) vacation days at any time. Once the Executive reaches the maximum accrual, the Executive shall not accrue any additional vacation days until a portion of the Executive's accrued vacation time is used.

(c) **HOME SECURITY AND AUTOMOBILE.** During the Employment Term, the Company shall continue to reimburse the Executive for home security expenses (not in excess of $144,000 for any one calendar year) and provide the Executive with an automobile in a manner consistent with its past practice.

(d) **PERQUISITES**. The Company shall provide to the Executive, at the Company's cost, all perquisites which other senior executives of the Company are generally entitled to receive in accordance with Company policy as set by the Board from time to time.

(e) **LIFETIME RETIREE MEDICAL OPTION**. The Company shall provide the Executive and his eligible family members with access to Post-Retirement Health Benefits at the applicable group rate for such benefits commencing upon expiration of the Employment Term. If the Executive elects Post-Retirement Health Benefits, he shall pay for the full cost of such benefits on a monthly basis. The term "Post-Retirement Health Benefits" means health benefits (including medical, prescription, dental and vision coverage, if and to the extent applicable) for the remainder of the Executive's life under the plans provided to the Company's executive officers and their eligible family members, as in effect from time to time. In the event that the Post-Retirement Health Benefit set forth under this Section 6(e) cannot be provided by the Company in compliance with applicable law, would result in other participants in the applicable plan being taxed on their benefits, would result in additional coverage costs for the Company, or would be taxable to the Executive, the parties shall cooperate in good faith to structure a mutually satisfactory alternative arrangement.

(f) **LIFE INSURANCE BENEFIT**. For the Employment Term, the Company will continue to purchase, and will pay the premiums for, life insurance coverage on the Executive's life (on terms the same in all material respects as those currently in effect (i.e., term coverage of $10 million) with the Executive (or his assignee) as the owner of the policy and with the right to designate the beneficiary of the death benefit. The premiums paid on the policy shall be imputed as income to the Executive. Such insurance coverage shall be structured to comply with the requirements of the Sarbanes-Oxley Act and similar legal requirements. The Executive's rights pursuant to this Section 6(f) shall be fully vested and non-forfeitable at all times. The Company shall be obligated in all events to pay all scheduled premium payments unless the Executive dies prior to the end of the last scheduled premium payment. The Executive's rights to the policy and any premium payments by the Company shall not be subject to attachment, garnishment, alienation or other similar action by any person to the maximum extent permitted by law.

(g) **BUSINESS AND ENTERTAINMENT EXPENSES**. Upon presentation of appropriate documentation, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policy for all reasonable and necessary business and entertainment expenses incurred in connection with the performance of the Executive's duties hereunder.

(h) **CHANGE IN CONTROL**. In the event there is a Change in Control (as defined in this Section 6(h)) the Company shall establish a "rabbi trust" for the benefit of the Executive and fund it with cash or cash equivalents sufficient to fully pay when due and payable all payments that potentially would be required to be made under Section 8(d) hereof if the Executive were to be terminated without Cause. Notwithstanding the foregoing, in no event shall the Company establish or fund any such rabbi trust in a manner or on terms that would result in the imposition of any tax, penalty or interest under Section 409A(b)(1) of the Code and in no event shall the Company be obligated to, nor shall it, fund any such rabbi trust "in connection with a change in the employer's financial heath" within the meaning of Section 409A(b)(2) of the Code. For purposes of this Agreement, the term "Change in Control" is used as defined in the Equity Plan.

7. **TERMINATION**. The Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **DISABILITY**. Upon written notice by the Company to the Executive of termination due to Disability, while the Executive remains Disabled. For purposes of this Agreement, "Disabled" and "Disability" shall (i) have the meaning defined under the Company's then-current long-term disability insurance plan, policy, program or contract as entitles the Executive to payment of disability benefits thereunder, or (ii) if there shall be no such plan, policy, program or contract, mean permanent and total disability as defined in Section 22(e)(3) of the Code.

(b) **DEATH**. Automatically on the date of death of the Executive.

(c) **CAUSE**. Immediately upon written notice by the Company to the Executive of a termination for Cause. "Cause" shall mean (i) the Executive's conviction or plea of guilty or nolo contendere to a felony or any crime involving moral turpitude; (ii) a willful act of theft, embezzlement or misappropriation from the Company; or (iii) a determination by the Board that the Executive has willfully and continuously failed to perform substantially the Executive's duties (other than any such failure resulting from the Executive's Disability or incapacity due to bodily injury or physical or mental illness), after (A) a written demand for substantial performance is delivered to the Executive by the Board which specifically identifies the manner in which the Board believes that the Executive has not substantially performed the Executive's duties and provides the Executive with the opportunity to correct such failure if, and only if, such failure is capable of cure; and (B) the Executive's failure to correct such failure which is capable of cure within 30 days of receipt of the demand for performance. For the avoidance of doubt, the parties expressly agree that only Cause pursuant to Section 7(c)(iii) shall be deemed capable of cure. Notwithstanding the foregoing, "Cause" shall not include any act or omission that the Executive believes in good faith to have been in or not opposed to the interest of the Company (without intent of the Executive to gain therefrom, directly or indirectly, a profit to which he was not legally entitled). The Company may only terminate the Executive's employment for Cause if (A) a determination that Cause exists is made and approved by three fourths of the independent directors of the Company's Board, (B) for a termination for Cause under Section 7(c)(iii), the Executive is given at least five (5) days' written notice of the Board meeting called to make such determination, and (C) for a termination for Cause under Section 7(c)(iii), the Executive and his legal counsel are given the opportunity to address such meeting. In the event that the Board has so determined in good faith that Cause exists, the Board shall have no obligation to terminate the Executive's employment if the Board determines in its sole discretion that such a decision not to terminate the Executive's employment is in the best interest of the Company.

(d) **WITHOUT CAUSE**. Upon written notice by the Company to the Executive of an involuntary termination without Cause and other than due to death or Disability prior to January 30, 2016.

(e) **GOOD REASON**. Upon written notice by the Executive to the Company of termination for Good Reason unless the reasons for any proposed termination for Good Reason are remedied in all material respects by the Company within thirty (30) days following written notification by the Executive to the Company. "Good Reason" means the occurrence of any one or more of the following events prior to January 30, 2016 unless the Executive specifically agrees in writing that such event shall not be Good Reason:

(i) Any material breach of this Agreement by the Company,

including:

(A) the failure of the Company to pay the compensation and benefits set forth in Sections 3 through 6 of this Agreement;

(B) any material adverse change in the Executive's status, position or responsibilities as Chief Executive Officer of the Company;

(C) any failure to nominate or elect the Executive as Chief Executive Officer of the Company or as member of the Board;

(D) causing or requiring the Executive to report to anyone other than the Board; or

(E) assignment of duties materially inconsistent with his position and duties described in this Agreement,

(ii) the failure of the Company to assign this Agreement to a successor to all or substantially all of the business or assets of the Company or failure of such a successor to the Company to explicitly assume and agree to be bound by this Agreement,

(iii) requiring the Executive to be principally based at any office or location outside of the Los Angeles metropolitan area; or

(iv) purported termination of the Executive's employment for "Cause" in a bad faith violation of the substantive and procedural requirements of Section 7(c).

In addition, in order to constitute a termination for Good Reason, (1) the termination must occur not later than two years following the initial existence of the circumstance(s) giving rise to Good Reason, and (2) the Executive's notification to the Company of the circumstance(s) giving rise to Good Reason must be given within 90 days following the initial existence of such circumstance(s).

(f) **RETIREMENT**. Upon thirty (30) days' prior written notice by the Executive to the Company of the Executive's termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date).

8. **CONSEQUENCES OF TERMINATION**. Any termination payments made and benefits provided under this Agreement to the Executive shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Company or its affiliates. Except to the extent otherwise provided in this Agreement, all benefits and awards under the Company's compensation and benefit programs shall be subject to the terms and conditions of the plan or arrangement under which such benefits accrue, are granted or are awarded. The following amounts and benefits shall be due to the Executive:

(a) **DISABILITY**. Upon such termination, the Company shall pay or provide the Executive with the Accrued Amounts (defined in Section 8(f) below). The Executive will also be paid a pro-rata portion of the Executive's Bonus for the performance year in which the Executive's termination occurs, which shall be paid at the time that annual Bonuses are paid to other senior executives, but in any event within seventy-four (74) days after the conclusion of the Fiscal Year to which such Bonus relates (determined by multiplying the amount the Executive would have received based upon target performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365).

(b) **DEATH.** In the event the Employment Term ends on account of the Executive's death, the Executive's estate (or to the extent a beneficiary has been designated in accordance with a program, the beneficiary under such program) shall be entitled to any Accrued Amounts. The Executive's estate (or beneficiary) will also be paid a pro-rata portion of the Executive's Bonus for the performance year in which the Executive's termination occurs, which shall be paid at the time that annual Bonuses are paid to other senior executives, but in any event within seventy-four (74) days after the conclusion of the Fiscal Year to which such Bonus relates (determined by multiplying the amount the Executive would have received based upon target performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365).

(c) **TERMINATION FOR CAUSE**. If the Executive's employment should be terminated by the Company for Cause or by the Executive without Good Reason, the Company shall pay to the Executive any Accrued Amounts.

(d) **TERMINATION WITHOUT CAUSE OR FOR GOOD REASON**. If the Executive's employment by the Company is terminated by the Company other than for Cause (other than a termination due to Disability or death) or by the Executive for Good Reason, the Company shall pay or provide the Executive with

(i) the Accrued Amounts;

(ii) a pro-rata portion of the Executive's Bonus for the performance year in which the Executive's termination occurs, which shall be paid at the time that annual Bonuses are paid to other senior executives, but in any event within seventy-four (74) days after the conclusion of the Fiscal Year to which such Bonus relates (determined by multiplying the amount the Executive would have received based upon actual performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365); and

(iii) an amount equal to the product of (A) the sum of (1) the Executive's Base Salary and (2) the then Target Bonus multiplied by (B) three (3), payable in a single lump-sum.

Subject to Section 21(a), the payments provided for in this Section 8(d)(iii) (to the extent provided therein) shall be paid to the Executive in the month immediately following the month in which the Executive's termination of employment occurs, provided that the date of the Executive's termination of employment occurs on the same date as the Executive's “separation from service” (within the meaning of Section 409A of the Code) and after giving effect to the presumptions set forth in Treasury Regulations Section 1.409A-1(h)(1)(ii)) from the Company and its subsidiaries, otherwise such amounts shall be paid to the Executive in the month immediately following the month in which the Executive incurs such a “separation from service.” Notwithstanding anything to the contrary contained herein, the Company shall have no obligation to provide any of the monetary payments and/or benefits provided for in this Section 8(d) (other than Accrued Amounts) unless and until the Executive executes an effective general release of all claims in favor of the Company in a form acceptable to the Company (the “Release”) and delivers such executed Release to the Company within twenty-one (21) days following the date of his “separation from service.” For the avoidance of doubt, the Executive's execution of the Release is a condition precedent to any obligation of the Company to provide the monetary payments and/or benefits provided for in this Section 8(d) (other than Accrued Amounts).

(e) **RETIREMENT.** If the Executive retires under Section 7(f) of this Agreement or if Executive's employment by the Company terminates at the end of the Employment Term, the Company shall pay to the Executive:

(i) any Accrued Amounts; and

(ii) a pro-rata portion of the Executive's Bonus for the performance year in which the Executive's termination occurs, which shall be paid at the time that annual Bonuses are paid to other senior executives, but in any event within seventy-four (74) days after the conclusion of the Fiscal Year to which such Bonus relates (determined by multiplying the amount the Executive would have received based upon actual performance had employment continued through the end of the performance year by a fraction, the numerator of which is the number of days during the performance year of termination that the Executive is employed by the Company and the denominator of which is 365).

In addition, the Executive shall be considered to have "retired" for purposes of any plans, programs, agreements or arrangements with the Company or its affiliates, subject to meeting any additional requirements for "Retirement" set forth in the award agreement for any Time-Based RSUs or Performance Shares. For purposes of clarity, if the Executive is employed through the last day of a Fiscal Year, the Executive's Bonus for that Fiscal Year is included under clause (ii) of the definition of Accrued Amounts below and the Executive shall not be entitled to a duplicate payment pursuant to clause (ii) above.

(f) **DEFINITION OF ACCRUED AMOUNTS**. As used in this Agreement, "Accrued Amounts" shall mean:

(i) any unpaid Base Salary through the date of the Executive's termination and any accrued vacation in accordance with Company policy, which shall be paid not later than the next regularly scheduled payroll date following the date of termination;

(ii) any unpaid Bonus earned with respect to any Fiscal Year ending on or preceding the date of the Executive's termination, which shall be paid at the time that annual Bonuses for such Fiscal Year are paid to other senior executives, but in any event within seventy-four (74) days after the conclusion of the Fiscal Year to which such Bonus relates;

(iii) reimbursement due to the Executive pursuant to the terms of Section 6(g) for any unreimbursed business expenses incurred through the date of termination, which shall be paid as soon as practicable but in all events no later than thirty (30) days following the date of termination or, if later, promptly following the Executive's request for reimbursement of such expenses and upon presentation of appropriate documentation in accordance with the Company's expense reimbursement policy subject to the time limitations of Section 21(c); and

(iv) all other payments, benefits or perquisites to which the Executive may be entitled under the terms of any applicable compensation arrangement or benefit, equity or perquisite plan or program or grant or this Agreement, which in each case shall be paid in accordance with the terms and conditions of the applicable arrangement, plan, program, grant or agreement.

9. **SECTION 4999 EXCISE TAX**. If any payments, rights or benefits (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement of the Executive with the Company or any person affiliated with the Company) (the "Payments") received or to be received by the Executive will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), then the Payments shall be reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax, but only if, by reason of such reduction, the net after-tax benefit received by the Executive shall exceed the net after-tax benefit that would be received by the Executive if no such reduction was made. The process for calculating the Excise Tax, and other procedures relating to this Section, are set forth in Exhibit C attached hereto. For purposes of making the determinations and calculations required herein, the Accounting Firm (as defined in Exhibit C) may rely on reasonable, good faith interpretations concerning the application of Section 280G and 4999 of the Code, provided that the Accounting Firm shall make such determinations and calculations on the basis of "substantial authority" (within the meaning of Section 6662 of the Code) and shall provide opinions to that effect to both the Company and the Executive.

10. **CONFIDENTIALITY**. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's employment and for the benefit of the Company, either during the period of the Executive's employment or at any time thereafter, any nonpublic, proprietary or confidential information, knowledge or data relating to the Company, any of its subsidiaries, affiliated companies or businesses, which shall have been obtained by the Executive during the Executive's employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and reasonably cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). Notwithstanding clauses (i) and (ii) of the preceding sentence, the Executive's obligation to maintain such disclosed information in confidence shall not terminate where only portions of the information are in the public domain.

11. **ATTORNEY'S FEES**. To the extent permitted by law, all reasonable costs and expenses incurred by the Executive in evaluating and negotiating the terms and conditions of this Agreement (up to the limit established by the Compensation Committee) shall be promptly paid on behalf of, or reimbursed, to the Executive by the Company. If the Executive incurs legal or other fees and expenses in a good faith non-frivolous effort to secure or preserve or establish entitlement to compensation and benefits under this Agreement, the Company shall, to the extent permitted by law and regardless of the outcome of such effort, reimburse the Executive monthly for such fees and expenses.

12. **NO ASSIGNMENT**.

(a) This Agreement is personal to each of the parties hereto. Except as provided in Section 12(b) below, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto.

(b) The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company provided the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place and shall deliver a copy of such assignment to the Executive.

13. **NOTICE**. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile, (c) on the first business day following the date of deposit if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At the address (or to the facsimile number) shown on the records of the Company

If to the Company:

Guess?, Inc.

1444 South Alameda Street

Los Angeles, California 90021

Attention: General Counsel

Facsimile No.: (213) 765-0911

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

14. **SECTION HEADINGS; INCONSISTENCY**. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between this Agreement and any other agreement (including but not limited to any option, stock, long-term incentive or other equity award agreement), plan, program, policy or practice (collectively, "Other Provision") of the Company the terms of this Agreement shall control over such Other Provision to the extent that the terms of this Agreement are more beneficial to the Executive.

15. **SEVERABILITY**. The provisions of this Agreement shall be deemed severable and the invalidity of unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

16. **COUNTERPARTS**. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instruments. One or more counterparts of this Agreement may be delivered by facsimile, with the intention that delivery by such means shall have the same effect as delivery of an original counterpart thereof.

17. **DISPUTE RESOLUTION**. In the event of any controversy, dispute or claim between the parties under, arising out of or related to this Agreement (including but not limited to, claims relating to breach, termination of this Agreement, or the performance of a party under this Agreement) whether based on contract, tort, statute or other legal theory (collectively referred to hereinafter as "Disputes"), the parties shall follow the dispute resolution procedures set forth below. Any Dispute shall be settled exclusively by arbitration, conducted before a single arbitrator in Los Angeles, California, administered by the American Arbitration Association ("AAA") in accordance with its Commercial Arbitration Rules then in effect. The parties agree to (i) appoint an arbitrator who is knowledgeable in employment and human resource matters and, to the extent possible, the industry in which the Company operates, and instruct the arbitrator to follow substantive rules of law; (ii) require the testimony to be transcribed; and (iii) require the award to be accompanied by findings of fact and a statement of reasons for the decision. The arbitrator shall have the authority to permit discovery, to the extent deemed appropriate by the arbitrator, upon request of a party. The arbitrator shall have no power or authority to add to or detract from the written agreement of the parties. If the parties cannot agree upon an arbitrator within ten (10) days after demand by either of them, either or both parties may request the American Arbitration Association name a panel of five (5) arbitrators. The Company shall strike the names of two (2) off this list, the Executive shall also strike two (2) names, and the remaining name shall be the arbitrator. The parties shall stipulate that arbitration shall be

completed within ninety (90) days. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Company shall bear the costs of the arbitrator and any related forum fee.

18. **INDEMNIFICATION**. The Company hereby agrees to indemnify the Executive and hold the Executive harmless to the fullest extent permitted by applicable law and under the by-laws of the Company against and in respect to any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorneys' fees), losses, and damages resulting from the Executive's performance of his duties and obligations with the Company. This provision is in addition to any other rights of indemnification the Executive may have.

19. **LIABILITY INSURANCE**. The Company shall cover the Executive under directors and officers liability insurance both during and, while potential liability exists, after the term of this Agreement in the same amount and to the same extent as the Company covers its other officers and directors.

20. **MISCELLANEOUS**. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof, have been made by either party which are not expressly set forth in this Agreement. This Agreement replaces and supersedes the Prior Agreement in its entirety as of the Effective Date. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California without regard to its conflicts of law principles. Notwithstanding the foregoing, the Company's rights pursuant to any confidentiality, proprietary information, assignment of inventions or similar agreement shall survive and continue in effect.

21. **SECTION 409A**. Notwithstanding anything in this Agreement or elsewhere to the contrary:

(a) If the Executive is a “specified employee” as determined pursuant to Section 409A of the Code as of the date of the Executive's “separation from service” (within the meaning of Section 409A of the Code) and if any payment or benefit provided for in this Agreement or otherwise both (x) constitutes a “deferral of compensation” within the meaning of Section 409A of the Code and (y) cannot be paid or provided in the manner otherwise provided without subjecting the Executive to additional tax, interest or penalties under Section 409A of the Code, then any such payment or benefit shall be delayed until the earlier of (i) the date which is six (6) months after his “separation from service” for any reason other than death, or (ii) the date of the Executive's death. The provisions of this paragraph shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Section 409A of the Code. Any payment or benefit otherwise payable or to be provided to the Executive upon or in the six (6) month period following the Executive's “separation from service” that is not so paid or provided by reason of this Section 21(a) shall be accumulated and paid or provided to the Executive in a single lump sum, not later than the fifth day after the date that is six (6) months after the Executive's “separation from service” (or, if earlier, the fifteenth day after the date of the Executive's death) together with interest for the period of delay, compounded annually, equal to the prime rate (as published in The Wall Street Journal), and in effect as of the date the payment or benefit should otherwise have been provided.

(b) It is intended that any amounts payable under this Agreement and the Company's and the Executive's exercise of authority or discretion hereunder shall comply with and avoid the imputation of any tax, penalty or interest under Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent.

(c) Any reimbursement payment due to the Executive under Section 6(c), Section 6(g), and Section 11 (only to the extent that legal fees incurred under Section 11 are not reimbursed in connection with a bona fide legal claim exempt under Section 409A of the Code pursuant to Treasury Regulations Section 1.409A-1(b)(11)) shall be paid to the Executive on or before the last day of the Executive's taxable year following the taxable year in which the related expense was incurred. Any reimbursement payment due to the Executive pursuant to such provisions and the provision of any taxable benefits to the Executive under Sections 6(d), 6(f), 6(g) and Section 11 are not subject to liquidation or exchange for another benefit and the amount of such expenses eligible for reimbursement or such benefits that the Executive receives in one taxable year shall not affect the expenses eligible for reimbursement or the amount of such benefits that the Executive receives in any other taxable year.

(d) Each item of remuneration referred to in this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code.

22. **FULL SETTLEMENT**. Except as set forth in this Agreement, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including without limitation, set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, except to the extent any amounts are due the Company or its subsidiaries or affiliates pursuant to a judgment against the Executive. In no event shall the Executive be obliged to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by the Executive as a result of employment by another employer, except as set forth in this Agreement.

23. **REPRESENTATIONS**. Except as otherwise disclosed to the Company in writing, the Executive represents and warrants to the Company that the Executive has the legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms and that the Executive is not a party to any agreement or understanding, written or oral, which could prevent the Executive from entering into this Agreement or performing all of the Executive's obligations hereunder.

24. **WITHHOLDING**. The Company may withhold from any and all amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

25. **NON-EXCLUSIVITY OF RIGHTS**. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plan or program provided by the Company and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any restricted stock unit, performance share or other agreement with the Company or any of its affiliated companies. Except as otherwise provided herein, amounts and benefits which are vested benefits or which the Executive is otherwise entitled to receive under any plan, program, agreement or arrangement of the Company at or subsequent to the date of termination shall be payable in accordance with such plan or program.

26. **SURVIVAL** The respective obligations of, and benefits afforded to, the Company and the Executive that by their express terms or clear intent survive termination of the Executive's employment with the Company, including, without limitation, the provisions of Sections 8, 9, 10, 11, 12, 17, 18, 19, 21, 22 and 24 of this Agreement, will survive termination of the Executive's employment with the Company, and will remain in full force and effect according to their terms.

27. **AGREEMENT OF THE PARTIES**. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction will be applied against any party hereto. Neither the Executive nor the Company shall be entitled to any presumption

in connection with any determination made hereunder in connection with any arbitration, judicial or administrative proceeding relating to or arising under this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GUESS?, INC.

By: /s/ NIGEL KERSHAW
Name: Nigel Kershaw
Its: Interim Chief Financial Officer

PAUL MARCIANO

/s/ PAUL MARCIANO

EXHIBIT A

FORM OF TIME-BASED RSU AWARD AGREEMENT

This **RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), dated as of **«GRANT_DATE»** (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the " Company"), and Paul Marciano (the "Grantee").

RECITALS

WHEREAS, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of April 15, 2011) (the "Plan").

WHEREAS, the Compensation Committee of the Company's Board of Directors (the " Committee") has determined to grant a restricted stock unit award (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan, except where a capitalized term is defined in the Executive Employment Agreement between the Company and the Grantee, effective February 3, 2013 (the "Employment Agreement"), and this Agreement indicates the definition used in the Employment Agreement shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive 100,000 shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock") solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a stockholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent Rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units ("Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee.

3. Vesting.

    A. Subject to the performance condition set forth in Section 3(B) below and except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest as to (i) 33,333 Restricted Stock Units on January 30, 2014 (the " First Tranche"), (ii) 33,333 Restricted Stock Units on January 30, 2015 (the " Second Tranche"); and (iii) 33,334 Restricted Stock Units on January 30, 2016 (the "Third Tranche"); provided that Grantee has been continuously employed with the Company from the Date of Grant through each applicable vesting date. Except as specifically provided herein, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting.

B. No portion of this Award shall vest notwithstanding satisfaction of the continued employment requirement for vesting described in Section 3(A) above unless the Committee certifies, following the end of the Company's 2014 fiscal year, that the Company achieved Licensing Segment Earnings from Operations (as defined below) for the last three quarters of the Company's 2014 fiscal year (the "Performance Period") equal to or above the level established by the Committee with respect to the Award in connection with the grant of the Award; provided, however, that if either a Change in Control (as defined in the Employment Agreement) or the death or Disability (as defined in the Employment Agreement) of the Grantee occurs before the last day of the Performance Period, the performance requirement of this Section 3(B) shall be deemed met as of the date of such event. If such performance requirement is not met (and no such Change in Control, death or Disability (as defined in the Employment Agreement) occurs before the last day of the Performance Period), this Award and the Restricted Stock Units subject hereto shall terminate and be cancelled as of the last day of the Performance Period.

C. For purposes of this Award, "Licensing Segment Earnings from Operations" means: the Company's earnings from operations derived from the Company's Licensing Segment for the Performance Period as calculated in accordance with generally accepted accounting principles ("GAAP"), but adjusted to exclude the financial statement impact of any new changes in accounting standards announced during the Performance Period that are required to be applied during the Performance Period in accordance with GAAP.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock while any Restricted Stock Units subject to the Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to such outstanding Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Restricted Stock Units to which they relate and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Restricted Stock Units to which they relate.

5. Delivery of Shares. Except as otherwise provided in Section 8 below with respect to a Change in Control, the Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to the First Tranche that vest pursuant to the terms hereof within ten days following certification by the Committee of the satisfaction of the performance criteria set forth in Section 3(B) (and in no event later than 74 days following the end of the Performance Period), the number of Award Shares subject to the Second Tranche that vest pursuant to the terms hereof on (or within three business days following) January 30, 2015 and the number of Award Shares subject to the Third Tranche that vest pursuant to the terms hereof on (or within three business days following) January 30, 2016. Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5. Notwithstanding the foregoing: (a) in the event of the Grantee's death or Disability (as such term is defined for purposes of Section 409A of the Code), then such shares shall be settled as soon as administratively practicable after (and in all events within 90 days after) such event; and (b) in the event of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A) upon or within two years following a Section 409A Change in Control (as such term is defined in Section 8(A)), then such shares shall be settled as soon as administratively possible after (and in all events within ten days after) such event (subject to Section 10(C)).

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to the Award.

7. Effect of Certain Cessations of Employment. The continued employment vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, and any then-outstanding Restricted Stock Units shall be deemed vested, in the event that (a) the Grantee's employment is terminated by the Company without "Cause" (as defined in the Employment Agreement), (b) the Grantee's employment is terminated by the Grantee for "Good Reason" (as defined in the Employment Agreement) or (c) in the event of the Grantee's Disability (as defined in the Employment Agreement) or death while employed by the Company. For purposes of clarity, any Restricted Stock Units that vest pursuant to the preceding sentence shall still be paid at the applicable time set forth in Section 5. If the Grantee's employment terminates for any other reason, or the Grantee fails to satisfy the Release requirement referred to above in connection with a termination of employment referred to above to which such Release requirement applies, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of employment, shall terminate and be cancelled as of the date of such termination of employment. Sections 14(a) and 14(b) of the Plan shall not apply to the Award.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control (as defined in the Employment Agreement):

A. If a Change in Control occurs and the then-outstanding and unvested portion of this Award is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the "Successor Entity"), the continued employment vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, the outstanding Restricted Stock Units subject to such portion shall be deemed vested, and such Restricted Stock Units shall be settled at the time(s) otherwise provided in Section 5; provided that if such Change in Control constitutes a "change in the ownership or effective control" of the Company, or a change "in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code (a "Section 409A Change in Control"), outstanding and vested Restricted Stock Units (including any that vest pursuant to the foregoing provisions of this sentence) and related Dividend Equivalents shall be settled upon or as soon as practicable after the date of such Change in Control to the extent such acceleration of payment can be made in accordance with Treas. Reg. §1.409A-3(j)(4)(ix) (or other exemption from the general prohibitions on accelerations of payments under Section 409A of the Code) and not result in any tax, penalty or interest under Section 409A of the Code. In connection with any such Change in Control where payment of outstanding Restricted Stock Units subject to the Award will not be made in connection with the Change in Control, the Committee may make provision for such Restricted Stock Units to become payable in cash based on the Fair Market Value of a share of Common Stock at the time of such Change in Control (with interest for the period from the date of such Change in Control to the applicable payment date at such rate as determined by the Committee based on the interest earned by interest bearing, FDIC insured deposits) as opposed to being payable in securities.

B. If the then-outstanding and unvested portion of this Award is continued following such event or is assumed or converted into restricted stock units of any Successor Entity, the continued employment requirement set forth in Section 3(A) above (and the accelerated vesting provisions set forth in Section 7 above) shall continue to apply following such Change in Control, and any portion of the Award that vests pursuant to such provisions shall be settled as provided in Section 5 of this Agreement.

Section 17 of the Plan shall not apply with respect to the Award.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. The settlement of this Award is conditioned on the Grantee making arrangements reasonably satisfactory to the Company for the withholding of all applicable federal, state, local or foreign taxes as may be required under applicable law.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) (" Code Section 409A") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest, except as otherwise provided for in Section 8(A)) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death). For avoidance of doubt, Dividend Equivalents under Section 4 shall continue to be credited during the period of such six-month delay until the vested Restricted Stock Units are actually settled.

D. It is intended that this Award qualify as "performance-based compensation" for purposes of Section 162(m) of the Code and the provisions of this Agreement shall be construed and interpreted consistent with that intent.

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or any shares of Common Stock or other cash or property received with respect to the Award (including any value received from a disposition of the shares acquired in respect of the Award).

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

GUESS?, INC.,
a Delaware corporation

By:____

Print Name:

Its:

GRANTEE

____

Signature

____

Print Name

____

Employee ID

EXHIBIT B

FORM OF PERFORMANCE SHARE AWARD AGREEMENT

This **PERFORMANCE SHARE AWARD AGREEMENT** (this "Agreement"), dated as of **«GRANT_DATE»** (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the " Company"), and Paul Marciano (the "Grantee").

RECITALS

WHEREAS, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of April 15, 2011) (the "Plan").

WHEREAS, the Compensation Committee of the Company's Board of Directors (the " Committee") has determined to grant performance-based restricted stock units (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan, except where a capitalized term is defined in the Executive Employment Agreement between the Company and the Grantee, effective February 3, 2013 (the "Employment Agreement"), and this Agreement indicates the definition used in the Employment Agreement shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive a "target" of **[ ]** shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units," and such number of Restricted Stock Units, the "Target Number of Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock"), solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a stockholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units (" Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee.

3. Vesting.

A. The Grantee shall be credited with a number of Restricted Stock Units equal to the Target Number of Restricted Stock Units multiplied by a "Vesting Percentage" determined based on the Company's Earnings from Operations (as defined below) for the last three quarters of the Company's 2014 fiscal year (the " Performance Period") in accordance with the following table:

Earnings from Operations for Performance Period	Vesting Percentage
Below Threshold	—%
Threshold	50%
Target	100%
Stretch or Above	150%

If the Company's actual level of Earnings from Operations for the Performance Period is between the "Threshold" and "Target" performance levels or between the "Target" and "Stretch" performance levels, the Vesting Percentage will be determined by linear interpolation between the Vesting Percentages for those two levels. In no event will the Vesting Percentage be greater than one hundred fifty percent (150%). The number of Restricted Stock Units credited to the Grantee pursuant to this Section 3(A), as certified by the Committee based on the satisfaction of the performance criteria above, is referred to herein as the "Credited Restricted Stock Units." Notwithstanding the foregoing provisions, if either a Change in Control (as defined in the Employment Agreement) or the death or Disability (as such term is defined in the Employment Agreement) of the Grantee occurs before the last day of the Performance Period and while the Grantee is employed by the Company, the number of Credited Restricted Stock Units for purposes of the Award shall be equal to the Target Number of Restricted Stock Units. Restricted Stock Units that are not Credited Restricted Stock Units, after giving effect to the foregoing provisions, as of the last day of the Performance Period (or, if earlier, the date of such a Change in Control or death or Disability (as such term is defined for purposes of the Employment Agreement) of the Grantee) shall immediately terminate and be cancelled.

B. The "Threshold," "Target" and "Stretch" levels of Earnings from Operations to be used to determine the Vesting Percentage under Section 3(A) will be established by the Committee in connection with the grant of the Award.

C. For purposes of this Award, "Earnings from Operations" means: the Company's earnings from operations for the Performance Period as calculated in accordance with generally accepted accounting principles (" GAAP"), but adjusted (without duplication) to exclude the financial statement impact of the following items:

i. any charges or accruals incurred for the Performance Period for litigation matters, but only where such charges or accruals for any particular matter exceed $500,000 for the Performance Period;

ii. restructuring charges incurred for the Performance Period related to employee severance related costs, store closure related costs and other real estate closure related costs;

iii. any new changes in accounting standards announced during the Performance Period that are required to be applied during the Performance Period in accordance with GAAP, and

iv. acquisitions and costs associated with such acquisitions and the costs incurred in connection with potential acquisitions that are required to be expensed under GAAP.

The Committee's determination of whether an adjustment is required (and the extent of any such adjustment) shall be final and binding.

D. Except as otherwise expressly provided in Sections 7 and 8 herein, the Credited Restricted Stock Units shall vest on the second (2^{nd}) anniversary of the last day of the Performance Period (the "Vesting Date"); provided that the Grantee has been continuously employed with the Company from the Date of Grant through the Vesting Date. Except as specifically provided herein, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock after the end of the Performance Period (or, if earlier, following the occurrence of a Change in Control), and while any Restricted Stock Units subject to the Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to such outstanding Credited Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Credited Restricted Stock Units to which they relate and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Credited Restricted Stock Units to which they relate.

5. Delivery of Shares. Except as otherwise provided in Section 8 below with respect to a Change in Control, the Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to any Restricted Stock Units that vest pursuant to the terms hereof on (or within three business days following) the Vesting Date. Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5. Notwithstanding the foregoing: (a) in the event of the Grantee's death or Disability (as such term is defined for purposes of Section 409A of the Code), then such shares shall be settled as soon as administratively practicable after (and in all events within 90 days after) such event; and (b) in the event of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A) upon or within two years following a Section 409A Change in Control (as such term is defined in Section 8(A)), then such shares shall be settled as soon as administratively possible after (and in all events within ten days after) such event (subject to Section 10(C)).

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to the Award.

7. Effect of Certain Cessations of Employment.

A. If, at any time prior to the Vesting Date, the Grantee's employment is terminated by the Company without "Cause" (as defined in the Employment Agreement) or by the Grantee for "Good Reason" (as defined in the Employment Agreement) and a Change in Control has not previously occurred, the Award will vest as of the date of such termination of the Grantee's employment (or, if later, the last day of the Performance Period) with respect to a number of Restricted Stock Units equal to (i) the Credited Restricted Stock Units as determined under Section 3, multiplied by (ii) a fraction, the numerator of which is the number of days of the Grantee's employment between the first day of the Performance Period and the date of such termination of the Grantee's employment, and the denominator of which is the total number of days between the first day of the Performance Period and the Vesting Date.

B. If, at any time prior to the Vesting Date, the Grantee's death or Disability (as such term is defined in the Employment Agreement) occurs while the Grantee is employed by the Company, the Award will vest as of the date of such event with respect to the number of Credited Restricted Stock Units as determined under Section 3.

C. If the Grantee's employment terminates for any other reason, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of employment, shall terminate and be cancelled as of the date of such termination of employment. Sections 14(a) and 14(b) of the Plan shall not apply to the Award.

D. For purposes of clarity, any Restricted Stock Units that vest pursuant to this Section 7 (and any Dividend Equivalents related thereto) shall still be paid at the applicable time set forth in Section 5.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control (as defined in the Employment Agreement):

A. If a Change in Control occurs and this Award (to the extent outstanding) is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the "Successor Entity"), the Award will vest as of the date of such Change in Control with respect to the number of Credited Restricted Stock Units as determined under Section 3 (or, if the Change in Control occurs before the end of the Performance Period, the Target Number of Restricted Stock Units), and such Restricted Stock Units (and any related Dividend Equivalents) shall be paid at the time(s) otherwise provided in Section 5; provided that if such Change in Control constitutes a "change in the ownership or effective control" of the Company, or a change "in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code (a " Section 409A Change in Control"), the outstanding vested Restricted Stock Units subject to the Award and any related Dividend Equivalents shall be paid upon or as soon as practicable after the date of such Change in Control to the extent such acceleration of payment can be made in accordance with Treas. Reg. §1.409A-3(j)(4)(ix) (or other exemption from the general prohibitions on accelerations of payments under Section 409A of the Code) and not result in any tax, penalty or interest under Section 409A of the Code. In connection with any such Change in Control where payment of such Restricted Stock Units subject to the Award will not be made in connection with the Change in Control, the Committee may make provision for such Restricted Stock Units to become payable in cash based on the Fair Market Value of a share of Common Stock at the time of such Change in Control (with interest for the period from the date of such Change in Control to the applicable payment date at such rate as determined by the Committee based on the interest earned by interest bearing, FDIC insured deposits) as opposed to being payable in securities. The foregoing provisions do not supersede Section 7(C) to the extent the Grantee's employment by the Company terminates and such provision is triggered prior to a Change in Control.

B. If the Award (to the extent then outstanding) is continued following a Change in Control or is assumed or converted into restricted stock units of any Successor Entity, the continued employment requirement set forth in Section 3(D) above (and the accelerated vesting provisions set forth in Section 7(A) and 7(B) above) shall continue to apply following such Change in Control; provided, however, that if a termination of the Grantee's employment described in Section 7(A) above occurs after a Change in Control and prior to the Vesting Date, the Award will vest as of the date of such termination of the Grantee's employment with respect to the number of Credited Restricted Stock Units as determined under Section 3 (or, if such termination occurs before the last day of the Performance Period, the Target Number of Restricted Stock Units). Any Restricted Stock Units (and any related Dividend Equivalents) that vest pursuant to this Section 8(B) shall be paid at the time(s) otherwise provided in Section 5.

Section 17 of the Plan shall not apply with respect to the Award.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder to receive Award Shares,

except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. The settlement of this Award is conditioned on the Grantee making arrangements reasonably satisfactory to the Company for the withholding of all applicable federal, state, local or foreign taxes as may be required under applicable law.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) (" Code Section 409A") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death).

D. It is intended that this Award qualify as "performance-based compensation" for purposes of Section 162(m) of the Code and the provisions of this Agreement shall be construed and interpreted consistent with that intent.

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or any shares of Common Stock or other cash or property received with respect to the Award (including any value received from a disposition of the shares acquired in respect of the Award).

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

GUESS?, INC.,
a Delaware corporation

By:____________________________________

Print Name:

Its:

GRANTEE

____
Signature

____
Print Name

____
Employee ID

EXHIBIT C

EXCISE TAX RULES AND PROCEDURES

1. All determinations required to be made under Section 9 of this Agreement and this Exhibit C shall be made by an accounting firm (the "Accounting Firm") selected in accordance with Paragraph 2 below. The Accounting Firm shall provide detailed supporting calculations both to the Company and the Executive within fifteen (15) business days of the event that results in the potential for an excise tax liability for the Executive, which could include but is not limited to a Change in Control and the subsequent vesting of any cash payments or awards, or the Executive's termination of employment, or such earlier time as is required by the Company.

2. The Accounting Firm shall be a public accounting firm proposed by the Company and agreed upon by the Executive. If the Executive and the Company cannot agree on the firm to serve as the Accounting Firm within ten (10) days after the date on which the Company proposed to the Executive a public accounting firm to serve as the Accounting Firm, then the Executive and the Company shall each select one accounting firm and those two firms shall jointly select the accounting firm to serve as the Accounting Firm within ten (10) days after being requested by the Company and the Executive to make such selection. The Company shall pay the Accounting Firm's fee.

3. If the Accounting Firm determines that one or more reductions are required under Section 9 of this Agreement, the Accounting Firm shall also determine which Payments shall be reduced (first from cash payments and then from non-cash payments) to the extent necessary so that no portion thereof shall be subject to the excise tax imposed by Section 4999 of the Code, and the Company shall pay such reduced amount to the Executive. The Accounting Firm shall make reductions required under Section 9 of this Agreement in a manner that maximizes the net after-tax amount payable to the Executive.

4. As a result of the uncertainty in the application of Section 280G at the time that the Accounting Firm makes its determinations under this Section, it is possible that amounts will have been paid or distributed to the Executive that should not have been paid or distributed (collectively, the "Overpayments"), or that additional amounts should be paid or distributed to the Executive (collectively, the "Underpayments"). If the Accounting Firm determines, based on either the assertion of a deficiency by the Internal Revenue Service against the Company or the Executive, which assertion the Accounting Firm believes has a high probability of success or controlling precedent or substantial authority, that an Overpayment has been made, the Executive must repay to the Company, without interest, the amount of the Overpayment; provided, however, that no loan will be deemed to have been made and no amount will be payable by the Executive to the Company unless, and then only to the extent that, the deemed loan and payment would either reduce the amount on which the Executive is subject to tax under Section 4999 of the Code or generate a refund of tax imposed under Section 4999 of the Code. If the Accounting Firm determines, based upon controlling precedent or substantial authority, that an Underpayment has occurred, the Accounting Firm will notify the Executive and the Company of that determination and the amount of that Underpayment will be paid to the Executive promptly by the Company.

5. The parties will provide the Accounting Firm access to and copies of any books, records, and documents in their possession as reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this Exhibit C.

* * *

Exhibit 10.2

RESTRICTED STOCK UNIT AGREEMENT

This **RESTRICTED STOCK UNIT AGREEMENT** (this "Agreement"), dated as of July 11, 2013 (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the " Company"), and Paul Marciano (the "Grantee").

RECITALS

WHEREAS, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of April 15, 2011) (the "Plan").

WHEREAS, the Compensation Committee of the Company's Board of Directors (the " Committee") has determined to grant a restricted stock unit award (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan, except where a capitalized term is defined in the Executive Employment Agreement between the Company and the Grantee, effective February 3, 2013 (the "Employment Agreement"), and this Agreement indicates the definition used in the Employment Agreement shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive 100,000 shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock") solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a stockholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent Rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units ("Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee.

3. Vesting.

A. Subject to the performance condition set forth in Section 3(B) below and except as otherwise expressly provided in Sections 7 and 8 herein, this Award shall vest as to (i) 33,333 Restricted Stock Units on January 30, 2014 (the "First Tranche"), (ii) 33,333 Restricted Stock Units on January 30, 2015 (the "Second Tranche"); and (iii) 33,334 Restricted Stock Units on January 30, 2016 (the "Third Tranche"); provided that Grantee has been continuously employed with the Company from the Date of Grant through each applicable vesting date. Except as specifically provided herein, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting.

B. No portion of this Award shall vest notwithstanding satisfaction of the continued employment requirement for vesting described in Section 3(A) above unless the Committee certifies, following the end of the Company's 2014 fiscal year, that the Company achieved Licensing Segment Earnings from Operations (as defined below) for the last three quarters of the Company's 2014 fiscal year (the "Performance Period") equal to or above the level established by the Committee with respect to the Award in connection with the grant of the Award; provided, however, that if either a Change in Control (as defined in the Employment Agreement) or the death or Disability (as defined in the Employment Agreement) of the Grantee occurs before the last day of the Performance Period, the performance requirement of this Section 3(B) shall be deemed met as of the date of such event. If such performance requirement is not met (and no such Change in Control, death or Disability (as defined in the Employment Agreement) occurs before the last day of the Performance Period), this Award and the Restricted Stock Units subject hereto shall terminate and be cancelled as of the last day of the Performance Period.

C. For purposes of this Award, "Licensing Segment Earnings from Operations" means: the Company's earnings from operations derived from the Company's Licensing Segment for the Performance Period as calculated in accordance with generally accepted accounting principles ("GAAP"), but adjusted to exclude the financial statement impact of any new changes in accounting standards announced during the Performance Period that are required to be applied during the Performance Period in accordance with GAAP.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock while any Restricted Stock Units subject to the Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to such outstanding Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Restricted Stock Units to which they relate and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Restricted Stock Units to which they relate.

5. Delivery of Shares. Except as otherwise provided in Section 8 below with respect to a Change in Control, the Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to the First Tranche that vest pursuant to the terms hereof within ten days following certification by the Committee of the satisfaction of the performance criteria set forth in Section 3(B) (and in no event later than 74 days following the end of the Performance Period), the number of Award Shares subject to the Second Tranche that vest pursuant to the terms hereof on (or within three business days following) January 30, 2015 and the number of Award Shares subject to the Third Tranche that vest pursuant to the terms hereof on (or within three business days following) January 30, 2016. Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5. Notwithstanding the foregoing: (a) in the event of the Grantee's death or Disability (as such term is defined for purposes of Section 409A of the Code), then such shares shall be settled as soon as administratively practicable after (and in all events within 90 days after) such event; and (b) in the event of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A) upon or within two years following a Section 409A Change in Control (as such term is defined in Section 8(A)), then such shares shall be settled as soon as administratively possible after (and in all events within ten days after) such event (subject to Section 10(C)).

6. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to the Award.

7. Effect of Certain Cessations of Employment. The continued employment vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, and any then-outstanding Restricted Stock Units shall be deemed vested, in the event that (a) the Grantee's employment is terminated by the Company without "Cause" (as defined in the Employment Agreement), (b) the Grantee's employment is terminated by the Grantee for "Good Reason" (as defined in the Employment Agreement) or (c) in the event of the Grantee's Disability (as defined in the Employment Agreement) or death while employed by the Company. For purposes of clarity, any Restricted Stock Units that vest pursuant to the preceding sentence shall still be paid at the applicable time set forth in Section 5. If the Grantee's employment terminates for any other reason, or the Grantee fails to satisfy the Release requirement referred to above in connection with a termination of employment referred to above to which such Release requirement applies, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of employment, shall terminate and be cancelled as of the date of such termination of employment. Sections 14(a) and 14(b) of the Plan shall not apply to the Award.

8. Change in Control. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control (as defined in the Employment Agreement):

A. If a Change in Control occurs and the then-outstanding and unvested portion of this Award is not continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the " Successor Entity"), the continued employment vesting requirement set forth under Section 3(A) of this Award shall be deemed to be satisfied, the outstanding Restricted Stock Units subject to such portion shall be deemed vested, and such Restricted Stock Units shall be settled at the time(s) otherwise provided in Section 5; provided that if such Change in Control constitutes a "change in the ownership or effective control" of the Company, or a change "in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A of the Code (a " Section 409A Change in Control"), outstanding and vested Restricted Stock Units (including any that vest pursuant to the foregoing provisions of this sentence) and related Dividend Equivalents shall be settled upon or as soon as practicable after the date of such Change in Control to the extent such acceleration of payment can be made in accordance with Treas. Reg. §1.409A-3(j)(4)(ix) (or other exemption from the general prohibitions on accelerations of payments under Section 409A of the Code) and not result in any tax, penalty or interest under Section 409A of the Code. In connection with any such Change in Control where payment of outstanding Restricted Stock Units subject to the Award will not be made in connection with the Change in Control, the Committee may make provision for such Restricted Stock Units to become payable in cash based on the Fair Market Value of a share of Common Stock at the time of such Change in Control (with interest for the period from the date of such Change in Control to the applicable payment date at such rate as determined by the Committee based on the interest earned by interest bearing, FDIC insured deposits) as opposed to being payable in securities.

B. If the then-outstanding and unvested portion of this Award is continued following such event or is assumed or converted into restricted stock units of any Successor Entity, the continued employment requirement set forth in Section 3(A) above (and the accelerated vesting provisions set forth in Section 7 above) shall continue to apply following such Change in Control, and any portion of the Award that vests pursuant to such provisions shall be settled as provided in Section 5 of this Agreement.

Section 17 of the Plan shall not apply with respect to the Award.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. The settlement of this Award is conditioned on the Grantee making arrangements reasonably satisfactory to the Company for the withholding of all applicable federal, state, local or foreign taxes as may be required under applicable law.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) (" Code Section 409A") so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a “specified employee” within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's “separation from service” (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest, except as otherwise provided for in Section 8(A)) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death). For avoidance of doubt, Dividend Equivalents under Section 4 shall continue to be credited during the period of such six-month delay until the vested Restricted Stock Units are actually settled.

D. It is intended that this Award qualify as “performance-based compensation” for purposes of Section 162(m) of the Code and the provisions of this Agreement shall be construed and interpreted consistent with that intent.

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be

conducted in the courts of Los Angeles County, or the federal courts for the United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or any shares of Common Stock or other cash or property received with respect to the Award (including any value received from a disposition of the shares acquired in respect of the Award).

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

GUESS?, INC.,
a Delaware corporation

By: /s/ Jason T. Miller

Print Name: Jason T. Miller

Its: Secretary

GRANTEE

/s/ Paul Marciano
Signature

Paul Marciano
Print Name

____
Employee ID

Exhibit 10.3

PERFORMANCE SHARE AWARD AGREEMENT

This **PERFORMANCE SHARE AWARD AGREEMENT** (this "Agreement"), dated as of July 11, 2013 (the "Date of Grant"), is entered into by and between GUESS?, INC., a Delaware corporation (the " Company"), and Paul Marciano (the "Grantee").

RECITALS

WHEREAS, the Company maintains the Guess?, Inc. 2004 Equity Incentive Plan (as Amended and Restated as of April 15, 2011) (the "Plan").

WHEREAS, the Compensation Committee of the Company's Board of Directors (the " Committee") has determined to grant performance-based restricted stock units (this "Award") to the Grantee under the Plan in order to increase Grantee's participation in the success of the Company;

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions; Incorporation of Plan Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Plan, except where a capitalized term is defined in the Executive Employment Agreement between the Company and the Grantee, effective February 3, 2013 (the "Employment Agreement"), and this Agreement indicates the definition used in the Employment Agreement shall apply for purposes of this Agreement as well. This Award and all rights of the Grantee under this Agreement are subject to, and the Grantee agrees to be bound by, all of the terms and conditions of the Plan, incorporated herein by this reference. Except as specifically provided in this Agreement, in the event of any conflict or inconsistency between the Plan and this Agreement, the Plan shall govern.

2. Grant of Restricted Stock Units. The Company hereby grants to the Grantee as of the Date of Grant (set forth above) a right to receive a "target" of 143,700 shares of the Company's common stock subject to the terms, conditions, and restrictions set forth herein (the "Restricted Stock Units," and such number of Restricted Stock Units, the "Target Number of Restricted Stock Units"). As used herein, the term "Restricted Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Company's common stock, par value $0.01 per share (the "Common Stock"), solely for purposes of the Plan and this Agreement. The Restricted Stock Units shall be used solely as a device for the determination of the number of shares of Common Stock to eventually be delivered to the Grantee if such Restricted Stock Units vest pursuant to this Agreement. The Restricted Stock Units shall not be treated as property or as a trust fund of any kind. The Grantee shall have no rights as a stockholder of the Company, no dividend rights (except as expressly provided in Section 4 with respect to Dividend Equivalent rights) and no voting rights with respect to the Restricted Stock Units and any shares of Common Stock underlying or issuable in respect of such Restricted Stock Units (" Award Shares") until such shares of Common Stock are actually issued to and held of record by the Grantee.

3. Vesting.

A. The Grantee shall be credited with a number of Restricted Stock Units equal to the Target Number of Restricted Stock Units multiplied by a "Vesting Percentage" determined based on the Company's Earnings from Operations (as defined below) for the last three quarters of the Company's 2014 fiscal year (the " Performance Period") in accordance with the following table:

Earnings from Operations for Performance Period	**Vesting Percentage**
Below Threshold	0%
Threshold	50%
Target	100%
Stretch or Above	150%

If the Company's actual level of Earnings from Operations for the Performance Period is between the "Threshold" and "Target" performance levels or between the "Target" and "Stretch" performance levels, the Vesting Percentage will be determined by linear interpolation between the Vesting Percentages for those two levels. In no event will the Vesting Percentage be greater than one hundred fifty percent (150%). The number of Restricted Stock Units credited to the Grantee pursuant to this Section 3(A), as certified by the Committee based on the satisfaction of the performance criteria above, is referred to herein as the "Credited Restricted Stock Units." Notwithstanding the foregoing provisions, if either a Change in Control (as defined in the Employment Agreement) or the death or Disability (as such term is defined in the Employment Agreement) of the Grantee occurs before the last day of the Performance Period and while the Grantee is employed by the Company, the number of Credited Restricted Stock Units for purposes of the Award shall be equal to the Target Number of Restricted Stock Units. Restricted Stock Units that are not Credited Restricted Stock Units, after giving effect to the foregoing provisions, as of the last day of the Performance Period (or, if earlier, the date of such a Change in Control or death or Disability (as such term is defined for purposes of the Employment Agreement) of the Grantee) shall immediately terminate and be cancelled.

B. The "Threshold," "Target" and "Stretch" levels of Earnings from Operations to be used to determine the Vesting Percentage under Section 3(A) will be established by the Committee in connection with the grant of the Award.

C. For purposes of this Award, "Earnings from Operations" means: the Company's earnings from operations for the Performance Period as calculated in accordance with generally accepted accounting principles (" GAAP"), but adjusted (without duplication) to exclude the financial statement impact of the following items:

i. any charges or accruals incurred for the Performance Period for litigation matters, but only where such charges or accruals for any particular matter exceed $500,000 for the Performance Period;

ii. restructuring charges incurred for the Performance Period related to employee severance related costs, store closure related costs and other real estate closure related costs;

iii. any new changes in accounting standards announced during the Performance Period that are required to be applied during the Performance Period in accordance with GAAP, and

iv. acquisitions and costs associated with such acquisitions and the costs incurred in connection with potential acquisitions that are required to be expensed under GAAP.

The Committee's determination of whether an adjustment is required (and the extent of any such adjustment) shall be final and binding.

D. Except as otherwise expressly provided in Sections 7 and 8 herein, the Credited Restricted Stock Units shall vest on the second (2nd) anniversary of the last day of the Performance Period (the "Vesting Date"); provided that the Grantee has been continuously employed with the Company from the Date of Grant through the Vesting Date. Except as specifically provided herein, employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Grantee to any proportionate vesting.

4. Dividend Equivalents. If a cash dividend is paid with respect to the Common Stock after the end of the Performance Period (or, if earlier, following the occurrence of a Change in Control), and while any Restricted Stock Units subject to the Award are outstanding, the Grantee shall be credited with an amount in cash equal to the dividends the Grantee would have received if he had been the owner of the shares of Common Stock subject to such outstanding Credited Restricted Stock Units; provided, however, that no amount shall be credited with respect to shares that have been delivered to the Grantee as of the applicable dividend record date. Any amounts credited under this Section 4 ("Dividend Equivalents") shall be subject to the same terms and conditions as the Credited Restricted Stock Units to which they relate and shall vest and be paid (or, if applicable, be forfeited) at the same time as the Credited Restricted Stock Units to which they relate.

5. Delivery of Shares. Except as otherwise provided in Section 8 below with respect to a Change in Control, the Company shall deliver or cause to be delivered to the Grantee the number of Award Shares subject to any Restricted Stock Units that vest pursuant to the terms hereof on (or within three business days following) the Vesting Date. Any Dividend Equivalents described in Section 4 above related to such Award Shares shall be paid in cash at the same time as the delivery of the Award Shares under this Section 5. Notwithstanding the foregoing: (a) in the event of the Grantee's death or Disability (as such term is defined for purposes of Section 409A of the Code), then such shares shall be settled as soon as administratively practicable after (and in all events within 90 days after) such event; and (b) in the event of the Grantee's "separation from service" (as such term is defined for purposes of Code Section 409A) upon or within two years following a Section 409A Change in Control (as such term is defined in Section 8(A)), then such shares shall be settled as soon as administratively possible after (and in all events within ten days after) such event (subject to Section 10(C)).

6. <u>Adjustments Upon Specified Events</u>. Upon the occurrence of certain events relating to the Company's Common Stock contemplated by Section 16(b) of the Plan, the Committee will make adjustments, if appropriate, in the number of Restricted Stock Units and the number and kind of securities subject to the Award.

7. <u>Effect of Certain Cessations of Employment</u>.

A. If, at any time prior to the Vesting Date, the Grantee's employment is terminated by the Company without "Cause" (as defined in the Employment Agreement) or by the Grantee for "Good Reason" (as defined in the Employment Agreement) <u>and</u> a Change in Control has not previously occurred, the Award will vest as of the date of such termination of the Grantee's employment (or, if later, the last day of the Performance Period) with respect to a number of Restricted Stock Units equal to (i) the Credited Restricted Stock Units as determined under Section 3, multiplied by (ii) a fraction, the numerator of which is the number of days of the Grantee's employment between the first day of the Performance Period and the date of such termination of the Grantee's employment, and the denominator of which is the total number of days between the first day of the Performance Period and the Vesting Date.

B. If, at any time prior to the Vesting Date, the Grantee's death or Disability (as such term is defined in the Employment Agreement) occurs while the Grantee is employed by the Company, the Award will vest as of the date of such event with respect to the number of Credited Restricted Stock Units as determined under Section 3.

C. If the Grantee's employment terminates for any other reason, this Award and the Restricted Stock Units subject hereto, to the extent outstanding and unvested as of the date of such termination of employment, shall terminate and be cancelled as of the date of such termination of employment. Sections 14(a) and 14(b) of the Plan shall not apply to the Award.

D. For purposes of clarity, any Restricted Stock Units that vest pursuant to this Section 7 (and any Dividend Equivalents related thereto) shall still be paid at the applicable time set forth in Section 5.

8. <u>Change in Control</u>. Notwithstanding anything to the contrary in Section 3, Section 5 or Section 7 of this Agreement or any provision of the Plan, the following provisions shall apply upon a Change in Control (as defined in the Employment Agreement):

A. If a Change in Control occurs and this Award (to the extent outstanding) is <u>not</u> continued following such event or assumed or converted into restricted stock units of any successor entity to the Company or a parent thereof (the "<u>Successor Entity</u>"), the Award will vest as of the date of such Change in Control with respect to the number of Credited Restricted Stock Units as determined under Section 3 (or, if the Change in Control occurs before the end of the Performance Period, the Target Number of Restricted Stock Units), and such Restricted Stock Units (and any related Dividend Equivalents) shall be paid at the time(s) otherwise provided in Section 5; provided that if such Change in Control constitutes a "change in the ownership or effective control" of the Company, or a change “in the ownership of a substantial portion of the assets” of the Company within the meaning of Section 409A of the Code (a “Section 409A Change in Control”), the outstanding vested Restricted Stock Units subject to the Award and any related Dividend Equivalents shall be paid upon or as soon as practicable after the date of such Change in Control to the extent such acceleration of payment can be made in accordance with Treas. Reg. §1.409A-3(j)(4)(ix) (or other exemption from the general prohibitions on accelerations of payments under Section 409A of the Code) and not result in any tax, penalty or interest under Section 409A of the Code. In connection with any such Change in Control where payment of such Restricted Stock Units subject to the Award will not be made in connection with the Change in Control, the Committee may make provision for such Restricted Stock Units to become payable in cash based on the Fair Market Value of a share of Common Stock at the time of such Change in Control (with interest for the period from the date of such Change in Control to the applicable payment date at such rate as determined by the Committee based on the interest earned by interest bearing, FDIC insured deposits) as opposed to being payable in securities. The foregoing provisions do not supersede Section 7(C) to the extent the Grantee's employment by the Company terminates and such provision is triggered prior to a Change in Control.

B. If the Award (to the extent then outstanding) is continued following a Change in Control or is assumed or converted into restricted stock units of any Successor Entity, the continued employment requirement set forth in Section 3(D) above (and the accelerated vesting provisions set forth in Section 7(A) and 7(B) above) shall continue to apply following such Change in Control; provided, however, that if a termination of the Grantee's employment described in Section 7(A) above occurs after a Change in Control and prior to the Vesting Date, the Award will vest as of the date of such termination of the Grantee's employment with respect to the number of Credited Restricted Stock Units as determined under Section 3 (or, if such termination occurs before the last day of the Performance Period, the Target Number of Restricted Stock Units). Any Restricted Stock Units (and any related Dividend Equivalents) that vest pursuant to this Section 8(B) shall be paid at the time(s) otherwise provided in Section 5.

Section 17 of the Plan shall not apply with respect to the Award.

9. Restrictions on Transfer. The Grantee may not sell, assign, transfer, pledge, encumber or otherwise alienate, hypothecate or dispose of this Award or the Grantee's right hereunder to receive Award Shares, except as otherwise provided in the Committee's sole discretion consistent with the Plan and applicable securities laws.

10. Taxes.

A. The settlement of this Award is conditioned on the Grantee making arrangements reasonably satisfactory to the Company for the withholding of all applicable federal, state, local or foreign taxes as may be required under applicable law.

B. It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) (“ Code Section 409A”) so as not to subject the Grantee to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Grantee.

C. If the Grantee is a “specified employee” within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Grantee's “separation from service” (as such term is defined for purposes of Code Section 409A), the Grantee shall not be entitled to any payment or benefit pursuant to this Award until the earlier of (i) the date which is six (6) months after the Grantee's separation from service for any reason other than death, or (ii) the date of the Grantee's death. The provisions of this Section 10(C) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Grantee upon or in the six (6) month period following the Grantee's separation from service that are not so paid by reason of this Section 10(C) shall be paid (without interest) as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Grantee's separation from service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Grantee's death).

D. It is intended that this Award qualify as “performance-based compensation” for purposes of Section 162(m) of the Code and the provisions of this Agreement shall be construed and interpreted consistent with that intent.

11. Compliance. The Grantee hereby agrees to cooperate with the Company, regardless of Grantee's employment status with the Company, to the extent necessary for the Company to comply with applicable state and federal laws and regulations relating to the Restricted Stock Units.

12. Notices. Any notice required or permitted under this Agreement shall be deemed given when personally delivered, or when deposited in a United States Post Office, postage prepaid, addressed, as appropriate, to the Grantee either at the address on record with the Company or such other address as may be designated by Grantee in writing to the Company; or to the Company, Attention: Stock Plan Administration, 1444 South Alameda Street, Los Angeles, California 90021, or such other address as the Company may designate in writing to the Grantee.

13. Failure to Enforce Not a Waiver. The failure of the Company or the Grantee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

14. Governing Law. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to Delaware or other laws that might cause other law to govern under applicable principles of conflicts of law. For purposes of litigating any dispute that arises under this Agreement, the parties hereby submit to and consent to the jurisdiction of the State of California, and agree that such litigation shall be conducted in the courts of Los Angeles County, or the federal courts for the

United States for the Central District of California, and no other courts, where this Agreement is made and/or to be performed.

15. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Stock Units awarded under the Plan or future restricted stock or restricted stock units that may be awarded under the Plan by electronic means or request Grantee's consent to participate in the Plan by electronic means. Grantee hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

16. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. Amendments. This Agreement may be amended or modified at any time by an instrument in writing signed by both parties.

18. Agreement Not a Contract of Employment. Neither the grant of the Restricted Stock Units, this Agreement nor any other action taken in connection herewith shall constitute or be evidence of any agreement or understanding, express or implied, that the Grantee is an employee of the Company or any subsidiary of the Company.

19. Committee's Powers. No provision contained in this Agreement shall in any way terminate, modify or alter, or be construed or interpreted as terminating, modifying or altering any of the powers, rights or authority vested in the Committee or, to the extent delegated, in its delegate pursuant to the terms of the Plan or resolutions adopted in furtherance of the Plan, including, without limitation, the right to make certain determinations and elections with respect to the Restricted Stock Units.

20. Termination of this Agreement. Upon termination of this Agreement, all rights of the Grantee hereunder shall cease.

21. Clawback Policy. This Award is subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of the Award or any shares of Common Stock or other cash or property received with respect to the Award (including any value received from a disposition of the shares acquired in respect of the Award).

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by a duly authorized officer and the Grantee has hereunto set his or her hand as of the date and year first above written.

GUESS?, INC.,
a Delaware corporation

By: /s/ Jason T. Miller

Print Name: Jason T. Miller

Its: Secretary

GRANTEE

/s/ Paul Marciano
Signature

Paul Marciano
Print Name

____
Employee ID

Exhibit 10.4

GUESS?, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
AMENDMENT 2013-I

The following sentence is added at the end of the definition of “Compensation” set forth in Section 1.13 of the Guess?, Inc. Supplemental Executive Retirement Plan:

> “Notwithstanding anything to the contrary herein, the maximum amount of Compensation for Paul Marciano for any year following 2013 that shall be taken into account for purposes of this Plan is $6.25 million.”

IN WITNESS WHEREOF, this Amendment is hereby adopted effective as of July 11, 2013.

GUESS?, INC.

/s/ Nigel Kershaw
Print Name: Nigel Kershaw
Title: Interim Chief Financial Officer

Exhibit 10.5

GUESS?, INC.

July 18, 2013

Mr. Sandeep Reddy

Dear Sandeep:

I am very pleased to extend to you an offer of employment at GUESS?, Inc. as Chief Financial Officer. In this position you will be reporting directly to me. We appreciate your contributions and achievements in Guess Europe, and look forward to your continued global leadership.

The terms of your offer are as follows:

1. Base salary of $400,000.00 per year, with exempt status, paid in accordance with the Company's normal payroll practices.

2. You will be eligible to participate in GUESS?, Inc.'s Executive Bonus Program, which currently bases awards on individual performance and objectives, department, and Company objectives. As a participant in this plan, your bonus opportunity may include both cash and long term equity incentives as a percentage of your base salary, with an annual target of 40% for cash bonus and 60% for the long term incentive equity component. With respect to the Company's fiscal year ending February 1, 2014, the Bonus will be pro-rated.

3. In addition to the compensation set forth above, and subject to approval by the GUESS?, Inc. Compensation Committee at its next meeting, you will be granted the following equity compensation pursuant to the GUESS?, Inc. Equity Incentive Plan:

   (a) Non-qualified options to purchase 18,000 shares of the Common Stock of GUESS?, Inc. with an exercise price equal to the closing price of the Common Stock on the grant date. Such stock options will vest during your employment over a four-year period as follows: one-fourth of your options will vest on each anniversary of the date of grant until fully vested.

   (b) Restricted stock in the amount of 6,000 shares of Common Stock subject to your signing of a restricted stock agreement with standard terms and conditions for restricted stock awards as determined by the Compensation Committee. Among other conditions, you will be required to pay the par value of one cent ($.01) per share of your restricted stock on the date of grant. Your restricted stock will vest over a four-year period as follows: one-fourth of your shares will vest on each anniversary of the date of grant until fully vested.

4. Medical, dental, life, vacation and disability benefits commensurate with your position at GUESS?, Inc. You will accrue vacation benefits at the rate of four weeks per year. You will be provided with a summary and details of these benefits when you begin employment with the Company.

5. Relocation expenses incurred during the move from Lugano, Switzerland to Los Angeles, CA will be provided by GUESS?, Inc. Please note that these expenses are considered income for IRS purposes, and you will be taxed on this amount, including applicable payroll taxes. Your relocation will be coordinated through GUESS?, Inc. and Professional Relocation & Consulting Services. If you voluntarily resign from GUESS?, Inc. within two years of your hire date, you will be responsible to reimburse GUESS?, Inc. for all relocation expenses. After your first year of service, these expenses will be pro-rated per year (see attached schedule A). The expenses will include:

   a) Movement of your household goods from Lugano, Switzerland to Los Angeles, CA.

   b) Two (2) one-way business class airfare tickets for your final relocation to Los Angeles.

6. If GUESS?, Inc., should terminate your employment at any time for any reason, other than for cause, you shall be entitled (subject to the execution of the Company's standard Settlement and Release Agreement) to payments in the amount of six (6) months base salary (at the rate of the date of termination), paid in accordance with the Company's normal payroll practices. If you begin full-time employment, part-time employment or consulting engagements prior to the end of such six month period following your termination, which includes compensation in an amount equal or greater than your compensation at GUESS?, Inc., any payments due to you under this subsequent paragraph shall be forfeited. If you accept and begin employment prior to the end of the six month period at a salary lower than your base salary at GUESS?, Inc., GUESS?, Inc., will pay you the difference in compensation for this period. Given the important nature of your position, the company requests, to the extent practicable, that you please provide 6 months advance notice in the event you elect to terminate your employment with the Company. Nothing in the foregoing is intended in any way to alter the at-will nature of your employment.

   In order to help you to avoid incurring any tax penalties under Section 409A of the Internal Revenue Code in connection with the severance provisions set forth herein, the following provisions shall apply:

   a) If your employment is terminated in circumstances that would trigger the above severance benefit, Guess?, Inc. will provide you the form of Settlement and Release Agreement not later than seven (7) days after the date your employment is terminated;

   b) You will have 21 days within which to consider, execute and return the Settlement and Release Agreement to Guess?, Inc. (unless a longer period of time for you to consider the Settlement and Release Agreement is required under applicable law);

c) If you do not timely provide Guess?, Inc. with the executed Settlement and Release Agreement, or if you revoke your Settlement and Release Agreement under any revocation right afforded by applicable law, Guess?, Inc. will have no obligation to pay you the severance benefit; and

d) If you timely provide Guess?, Inc. with your executed Settlement and Release Agreement, and you do not revoke your Settlement and Release Agreement, your severance benefit will be paid as follows: (i) the first installment of your severance benefit will be paid to you on (or within 10 days following) the 60 th day following the termination of your employment with Guess?, Inc., and will include any severance that would have been paid to you during that 60-day period had your salary continued during that period, and (ii) the remaining portion of your severance benefit will be paid in equal installments on regularly scheduled paydays in accordance with the Company's normal payroll practices during the remainder of your severance period. Severance payments will be subject to applicable tax withholding.

In this position, it may be necessary for you to travel internationally. We require that you possess a valid passport, that must be on file with the GUESS?, Inc. Travel Department. It is your responsibility to ensure that your passport is valid at all times.

In accordance with government regulation, all employees must present eligibility to work. On your first day of employment, please bring in original documents to establish both identification and employment eligibility from the attached list of acceptable documents (Form I-9). If you are unable to present these documents, we are not permitted to employ you.

We look forward to your joining us at GUESS?, Inc., and a prosperous future together. Please feel free to contact me if you have any questions.

Sincerely,

/s/ Paul Marciano

Paul Marciano
GUESS?, Inc., Chief Executive Officer

AGREED & ACCEPTED

/s/ Sandeep Reddy July 18, 2013

Sandeep Reddy Date

Schedule A

Relocation Reimbursement Schedule

Service Period	Reimbursement
First year (through first anniversary date)	All costs incurred
Second year (through second anniversary date)	½ of all costs incurred

Exhibit 10.6

GUESS?, INC.

August 21, 2013

Mr. Michael Relich

Dear Michael:

I am very pleased to extend to you an offer of employment at GUESS?, Inc. (the "Company") as Chief Operating Officer. In this position you will be reporting directly to me. We appreciate your contributions and achievements over the last nine years, and look forward to your continued global leadership.

The terms of your offer are as follows:

1. Base salary of $550,000 per year, with exempt status, paid in accordance with the Company's normal payroll practices.

2. You will be eligible to continue to participate in GUESS?, Inc.'s Executive Bonus Program, which currently bases awards on individual performance and objectives, department, and Company objectives. As a participant in this plan, your bonus opportunity may include both cash and long term equity incentives as a percentage of your base salary, with an annual target of 50% for cash bonus and 60% for the long term incentive equity component.

3. In addition to the compensation set forth above and subject to approval by the GUESS?, Inc. Compensation Committee, you will be granted the following equity compensation pursuant to the GUESS?, Inc. Equity Incentive Plan:

   (a) Non-qualified options to purchase 30,000 shares of the Common Stock of GUESS?, Inc. with an exercise price equal to the closing price of the Common Stock on the grant date. Such stock options will vest during your employment over a four-year period as follows: one-fourth of your options will vest on each anniversary of the date of grant until fully vested.

   (b) Restricted stock in the amount of 20,000 shares of Common Stock subject to your signing of a restricted stock agreement with standard terms and conditions for restricted stock awards as determined by the Compensation Committee. Among other conditions, you will be required to pay the par value of one cent ($.01) per share of your restricted stock on the date of grant. Your restricted stock will vest over a four-year period as follows: one-fourth of your shares will vest on each anniversary of the date of grant until fully vested.

4. Medical, dental, life, vacation and disability benefits commensurate in accordance with your position at GUESS?, Inc. You will accrue vacation benefits at the rate of four weeks per year.

5. If the Company should terminate your employment at any time for any reason, other than for cause, you shall be entitled (subject to the execution of the Company's standard Settlement and Release Agreement) to payments in the amount of four (4) months base salary (at the rate of the date of termination), paid in accordance with the Company's normal payroll practices. If you begin full-time employment, part-time employment or consulting engagements prior to the end of such four (4) month period following your termination, which includes compensation in an amount equal or greater than your base salary at the Company, any payments due to you under this paragraph shall be forfeited. If you accept and begin employment or consulting engagements prior to the end of such four (4) month period with compensation in an amount lower than your base salary at GUESS?, Inc., the Company will pay you the difference between your new compensation and your base salary at the Company until the end of such four (4) month period. Given the important nature of your position, the Company requests, to the extent practicable, that you please provide four (4) months advance notice in the event you elect to terminate your employment with the Company. Nothing in the foregoing is intended in any way to alter the at-will nature of your employment.

   In order to help you avoid incurring any tax penalties under Section 409A of the Internal Revenue Code in connection with the severance provisions set forth herein, the following provisions shall apply:

   a) If your employment is terminated in circumstances that would trigger the above severance benefit, the Company will provide you the form of Settlement and Release Agreement not later than seven (7) days after the date your employment is terminated;

   b) You will have 21 days within which to consider, execute and return the Settlement and Release Agreement to the Company (unless a longer period of time for you to consider the Settlement and Release Agreement is required under applicable law);

   c) If you do not timely provide the Company with the executed Settlement and Release Agreement, or if you revoke your Settlement and Release Agreement under any revocation right afforded by applicable law, the Company will have no obligation to pay you the severance benefit; and

   d) If you timely provide the Company with your executed Settlement and Release Agreement, and you do not revoke your Settlement and Release Agreement, your severance benefit will be paid as follows: (i) the first installment of your severance benefit will be paid to you on (or within 10 days following) the 60 th day following the termination of your employment with the Company and will include any severance that would have been paid to you during that 60-day period had your salary continued during that period, and (ii) the remaining portion of your severance benefit will be paid in equal installments on regularly scheduled paydays in accordance with the Company's normal payroll practices during the remainder of your severance period. Severance payments will be subject to applicable tax withholding.

In this position, it may be necessary for you to travel internationally. We require that you possess a valid passport, a copy of which must be on file with the GUESS?, Inc. Travel Department. It is your responsibility to ensure that your passport is valid at all times.

This Offer Letter supersedes your prior Offer Letter with the Company dated February 20, 2004.

We look forward to your new role with GUESS?, Inc., and to a prosperous future together. Please feel free to contact me if you have any questions.

Sincerely,

/s/ Paul Marciano

Paul Marciano
GUESS?, Inc., Chief Executive Officer

AGREED & ACCEPTED

/s/ Michael Relich 8/21/13

Michael Relich Date

Exhibit 31.1

I, Paul Marciano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guess?, Inc.;
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: September 9, 2013

By: /s/ PAUL MARCIANO

Paul Marciano
Chief Executive Officer and
Vice Chairman of the Board

Exhibit 31.2

I, Sandeep Reddy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Guess?, Inc.;
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: September 9, 2013

By: /s/ SANDEEP REDDY

Sandeep Reddy
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

I, Paul Marciano, Chief Executive Officer and Vice Chairman of the Board of Guess?, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended August 3, 2013, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2013

By: /s/ PAUL MARCIANO

Paul Marciano
Chief Executive Officer and
Vice Chairman of the Board

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

I, Sandeep Reddy, Chief Financial Officer of Guess?, Inc. (the "Company"), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- the Quarterly Report on Form 10-Q of the Company for the period ended August 3, 2013, as filed with the Securities and Exchange Commission (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 9, 2013

By: /s/ SANDEEP REDDY
Sandeep Reddy
Chief Financial Officer