Use these links to rapidly review the document
TABLE OF CONTENTS
Index to Consolidated Financial Statements and Financial Statement Schedule

Table of Contents

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

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Fiscal Year Ended January 31, 2009

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 Number)

1444 South Alameda Street
Los Angeles, California 90021
(213) 765-3100
(Address, including zip code, and telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
common stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether 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. (Check one):

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 the close of business on August 2, 2008, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity stock held by non-affiliates of the registrant was $1,904,952,672 based upon the closing price of $32.00 on the New York Stock Exchange composite tape on such date. For this computation, the registrant has excluded the market value of all shares of its common stock reported as beneficially owned by executive officers and directors of the registrant. Such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.

As of the close of business on March 23, 2009, the registrant had 91,980,272 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant's 2009 Annual Meeting of Stockholders are incorporated by reference into Part III herein.

TABLE OF CONTENTS

IMPORTANT FACTORS REGARDING FORWARD-LOOKING STATEMENTS

Throughout this Annual Report on Form 10-K, including documents incorporated by reference herein, we make "forward-looking" statements, which are not historical facts, but are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be in our other reports filed under the Securities Exchange Act of 1934, as amended, in our press releases and in other documents. In addition, from time to time, we, through our 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 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," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "will," "continue," 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, 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 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 "ITEM 1A. Risk Factors" contained herein.

PART I

ITEM 1. Business.

General

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

We design, market, distribute and license one of the world's leading lifestyle collections of contemporary apparel and accessories for men, women and children that reflect the American lifestyle and European fashion sensibilities. Our apparel is marketed under numerous trademarks including GUESS, GUESS?, GUESS U.S.A., GUESS Jeans, GUESS? and Triangle Design, Question Mark and Triangle Design, a stylized G, GUESS Kids, Baby GUESS, YES, G by GUESS, GUESS by MARCIANO and MARCIANO. The lines include full collections of denim and cotton clothing, including jeans, pants, overalls, skirts, dresses, shorts, blouses, shirts, jackets and knitwear. We also selectively grant licenses to manufacture and distribute a broad range of products that complement our apparel lines, including eyewear, watches, handbags, footwear, kids' and infants' apparel, leather apparel, swimwear, fragrance, jewelry and other fashion accessories.

Our products are sold through retail, wholesale, e-commerce and licensing distribution channels. Our core customer is a style-conscious consumer primarily between the ages of 18 and 32. These consumers are part of a highly desirable demographic group that we believe, historically, has had significant disposable income. We also appeal to customers outside this group through specialty product lines that include GUESS by MARCIANO (recently rebranded from MARCIANO to GUESS by MARCIANO), a more sophisticated fashion line targeted to women, and GUESS Kids, targeted to boys and girls ages six to twelve.

We were founded in 1981 and currently operate as a Delaware corporation.

Business Segments

The business segments of the Company are retail, wholesale, European and licensing. The Company believes this segment reporting reflects how its four business segments are managed and each segment's performance is evaluated. The retail segment includes the Company's retail operations in North America. The wholesale segment includes the wholesale operations in North America and our Asian operations. The European segment includes both wholesale and retail operations in Europe and the Middle East. The licensing segment includes the worldwide licensing operations of the Company. The business segments' operating results exclude corporate overhead costs, which consist of shared costs of the organization. These costs are presented separately and generally include, among other things, the following unallocated corporate costs: information technology, human resources, accounting and finance, global advertising and marketing expenditures, executive compensation, facilities and legal. Financial information about each segment, together with certain geographical information, for the fiscal years ended January 31, 2009, February 2, 2008, December 31, 2006 and one month ended February 3, 2007 are included under Note 15 to the Consolidated Financial Statements contained herein.

In the fiscal year ended January 31, 2009, 46.7% of our net revenue was generated from retail operations, 14.2% from wholesale operations, 34.3% from European operations and 4.8% from licensing operations. Our total net revenue in fiscal 2009 was $2.09 billion and net earnings were $213.6 million.

Business Strengths

We believe we have several business strengths which help us to successfully execute our strategies. These business strengths include:

Brand Equity. We believe that our brand name is one of the most familiar in fashion and is one of our most valuable assets. We believe the enduring strength of the GUESS? brand name and image is due mainly to our consistent emphasis on innovative and distinctive product designs that stand for exceptional styling and quality. Our industry is highly competitive and subject to rapidly changing consumer preferences and tastes. The success of our brand depends on our ability to anticipate the fashion preferences of our customers. We have a team of designers who seek to identify global fashion trends and interpret them for the style-conscious consumer while retaining the distinctive GUESS? image.

Through our award-winning advertising, under the creative leadership and vision of Paul Marciano, our Chief Executive Officer, we have achieved worldwide recognition of the GUESS? brand name. We have developed the "GUESS? signature image" and "GUESS? lifestyle concept" through the use of our strong and distinctive images, merchandising display themes, logos and trademarks which are registered in approximately 170 countries. We control all of our worldwide advertising, marketing activities and promotional materials from our headquarters in Los Angeles. GUESS by MARCIANO, GUESS? and Triangle Design and GUESS?, Inc. images have been showcased globally in dozens of major publications as well as in outdoor and broadcast media. We communicate the GUESS? image through the use of our signature black and white print advertisements, as well as color print advertisements, designed by our in-house advertising department. We have maintained a high degree of consistency in our advertisements by using similar themes and images. We require our licensees and distributors to invest a percentage of their net sales of licensed products and net purchases of GUESS? products in Company-approved advertising, promotion and marketing.

Global Diversity. The global success of the brand has reduced the reliance on any particular region. This allows the Company to continue to grow during regional economic slowdowns. For the year ended January 31, 2009, over half of our revenues were generated outside of the U.S. Refer to Note 15 to the Consolidated Financial Statements contained herein for a geographical breakdown of worldwide revenues.

Multiple Distribution Channels. The Company utilizes retail, wholesale, e-commerce and licensing distribution channels to sell its products. The Company has retail and wholesale networks established in each major region in which we operate. This flexibility allows the Company to adapt more quickly to changes in the distribution environment in any particular region.

Retail Distribution. At January 31, 2009, we directly operated a total of 425 stores in the U.S. and Canada and 96 stores outside of the U.S. and Canada. The 425 stores in the U.S. and Canada are comprised of 192 full-price GUESS? retail stores, 104 GUESS? factory outlet stores, 52 GUESS by MARCIANO stores, 43 G by GUESS stores and 34 GUESS? Accessories stores. The 96 international stores consist of 61 stores in Europe, 24 stores in Asia and 11 stores in Mexico. This does not include a further 109 directly operated concessions in Europe and Asia that are not included in our store count due to their smaller size. Our retail network creates an upscale and inviting shopping environment and enhances our image. Distribution through our retail stores allows us to influence the merchandising and presentation of our products, build brand equity and test new product design concepts. Our GUESS? and G By GUESS retail stores carry a full assortment of men's and women's merchandise, including most of the GUESS? and G by GUESS licensed products. Our GUESS? factory outlet stores are primarily located in outlet malls generally operating outside the shopping radius of our wholesale customers and our own full-price GUESS? retail stores. Our GUESS by MARCIANO stores carry a full assortment of women's merchandise. In addition, we continue to grow our online retail business.

Our websites, www.guess.com, www.gbyguess.com, www.guessbymarciano.com, www.marciano.com, www.guess.ca, www.guessbymarciano.ca and www.shopmarciano.ca are virtual storefronts that both distribute our products and promote our brands.

Licensee Stores. Outside of North America and South Korea, the Company primarily utilizes a licensed-retail store approach to distribute its products as opposed to a directly-operated approach. This allows the Company to expand its operations with a lower level of capital investment. Our international licensees and distributors operated 594 stores located in approximately 73 countries outside the U.S. and Canada at January 31, 2009. This store count does not include 68 licensee operated jean and accessory concessions located in Asia because of their smaller store size in relation to our standard international store size. We work closely with international licensees and distributors to ensure that their store designs and merchandise programs protect the reputation of the GUESS? trademarks.

Wholesale Distribution. We have both domestic and international wholesale distribution channels. U.S. wholesale customers consist primarily of better department stores and select specialty retailers and upscale boutiques, which have the image and merchandising expertise that we require for the effective presentation of our products. Leading U.S. wholesale customers include Macy's, Inc. and Dillard's, Inc. At January 31, 2009, our products were sold directly to consumers from approximately 1,057 major doors in the U.S. These locations include approximately 374 shop-in-shops, an exclusive selling area within a department store that offers a wide array of our products and incorporates GUESS? signage and fixture designs. These shop-in-shops allow us to reinforce the GUESS? brand image with our customers. Many department stores have more than one shop-in-shop, with each one featuring women's or men's apparel. Our European wholesale business is more fragmented and we rely on a large number of smaller regional distributors and agents to distribute our products. Through our foreign subsidiaries and our network of international distributors, our products are also found in major cities throughout Canada, Africa, Asia, Australia, the Middle East, Mexico, the Caribbean and South America.

Licensing Operations. The desirability of the GUESS? brand name among consumers has allowed us to selectively expand our product offerings and global markets through trademark licensing arrangements, with minimal capital investment or on-going operating expenses. Our international licenses and distribution agreements allow for the sale of GUESS? branded products in better department stores and upscale specialty retail stores. We carefully select our trademark licensees and approve in advance all product design, advertising and packaging materials of all licensed products in order to maintain a consistent GUESS? image. We currently have 22 domestic and international licenses that include eyewear, watches, handbags, footwear, kids' and infants' apparel, lingerie, leather outerwear, fragrance, jewelry and other fashion accessories. We have also granted licenses for the manufacture or sale of GUESS? branded products in markets which include Africa, Asia, Australia, Europe, the Middle East, Mexico, the Caribbean, North America and South America.

Business Growth Strategies

We regularly evaluate and implement initiatives that we believe will build brand equity, grow our business and enhance profitability. However, the deterioration of the global economic environment over the past several months has negatively impacted the level of consumer spending for discretionary items. This has affected our business as it is dependent on consumer demand for our products. In North America, we have experienced a significant slowdown in customer traffic and a highly promotional environment. These same conditions are now spreading to many of our international markets. We have reacted accordingly and have adjusted our near term strategic goals to protect our liquidity and strong balance sheet position. If the global macroeconomic environment continues to be weak or deteriorates further, the ability to implement our business growth strategies could be impacted in the near term by our desire to preserve capital, resulting in a more risk averse investment strategy. Despite the current economic conditions, our key growth strategies in the long term remain as follows:

Leveraging the GUESS? Brand. We believe the GUESS? brand is an integral part of our business, a significant strategic asset and a primary source of sustainable competitive advantage. It communicates a distinctive image that is fun, fashionable and sexy. Brand loyalty, name awareness, perceived quality, strong brand images, public relations, publicity, promotional events and trademarks all contribute to brand integrity. Our design teams visit the world's premier fashion locations in order to identify important style trends and to discover new fabrics. We will continue this practice while promoting our innovative designs through stylish advertising campaigns that advance the GUESS? image. Our marketing programs are designed to convey a uniform style image for the brand and are aimed at increasing the desire of the target group to join our GUESS? customer group.

International Expansion. We believe there are significant opportunities to continue our international growth, particularly in Europe and Asia, where the GUESS? brand is well recognized but under-penetrated. The Company has made several key acquisitions in Europe during the past few years, as discussed under "Acquisition Strategy" below. Our European segment's earnings from operations now represent roughly half of the total Company consolidated earnings from operations. The Company continues to view Europe and Asia as our key growth priorities and our international licensees as key strategic partners. In fiscal 2009, we, along with our distributors and licensees, opened 168 stores in all concepts combined outside of the U.S. and Canada, comprised of 99 stores in Europe and the Middle East, 55 stores in Asia and 14 stores in the combined area of Mexico, Central and South America, bringing the total number of such stores to 690 at year end. This store count does not include 177 jean and accessory concessions located in Asia and Europe because of their smaller store size in relation to our standard international store size. In Mexico, our joint venture is currently distributing through three major department store chains, Liverpool, El Palacio de Hierro and Chapur, with 173 shop-in-shop locations and eleven GUESS? free-standing stores. We plan to continue our international expansion by opening approximately 126 new stores in fiscal 2010 outside of the U.S. and Canada, primarily through our international licensees and distributors.

North American Retail Store Strategy and Expansion Plans. Our North American retail growth strategy is to increase retail sales and profitability by expanding our network of retail stores and improving the performance of existing stores. During fiscal 2009, we opened a total of 57 new stores in the U.S. and Canada consisting of nine full-price retail stores, seven factory outlet stores, ten G by GUESS stores, 14 GUESS by MARCIANO stores and 17 GUESS? Accessories stores. We also closed five stores and converted one full-price retail store to a GUESS? Accessories store during the year.

Our retail locations build brand awareness and contribute to market penetration and growth of the brand. In fiscal 2009, we increased our retail average square footage by 12.8% to a total of 1,953,600 square feet in the U.S. and Canada. In light of the economic downturn in North America in the second half of fiscal 2009, we plan to be very selective with new store locations for fiscal 2010. At this time, the Company is committed to opening 15 new stores during fiscal 2010 in the U.S. and Canada, consisting of five GUESS? Accessories, four full-price retail, four factory outlet and two G by GUESS stores. The Company will continue to evaluate other opportunities that may arise based on the individual merits and economics of each potential store.

The Company has attributed its historical growth in this segment to the strength of the brand, the quality of our product assortment, the introduction of new product categories, the development of a motivated team of sales professionals to service our customers and provide a favorable shopping experience, quality real estate in high-traffic shopping centers, and a diversified mix of store concepts.

Our newer store concepts leverage our brand recognition and the reputation we have for sexy, contemporary styling to extend the appeal of our brand. As part of our retail growth strategy, in fiscal 2008 we launched our newest brand store concept, G by GUESS. We currently have 43 G by GUESS stores in North America. G by GUESS is aimed to capture a market demographic that shops price points between factory and retail. The G by GUESS brand is distributed only in G by GUESS stores and carries apparel, accessories and footwear for both men and women that is aspirational, timeless and fun. The stores have a fresh feel, directed toward a full customer experience, with fashion-forward, but not cutting edge fashion. The stores have a slightly smaller footprint than Guess? stores. We also recently changed the name of our MARCIANO concept in the U.S. and Canada to GUESS by MARCIANO. This change further allows us to leverage the GUESS? brand. In addition, we continue to emphasize our Accessories line. This includes greater focus on our Accessories line in our existing stores as well as continuing to develop and open additional GUESS? Accessories stores. We shall continue to monitor the performance of these store concepts carefully and make adjustments where necessary.

Continue to Develop our Licensee Portfolio. One of our primary objectives is to maintain the quality and reputation of the GUESS? brand. In order to accomplish this goal, we will continue to strategically reposition our licensing portfolio by constantly monitoring and evaluating the performance of our licensees worldwide and their strengths and capabilities to appropriately represent our brand. As part of this process, we will consider bringing apparel licenses in-house, where appropriate. If we determine that licensees are performing inadequately, we will, from time to time, discontinue the existing relationship and seek out a stronger replacement licensee.

In 2006, we entered into a joint venture with Adivina S.A. de. C.V. to oversee the revitalization and expansion of the GUESS? brand in Mexico. We also signed a new license with a European licensee to develop and manufacture lingerie and swimwear under the GUESS? trademark in Europe and certain other countries. In 2005, we successfully renegotiated license agreements with our existing licensees for watches, handbags and eyewear on terms that were significantly improved over our prior arrangements and began shipping our new fragrance line. In addition, in 2004, we signed a new footwear license with Marc Fisher LLC to develop, manufacture and distribute athletic and fashion footwear under the GUESS? trademark in the U.S. and several countries worldwide and began shipping footwear products in 2005. We believe these were important steps in expanding our presence both domestically and globally. We will continue to examine strategic opportunities to expand our licensee portfolio by developing new licensees that can expand our brand penetration and complement the GUESS? image.

Acquisition Strategy. We evaluate strategic acquisitions and alliances and pursue those that we believe will support and contribute to our overall growth initiatives. In January 2008, the Company finalized the acquisition of our former European licensee of children's apparel, BARN S.r.l. ("BARN"). In December 2006, we acquired 75% of the outstanding shares of Focus Europe, S.r.l. ("Focus"), as well as the leases and assets of four retail stores in Italy. Focus, based in Italy, had served as the licensee, manufacturer, distributor and retailer of GUESS by MARCIANO contemporary apparel for men and women in Europe for 10 years. In January 2005, we completed the acquisition of the remaining 90% of Maco Apparel, S.p.A. ("Maco"), the Italian licensee of GUESS jeanswear for men and women in Europe, that the Company did not already own from Fingen S.p.A. and Fingen Apparel N.V., as well as the assets and leases of ten retail stores in Europe. The stores were located in Rome, Milan, Paris, Amsterdam, London, and certain other European cities.

With the BARN, Focus and Maco acquisitions, we now directly manage our adult and children apparel businesses in Europe. We believe the combination of the manufacture and distribution of all our European apparel lines under the GUESS? umbrella allows us to take advantage of economies of scale and provides an opportunity to further expand our wholesale and retail operations in this region.

Improved Product Sourcing. In fiscal 2009, we have continued to execute on our strategic vision to deploy a global sourcing and product development platform to service our worldwide retail and wholesale channels. Over the past year, these actions have helped to support our global revenue growth. We believe that our balanced global sourcing platform provides us with a powerful competitive advantage.

Our sourcing strategy has allowed us to reduce costs by sourcing from Asia, while accomplishing shorter lead-times from our Western Hemisphere vendors for our North American customers.

Our product sourcing strategy includes the roll-out of our global calendar and a concerted effort to reduce the number of suppliers while cultivating deeper partnerships with our key vendors. The global calendar is the roadmap for our global operations, enabling us to continue integrating our North American and European design and supply chains. Our vision of offering a global core product assortment, through collaboration between our U.S. and Italian based design teams continues to be our primary focus. We have maintained skilled sourcing and product development teams in Los Angeles, California and Florence, Italy, while continuing to develop our sourcing team in Hong Kong. Los Angeles will remain the hub of denim development.

e-Commerce. Our websites, www.guess.com, www.gbyguess.com, www.guessbymarciano.com, www.marciano.com, www.guess.ca, www.guessbymarciano.ca and www.shopmarciano.ca are virtual storefronts that promote our brands. Designed as customer shopping centers, these sites showcase our products in an easy-to-navigate format, allowing customers to see and purchase our collections of casual apparel and accessories. Not only have these virtual stores become an additional retail distribution channel, but also they have improved customer service and are fun and entertaining alternative-shopping environments. These sites also provide fashion information and a mechanism for customer feedback while promoting customer loyalty and enhancing our brand identity through interactive content. In fiscal 2009, these combined sites experienced continued growth and generated net sales in excess of the top retail GUESS? store in the chain.

Product Categories

Apparel Products. Our apparel products are organized into two primary categories: women's and men's apparel. To take advantage of contemporary trends, we complement our core basic styles with more fashion-oriented items. We add new styles, treatments and finishes to our denim assortment on a continuous basis.

These products are primarily sold under the GUESS? brand. However, our line of women's apparel also includes the GUESS by MARCIANO product line, a full collection of better women's apparel incorporating a sophisticated, high fashion combination of colors and styles. In fiscal 2008, we also launched our G by GUESS line of women's and men's products to complement our GUESS? and GUESS by MARCIANO brands.

Licensed Products. The high level of desirability of the GUESS? brand among consumers has allowed us to selectively expand our product categories into other lines that include handbags, watches, footwear, fragrance, eyewear, jewelry and swimwear. The design and manufacturing of our accessories and footwear lines are licensed to third parties who distribute these products under licensing arrangements with the Company. We recorded net royalties of $100.3 million in fiscal 2009.

Distribution Channels

We derive net revenue from the following primary sources:

- The sale of our products through our network of directly operated retail and factory outlet stores in the U.S. and Canada and through our on-line stores,
- The sale of our products through our network of wholesale customers and distributors in the U.S., Canada and Asia and the sale of our products through our network of licensee operated stores and directly operated stores in Asia,
- The sale of our products through our network of distributors, agents, licensee operated stores and our directly operated stores in Europe, and
- Royalties from worldwide licensing activities.

The following table sets forth our net revenue from our business segments:

	Year Ended(1)					
	January 31, 2009		February 2, 2008		February 3, 2007	
	(dollars in thousands)					
Net revenue:						
Retail operations	$ 977,980	46.7%	$ 862,381	49.3%	$ 741,104	59.1%
Wholesale operations	296,181	14.2	258,445	14.8	152,623	12.2
European operations	718,964	34.3	538,358	30.7	291,801	23.3
Net revenue from product sales	1,993,125	95.2	1,659,184	94.8	1,185,528	94.6
Licensing operations	100,265	4.8	90,732	5.2	67,136	5.4
Total net revenue	$2,093,390	100.0%	$1,749,916	100.0%	$1,252,664	100.0%

(1) The Company changed its year end from December 31 to a 52-53 week year ending on the Saturday closest to January 31. The year ended February 2, 2008 was the first full year on the new fiscal calendar. The table provides unaudited revenue data for the comparable prior 12 months ended February 3, 2007.

U.S. and Canada Retail Operations

At January 31, 2009, our U.S. and Canada retail operations, which comprise directly operated stores in both the U.S. and Canada, consisted of 192 full-price retail, 104 factory outlet, 52 GUESS by MARCIANO, 43 G by GUESS and 34 GUESS? Accessories stores which sell GUESS?, GUESS by

MARCIANO and G by GUESS labeled apparel and accessory products. Below is a summary of store statistics.

	Jan. 31, 2009	Feb. 2, 2008	Feb. 3, 2007
GUESS? Retail stores:			
U.S.	145	140	148
Canada	47	47	43
	192	187	191
GUESS? Factory stores:			
U.S.	87	81	88
Canada	17	16	14
	104	97	102
GUESS by MARCIANO stores:			
U.S.	35	26	18
Canada	17	12	7
	52	38	25
G by GUESS stores:			
U.S.	43	34	—
	43	34	—
GUESS? Accessories stores:			
U.S.	27	13	12
Canada	7	4	4
	34	17	16
Total	425	373	334
Square footage at fiscal year end	1,953,600	1,759,000	1,610,000
Sales per average annual square foot	$ 502	$ 504	$ 458

GUESS? Retail Stores. At January 31, 2009, our full price North American retail stores occupied approximately 956,000 square feet and ranged in size from approximately 2,000 to 13,500 square feet, with most stores between 3,000 and 6,000 square feet. Our retail stores carry a full assortment of men's and women's GUESS? merchandise, including most of our licensed products. In fiscal 2009, we opened nine new retail stores, closed three stores and converted one full price retail store to a GUESS? Accessories store. Sales per square foot for our full price U.S. and Canada retail stores, not including factory outlet or new concept stores, decreased from $515 in fiscal 2008 to $509 in fiscal 2009.

GUESS? Factory Outlet Stores. At January 31, 2009, our U.S. and Canada factory outlet stores occupied approximately 562,000 square feet and ranged in size from approximately 2,000 to 11,000 square feet, with most stores between 4,500 and 6,000 square feet. They are primarily located in outlet malls generally operating outside the shopping radius of our wholesale customers and our full-price retail stores. These stores sell selected styles of GUESS? apparel and licensed products at lower price points. We also use the factory outlet stores to liquidate excess inventory and thereby protect the GUESS? image. In fiscal 2009, we opened seven new factory stores. Sales per square foot for our U.S. and Canada factory outlet stores increased from $509 in fiscal 2008 to $542 in fiscal 2009.

GUESS by MARCIANO Stores. At January 31, 2009, our GUESS by MARCIANO stores occupied approximately 147,000 square feet and ranged in size from approximately 1,500 to 6,500 square feet, with most stores between 2,000 and 3,000 square feet. This concept now leverages the name recognition of the

GUESS brand and the reputation we have for sexy, contemporary styling to extend the appeal of our brand to a slightly older, more sophisticated customer. In fiscal 2009, we opened 14 new GUESS by MARCIANO stores. Sales per square foot for our GUESS by MARCIANO stores decreased from $606 in fiscal 2008 to $571 in fiscal 2009.

G by GUESS Stores. At January 31, 2009 our G by GUESS stores occupied approximately 223,000 square feet and ranged in size from approximately 4,000 to 10,000 square feet, with most stores between 4,000 and 5,000 square feet. G by GUESS is aimed to capture a market demographic that shops price points between factory and retail and carries apparel for both men and women and a full line of accessories and footwear that is aspirational, timeless and fun. The stores have a fresh feel, directed toward a full customer experience, with fashion-forward, but not cutting edge fashion. In fiscal 2009, we opened ten new G by GUESS stores and closed one store. Sales per square foot for our G by GUESS stores increased from $264 in fiscal 2008 to $272 in fiscal 2009.

GUESS? Accessories Stores. At January 31, 2009, our GUESS? Accessories concept stores occupied approximately 65,000 square feet and ranged in size from approximately 700 to 4,000 square feet, with most stores between 1,000 and 2,500 square feet. The GUESS? Accessories stores enable us to build a more meaningful presence and variety in our retail segment. In fiscal 2009, we opened 17 new GUESS? Accessories stores, closed one store and converted one full-price retail store to a GUESS? Accessories store. Sales per square foot for our GUESS? Accessories stores decreased from $738 in fiscal 2008 to $717 in fiscal 2009.

Wholesale Customers

The majority of our revenues reported in our wholesale segment are generated from our North American wholesale customers that consist primarily of better department stores, select specialty retailers and upscale boutiques. Leading domestic wholesale customers include Macy's, Inc. and Dillard's, Inc. During fiscal 2009, our products were sold directly to consumers through approximately 1,057 major doors in the U.S. Our wholesale merchandising strategy is to focus on trend-right products supported by key fashion basics.

We have sales representatives in New York and Los Angeles. They coordinate with customers to determine the inventory level and product mix that should be carried in each store to maximize retail sell-throughs and enhance the customers' profit margins. The inventory level and product mix are then used as the basis for developing sales projections and product needs for each wholesale customer and for scheduling production. Additionally, we use merchandise coordinators who work with the stores to ensure that our products are displayed appropriately.

A few of our domestic wholesale customers, including some under common ownership, have accounted for significant portions of our net revenue. During fiscal 2009, Macy's, Inc. was our largest domestic wholesale customer and accounted for approximately 4.1% of our consolidated net revenue. During the past year, we continued to see our domestic wholesale operations become a smaller portion of our overall business as our international businesses expanded.

Our European wholesale business relies on a large number of smaller regional distributors and agents to distribute our products. Our Asian wholesale customer base is primarily comprised of a small number of selected distributors with which we have contractual distribution arrangements.

International Stores

The Company's international retail network is comprised of a mix of directly operated and licensee operated GUESS? and GUESS by MARCIANO retail and outlet stores. Our retail store license agreements generally provide detailed guidelines for store fixtures and merchandising programs. The appearance, merchandising and service standards of these stores, which are typically smaller than our standard North American stores, are closely monitored to ensure that our image and brand integrity are maintained at the same level as our directly operated stores in the U.S. and Canada.

For the year ended January 31, 2009, together with our partners we opened 168 new stores, including 99 in Europe, 55 in Asia and 14 in the combined area of Mexico, Central and South America. We ended the year with 690 stores outside of the U.S. and Canada, of which 488 were GUESS? stores, 46 were GUESS by MARCIANO stores, and 156 were GUESS? Accessories stores. Of the 690 stores, 96 were operated by the Company and 594 were operated by licensees or distributors. This store count does not include 177 jean and accessory concessions located in Europe and Asia because of their smaller store size in relation to our standard international store size.

License Agreements and Terms

Our trademark license agreements customarily provide for a three- to five-year initial term with a possible option to renew prior to expiration for an additional multi-year period. In addition to licensing trademarks for products which complement our apparel products, we have granted trademark licenses for the manufacture and sale of GUESS? branded products similar to ours, including men's and women's denim and knitwear, in markets such as Europe, the Philippines, South Africa and Mexico. Licenses granted to certain licensees that have produced high-quality products and have demonstrated solid operating performance, such as for GUESS? watches, GUESS? handbags and GUESS? eyewear, have been renewed and in some cases expanded to include new products or markets. The typical license agreement requires that the licensee pay us the greater of a royalty based on a percentage of the licensee's net sales of licensed products or a guaranteed annual minimum royalty that typically increases over the term of the license agreement. In addition, several of our key license agreements provide for specified, fixed cash rights payments over and above our normal, ongoing royalty payments. Generally, licensees are required to spend a percentage of the net sales of licensed products for advertising and promotion of the licensed products and in many cases we place the ads on behalf of the licensee and are reimbursed. In addition, to protect and increase the value of our trademarks, our license agreements include strict quality control and manufacturing standards.

Our licensing personnel in the U.S., Europe and Asia meet regularly with licensees to ensure consistency with our overall merchandising and design strategies, to monitor quality control and to protect the GUESS? trademark and brand. The licensing department approves in advance all GUESS? licensed products, advertising, promotional and packaging materials.

Design

GUESS?, G by GUESS and GUESS by MARCIANO products are designed by an in-house staff of three design teams (GUESS? men's and women's, G by GUESS and GUESS by MARCIANO) located in Los Angeles, California and Florence and Bologna, Italy. The U.S. and European teams work closely to share ideas and develop products that can sell in both markets and in other international markets. Our design teams travel throughout the world in order to monitor fashion trends and discover new fabrics. Fabric shows in Europe, Asia and the U.S. provide additional opportunities to discover and sample new fabrics. These fabrics, together with the trends observed by our designers, serve as the primary source of inspiration for our lines and collections. We also maintain a fashion library consisting of antique and contemporary garments as another source of creative concepts. In addition, our design teams regularly meet with members of the sales, merchandising and retail operations teams to further refine our products to meet the particular needs of our markets.

Advertising and Marketing

Our advertising, public relations and marketing strategy is designed to promote a consistent high impact image which endures regardless of changing consumer trends. Since our inception, Paul Marciano has had principal responsibility for the GUESS? brand image and creative vision. All worldwide advertising and promotional material is controlled through our advertising department based in Los Angeles. GUESS Jeans, GUESS U.S.A. and GUESS?, Inc. images have been showcased globally in dozens of major publications as well as in outdoor and broadcast media.

Our advertising strategy promotes the GUESS? image and products, with an emphasis on brand image. Our signature black and white print advertisements, as well as color print advertisements, have garnered prestigious awards, including Clio, Belding and Mobius awards for creativity and excellence. These awards, which we have received on numerous occasions in our history, are generally given based on the judgment of prominent members of the advertising industry. We have maintained a high degree of consistency in our advertisements, using similar themes and images. We require our licensees and distributors to invest a percentage of their net sales of licensed products into advertising, promotion and marketing.

Our advertising department is responsible for all worldwide advertising, which includes approval of all advertising strategies and media placements from our licensees and distributors. We use a variety of media with an emphasis on print and outdoor advertising. We have focused advertisement placement in national and international contemporary fashion/beauty, lifestyle, and celebrity magazines including Vanity Fair, Marie Claire, Elle, W and Vogue. By retaining control over our advertising programs, we are able to maintain the integrity of our brands while realizing substantial cost savings compared to outside agencies.

We further strengthen communications with customers through our websites (www.guess.com, www.guessbymarciano.com, www.marciano.com, www.gbyguess.com, www.guessbymarciano.it, www.guess.ca, www.guessbymarciano.ca and www.shopmarciano.ca). These global media enable us to provide timely information in an entertaining fashion to consumers about our history, products and store locations, and allow us to receive and respond directly to customer feedback.

Sourcing and Product Development

We source products through numerous suppliers, many of whom have established long-term relationships with us. We seek to achieve the most efficient means for timely delivery of our products. In recent years we have increasingly sourced our finished products globally. Almost all our products are acquired as package purchases where we supply the design and fabric selection and the vendor delivers the finished product. Although we have long-term relationships with many of our vendors, we do not have long-term written agreements with them.

Quality Control

Our quality control program is designed to ensure that products meet our high quality standards. We monitor the quality of our fabrics prior to the production of garments and inspect prototypes of each product before production runs commence. We also perform random in-line quality control checks during and after production before the garments leave the contractor. Final random inspections occur when the garments are received in our distribution centers. We believe that our policy of inspecting our products at our distribution centers and at the vendors' facilities is important to maintain the quality, consistency and reputation of our products.

Logistics

We utilize distribution centers at strategically located sites. The Company's primary U.S. distribution center is based in Louisville, Kentucky. At our 506,000 square-foot facility in Kentucky, we use fully integrated and automated distribution systems. The bar code scanning of merchandise, picking tickets and distribution cartons, together with radio frequency communications, provide timely, controlled, accurate and instantaneous updates to the distribution information systems. As of January 31, 2009, this facility was approximately 60% utilized. Distribution of our products in Canada is handled from a distribution center in Montreal, Quebec that we lease from a related party. Our European business primarily utilizes two independent distributors with five locations in Italy as well as one Company operated distribution center in Italy. Additionally, we utilize five contract warehouses in Hong Kong, South Korea and China that service the Pacific Rim.

Competition

The apparel industry is highly competitive and fragmented, and is subject to rapidly changing consumer demands and preferences. We believe that our success depends in large part upon our ability to anticipate, gauge and respond to changing consumer demands and fashion trends in a timely manner and upon the continued appeal to consumers of the GUESS? brand. We compete with numerous apparel manufacturers and distributors, both domestically and internationally, as well as several well-known designers. Our retail and factory outlet stores face competition from other retailers, including some of our major wholesale customers. Our licensed apparel and accessories also compete with a substantial number of well-known brands. Many of our competitors, including The Gap, Abercrombie & Fitch and Polo Ralph Lauren, among others, have greater financial resources than we do. Although the level and nature of competition differ among our product categories and geographic regions, we believe that we compete on the basis of our brand image, quality of design, workmanship and product assortment.

Information Systems

We believe that high levels of automation and technology are essential to maintain our competitive position and support our strategic objectives and we continue to invest in computer hardware, system applications and networks. Our computer information systems consist of a full range of financial, distribution, merchandising, in-store, supply chain and other systems. During fiscal 2009, we continued to enhance our financial and operational systems globally to align with our global IT standards, accommodate future growth and provide operating efficiencies. Key initiatives included the implementation of a store portal to disseminate information and communicate with our retail stores, establishment of a retail data warehouse to provide ready access to actionable information for our buyers and stores, installation of a new POS and merchandise system in Asia, as well as the rollout of a procurement-to-payment supply chain platform to automate communication and payment to our suppliers.

Trademarks

We own numerous trademarks, including GUESS, GUESS?, GUESS U.S.A., GUESS Jeans, GUESS? and Triangle Design, MARCIANO, Question Mark and Triangle Design, a stylized G and a stylized M, Baby GUESS, YES, G by GUESS, GUESS by MARCIANO and GUESS Collection. As of January 31, 2009, we had approximately 2,500 U.S. and internationally registered trademarks or trademark applications pending with the trademark offices in approximately 170 countries around the world, including the U.S. From time to time, we adopt new trademarks in connection with the marketing of new product lines. We consider our trademarks to have significant value in the marketing of our products and act aggressively to register and protect our trademarks worldwide.

Like many well-known brands, our trademarks are subject to infringement. We have staff devoted to the monitoring and aggressive protection of our trademarks worldwide.

Wholesale Backlog

The backlog of wholesale orders at any given time is affected by various factors, including seasonality, cancellations, the scheduling of market weeks and manufacturing and shipment of products. 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. Backlog. The Company maintains a model stock program in its basic denim products which generally allows replenishment of a customer's inventory within 72 hours. The Company generally receives orders for fashion apparel 90 to 120 days prior to the time the products are delivered to stores. Our U.S. wholesale backlog as of March 21, 2009, consisting primarily of orders for fashion apparel was approximately $44.0 million, compared to $55.4 million at March 22, 2008, or down 20.6%. The backlog of wholesale orders at any given time is affected by various factors, including seasonality and the scheduling of manufacturing and shipment of products. 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.

Europe Backlog. Our European business operates with two primary wholesale selling seasons. The Spring/Summer season, which ships mostly in January, February and March and the Fall/Winter season, which ships mostly in July, August and September. Generally, the other months are relatively small shipping months. However, customers have the ability to request early shipment of backlog orders or delay shipment of orders depending on their needs. Accordingly, a certain amount of orders in the backlog may be shipped outside of the traditional shipping months. As of March 24, 2009, the European operations backlog was approximately €215.4 million, compared to€188.3 million at March 24, 2008, or up approximately 14.4%. The backlog as of March 24, 2009 is comprised of sales orders for the Spring/Summer and Fall/Winter 2009 seasons. As discussed above, these orders are subject to cancellation and may not be indicative of eventual actual shipments.

Employees

We strongly believe that our employees ("associates") are our most valuable resources. As of February 2009, we had approximately 10,800 associates, comprised primarily of 8,500 associates in our North American retail operations and 1,100 in our European operations. We consider our relationship with our associates to be good.

Environmental Matters

We are subject to federal, state and local laws, regulations and ordinances that govern activities or operations that may have adverse environmental effects (such as emissions to air, discharges to water, and the generation, handling, storage and disposal of solid and hazardous wastes). We are also subject to laws, regulations and ordinances that impose liability for the costs of clean up or other remediation of contaminated property, including damages from spills, disposals or other releases of hazardous substances or wastes, in certain circumstances without regard to fault. Certain of our operations routinely involve the handling of chemicals and wastes, some of which are or may become regulated as hazardous substances. We have not incurred, and do not expect to incur, any significant expenditures or liabilities for environmental matters. As a result, we believe that our environmental obligations will not have a material adverse effect on our consolidated financial condition or results of operations.

Financial Information About Geographic Areas

See Note 15 to the Consolidated Financial Statements for a discussion regarding our domestic and foreign operations.

Website Access to Our Periodic SEC Reports

We make available free of charge at www.guessinc.com our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished to the Securities and Exchange Commission ("SEC") pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file them with, or furnish them to, the SEC. In addition, the charters of our Board of Directors' Audit, Compensation and Nominating and Governance Committees as well as the Board of Directors' Governance Guidelines and our Code of Conduct are posted on our website. We may from time to time provide important disclosures to our investors, including amendments or waivers to our Code of Conduct, by posting them in the "Investor's Info" section of the www.guessinc.com website, as allowed by SEC rules. Printed copies of these documents may be obtained by writing or telephoning us at Guess?, Inc., 1444 South Alameda Street, Los Angeles, California 90021, Attention: Investor Relations, (213) 765-5578.

ITEM 1A. Risk Factors.

You should carefully consider the following factors and other information in this Annual Report on Form 10-K. Additional risks which we do not presently consider material, or of which we are not currently aware, may also have an adverse impact on us. Please also see "Important Factors Regarding Forward-Looking Statements" on page (ii).

Demand for our merchandise may decrease and the appeal of our brand image may diminish if we fail to identify and rapidly respond to consumers' fashion tastes.

The apparel industry is subject to rapidly evolving fashion trends and shifting consumer demands. Accordingly, our brand image and our profitability are heavily dependent upon both the priority our target customers place on fashion and on our ability to anticipate, identify and capitalize upon emerging fashion trends. Current fashion tastes place significant emphasis on a fashionable look. In the past, this emphasis has increased and decreased through fashion cycles. If we fail to anticipate, identify or react appropriately, or in a timely manner, to fashion trends, we could experience reduced consumer acceptance of our products, a diminished brand image and higher markdowns. These factors could result in lower selling prices and sales volumes for our products and could have a material adverse effect on our results of operations and financial condition.

The apparel industry is highly competitive, and we may face difficulties competing successfully in the future.

We operate in a highly competitive and fragmented industry with low barriers to entry. We compete with many apparel manufacturers and distributors, both domestically and internationally, as well as many well-known designers, some of whom have substantially greater resources than we do and some of whose products are priced lower than ours. Our retail and factory outlet stores compete with many other retailers, including department stores, some of whom are our major wholesale customers. Our licensed apparel and accessories compete with many well-known brands. Within each of our geographic markets, we also face significant competition from global and regional branded apparel companies, as well as retailers that market apparel under their own labels. These and other competitors pose significant challenges to our market share in our existing major domestic and foreign markets and to our ability to successfully develop new markets. In addition, our larger competitors may be better equipped than us to adapt to changing conditions that affect the competitive market. Also, the industry's low barriers to entry allow the introduction of new products or new competitors at a fast pace. Any of these factors could result in reductions in sales or prices of our products and could have a material adverse effect on our results of operations and financial condition.

Negative changes in the economy, such as the recent deterioration in the global economic environment, and resulting declines in consumer confidence and spending, have had and could continue to have an adverse effect on the apparel industry and on our operating results.

The apparel industry is cyclical in nature and is particularly affected by adverse trends in the general economy. Purchases of apparel and related merchandise are generally discretionary and therefore tend to decline during recessionary periods and also may decline at other times. During 2008 and continuing into 2009, the global economic environment has deteriorated significantly. The declining values in real estate, reduced credit lending by banks, solvency concerns of major financial institutions, increases in unemployment levels and recent significant declines and volatility in the global financial markets have negatively impacted the level of consumer spending for discretionary items. This has affected our business as it is dependent on consumer demand for our products. In North America, we have experienced a significant slowdown in customer traffic and a highly promotional environment. These same conditions have spread to many international markets. If the global macroeconomic environment continues to be weak or deteriorates further, there will likely be a negative effect on our revenues, operating margins and earnings across all of our segments.

In addition to the factors contributing to the current economic environment, there are a number of other factors that could contribute to reduced levels of consumer spending, such as increases in interest rates, taxation rates or energy prices. Similarly, actual or potential terrorist acts and other conflicts can also create significant instability and uncertainty in the world, causing consumers to defer purchases or preventing our suppliers and service providers from providing required services or materials to us. These or other factors could materially and adversely affect our operating results.

The current credit crisis could have a negative impact on our customers, suppliers and business partners, which, in turn could materially and adversely affect our results of operations and liquidity.

The current credit crisis is having a significant negative impact on businesses around the world. Although we believe that our cash provided by operations and available borrowing capacity under our Credit Facility and bank facilities in Europe will provide us with sufficient liquidity for the foreseeable future, the impact of this crisis on our customers, business partners, suppliers, insurance providers and financial institutions with which we do business cannot be predicted and may be quite severe. The inability of our manufacturers to ship our products could impair our ability to meet delivery date requirements. A disruption in the ability of our significant customers, distributors or licensees to access liquidity could cause serious disruptions or an overall deterioration of their businesses which could lead to a significant reduction in their future orders of our products and the inability or failure on their part to meet their payment obligations to us, any of which could have a material adverse effect on our results of operations and liquidity.

A failure on the part of our insurance providers to meet their obligations for claims made by the Company could have a material adverse effect on our results of operations and liquidity. Continued market deterioration could jeopardize our ability to rely on those financial institutions that are parties to our various bank facilities and foreign exchange contracts. The Company could be exposed to a loss if the counterparty fails to meet their obligations upon our exercise of foreign exchange contracts. In addition, continued distress in the financial markets could impair the ability of one or more of the banks participating in our credit agreements from honoring their commitments. This could have an adverse effect on our business if we were not able to replace those commitments or to locate other sources of liquidity on acceptable terms.

Domestic and foreign currency fluctuations could adversely impact our financial condition and results of operations.

Our international sales and some of our licensing revenue are generally derived from sales in foreign currencies, including the Canadian Dollar, the Euro and the Korean Won. These revenues, when translated into U.S. dollars for consolidated reporting purposes, could be materially affected by the strengthening of the U.S. dollar, negatively impacting our results of operations and our ability to generate revenue growth. Furthermore, we also source products in U.S. dollars outside of the U.S. As a result, the cost of these products may be affected by changes in the value of the applicable currencies. Changes in currency exchange rates may also affect the U.S. dollar value of the foreign currency denominated prices at which our international businesses sell products.

Although we hedge certain exposures to changes in foreign currency exchange rates, we cannot assure that foreign currency fluctuations will not have a material adverse effect on our financial condition or results of operations. Furthermore, since some of our hedging activities are designed to reduce volatility of fluctuating exchange rates, they not only reduce the negative impact of a stronger U.S. dollar, but they also reduce the positive impact of a weaker U.S. dollar. Our future financial results could be significantly affected by the value of the U.S. dollar in relation to the foreign currencies in which we conduct business. In addition, while the hedges are designed to reduce volatility over the forward contract period, these contracts can create volatility during the period. The degree to which our financial results are affected for any given time period will depend in part upon our hedging activities.

We could find that we are carrying excess inventories if we fail to anticipate consumer demand, if our international vendors do not supply quality products on a timely basis, if our merchandising strategies fail or if we do not open new and remodel existing stores on schedule.

Because we must place orders with our vendors for most of our products a season or more in advance, we could end up carrying excess inventories if we fail to correctly anticipate fashion trends or consumer demand. Even if we correctly anticipate consumer fashion trends and demand, our vendors could fail to supply the quality products and materials we require at the time we need them. Moreover, we could fail to effectively market or merchandise these products once we receive them. In addition, we could fail to open new or remodeled stores on schedule, and inventory purchases made in anticipation of such store openings could remain unsold. Any of the above factors could cause us to experience excess inventories, which may result in inventory write-downs and higher markdowns, which in turn could have a material adverse effect on our results of operations and financial condition.

Our success depends on the quality of our relationships with our suppliers and manufacturers.

We do not own or operate any production facilities, and we depend on independent contractors to supply our fabrics and to manufacture our products to our specifications. We do not have long-term contracts with any suppliers or manufacturers, and our business is dependent on our partnerships with our vendors. If manufacturing costs were to rise significantly, our product margins and results of operations could be negatively affected. In addition, very few of our vendors manufacture our products exclusively. As a result, we compete with other companies for the production capacity of independent contractors. If our vendors fail to ship our fabrics or products on time or to meet our quality standards or are unable to fill our orders, we might not be able to deliver products to our retail stores and wholesale customers on time or at all.

Moreover, our suppliers have at times been unable to deliver finished products in a timely fashion. This has led, from time to time, to an increase in our inventory, creating potential markdowns and a resulting decrease in our profitability. As there are a finite number of skilled manufacturers that meet our requirements, it could take significant time to find suitable alternatives, which could result in our missing retailing seasons or our wholesale customers canceling orders, refusing to accept deliveries or requiring that we lower selling prices. Since we prefer not to return merchandise to our manufacturers, we could also have a considerable amount of unsold merchandise. Any of these problems could harm our financial condition and results of operations.

Our North American wholesale business is highly concentrated. If any of our large customers decrease their purchases of our products or experience financial difficulties, our results of operations and financial condition could be adversely affected.

In fiscal 2009, 4.1% of our consolidated net revenue came from Macy's, Inc. No other single customer or group of related customers in any of our segments accounted for more than 1% of our consolidated net revenue in fiscal 2009. Continued consolidation in the retail industry could further decrease the number of, or concentrate the ownership of, stores that carry our and our licensees' products. Also, as we expand the number of our retail stores, we run the risk that our wholesale customers will perceive that we are increasingly competing directly with them, which may lead them to reduce or terminate purchases of our products. In addition, in recent years there has been a significant increase in the number of designer brands seeking placement in department stores, which makes any one brand potentially less attractive to department stores. If any one of our major wholesale customers decides to decrease purchases from us, to stop carrying GUESS? products or to carry our products only on terms less favorable to us, our sales and profitability could significantly decrease. Similarly, some retailers have recently experienced significant financial difficulties, which in some cases have resulted in bankruptcy, liquidation and store closures. Financial difficulties of one of our major customers could result in reduced business and higher credit risk with respect to that customer. Any of these circumstances could ultimately have a material adverse effect on our results of operations and financial condition.

Since we do not control our licensees' actions and we depend on our licensees for a substantial portion of our earnings from operations, their conduct could harm our business.

We license to others the rights to produce and market certain products that are sold with our trademarks. While we retain significant control over our licensees' products and advertising, we rely on our licensees for, among other things, operational and financial control over their businesses. If the quality, focus, image or distribution of our licensed products diminish, consumer acceptance of and demand for the GUESS? brand and products could decline. This could materially and adversely affect our business and results of operations. In fiscal 2009, approximately 80% of our net royalties were derived from our top five licensed product lines. A decrease in customer demand for any of these product lines could have a material adverse effect on our results of operations and financial condition. Although we believe that in most circumstances we could replace existing licensees if necessary, our inability to do so for any period of time could adversely affect our revenues and results of operations.

We depend on our intellectual property, and our methods of protecting it may not be adequate.

Our success and competitive position depend significantly upon our trademarks and other proprietary rights. We take steps to establish and protect our trademarks worldwide. Despite any precautions we may take to protect our intellectual property, policing unauthorized use of our intellectual property is difficult, expensive and time consuming, and we may be unable to adequately protect our intellectual property or to determine the extent of any unauthorized use, particularly in those foreign countries where the laws do not protect proprietary rights as fully as in the United States. We also place significant value on our trade dress and the overall appearance and image of our products. However, we cannot assure you that we can prevent imitation of our products by others or prevent others from seeking to block sales of GUESS? products for violating their trademarks and proprietary rights. We also cannot assure you that others will not assert rights in, or ownership of, trademarks and other proprietary rights of GUESS?, that our proprietary rights would be upheld if challenged or that we would, in that event, not be prevented from using our trademarks, any of which could have a material adverse effect on our financial condition and results of operations. Further, we could incur substantial costs in legal actions relating to our use of intellectual property or the use of our intellectual property by others. Even if we are successful in such actions, the costs we incur could have a material adverse effect on us.

We are subject to periodic litigation and other regulatory proceedings, which could result in unexpected expense of time and resources.

We are a defendant from time to time in lawsuits and regulatory actions relating to our business. Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have an adverse impact on our business, financial condition and results of operations. In addition, any significant litigation in the future, regardless of its merits, could divert management's attention from our operations and result in substantial legal fees. See also "*ITEM 3. Legal Proceedings*" for further discussion of our legal matters.

If we fail to successfully execute our growth initiatives, including through acquisitions, our business and results of operations could be harmed.

As part of our business growth initiatives, we regularly open new stores, in both existing and new store concepts, in the United States and Canada. We also regularly evaluate strategic acquisitions and alliances and pursue those that we believe will support and contribute to our overall growth initiatives. For instance, we completed the acquisition of our former European jeanswear licensee in 2005, the acquisition of 75% of the outstanding shares of our former European licensee of GUESS by MARCIANO apparel in December 2006 and the acquisition of our former European licensee of children's apparel in January 2008. We have also continued our international expansion by opening new stores outside the U.S., primarily in the form of stores owned by our international licensees and distributors, but also through Company-owned stores and concessions. Despite the economic downturn, we plan to continue opening select new stores in the U.S. and internationally. This expansion effort places increased demands on our managerial, operational and administrative resources that could prevent or delay the successful opening of new stores, adversely impact the performance of our existing stores and adversely impact our overall results of operations. In addition, acquired businesses and additional store openings may not provide us with increased business opportunities, or result in the growth that we anticipate, particularly during economic downturns. Furthermore, integrating acquired operations is a complex, time-consuming and expensive process. Failing to acquire and successfully integrate complementary businesses, or failing to achieve the business synergies or other anticipated benefits of acquisitions, could materially adversely affect our business and results of operations.

We may be unsuccessful in implementing our planned North America retail expansion, which could harm our business and negatively affect our results of operations.

To open and operate new stores successfully, we must:

- identify desirable locations, the availability of which is out of our control;
- negotiate acceptable lease terms, including desired tenant improvement allowances;
- build and equip the new stores;
- source sufficient levels of inventory to meet the needs of the new stores;
- hire, train and retain competent store personnel;
- successfully integrate the new stores into our existing operations; and
- satisfy the fashion preferences of customers in the new geographic areas.

Any of these challenges could delay our store openings, prevent us from completing our store opening plans or hinder the operations of stores we do open. We cannot be sure that we can successfully complete our planned expansion or that our new stores will be profitable. Such things as unfavorable economic and business conditions and changing consumer preferences could also interfere with our plans to expand.

Failure to successfully develop and manage our new store concepts could adversely affect our results of operations.

In addition to our core GUESS? retail and factory stores, we continue to develop and refine the GUESS by MARCIANO, GUESS? Accessories and G by GUESS store concepts. The introduction and growth of several new store concepts as part of our overall growth strategy could strain our financial and management resources. Additionally, successfully developing new brands is subject to a number of risks, including customer acceptance, product differentiation, competition and obtaining desirable locations. These risks may be compounded during the current or any future economic downturn. There can be no assurance that these concepts will achieve or maintain sales and profitability levels that justify the required investments. If we are unable to successfully develop and manage these multiple store concepts, or if consumers are not receptive to the products or store concepts, our results of operations and financial results could be adversely affected.

Our business is global in scope and can be impacted by factors beyond our control.

We have been balancing our supply chain of domestic contractors by continuing to expand our global partnerships, as a cost-effective model to produce our products. During fiscal 2009, we sourced the majority of our finished products with partners and suppliers outside the U.S. and we continued to design and purchase fabrics globally. As we focus strategically on progressively more direct sourcing, we are expanding our Hong Kong office infrastructure to allow us to develop, engineer and source directly from Asian factories.

In addition, we have been increasing our international sales of product outside of the United States. In fiscal 2009, over half of our consolidated net revenue was generated by sales from outside of the United States. We anticipate that these international revenues will continue to grow as a percentage of our total business. Further, as a global company, our effective tax rate is highly dependent upon the geographic composition of worldwide earnings and tax regulations governing each region.

As a result of our increasing international operations, we face the possibility of greater losses from a number of risks inherent in doing business in international markets and from a number of factors which are beyond our control. Such factors that could harm our results of operations and financial condition include, among other things:

- political instability or acts of terrorism, which disrupt trade with the countries in which our contractors, suppliers or customers are located;
- recessions in foreign economies;
- reduced global demand resulting in the closing of thousands of factories;
- challenges in managing our foreign operations;
- local business practices that do not conform to legal or ethical guidelines;
- adoption of additional or revised quotas, restrictions or regulations relating to imports or exports;
- additional or increased customs duties, tariffs, taxes and other charges on imports or exports;
- delays in receipts due to our distribution centers as a result of increasing security requirements at U.S. ports;
- significant fluctuations in the value of the dollar against foreign currencies;
- increased difficulty in protecting our intellectual property rights in foreign jurisdictions;
- social, legal or economic instability in the foreign markets in which we do business, which could influence our ability to sell our products in these international markets;
- restrictions on the transfer of funds between the United States and foreign jurisdictions; and
- the ability of our international licensees and distributors to locate and continue to open desirable new retail locations.

Our imports are limited by textile agreements between the United States and some foreign jurisdictions, most notably China. The United States and the countries in which our products are produced or sold may also, from time to time, impose new quotas, duties, tariffs or other restrictions, or adversely adjust prevailing quota, duty or tariff levels. If we are unable to obtain our raw materials and finished apparel from the countries where we wish to purchase them, either because of capacity constraints or visa

availability under the required quota category or for any other reason, or if the cost of doing so should increase, it could have a material adverse effect on our results of operations and financial condition.

A significant disruption at our Louisville, Kentucky distribution center or our other international distribution facilities could have a material adverse impact on our business and operating results.

We primarily rely on a single distribution center located in Louisville, Kentucky to receive, store and distribute merchandise to all of our stores and wholesale customers in the U.S. We also operate a distribution center in Canada, utilize two independent distributors with five locations and one Company operated location in Italy which service Europe, and utilize five contract warehouses in Hong Kong, China and South Korea that service the Pacific Rim. Any significant interruption in the operation of our Kentucky distribution center or any of our other foreign facilities due to natural disasters, accidents, system failures or other unforeseen causes could have a material adverse effect on our business and operating results.

Our two most senior executive officers own a significant percentage of our common stock. Their interests may differ from the interests of our other stockholders.

Maurice Marciano and Paul Marciano, our Chairman of the Board and Chief Executive Officer, respectively, collectively beneficially own over 36% of our outstanding shares of common stock. The sale or prospect of the sale of a substantial number of these shares could have an adverse impact on the market price of our common stock. Moreover, these individuals may have different interests than our other stockholders and, accordingly, they may direct the operations of our business in a manner contrary to the interests of our other stockholders. As long as these individuals own a significant percentage of our common stock, they may effectively be able to:

- elect our directors;
- amend or prevent amendment of our Restated Certificate of Incorporation or Bylaws;
- effect or prevent a merger, sale of assets or other corporate transaction; and
- control the outcome of any other matter submitted to our stockholders for vote.

Their stock ownership, together with the anti-takeover effects of certain provisions of applicable Delaware law and our Restated Certificate of Incorporation or Bylaws, may discourage acquisition bids or allow the Marcianos to delay or prevent a change in control that may be favored by our other stockholders, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our common stock price.

Our failure to attract and retain our existing senior management team and other key personnel could adversely affect our business.

Our business requires disciplined execution at all levels of our organization in order to ensure the timely delivery of desirable merchandise in appropriate quantities to our stores and our wholesalers' stores. This execution requires experienced and talented management in design, production, merchandising and advertising. Our success depends upon the personal efforts and abilities of our senior management, particularly Maurice Marciano and Paul Marciano, and other key personnel. Although we believe we have a strong management team with relevant industry expertise, the extended loss of the services of one or both of the Marcianos or other key personnel could materially harm our business. Although we are the beneficiary of a $10 million "key man" insurance policy on the life of Paul Marciano, we do not have any other "key man" insurance with respect to either of the Marcianos or other key employees, and any of them may leave us at any time, which could severely disrupt our business and future operating results.

Fluctuations in our quarterly results of operations, comparable store sales, sales per square foot, wholesale operations or royalty net revenue or other factors could have a material adverse effect on our results of operations and our stock price.

Our quarterly results of operations for our individual stores, our wholesale operations and our royalty net revenue have fluctuated in the past and can be expected to fluctuate in the future. Further, if our retail store expansion plans, both domestically and internationally, fail to meet our expected results, our overhead and other related expansion costs would increase without an offsetting increase in sales and net revenue. This could have a material adverse effect on our results of operations and financial condition.

Our net revenue and operating results have historically been lower in the first half of our fiscal year due to general seasonal trends in the apparel and retail industries. In January 2007, the Company changed its fiscal year to the end of January but expects the historical trend described above to continue. Our comparable store sales and quarterly results of operations are affected by a variety of factors, including:

- shifts in consumer tastes and fashion trends;
- the timing of new store openings and the relative proportion of new stores to mature stores;
- calendar shifts of holiday or seasonal periods;
- the timing of seasonal wholesale shipments;
- the effectiveness of our inventory management;
- changes in our merchandise mix;
- changes in our mix of revenues by segment;
- the timing of promotional events;
- actions by competitors;
- weather conditions;
- changes in style;
- changes in the business environment;
- population trends;
- changes in patterns of commerce such as the expansion of electronic commerce; and
- the level of pre-operating expenses associated with new stores.

An unfavorable change in any of the above factors could have a material adverse effect on our results of operations and our stock price.

Violation of labor laws and practices by our licensees or suppliers could harm our business.

We require our licensing partners and suppliers to operate in compliance with applicable laws and regulations. While our internal and vendor operating guidelines promote ethical business practices, we do not control our licensees or suppliers or their labor practices. The violation of labor or other laws by any of our licensees or suppliers, or divergence of a licensee's or supplier's labor practices from those generally accepted as ethical in the United States, could interrupt or otherwise disrupt the shipment of our products, harm the value of our trademarks, damage our reputation or expose us to potential liability for their wrongdoings.

We rely on third parties and our own personnel for upgrading and maintaining our management information systems. If these parties do not perform these functions appropriately, our business could be disrupted and adversely impacted.

The efficient operation of our business is very dependent on our information systems. In particular, we rely heavily on the merchandise management and ERP (enterprise resource planning) systems used to track sales and inventory and manage our supply chain. We depend on our vendors to maintain and periodically upgrade these systems to support our business as we expand. The software programs supporting the processing of our inventory management information are licensed to us by independent software developers. The inability of these developers to continue to maintain and upgrade our software programs could result in incorrect information being supplied to management, inefficient ordering and replenishment of products and disruption of our operations. The failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, difficulty in integrating new systems or systems of acquired businesses or a breach in security of these systems could adversely impact the business. Significant expenditures could be required to remediate any such failure, problem or breach.

We could experience liquidity issues associated with our cash balances in excess of government insurance limits held by various financial institutions and our concentration of excess cash in a small number of municipal money market funds.

Cash used primarily for working capital purposes is maintained with various major financial institutions in amounts which may be in excess of government insurance limits. In addition, excess cash and cash equivalents, which represent the majority of our outstanding cash and cash equivalents balance, are held primarily in three diversified money market funds. The funds, each of which is rated AAA by national credit rating agencies, are generally comprised of high-quality, liquid instruments. All of these funds are eligible and have elected to participate in the *Temporary Guarantee Program for Money Market Mutual Funds,* and as such, shares held in these funds as of September 19, 2008 are guaranteed against losses in the value of the shares. Although the majority of our shares in these funds were held before September 19, 2008 and therefore are covered under this program, the remaining amounts are not guaranteed. This program expires on April 30, 2009, unless extended by the U.S. Department of the Treasury.

ITEM 1B. Unresolved Staff Comments.

None.

ITEM 2. Properties.

Certain information concerning our principal facilities, all of which are leased at January 31, 2009, is set forth below:

Location	Use	Approximate Area in Square Feet
1444 South Alameda Street Los Angeles, California	Principal executive and administrative offices, design facilities, sales offices, distribution and warehouse facilities, production control, and sourcing used by our Wholesale and Retail segments, and our Corporate groups	355,000
144 S. Beverly Drive Beverly Hills, California	Administrative offices used by our Corporate group	1,200
1610 Freeport Drive Louisville, Kentucky	Distribution and warehousing facility used by our Wholesale and Retail segments	506,000
119/264 W. 40th Street New York, New York	Administrative offices, public relations, and showrooms used by our Wholesale segment	13,400
Montreal/Toronto/Vancouver, Canada	Administrative offices, showrooms and warehouse facilities used by our Wholesale and Retail segments	111,000
Florence/Milan/Crevalcore, Italy	Administrative offices, showrooms and warehouse used by our European segment	208,000
Lugano, Switzerland	Administrative, sales and marketing offices used by our European segment	32,000
Kowloon, Hong Kong	Administrative offices, showrooms, sourcing, distribution and licensing coordination facilities used by our Wholesale segment	23,600
Seoul, South Korea	Administrative offices and showrooms used by our Wholesale segment	13,000
Shanghai/Beijing, China	Administrative offices, showrooms and warehouse facility used by our Wholesale segment	22,600
Macau	Warehouse facility used by our Wholesale segment	800
Taipei, Taiwan	Administrative office used by our Wholesale segment	2,700

Our corporate, wholesale and retail headquarters and certain warehousing facilities are located in Los Angeles, California and in Beverly Hills, California, consisting of five buildings totaling approximately 356,200 square feet. All of these properties are leased by us from limited partnerships in which the sole partners are trusts controlled by and for the benefit of Maurice Marciano and Paul Marciano (the "Principal Stockholders"), Armand Marciano, their brother and former executive of the Company, and their families pursuant to leases that expire in July 2018 and February 2010. The total lease payments to these limited partnerships are approximately $0.3 million per month with aggregate minimum lease commitments to these partnerships at January 31, 2009, totaling approximately $25.4 million.

In addition, the Company, through a wholly-owned Canadian subsidiary, leases warehouse and administrative facilities in Montreal, Quebec from a partnership affiliated with the Principal Stockholders. The lease expires in December 2014. The monthly lease payment is $44,200 Canadian (US$36,000) with aggregate minimum lease commitments through the term of the lease totaling approximately $3.1 million Canadian (US$2.6 million) at January 31, 2009.

See Note 11 to the Consolidated Financial Statements for further information regarding related party transactions.

Through early 2000, distribution of our products in the U.S. was centralized in our Los Angeles, California facility. In 2000, we leased an automated distribution center in Louisville, Kentucky, to replace the distribution center in Los Angeles as our primary distribution center. Our Canadian business operates a distribution facility located in Montreal, Canada. Our European business primarily utilizes two independent distributors with five locations in Italy as well as one Company operated distribution center in Italy. Additionally, we utilize five contract warehouses in Hong Kong, South Korea and China that service the Pacific Rim.

We lease our showrooms, advertising, licensing, sales and merchandising offices, remote distribution and warehousing facilities and retail and factory outlet store locations under non-cancelable operating lease agreements expiring on various dates through January 2022. These facilities are located principally in the U.S., with aggregate minimum lease commitments, at January 31, 2009, totaling approximately $825.3 million excluding related party commitments. In addition, in 2005 we started leasing a building in Florence, Italy for our Italian operations under a capital lease agreement. We opened the Florence facility in June 2006. The capital lease obligation, including build-outs, amounted to $16.3 million as of January 31, 2009.

The current terms of our store and concession leases, excluding renewal options, expire as follows:

	Number of Stores			
Years Lease Terms Expire	U.S. and Canada	Asia	Europe	Mexico
Fiscal 2010-2012	102	115	35	3
Fiscal 2013-2015	87	3	19	8
Fiscal 2016-2018	145	—	14	—
Fiscal 2019-2021	90	—	7	—
Thereafter	1	—	1	—
	425	118	76	11

We believe our existing facilities are well maintained, in good operating condition and are adequate to support our present level of operations. See Notes 11 and 12 to the Consolidated Financial Statements for further information regarding current lease obligations.

ITEM 3. Legal Proceedings.

In 2006, the Officers of the Florence Customs Authorities ("Customs Authorities") began an import customs audit with respect to the Company's Italian subsidiary, Maco Apparel S.p.A. ("Maco"), in Florence, Italy, which was acquired on January 3, 2005. Maco was the Italian licensee of GUESS? jeanswear for men and women in Europe. As part of the audit, the Customs Authorities considered whether the Italian subsidiary should have included the royalty expense payable to Guess?, Inc., the parent company, as part of the cost of the product subject to customs duties. The Customs Authorities have subsequently reviewed specific transactions which occurred in 2003, 2004, 2005 and part of 2006 and provided a preliminary assessment that the royalty expenses are subject to customs duties and related penalties. The Company is disputing the Customs Authorities' assessment and intends to vigorously defend its position. In addition, under the terms of the Maco purchase agreement, the seller is required to indemnify the Company for 90% of any loss with respect to Maco for periods prior to the acquisition. The Custom Authorities have filed several claims which are heard independently within various sections of the

Florence Provincial Tax Commission. Each claim represents a portion of the period under review. The first hearings with the Florence Provincial Tax Commission commenced on October 29, 2007. Judgments for a number of the claims have been received that were favorable to the Company on certain aspects of the claims and unfavorable on other aspects of the claims. The Company will appeal the unfavorable aspects of the judgments. Based on a request by a judge from the Florence Provincial Tax Commission, the Company and the Customs Authorities are exploring the possibility of an out of court settlement. While the Company continues to believe in the strength of its position, the Company has recorded an accrual based on the settlement negotiations to date. Both the amount of the accrual and the possible risk of loss in excess of the accrual are not considered to be material to the Company's financial results and financial position.

The Company is also involved in various 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 consolidated results of operations or financial position. No material amounts were accrued as of January 31, 2009 or February 2, 2008 related to any of the Company's legal proceedings.

ITEM 4. Submission of Matters to a Vote of Security Holders.

No matters were submitted to a vote of our stockholders during the fourth quarter of fiscal year 2009.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Since August 8, 1996, the Company's common stock has been listed on the New York Stock Exchange under the symbol 'GES.' The following table sets forth, for the periods indicated, the high and low sales prices of the Company's common stock, and the dividends paid with respect thereto, as adjusted with respect to the quarter ended May 5, 2007 to reflect the Company's two-for-one stock split that became effective March 13, 2007:

	Market Price		Dividends
	High	Low	Paid
Fiscal year ended February 2, 2008			
First Quarter Ended May 5, 2007	$42.99	$37.54	$ 0.06
Second Quarter Ended August 4, 2007	52.61	38.43	0.06
Third Quarter Ended November 3, 2007	54.98	44.27	0.08
Fourth Quarter Ended February 2, 2008	49.52	32.59	0.08
Fiscal year ended January 31, 2009			
First Quarter Ended May 3, 2008	$44.66	$33.33	$ 0.08
Second Quarter Ended August 2, 2008	45.01	31.01	0.08
Third Quarter Ended November 1, 2008	42.49	18.66	0.10
Fourth Quarter Ended January 31, 2009	22.81	10.62	0.10

On March 23, 2009, the closing sales price per share of the Company's common stock, as reported on the New York Stock Exchange Composite Tape, was $18.94. On March 23, 2009 there were 374 holders of record of the Company's common stock.

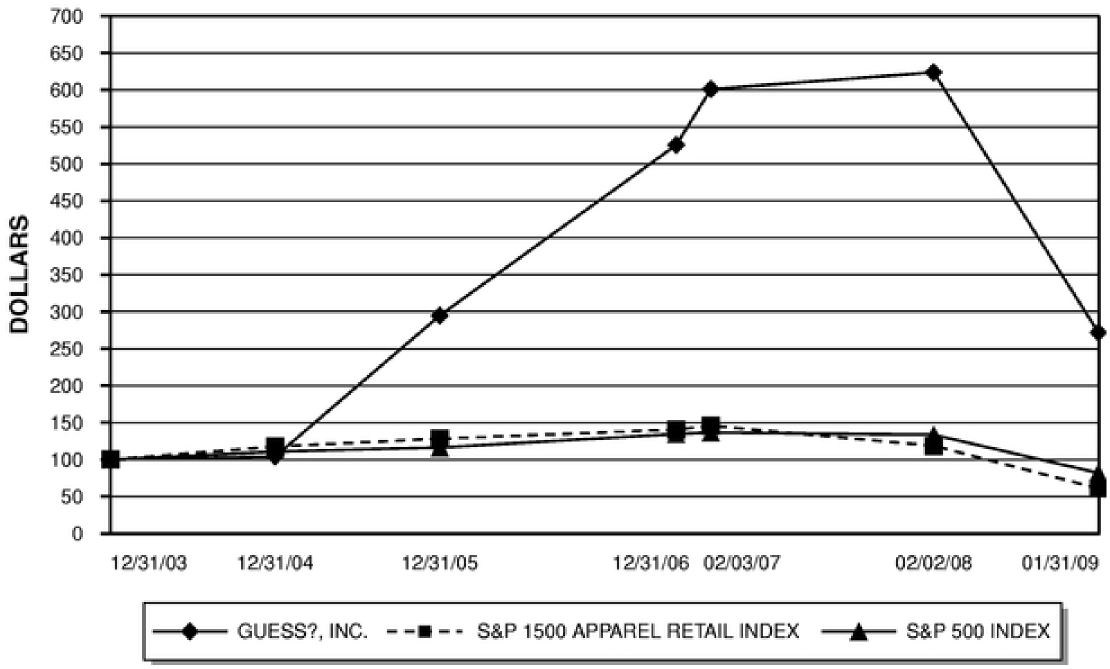
Prior to the initiation of a quarterly dividend on February 12, 2007, the Company had not declared any dividends on our common stock since our initial public offering in 1996. The payment of cash dividends in the future will be at the discretion of our Board of Directors and will be based upon a number 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, economic conditions and liquidity. The agreement governing our Credit Facility limits our 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 Canadian subsidiary is at least $50 million. At January 31, 2009, Guess?, Inc. and its Canadian subsidiary had approximately $260.6 million in unrestricted cash and cash equivalents.

Table of Contents

Performance Graph

The Stock Price Performance Graph below compares the cumulative stockholder return of the Company with that of the S&P 500 Index (a broad equity market index) and the S&P 1500 Apparel Retail Index (a published industry index) over the five fiscal year period beginning December 31, 2003. The graph also includes information with respect to February 3, 2007, the last day of the fiscal month transition period which resulted from the change in our fiscal year end from December 31 to the Saturday nearest January 31 of each year. The return on investment is calculated based on an investment of $100 on December 31, 2003, with dividends, if any, reinvested. Past performance is not necessarily indicative of future performance.

COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN
AMONG GUESS?, INC.
S&P 500 INDEX AND S&P 1500 APPAREL RETAIL INDEX



	12/31/03	12/31/04	12/31/05	12/31/06	02/03/07	02/02/08	01/31/09
Guess?, Inc.	100.00	103.98	294.95	525.52	601.08	623.68	271.98
S&P 1500 Apparel Retail Index	100.00	117.66	128.37	140.66	145.85	118.71	61.10
S&P 500 Index	100.00	110.88	116.33	134.70	136.74	133.58	81.98

Stock Split

On February 12, 2007, our Board of Directors approved a two-for-one stock split of the Company's common stock to be effected in the form of a 100% stock dividend. Each stockholder of record at the close of business on February 26, 2007 was issued one additional share of common stock for every share of common stock owned as of that time. The additional shares were distributed on or about March 12, 2007, and the Company's common stock began trading on the New York Stock Exchange on a post-split basis on March 13, 2007. All share and per share amounts in this Annual Report on Form 10-K have been adjusted to reflect the 2007 stock split.

Table of Contents

Share Repurchase Program

The Company's share repurchases during the fourth quarter of fiscal 2009 were as follows:

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
November 2, 2008 to November 29, 2008				
Repurchase program(1)	—	—	—	$ 166,972,445
Employee transactions(2)	338	$ 16.85	—	—
November 30, 2008 to January 3, 2009				
Repurchase program(1)	1,273,827	$ 14.16	1,273,827	$ 148,941,300
Employee transactions(2)	26,873	$ 15.32	—	—
January 4, 2009 to January 31, 2009				
Repurchase program(1)	626,908	$ 15.00	626,908	$ 139,539,549
Employee transactions(2)	12,273	$ 16.08	—	—
Total				
Repurchase program(1)	1,900,735	$ 14.43	1,900,735	
Employee transactions(2)	39,484	$ 15.57	—	

(1) On March 19, 2008, the Company announced that its Board of Directors had authorized a new 2008 Share Repurchase Program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of the Company's common stock. Repurchases 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 the program and the program 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.

Table of Contents

ITEM 6. Selected Financial Data.

The selected financial data set forth below has been derived from the audited Consolidated Financial Statements of the Company and the related notes thereto (except for the unaudited selected statement of income financial data presented for the fiscal year ended February 3, 2007). All share and per share amounts included in the following consolidated financial data have been adjusted to reflect the two-for-one stock split which became effective on March 13, 2007. The following selected financial data should be read in conjunction with the Company's Consolidated Financial Statements and the related notes contained herein and with "ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for information regarding accounting changes, acquisitions and other items affecting comparability.

	Year Ended(1)					
	Jan. 31, 2009	Feb. 2, 2008	Feb. 3, 2007(2)	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
	(in thousands, except per share data)		(unaudited)			
Statement of income data:						
Net revenue	$ 2,093,390	$ 1,749,916	$ 1,252,664	$ 1,185,184	$ 936,092	$ 729,262
Earnings from operations	328,787	309,139	205,519	193,023	101,810	55,482
Income taxes	103,784	124,099	77,615	72,715	38,882	21,147
Net earnings	213,562	186,472	131,172	123,168	58,813	29,566
Earnings per share:						
Basic	$ 2.31	$ 2.02	$ 1.44	$ 1.36	$ 0.66	$ 0.34
Diluted	$ 2.28	$ 1.99	$ 1.42	$ 1.34	$ 0.65	$ 0.33
Dividends declared per share	$ 0.36	$ 0.28	—	—	—	—
Weighted average shares outstanding—basic	92,561	92,307	90,786	90,618	88,774	88,020
Weighted average shares outstanding—diluted	93,570	93,695	92,222	92,074	90,118	89,088

	Jan. 31, 2009	Feb. 2, 2008	Feb. 3, 2007	Dec. 31, 2006	Dec. 31, 2005	Dec. 31, 2004
Balance sheet data:						
Working capital	558,305	$ 432,583	$ 283,938	$ 274,996	$ 190,792	$ 134,564
Total assets	1,246,566	1,186,228	843,322	836,925	633,374	424,304
Borrowings and capital lease, excluding current installments	14,586	18,724	17,336	18,018	53,199	41,396
Stockholders' equity	776,038	656,974	438,724	431,060	288,293	220,577

(1) Beginning with fiscal 2008, the Company changed its fiscal year to a 52-53 week year ending on the Saturday closest to January 31; previously, the Company's fiscal year ended on December 31. See Note 16 to the Financial Statements for financial data for the one month transition period ended February 3, 2007.

(2) For comparative purposes, the Company has presented unaudited selected statement of income results for the 12 month period ended February 3, 2007.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

General

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

Business Segments

The business segments of the Company are retail, wholesale, European and licensing operations. Information relating to these segments is summarized in Note 15 to the Consolidated Financial Statements. The Company believes this segment reporting reflects how its four business segments are managed and each segment's performance is evaluated. The retail segment includes the Company's retail operations in North America. The wholesale segment includes the wholesale operations in North America and our Asian operations. The European segment includes both wholesale and retail operations in Europe and the Middle East. The licensing segment includes the worldwide licensing operations of the Company. The business segments operating results exclude corporate overhead costs, which consist of shared costs of the organization. These costs are presented separately and generally include, among other things, the following unallocated corporate costs: information technology, human resources, accounting and finance, global advertising and marketing, executive compensation, facilities and legal.

We acquired Focus Europe S.r.l. ("Focus"), our former licensee for GUESS by MARCIANO products in Europe, the Middle East and Asia, in December 2006, and its Spanish subsidiary ("Focus Spain") in October 2007. We also acquired BARN S.r.l. ("Barn"), our former kids licensee in Europe, in January 2008. Each of these entities is reported in our European segment. G by GUESS is a relatively new retail brand concept that was launched in early fiscal 2008 and is included in our retail segment. Our South Korea business, which we have operated directly since January 2007, and our Greater China business, launched in April 2007, are also relatively new businesses for us and are reported in our wholesale segment.

Products

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

Recent Global Economic Developments

The global economic environment has deteriorated over the past several months. The declining values in real estate, reduced credit lending by banks, solvency concerns of major financial institutions, increases in unemployment levels and recent significant declines and volatility in the global financial markets have negatively impacted the level of consumer spending for discretionary items. This has affected our business as it is dependent on consumer demand for our products. In North America we have experienced a significant slowdown in customer traffic and a highly promotional environment. These same conditions are now spreading to many international markets. If the global macroeconomic environment continues to be weak or deteriorates further, there will likely be a negative effect on the Company's revenues and earnings across all of our segments for fiscal 2010.

In addition, the recent deterioration in the global economic environment has resulted in significant volatility in the global currency markets. The majority of our international operations are conducted in currencies other than the U.S. dollar, primarily the Canadian dollar, the Euro and the Korean won. The recent volatility has resulted in a substantial strengthening of the U.S. dollar against these three currencies. A relatively stronger U.S. dollar will result in our international operating results translating into lower U.S.

dollar amounts. These conditions could negatively impact our results of operations and the Company's ability to generate both revenue and earnings growth. In addition, certain transactions that occur in Canada, Europe and South Korea are denominated in U.S. dollars and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their local functional currencies. These types of transactions include U.S. denominated purchases of merchandise and intercompany liabilities. The Company enters into derivative financial instruments, including forward exchange contracts and currency swaps, to manage exchange risk on certain foreign currency transactions. The Company does not hedge all transactions denominated in foreign currency.

Other

On January 18, 2007, the Board of Directors of the Company approved a change in the Company's fiscal year end from December 31 to the Saturday nearest January 31 of each year. The change, which became effective for the Company's 2008 fiscal year, aligned the Company's reporting cycle with the National Retail Federation ("NRF") fiscal calendar to provide for more consistent year-to-year comparisons. The Company's 2008 fiscal year began on February 4, 2007 and ended on February 2, 2008, resulting in a one-month transition period that began January 1, 2007 and ended February 3, 2007. The audited results for the one month ended February 3, 2007 are included in "ITEM 15. Exhibits, Financial Statement Schedules."

Unless specifically indicated otherwise, "fiscal 2009" relates to the twelve-months ended January 31, 2009, "fiscal 2008" relates to the twelve-months ended February 2, 2008 and "fiscal 2007" relates to the unaudited twelve months ended February 3, 2007. For purposes of this MD&A, the Company has presented the financial performance comparison of the 2009 fiscal year versus the 2008 fiscal year and the fiscal 2008 year versus the 2007 fiscal year. Fiscal years 2009 and 2008 include 52 weeks while fiscal 2007 includes 53 weeks.

The Company reports NRF calendar comparable store sales on a quarterly basis for its full-price retail and factory outlet stores in the U.S. and Canada. 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

The Company

The Company's operations generated net earnings of $213.6 million, or diluted earnings of $2.28 per share, for the year ended January 31, 2009, compared to net earnings of $186.5 million, or diluted earnings of $1.99 per share, for the year ended February 2, 2008. The fiscal 2009 results included the benefit over the prior year of a lower effective tax rate which favorably impacted tax expense by $23.2 million (or $0.25 per diluted share) and a favorable impact of currency translation to earnings from operations of $5.2 million (or $0.03 per diluted share). This was partially offset by an unfavorable impact in fiscal 2009 of long-lived asset impairment charges of $24.4 million (or $0.17 per diluted share). The asset impairment charge reflected the write-down of the asset base for a number of our retail stores in North America and Asia as a result of adverse retail conditions arising from the recent deterioration in the global economic environment.

Total net revenues increased 19.6% to $2,093.4 million for the year ended January 31, 2009, from $1,749.9 million for the year ended February 2, 2008. All our business segments contributed to this growth. The European segment was the largest contributor to the growth in revenues, representing over half of the consolidated revenue growth. Retail store expansion in North America and the expansion of our operations in Asia also contributed to the growth in revenues, while our licensing business increased revenues across all key accessories categories and footwear.

Gross margin decreased 120 basis points to 44.1% for the year ended January 31, 2009 compared to the prior year. The decline in the overall gross margin was attributable to lower product margins in our retail and wholesale segments partially offset by higher product margins in Europe and a higher mix of European net revenues, which generated a relatively higher gross margin than the other segments.

Selling, general and administrative ("SG&A") expenses increased 22.8% to $593.8 million for the year ended January 31, 2009 compared to $483.6 million for the year ended February 2, 2008. The increase in SG&A expenses was driven by higher variable costs to support the higher sales in our existing businesses, asset impairment charges in North America and Asia, investments in our newer businesses and investments in infrastructure in Europe. As a percentage of revenues, SG&A expense increased 80 basis points to 28.4% for the year ended January 31, 2009, compared to the prior-year. The asset impairment charge negatively impacted SG&A expense as a percentage of revenues by 120 basis points.

Earnings from operations increased 6.4% to $328.8 million for the year ended January 31, 2009 compared to $309.1 million for the same period a year ago. Operating margin declined 200 basis points to 15.7% for the year ended January 31, 2009 compared to the prior year due to the lower gross margin and the increase in SG&A spending as a percentage of net revenues. The asset impairment charge negatively impacted operating margin by 120 basis points.

Net interest income decreased $2.7 million for the year ended January 31, 2009 primarily due to lower interest rates on invested cash balances and higher average debt balances in Europe.

Other expense, net increased by $9.5 million for the year ended January 31, 2009 primarily due to the decline in the value of insurance policy investments and other non-operating assets.

Our effective income tax rate decreased 720 basis points to 32.6% for the year ended January 31, 2009, compared to 39.8% in the prior year, primarily due to a higher proportion of earnings in lower tax jurisdictions.

The Company had $294.1 million in cash and cash equivalents as of January 31, 2009, compared to $275.6 million as of February 2, 2008. Total debt, including capital lease obligations, as of January 31, 2009, was $38.6 million, a decrease of $15.4 million from $54.0 million as of February 2, 2008. The decrease in debt was the combined result of a lower Euro denominated balance at January 31, 2009 compared to the prior year end and the favorable translation effect of the relatively stronger U.S. dollar. Accounts receivable increased by $9.9 million, or 3.9%, to $264.3 million at January 31, 2009, compared to $254.4 million at February 2, 2008. The increase in accounts receivable primarily resulted from the revenue growth in Europe. Changes in currency translation rates reduced the current year's accounts receivable balance by approximately $34.5 million compared to the prior year. Approximately $159.0 million of our European, U.S. and Canadian receivables, or 60% of the $264.3 million in accounts receivable at January 31, 2009, were insured for collection purposes or subject to certain bank guarantees. Inventory increased by $7.5 million, or 3.2%, to $239.7 million as of January 31, 2009, compared to $232.2 million as of February 2, 2008. Most of the inventory increase was related to anticipated sales growth in our existing European operations. The current year's inventory balance includes a negative translation impact of approximately $26.6 million due to currency fluctuations compared to the prior year.

Retail

Our retail segment, comprising North American full-priced retail and factory outlet stores and e-commerce, generated net sales of $978.0 million during the year ended January 31, 2009, an increase of 13.4% from $862.4 million in the prior year period. This growth was driven by a larger store base, which represented a net 12.8% increase in average square footage compared to the year ended February 2, 2008, and an increase in comparable store sales of 1.0% for the year ended January 31, 2009. Retail earnings from operations decreased by $35.3 million, or 27.5%, to $93.2 million for the year ended January 31, 2009, from $128.5 million for the prior year period. In addition, the operating margin decreased by 540 basis points to 9.5% for the year ended January 31, 2009, compared to 14.9% for the year ended February 2, 2008. The declines in both earnings from operations and operating margin were driven by asset impairment charges in the retail segment of $23.3 million and lower product margins. The decrease in earnings from operations was partially offset by the increased earnings due to the increased sales volume from the larger store base and lower advertising and marketing costs. The asset impairment charges negatively impacted operating margin by 230 basis points.

We opened 57 new stores, closed five underperforming stores and converted one full-price retail store to a GUESS? Accessories store in the U.S. and Canada during fiscal 2009. At January 31, 2009, we operated 425 stores in the U.S. and Canada, comprised of 192 GUESS? full-priced retail stores, 104 GUESS? factory outlet stores, 52 GUESS by MARCIANO stores, 43 G by GUESS stores and 34 GUESS? Accessories stores. This compares to 373 stores as of February 2, 2008.

Wholesale

Wholesale segment revenues increased by $37.8 million, or 14.6%, to $296.2 million for the year ended January 31, 2009, from $258.4 million for the year ended February 2, 2008. The increase in net revenues was primarily due to international expansion in our Asian business. Earnings from operations for the wholesale segment decreased by $4.4 million, or 8.8%, to $45.5 million for the year ended January 31, 2009, from $49.9 million for the prior year period. The decrease was driven by lower product margins in our North American wholesale business as well as higher product related costs and additional occupancy and SG&A expenses, largely to support our expanding Asian operations. Operating margin decreased by 390 basis points to 15.4% in the year ended January 31, 2009, compared to 19.3% for the prior year period. The lower North American wholesale product margins, additional operating expenses in Asia and the overall mix of our Asia business, where operating margins are lower than in our North American wholesale business, drove the operating margin decrease.

Europe

In Europe, revenues increased by $180.6 million, or 33.5%, to $719.0 million for the year ended January 31, 2009, compared to $538.4 million for the year ended February 2, 2008. The majority of the revenue growth was generated by the European wholesale business, driven by growth in both our existing accessories and apparel businesses and our acquisition of BARN in January 2008. In addition, at January 31, 2009, we directly operated 61 stores in Europe, compared to 40 stores at the prior year end. As a result, European retail revenues, including new stores, increased by 47.0% for the year ended January 31, 2009, compared to the prior year. Earnings from operations from our European segment increased by $47.8 million, or 39.6%, to $168.6 million for the year ended January 31, 2009, from $120.8 million for the prior year period. The increase in earnings from operations also included a currency benefit of $9.7 million. Operating margin increased 110 basis points to 23.5% in the year ended January 31, 2009, compared to 22.4% for the prior year due to higher product margins partially offset by increased occupancy and SG&A expenses.

Licensing

Our licensing business revenues increased by $9.6 million, or 10.5%, to $100.3 million for the year ended January 31, 2009, from $90.7 million for the year ended February 2, 2008. This increase was driven by growth in sales of several product categories, especially watches, jewelry, footwear, eyewear and handbags. Licensing segment earnings from operations increased $8.5 million, or 10.9%, to $86.4 million for the year ended January 31, 2009, from $77.9 million for the prior year period. Operating margin increased 30 basis points to 86.2% for the year ended January 31, 2009 compared to 85.9% for the prior year period.

Outside of the U.S. and Canada, in the year ended January 31, 2009, together with our partners we opened 168 new stores, including 99 in Europe, 55 in Asia and 14 in the combined area of Mexico, Central and South America. We ended the year with 690 stores outside of the U.S. and Canada, of which 488 were GUESS? stores, 156 were GUESS? Accessories stores, and 46 were GUESS by MARCIANO stores. Of the 690 stores, 96 were operated by the Company and 594 were operated by licensees or distributors. This store count does not include 177 jean and accessory concessions located in Asia and Europe because of their smaller store size in relation to our standard international store size.

Corporate Overhead

Corporate overhead, included in SG&A, decreased by $3.1 million, or 4.6%, to $64.9 million in the year ended January 31, 2009, from $68.0 million for the prior year period. This decrease was primarily due to lower compensation related expenses.

Critical Accounting Policies and Estimates

The Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the U.S., which require management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management bases its estimates and judgments on its historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Management evaluates its estimates and judgments on an ongoing basis including those related to the valuation of inventories, accounts receivable allowances, sales return allowances, loyalty accrual, the useful life of assets for depreciation, restructuring expense and accruals, evaluation of impairment, recoverability of deferred taxes, workers compensation accruals, litigation accruals, pension obligations and stock-based compensation.

The Company believes that the following significant accounting policies involve a higher degree of judgment and complexity. In addition to the accounting policies mentioned below, see Note 1 to the Consolidated Financial Statements for other significant accounting policies.

Accounts receivable reserves

In the normal course of business, the Company grants credit directly to certain wholesale customers after a credit analysis based on financial and other criteria is performed. Accounts receivable are recorded net of an allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses that result from the inability of its wholesale customers to make their required payments. The Company bases its allowances through analysis of the aging of accounts receivable at the date of the financial statements, assessments of historical collection trends, an evaluation of the impact of current economic conditions and whether the Company has obtained credit insurance or other guarantees.

Costs associated with customer markdowns are recorded as a reduction to net revenues, and are included in the allowance for accounts receivable. Historically, these markdown allowances resulted from seasonal negotiations with the Company's wholesale customers, as well as historical trends and the evaluation of the impact of the economic conditions. During fiscal 2008, the Company renegotiated its arrangements with its major customers in the U.S. to fix the percentage of sales that will be expensed as markdown allowances. The negotiation of a fixed rate allows the Company to process credit memos against the outstanding balance immediately which has resulted in a reduction of our outstanding markdown allowance accrual.

Sales returns reserves

The Company accrues for estimated sales returns in the period in which the related revenue is recognized. To recognize the financial impact of sales returns, the Company estimates the amount of goods that will be returned based on historical experience and reduces sales and cost of sales accordingly based on historical return experience. The Company's policy allows retail customers a 30 day period to return merchandise following the date of sale. Substantially all of these returns are considered to be resalable at a price that exceeds the cost of the merchandise.

Inventory reserves

Inventories are valued at the lower of cost (primarily weighted average method) or market. The Company continually evaluates its inventories by assessing slow moving product as well as prior seasons' inventory. Market value of aged inventory is estimated based on historical sales trends for each product line category, the impact of market trends, an evaluation of economic conditions and the value of current orders relating to the future sales of this type of inventory. The Company closely monitors its off-price sales to ensure the actual results closely match initial estimates. Estimates are regularly updated based upon this continuing review.

Valuation of goodwill, intangible and other long-lived assets

The Company assesses the impairment of its long-lived assets (i.e. goodwill, intangible assets and property and equipment), which requires the Company to make assumptions and judgments regarding the carrying value of these assets on an annual basis, or more frequently if events or changes in circumstances indicate that the assets might be impaired. 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 assets (other than goodwill) are assessed to be recoverable, they are depreciated or amortized over the periods benefited. If the assets are considered to be impaired, an impairment charge is recognized representing the amount by which the carrying value of the assets exceeds the fair value of those assets. Fair value is determined based upon the discounted cash flows derived from the underlying asset. We use various assumptions in determining current fair market value of these assets, including future expected cash flows and discount rates. 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. If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations. See Notes 1 and 6 to the Consolidated Financial Statements for further discussion.

Pension benefit plan actuarial assumptions

The Company's pension obligations and related costs are calculated using actuarial concepts, within the framework of the amendment of Statement of Financial Accounting Standards ("SFAS") No. 87, "Employer's Accounting for Pensions." The discount rate is an important element of expense and/or liability measurement. We evaluate this critical assumption annually which enables us to state expected future payments for benefits as a present value on the measurement date. Refer to Note 10 to the Consolidated Financial Statements for Supplemental Executive Retirement Plan related information.

Litigation reserves

Estimated amounts for claims that are probable and can be reasonably estimated are recorded as liabilities in our consolidated balance sheet. The likelihood of a material change in these estimated reserves would be dependent on new claims as they may arise and the expected favorable or unfavorable outcome of each claim. As additional information becomes available, the Company will assess the potential liability related to new claims and existing claims and will revise estimates as appropriate. As new claims arise, such revisions in estimates of the potential liability could materially impact the results of operations and financial position.

Stock-based compensation

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123R ("SFAS 123R"), "Share-Based Payments," using the modified prospective transition method. Under this method, compensation cost recognized after January 1, 2006 included: (a) compensation expense for all stock-based payments granted prior to, but not yet vested as of, December 31, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123, "Accounting for Stock-Based Compensation," and (b) compensation expense for all stock-based payments granted on or after January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R. The fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions used for new grants. The risk-free interest rate is based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. The expected volatility is determined based on an average of both historical volatility and implied volatility. Implied volatility is derived from exchange traded options on the Company's common stock. The expected life used prior to November 2007 was based on the "simplified" method described in the SEC Staff Accounting Bulletin No. 107. For options granted beginning November 2007, the expected term is determined based on historical trends. The dividend yield for the one month period ended February 3, 2007 and prior years was zero. In the first quarter of fiscal 2008, the Board of Directors authorized and approved the initiation of a quarterly dividend. The expected forfeiture rate is determined based on historical data. Compensation expense for new stock options and nonvested stock awards is recognized on a straight-line basis over the vesting period.

In addition, the Company grants certain nonvested stock awards and stock options that require the recipient to achieve certain minimum performance targets in order for these awards to vest. If the minimum performance targets have not been achieved or are not expected to be achieved, no expense is recorded during the period.

Taxes

The Company adopted Financial Accounting Standards Board ("FASB") Interpretation 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes," in January 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of FIN 48 did not have a material impact on the Company's financial position and results of operations. The Company's continuing practice is to recognize interest and penalties related to income tax matters in income tax expense. See Note 9 to the Consolidated Financial Statements for further information regarding the adoption of FIN 48.

In accordance with SFAS 109, deferred tax assets and liabilities are determined based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if we believe it is more likely than not that some portion or the entire asset will not be realized. As all earnings from the

Company's foreign operations are permanently reinvested and not distributed, the Company's income tax provision does not include additional U.S. taxes on foreign operations.

Hedge accounting

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 and swaps to hedge the risk of foreign currency rate fluctuations. The Company has elected to apply the hedge accounting rules as required by SFAS No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," for certain of these hedges. The Company's objective is to hedge the variability in forecasted cash flows due to the foreign currency risk associated with certain anticipated inventory purchases and other expenses on a first dollar basis for specific months. Changes in the fair value of forward contracts designated as cash flow hedges are recorded as a component of accumulated other comprehensive earnings within stockholders' equity, and are recognized in cost of product sales or SG&A in the period which approximates the time the hedged merchandise inventory is sold or the hedged operating expense is incurred.

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

Gift card breakage

Gift card breakage is income recognized due to the non-redemption of a portion of gift cards sold by the Company for which a liability was recorded in prior periods. Beginning with the quarter ended August 4, 2007, these estimated breakage amounts are accounted for under the redemption recognition method and are classified as additional net revenues as the gift cards are redeemed. The Company determined a gift card breakage rate based upon historical redemption patterns, which represented the cumulative estimated amount of gift card breakage from the inception of the electronic gift card program in late 2002. Any future revisions to the estimated breakage rate may result in changes in the amount of breakage income recognized in future periods. See Note 1 to the Consolidated Financial Statements for further information regarding the recognition of gift card breakage.

RESULTS OF OPERATIONS

The following table sets forth actual operating results for the 2009, 2008 and 2007 fiscal years and one-month periods ended February 3, 2007 and January 28, 2006 as a percentage of net revenue:

	Year Ended			One Month Ended	
	Jan. 31, 2009	Feb. 2, 2008	Feb. 3, 2007	Feb. 3, 2007	Jan. 28, 2006
Product sales	95.2%	94.8%	94.6%	95.0%	92.9%
Net royalties	4.8	5.2	5.4	5.0	7.1
Total net revenue	100.0	100.0	100.0	100.0	100.0
Cost of product sales	55.9	54.7	55.9	59.0	67.0
Gross profit	44.1	45.3	44.1	41.0	33.0
Selling, general and administrative expenses	27.2	27.6	27.5	31.8	33.0
Asset impairment charges	1.2	—	0.2	—	—
Earnings from operations	15.7	17.7	16.4	9.2	—
Interest expense	0.2	0.2	0.6	0.5	0.6
Interest income	(0.3)	(0.4)	(0.5)	(0.5)	(0.6)
Other, net	0.6	0.1	(0.4)	(0.2)	—
Earnings before income taxes	15.2	17.8	16.7	9.4	—
Income taxes	5.0	7.1	6.2	3.6	—
Minority interest	—	—	—	(0.1)	—
Net earnings	10.2%	10.7%	10.5%	5.9%	—%

Year Ended January 31, 2009 Compared to Year Ended February 2, 2008.

NET REVENUE. Net revenue for the year ended January 31, 2009 increased by $343.5 million, or 19.6%, to $2,093.4 million, from $1,749.9 million for the year ended February 2, 2008. All segments contributed to this revenue growth with double-digit percentage increases. The largest contribution to this revenue growth was generated by our European segment.

Net revenue from retail operations increased by $115.6 million, or 13.4%, to $978.0 million for the year ended January 31, 2009, from $862.4 million for the year ended February 2, 2008. The increase was driven by an average of 55 net additional stores during the year ended January 31, 2009, resulting in a 12.8% increase in average square footage compared to the prior year, and an increase in comparable store sales of 1.0% in fiscal 2009 compared to fiscal 2008. Currency translation fluctuations relating to our Canadian retail stores unfavorably impacted revenues by $9.0 million.

Net revenue from wholesale operations increased by $37.8 million, or 14.6%, to $296.2 million for the year ended January 31, 2009, from $258.4 million for the year ended February 2, 2008. The revenue growth was generated from our expanding Asia operations, primarily in South Korea and Greater China. During fiscal year 2009, the Company, along with its partners, opened 20 stores and 31 concessions in Greater China and 10 stores and 29 concessions in South Korea. Our U.S. wholesale products, which are mostly sold through better department stores, were sold in approximately 1,057 major doors as of January 31, 2009, compared to 1,006 major doors at the end of the prior year period. Currency translation fluctuations, relating to both our Canadian and South Korean operations, unfavorably impacted net revenue in our wholesale segment by $16.3 million.

Net revenue from European operations increased by $180.6 million, or 33.5%, to $719.0 million for the year ended January 31, 2009, from $538.4 million for the year ended February 2, 2008. All of our wholesale businesses in Europe contributed to this growth, including BARN, which we acquired in January

2008. The growth is also attributable to same store sales growth in our existing retail stores and the addition of new retail stores, increasing our directly operated store count to 61 stores at January 31, 2009 from 40 stores at February 2, 2008. Currency translation fluctuations accounted for $34.7 million of the increase in net revenue relating to our European operations.

Net royalty revenue from licensing operations increased by $9.6 million, or 10.5%, to $100.3 million for the year ended January 31, 2009, from $90.7 million for the year ended February 2, 2008. The increase was the result of the strength of the accessories business, particularly watches, jewelry, footwear, eyewear and handbags. Licensing revenues in fiscal year 2009 did not include any royalty revenue from our BARN business which we now operate directly as part of our European operations.

GROSS PROFIT. Gross profit increased by $129.8 million, or 16.4%, to $922.6 million for the year ended January 31, 2009, from $792.8 million for the prior period. The increase in gross profit primarily resulted from the following:

- Gross profit for the retail segment increased by $14.7 million, or 4.5%, to $344.8 million for the year ended January 31, 2009, from $330.1 million for the prior period, primarily due to higher unit sales volume driven by the expansion in our store count during the year and an increase in comparable store sales of 1.0% compared to the prior year. The increase in gross profit also includes the unfavorable impact of higher occupancy costs due to the store expansion and lower product margins.

- Gross profit for the wholesale segment decreased by $1.5 million, or 1.5%, to $97.9 million for the year ended January 31, 2009, from $99.4 million for the prior year period, primarily due to lower product margins in our North American wholesale operations and increased occupancy costs in Asia, partially offset by higher sales volume in our Asian operations.

- Gross profit for the European operations increased by $107.0 million, or 39.3%, to $379.6 million for the year ended January 31, 2009, from $272.6 million for the prior year period. The increase in our European gross profit was primarily attributable to higher sales volume in the existing European wholesale and retail operations, higher wholesale product margins and the impact of the acquisitions of BARN in January 2008 and Focus Spain in October 2007.

- Gross profit for the licensing segment increased by $9.6 million, or 10.5%, to $100.3 million for the year ended January 31, 2009, from $90.7 million for the prior year period. The licensing gross profit improvement resulted from higher sales by our licensees of accessory and footwear products.

Gross margin (gross profit as a percentage of total net revenues) decreased 120 basis points to 44.1% for the year ended January 31, 2009, from 45.3% for the year ended February 2, 2008. The decline in the overall gross margin was attributable to lower product margins in our retail and wholesale segments, partially offset by higher product margins in Europe and a higher mix of European net revenues, which generated a relatively higher gross margin than the other segments.

The Company's gross margin may not be comparable to other entities since some entities include all of the costs related to their distribution in cost of product sales and others, like the Company, exclude the wholesale related distribution costs from gross margin, including them instead in selling, general and administrative expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased by $110.2 million, or 22.8%, to $593.8 million for the year ended January 31, 2009, from $483.6 million for the year ended February 2, 2008. About $46.1 million of the increase was attributable to higher store selling, merchandising and distribution costs due to the higher sales volumes. Approximately $36.1 million of the increase was attributable to spending to support newer businesses, including BARN, Focus Spain, our G by GUESS brand, and Greater China, as well as spending to support the continued build-out of our European headquarters in Lugano, Switzerland. In addition, approximately $24.4 million of asset impairment charges were recorded during fiscal year 2009 compared to $0.6 million in the prior year.

As a percentage of net revenues, SG&A expense increased to 28.4% for the year ended January 31, 2009, compared to 27.6% for prior year period, driven by additional spending for infrastructure and new businesses in Europe and the asset impairment charges, partially offset by expense leverage in our wholesale segment and in our corporate overhead.

EARNINGS FROM OPERATIONS. Earnings from operations increased by $19.7 million, or 6.4%, to $328.8 million for the year ended January 31, 2009, compared to earnings from operations of $309.1 million for the year ended February 2, 2008.

- Earnings from operations for the retail segment were $93.2 million for the year ended January 31, 2009, compared to earnings from operations of $128.5 million for the year ended February 2, 2008. The decrease was driven by the store impairment charges of $23.3 million and the impact of lower product margins. This was partially offset by higher sales and the resulting gross profit due to the larger store base, and lower advertising and marketing costs. Currency translation fluctuations relating to our Canadian retail stores unfavorably impacted earnings from operations by $1.7 million.

- Earnings from operations for the wholesale segment were $45.5 million for the year ended January 31, 2009, compared to earnings from operations of $49.9 million for the year ended February 2, 2008. While segment revenues increased, the decrease in earnings from operations was driven by lower segment product margins and higher occupancy and SG&A expenses to support our expanding Asian operations. Currency translation fluctuations, relating to both our Canadian and South Korean operations, unfavorably impacted earnings from operations in our wholesale segment by $2.5 million.

- Earnings from operations for the European segment were $168.6 million for the year ended January 31, 2009, compared to $120.8 million for the year ended February 2, 2008. The increase was primarily due to the higher sales and gross profit resulting from growth in our existing European wholesale businesses, and our acquisition of BARN. This increase was partially offset by higher volume related operating costs and infrastructure spending, along with higher advertising and marketing costs. Currency translation fluctuations favorably impacted earnings from operations in our European segment by $9.7 million.

- Earnings from operations for the licensing segment were $86.4 million for the year ended January 31, 2009, compared to $77.9 million for the year ended February 2, 2008. The increase was the result of higher revenues generated by our product licensees. This increase was partially offset by the loss of royalty revenue from BARN, our kids product licensee, which we acquired and now report as part of our European operations.

- Unallocated corporate overhead, included in SG&A, was $64.9 million for the year ended January 31, 2009, compared to $68.0 million for the year ended February 2, 2008, mainly due to lower compensation related costs.

The lower gross margin and higher SG&A expenses as a percentage of net revenues resulted in a decrease in operating margin of 200 basis points to 15.7% for the year ended January 31, 2009 from 17.7% for the prior year period.

INTEREST EXPENSE AND INTEREST INCOME. Interest expense increased to $4.7 million for the year ended January 31, 2009, compared to $3.4 million for the year ended February 2, 2008, primarily due to higher average debt balances in Europe to support working capital growth. On a comparable basis, the average debt balance for the year ended January 31, 2009 was $59.2 million versus an average debt balance of $48.6 million for the year ended February 2, 2008. Interest income decreased to $6.1 million for the year ended January 31, 2009 compared to $7.5 million for the year ended February 2, 2008, due to lower interest rates on invested cash, partially offset by higher average invested cash balances.

OTHER EXPENSE, NET. Other expense was $11.3 million for the year ended January 31, 2009, versus other expense of $1.8 million for the year ended February 2, 2008. Other expense for the year ended January 31, 2009 primarily resulted from the decline in value of insurance policy investments and other non-operating assets. For the year ended January 31, 2009, other expense included a net charge of $0.3 million relating to changes in foreign exchange rates on foreign currency forward contracts and other foreign currency transactions. The forward contracts are used to hedge currency exposure primarily relating to U.S. dollar transactions in our foreign operations in the event of a strengthening U.S. dollar. The impact of the strengthening U.S. dollar on the forward contracts during the year ended January 31, 2009 resulted in a mark-to-market gain of $18.8 million. This gain was primarily offset by the unfavorable revaluation of U.S. dollar denominated liabilities in our foreign operations of $18.5 million during the same period.

INCOME TAXES. Income tax expense for the year ended January 31, 2009 was $103.8 million, resulting in a 32.6% effective tax rate, compared to income tax expense for the prior year of $124.1 million, or a 39.8% effective tax rate. The lower tax rate in fiscal year 2009 was due to a higher mix of profits in lower tax jurisdictions and a decline in the Italian statutory tax rate at the end of fiscal 2008 that resulted in a devaluation of our Italian deferred tax assets at the end of fiscal year 2008.

MINORITY INTEREST. The minority interest expense for the year ended January 31, 2009 was $1.5 million, net of taxes, as compared to minority interest expense of $0.9 million, net of taxes, for the year ended February 2, 2008. The increase in minority interest expense was primarily due to the stronger performance of Focus and our Mexican joint venture.

NET EARNINGS. Net earnings increased by $27.1 million, or 14.5%, to $213.6 million for the year ended January 31, 2009, from$186.5 million for the year ended February 2, 2008. Diluted earnings per share increased to $2.28 per share for the year ended January 31, 2009 compared to $1.99 per share for the year ended February 2, 2008.

Year Ended February 2, 2008 Compared to Year Ended February 3, 2007.

NET REVENUE. Net revenue for the fiscal year ended February 2, 2008 increased by $497.2 million, or 39.7%, to $1,749.9 million, from $1,252.7 million for the year ended February 3, 2007. All segments contributed to this revenue growth with double-digit percentage increases. The largest contribution to this revenue growth was generated by our European segment.

Net revenue from retail operations increased by $121.3 million, or 16.4%, to $862.4 million for the fiscal year ended February 2, 2008, from $741.1 millionfor the year ended February 3, 2007. The increase was driven by a comparable store sales growth of 14.6% and an average of 26 net additional stores during the fiscal year ended February 2, 2008 resulting in a 5.3% increase in average square footage compared to the prior year period. Currency translation fluctuations accounted for $14.3 million of the increase in net revenue relating to our Canadian retail stores.

Net revenue from wholesale operations increased by $105.8 million, or 69.3%, to $258.4 million for the fiscal year ended February 2, 2008, from $152.6 million for the year ended February 3, 2007. Approximately 80.0% of this revenue growth was generated outside of the U.S., primarily in Asia. Our North American wholesale net revenue growth was primarily attributable to strong product performance. Our products were sold in the U.S. in approximately 1,006 major doors as of February 2, 2008, compared to 961 major doors at the end of the prior year period. Currency translation fluctuations accounted for $2.8 million of the increase in net revenue relating to our Canadian wholesale business.

Net revenue from European operations increased by $246.6 million, or 84.5%, to $538.4 million for the fiscal year ended February 2, 2008, from $291.8 million for the year ended February 3, 2007. The majority of the revenue growth was generated by the European wholesale business, driven by our continued growth in both our existing accessories and apparel businesses and our acquisition of a 75% equity interest in Focus on December 31, 2006. The growth is also attributable to same store sales growth in our existing retail stores and the addition of new retail stores. Currency translation fluctuations accounted for $48.1 million of the increase in net revenue relating to our European operations.

Net royalty revenue from licensing operations increased by $23.6 million, or 35.1%, to $90.7 million for the fiscal year ended February 2, 2008, from $67.1 million for the year ended February 3, 2007. The increase was the result of the strength of the accessories business, particularly handbags, footwear and watches, and the increased recognition of licensing revenues as a result of the amortization of fixed cash rights payments received from licensees in connection with previously renegotiated contracts based on the periods these contracts represent. Licensing revenues in fiscal 2008 did not include any royalty revenue from our GUESS by MARCIANO and South Korean licensees, both of which we now operate directly, as the associated sales are now reported as revenue in the European and wholesale segments, respectively.

GROSS PROFIT. Gross profit increased by $240.3 million, or 43.5%, to $792.8 million for the fiscal year ended February 2, 2008, from $552.5 million in the prior period. The increase in gross profit primarily resulted from sales growth in all segments.

- Gross profit for the retail segment increased by $50.2 million, or 17.9%, to $330.1 million for the fiscal year ended February 2, 2008, from $279.9 million in the prior period, primarily due to higher sales volume and higher average selling prices, partially offset by higher occupancy costs.

- Gross profit for the wholesale segment increased by $44.1 million, or 79.6%, to $99.4 million for the fiscal year ended February 2, 2008, from $55.3 million in the prior year period, primarily due to the increase in sales volume in Asia, and increased sales and higher mark-ups in North America driven by stronger product performance.

- Gross profit for the European operations increased by $122.4 million, or 81.5%, to $272.6 million for the fiscal year ended February 2, 2008, from $150.2 million in the prior year period. The European gross profit increase resulted from higher sales volumes in the existing European operations and the acquisition of a 75% equity interest in Focus at the end of 2006.

- Gross profit for the licensing segment increased by $23.6 million, or 35.1%, to $90.7 million for the fiscal year ended February 2, 2008, from $67.1 million in the prior year period. The licensing gross profit improvement was primarily the result of the strong sales performance of accessories, especially handbags, footwear and watches.

Gross margin (gross profit as a percentage of total net revenues) increased 120 basis points to 45.3% for the fiscal year ended February 2, 2008, from 44.1% for the year ended February 3, 2007. The improvement in the overall gross margin was attributable to a higher mix of European net revenues, which generated a relatively higher gross margin than the other businesses, higher mark-ups in our wholesale segment, and higher product margins in our retail segment due to higher mark-ups and gift card breakage income. This improvement was partially offset by the lower product margin in Europe compared to the prior year.

The Company's gross margin may not be comparable to other entities since some entities include all of the costs related to their distribution in cost of product sales and others, like the Company, exclude the wholesale related distribution costs from gross margin, including them instead in selling, general and administrative expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses increased by $136.6 million, or 39.4%, to $483.6 million for the fiscal year ended February 2, 2008, from $347.0 million for the year ended February 3, 2007. Approximately $68.0 million of the increase was attributable to incremental spending required to support new businesses including Focus, our new European headquarters in Lugano, Switzerland, the new G by GUESS brand initiative, the South Korea operation, expansion in Greater China and Mexico, and BARN in Europe. In addition, the increase was also attributable to growth in store selling, merchandising and distribution costs of $41.8 million, incremental compensation expenses (primarily performance-based) of $12.5 million, and additional advertising and marketing spending in our existing businesses of $8.3 million. As a percentage of net revenue, SG&A expenses improved to 27.6% for the fiscal year ended February 2, 2008, compared to 27.7% for the prior year period.

EARNINGS FROM OPERATIONS. Earnings from operations increased by $103.6 million, or 50.4%, to $309.1 million for the fiscal year ended February 2, 2008, compared with earnings from operations of $205.5 million for the year ended February 3, 2007.

- Earnings from operations for the retail segment were $128.5 million for the fiscal year ended February 2, 2008, compared to earnings from operations of $105.5 million for the year ended February 3, 2007. The increase in earnings from operations for the retail segment was driven by the higher sales volume, higher product margin and occupancy leverage, partially offset by increased investments in infrastructure to support our new G by GUESS brand concept and higher advertising expense. Currency translation fluctuations accounted for $3.5 million of the increase in earnings from operations for our Canadian retail stores.

- Earnings from operations for the wholesale segment were $49.9 million for the fiscal year ended February 2, 2008, compared to earnings from operations of $25.2 million for the year ended February 3, 2007. This increase was principally due to incremental sales and gross profit from our new South Korea operation and higher sales and improved gross profit in North America, partially offset by additional SG&A expenses in Asia, including South Korea, to build infrastructure in this region and support the increased sales. Currency translation fluctuations accounted for $0.8 million of the increase in earnings from operations for our Canadian wholesale business.

- Earnings from operations for the European segment were $120.8 million for the fiscal year ended February 2, 2008, compared to $73.2 million for the year ended February 3, 2007. The increase was primarily due to higher sales and gross profit in the existing accessories and apparel wholesale businesses combined with the sales and gross profit resulting from our acquisition of a 75% equity interest in Focus in late 2006. In addition, our existing Company-owned retail business in Europe continued to improve, generating strong sales growth and increasing profits. The growth in sales and gross profit was partially offset by higher volume related and infrastructure expansion expenses. Currency translation fluctuations accounted for $10.4 million of the increase in earnings from operations for our European operations.

- Earnings from operations for the licensing segment were $77.9 million for the fiscal year ended February 2, 2008, compared to $58.7 million for the year ended February 3, 2007. The improvement was the result of higher revenues generated by our accessories product licensees and the recognition of additional licensing revenues relating to the amortization of fixed cash rights payments received from licensees in connection with previously renegotiated contracts. These increases were partially offset by the loss of royalty revenue from the GUESS by MARCIANO and South Korean licensees in fiscal 2008 compared to fiscal 2007.

- Unallocated corporate overhead was $68.0 million for the fiscal year ended February 2, 2008, compared to $57.0 million for the year ended February 3, 2007, mainly due to higher performance-based compensation costs, including share based payment expense.

The higher gross margin and lower SG&A spending as a percentage of net revenues resulted in an increase in operating margin of 130 basis points to 17.7% for the fiscal year ended February 2, 2008 from 16.4% for the prior year period.

INTEREST EXPENSE AND INTEREST INCOME. Interest expense decreased to $3.4 million for the fiscal year ended February 2, 2008, compared to $7.7 million for the year ended February 3, 2007, primarily due to the early redemption of the Company's 6.75% Secured Notes of $32.8 million at the end of 2006. The Secured Notes were redeemed in December 2006 resulting in a $1.4 million write-off of debt issuance costs and a $0.5 million redemption premium, which are included in interest expense for the year ended February 3, 2007. On a comparable basis, the average debt balance for the fiscal year ended February 2, 2008 was $48.6 million versus an average debt balance of $79.4 million, for the year ended February 3, 2007. Interest income increased to $7.5 million for the fiscal year ended February 2, 2008, compared to $6.2 million for the year ended February 3, 2007, due to higher average invested cash balances.

OTHER INCOME, NET. Other expense, net was $1.8 million for the fiscal year ended February 2, 2008, versus other income, net of $4.7 million for the year ended February 3, 2007. Other expense, net in the fiscal year ended February 2, 2008 was primarily due to net losses related to changes in foreign exchange rates on forward contracts and other foreign currency transactions. Other income, net in the year ended February 3, 2007 comprised gains on sale of land and other long-term investments.

INCOME TAXES. Income tax expense for the fiscal year ended February 2, 2008 was $124.1 million, or a 39.8% effective tax rate, compared to income tax expense of $77.6 million, or a 37.2% effective tax rate, for the year ended February 3, 2007. Fiscal 2008's higher tax rate was due to a higher mix of profits in higher tax jurisdictions, the utilization of capital loss carryforwards in the prior year, favorable tax audit settlements last year and a recent decline in the Italian statutory tax rate, effective in fiscal 2009, that resulted in a devaluation of deferred tax assets in the fiscal 2008.

MINORITY INTEREST. The minority interest expense of $0.9 million, net of taxes, primarily represents the portion of earnings of Focus for the fiscal year ended February 2, 2008 allocated to the minority interest stockholders. The Company acquired a 75% interest in Focus on December 31, 2006.

NET EARNINGS. Net earnings increased by $55.3 million, or 42.2%, to $186.5 million for the fiscal year ended February 2, 2008, from $131.2 million for the year ended February 3, 2007. Diluted earnings per share increased to $1.99 per share for the fiscal year ended February 2, 2008 compared to $1.42 per share for the year ended February 3, 2007.

One-Month Audited Transition Period Ended February 3, 2007 ("January 2007") Compared to the One-Month Unaudited Period Ended January 28, 2006 ("January 2006").

The Company reported net earnings of $8.0 million, or diluted earnings of $0.09 per share, for January 2007 (which included 34 days), compared to $0.00 per share for January 2006 (which included 28 days). Net revenue for January 2007 increased by $67.5 million, or 98.6%, to $136.0 million, from $68.5 million for January 2006. Gross profit increased by $33.1 million, or 146.6%, to $55.7 million for January 2007, from $22.6 million for January 2006. SG&A expenses increased by $20.6 million, or 91.2%, to $43.3 million for January 2007, from $22.6 million for January 2006. Earnings from operations increased by $12.5 million to $12.5 million for January 2007, compared to the approximately break-even results from operations for January 2006. These results reflect the impact of the significant growth in our existing European operations, the comparable store sales growth of 12.7% in our retail store operations in North America for January 2007 compared to the prior-year period, the greater number of days in the one month ended January 2007 compared to the prior-year period and the acquisition of a 75% majority interest in Focus, our European GUESS by MARCIANO licensee, in late 2006.

LIQUIDITY AND CAPITAL RESOURCES

We need liquidity primarily to fund our working capital in Europe, the expansion and remodeling of our retail stores, shop-in-shop programs, systems, infrastructure, other existing operations, international growth, potential acquisitions, potential share repurchases and payment of dividends to our stockholders. During the year ended January 31, 2009, the Company relied on trade credit, available cash, short-term borrowings from its European bank facilities, real estate leases and internally generated funds to finance its operations and expansion. The Company anticipates that it will be able to satisfy its ongoing cash requirements during the next twelve months for working capital, capital expenditures, interest and principal payments on its debt, potential acquisitions, potential share repurchases and dividend payments to stockholders, primarily with cash flow from operations supplemented by borrowings, if necessary, under the Credit Facility and bank facilities in Europe, as described below under "—Credit Facilities." As of January 31 2009, the Company had cash and cash equivalents of $294.1 million. Excess cash and cash equivalents, which represent the majority of our outstanding cash and cash equivalents balance, are held primarily in three diversified money market funds. The funds, each of which is rated AAA by national credit rating agencies, are generally comprised of high-quality, liquid instruments. As of January 31, 2009, the Company does not have any exposure to auction-rate security investments in these funds. Please see "—Important Factors Regarding Forward-Looking Statements" and "Part I, ITEM 1A. Risk Factors" 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 2009 fiscal year versus the 2008 fiscal year.

Operating Activities

Net cash provided by operating activities was $228.6 million for the year ended January 31, 2009, compared to $180.8 million for the year ended February 2, 2008, or an increase of $47.8 million. The majority of the increase was driven by a $27.1 million growth in net income for the year ended January 31, 2009 versus the prior year. The remaining increase was due to working capital changes which reflected the lower growth in accounts receivable and inventory, mostly offset by a decline in accounts payable and accrued expenses when comparing the year ended January 31, 2009 to the year ended February 2, 2008.

At January 31, 2009, the Company had working capital (including cash and cash equivalents) of $558.3 million compared to $432.6 million at February 2, 2008. The Company's primary working capital needs are for inventory and accounts receivable. Accounts receivable at January 31, 2009 amounted to $264.3 million, an increase of $9.9 million, from $254.4 million at February 2, 2008. The increase in accounts receivable was primarily due to growth in accounts receivable related to our European wholesale business (including our new GUESS Kids business acquired in January 2008), which totaled $193.4 million at January 31, 2009, versus $183.6 million at February 2, 2008. Fluctuations in currency rates resulted in a $34.5 million decrease to the accounts receivable balance as of January 31, 2009 compared to the prior year end. Approximately $159.0 million of our European, U.S. and Canadian receivables, or 60% of the $264.3 million in accounts receivable at January 31, 2009, were insured for collection purposes or subject to certain bank guarantees. Inventory at January 31, 2009 amounted to $239.7 million, up $7.5 million compared to $232.2 million at February 2, 2008. Most of this inventory increase was related to anticipated sales growth in our existing European operations. The current year's inventory balance includes a negative translation impact of approximately $26.6 million due to currency fluctuations compared to the prior year.

Investing Activities

Net cash used in investing activities decreased to $102.2 million for the year ended January 31, 2009, compared to $117.2 million for the year ended February 2, 2008, or a decrease of $15.0 million. Cash used in investing activities relates primarily to capital expenditures incurred on new store openings and existing store remodeling programs in the U.S. and Canada, expansion in Europe and Asia, investments in information systems and other enhancements. The decrease in net cash used in investing activities in fiscal year 2009 was driven by lower capital expenditures relating to the opening of 57 new stores in North America during the 2009 fiscal year compared to the combination of opening 49 new stores and converting 20 existing stores to the new G by GUESS concept in the prior year. The decrease in capital expenditures was partially offset by the net proceeds received related to the assignment of an aircraft purchase agreement in fiscal 2008. The Company ultimately did not acquire the corporate aircraft and as a result assigned its aircraft purchase right in exchange for a payment to the Company during the fourth quarter of fiscal year 2008.

Financing Activities

Net cash used in financing activities increased to $99.1 million for the year ended January 31, 2009, compared to $0.1 million for the year ended February 2, 2008. The increase in net cash used in financing activities was primarily due to the repurchase under the Company's 2008 Share Repurchase Program of 2.9 million shares of the Company's common stock at a total cost of $60.5 million, the repayment of borrowings during the current year and the higher dividend payments compared to the prior year.

Contractual Obligations and Commitments

The following table summarizes the Company's contractual obligations at January 31, 2009 and the effects such obligations are expected to have on liquidity and cash flow in future periods (dollars in thousands):

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations:					
Short-term borrowings	$ 22,304	$ 22,304	$ —	$ —	$ —
Capital lease obligations(1)	21,964	2,860	5,043	4,762	9,299
Operating lease obligations(2)	828,331	126,019	215,688	186,481	300,143
Purchase obligations	111,502	111,502	—	—	—
Benefit obligations(3)	95,520	3,220	2,174	232	89,894
Other long-term liabilities(4)	5,557	1,546	4,011	—	—
Total	$1,085,178	$267,451	$226,916	$191,475	$399,336
Other commercial commitments(5)	$ 24,915	$ 24,915	$ —	$ —	$ —

(1) Includes interest on long-term debt and capital lease obligations.

(2) Does not include insurance, taxes and common area maintenance charges. In fiscal 2009, these variable charges totaled $42.5 million.

(3) Includes expected payments associated with the deferred compensation plan and the Supplemental Executive Retirement Plan through fiscal 2037.

(4) Includes FIN 48 tax liabilities. The Company is unable to determine when these open items will be resolved. For purposes of this table, the full FIN 48 liability has been included in payments due in 1-3 years.

(5) Consists of standby letters of credit for guarantee of foreign subsidiary's borrowings, workers' compensation and general liability insurance.

Capital Expenditures

Gross capital expenditures totaled $90.0 million, before deducting lease incentives of $7.5 million for the year ended January 31, 2009. This compares to gross capital expenditures of $100.2 million, before deducting lease incentives of $11.0 million, for the year ended February 2, 2008. The Company's capital expenditures for the full fiscal year 2010 are planned at approximately $75.4 million (before deducting estimated lease incentives of approximately $5.4 million) primarily for retail store expansion in the U.S. and Canada, store remodeling programs, expansion in Europe and Asia, investments in information systems and enhancements in other infrastructure.

The Company evaluates strategic acquisitions and alliances and pursues those that we believe will support and contribute to our overall growth initiatives. The combined purchase price for Focus and Focus Spain was finalized in October 2007 in the amount of €19.4 million ($25.6 million) which included an initial payment of €10.0 million in cash, €2.0 in GUESS? common stock and €7.4 in final payments after resolving certain purchase pric adjustments and other contingencies with the seller.

Effective January 16, 2008, the Company, through a subsidiary, acquired 100% of the capital stock of BARN for a purchase price of approximately €5.0 million ($7.4 million). The acquisition included inventory, trade receivables, payables, debt and certain long term assets used to operate the business including leasehold interests related to four GUESS Kids stores.

Credit Facilities

On September 19, 2006, the Company and certain of its subsidiaries entered into a credit facility led by Bank of America, N.A., as administrative agent for the lenders (the "Credit Facility"). The Credit Facility provides for an $85 million revolving multicurrency line of credit and is available for direct borrowings and the issuance of letters of credit, subject to certain letters of credit sub-limits. The Credit Facility is scheduled to mature on September 30, 2011. At January 31, 2009, the Company had $25.0 million in outstanding standby letters of credit, $12.4 million in outstanding documentary letters of credit and no outstanding borrowings under the Credit Facility. See Note 8 to the Consolidated Financial Statements for further information regarding the terms of the Credit Facility.

The Company, through its European subsidiaries, maintains short-term borrowing agreements, primarily for working capital purposes, with various banks in Europe. Under these agreements, which are generally secured by specific accounts receivable balances, the Company can borrow up to $215.6 million, limited primarily by accounts receivable balances at the time of borrowing, except for one borrowing agreement which is partially secured by a $10.0 million standby letter of credit issued under the Company's Credit Facility. Based on the applicable accounts receivable balances at January 31, 2009 and the standby letter of credit, the Company could have borrowed up to approximately $201.4 million under these agreements. However, the Company's ability to borrow outside the Credit Facility through foreign subsidiaries is generally limited to $185.0 million under the terms of the Credit Facility. At January 31, 2009, the Company had $22.3 million of outstanding borrowings and $5.6 million in outstanding documentary letters of credit under these agreements. The agreements are primarily denominated in Euros, have no financial ratio covenants and provide for annual interest rates ranging from 1.9% to 6.1%. The maturities of the short-term borrowings are generally linked to the credit terms of the underlying accounts receivable that secure the borrowings.

The Company entered into a capital lease in December 2005 for a new building in Florence, Italy. This transaction resulted in a capital lease obligation of $16.3 million as of January 31, 2009. The Company entered into a separate interest rate swap agreement designated as a non-hedging instrument resulting 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 as of January 31, 2009 was approximately $0.3 million.

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

Dividend Policy

During the first quarter of fiscal 2008, the Company announced a quarterly cash dividend of $0.06 per share on the Company's common stock. Since that time, the Company has continued to pay a quarterly cash dividend which has subsequently increased to $0.10 per share.

In continuation of this practice, on March 17, 2009, the Company announced a quarterly cash dividend of $0.10 per share on the Company's common stock. The dividend will be payable on April 17, 2009 to stockholders of record at the close of business on April 1, 2009.

The payment of cash dividends in the future will be at the discretion of our Board of Directors and will be based upon 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.

Share Repurchases

In March 2008, the Company's Board of Directors terminated the previously authorized 2001 share repurchase program and authorized the new 2008 Share Repurchase Program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of the Company's common stock. Repurchases 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 the program and the program may be discontinued at any time, without prior notice. During the year ended January 31, 2009, the Company purchased 2.9 million shares of its common stock in open market transactions at a cost of $60.5 million (at an average price of $21.23). At January 31, 2009, the Company had remaining authority under the 2008 Share Repurchase Program to purchase an additional $139.5 million of its common stock.

Other

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. The initial participants in the SERP are Maurice Marciano, Chairman of the Board, Paul Marciano, Chief Executive Officer and Vice Chairman of the Board, and Carlos Alberini, President and Chief Operating Officer. As a non-qualified pension plan, no funding of the SERP is required; however, the Company expects to make annual payments into an insurance policy held in a rabbi trust to fund the expected obligations arising under the SERP. The cash surrender value of the insurance policy was $12.1 million and $13.3 million as of January 31, 2009 and February 2, 2008, respectively, and is included in other assets. The amount of future payments may vary, depending on the future years of service, future annual compensation of the participants and investment performance of the trust.

In January 2002, the Company established a qualified employee stock purchase plan ("ESPP"), the terms of which allow for qualified employees (as defined) to participate in the purchase of designated shares of the Company's common stock at a price equal to 85% of the lower of the closing price at the beginning or end of each quarterly stock purchase period. On January 23, 2002, the Company filed with the SEC a Registration Statement on Form S-8 registering 4,000,000 shares of common stock for the ESPP. During the year ended January 31, 2009, 67,917 shares of the Company's common stock were issued out of its treasury pursuant to the ESPP at an average price of $26.03 per share for a total of $1.8 million.

SEASONALITY

The Company's business is impacted by the general seasonal trends characteristic of the apparel and retail industries. U.S. retail operations are generally stronger from July through December, and U.S. wholesale operations generally experience stronger performance in July, August and September. The European operations are largely wholesale driven and operate with two primary selling seasons. Spring/Summer primarily ships in January, February and March and Fall/Winter primarily ships in July, August and September. The remaining months of the year are relatively small shipping months in Europe, primarily for reorders. The Company's goal is to reduce these seasonal effects in Europe by shipping product to customers more evenly throughout the year and benefit from reorders later in each season. Due to the seasonality of the business, the results for any particular quarter may not be indicative of results for the full year.

INFLATION

The Company does not believe that the relatively moderate rates of inflation experienced in the U.S. and Europe over the last three years have had a significant effect on net revenue or profitability. Although higher rates of inflation have been experienced in Asia where some of the Company's products are manufactured and sold, management does not believe that foreign rates of inflation have had a material adverse effect on the Company's net revenue or profitability.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurement," which defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FSP SFAS 157-1 and FSP SFAS 157-2. FSP SFAS 157-1 amends SFAS 157 to exclude SFAS No. 13, "Accounting for Leases," and its related interpretive accounting pronouncements that address leasing transactions. FSP SFAS 157-2 will delay the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP SFAS 157-2 partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of FSP SFAS 157-2. The Company adopted SFAS 157 effective February 3, 2008 for all financial assets and liabilities as required. Refer to Note 18, Fair Value Measurements, of the Company's consolidated financial statements for additional information. The adoption of SFAS 157 did not have a material impact on the Company's financial position or results of operations. The Company is currently evaluating the potential impact of the adoption FSP SFAS 157-2 on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities," which permits entities to voluntarily choose to measure many financial instruments and certain other items at fair value. SFAS 159 provides entities an opportunity to mitigate volatility in reported earnings that is caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and was effective for the Company beginning on February 3, 2008. SFAS 159 allows the Company to elect the fair value option on an instrument by instrument basis. SFAS 159 did not have an impact on the Company's consolidated results of operations or financial condition as the Company did not elect to adopt the fair value option for any of its financial assets or liabilities.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) ("SFAS 141R"), "Business Combinations," which replaces FASB Statement 141. SFAS 141R establishesprinciples and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also modifies the recognition for preacquisition contingencies, such as environmental or legal issues, restructuring plans and acquired research and development value in purchase accounting. SFAS 141R amends SFAS No. 109, "Accounting for Income Taxes," to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. SFAS 141R is effective as of the beginning of the Company's 2010 fiscal year. The Company will apply SFAS 141R to any future business combinations completed after the effective date. The impact of the adoption of SFAS 141R will depend on the nature, terms and size of business combinations completed after the effective date.

In December 2007, the FASB issued SFAS No. 160 ("SFAS 160"), "Accounting for Noncontrolling Interests," which clarifies the classification of noncontrolling interests in consolidated statements of financial position and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests. SFAS 160 will be effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the potential impact of the adoption of SFAS 160 on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 ("SFAS 161"), "Disclosures about Derivative Instruments and Hedging Activities," which amends SFAS 133 and expands disclosures to include information about the fair value of derivatives, related credit risks and a company's strategies and objectives for using derivatives. SFAS 161 is effective for fiscal periods beginning on or after November 15, 2008. The Company is currently evaluating the potential impact of the adoption of SFAS 161 on its disclosures in the Company's consolidated financial statements.

In April 2008, the FASB issued FSP No. FAS 142-3 ("FSP FAS 142-3"), "Determination of the Useful Life of Intangible Assets," which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, "Goodwill and Other Intangible Assets." The intent of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under FASB Statement No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R. FSP FAS 142-3 will be applied prospectively and is effective as of the beginning of the Company's 2010 fiscal year. Where applicable, the Company will apply FSP FAS 142-3 to future intangible assets acquired beginning in fiscal 2010.

In June 2008, the FASB issued FSP No. EITF 03-6-1 ("FSP EITF 03-6-1"), "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities," which requires unvested share-payment awards that contain rights to receive non-forfeitable dividends or dividend equivalents to be included in the two-class method of computing earnings per share. FSP EITF 03-6-1 also requires retrospective application to all periods presented. FSP EITF 03-6-1 is effective as of the beginning of the Company's 2010 fiscal year. Prior periods will be restated to reflect this impact in future reporting periods. The Company expects that the adoption of FSP EITF 03-6-1 will result in a reduction in diluted earnings per share of $0.03 for each of the years ended January 31, 2009 and February 2, 2008.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk.

Exchange Rate Risk

Approximately half of product sales and licensing revenue recorded for the year ended January 31, 2009 were denominated in U.S. dollars. The Company's primary exchange rate risk relates to operations in Canada, Europe 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 "ITEM 1A. Risk Factors."

Various transactions that occur in Canada, Europe and South Korea are denominated in U.S. dollars and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their local functional currencies. These types of transactions include U.S. denominated purchases of merchandise and intercompany liabilities. In addition, certain operating expenses 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 and currency swaps, to manage exchange risk on certain anticipated foreign currency transactions. The Company does not hedge all transactions denominated in foreign currency.

Forward Contracts Designated as Cash Flow Hedges

During the year ended January 31, 2009, the Company purchased U.S. dollar forward contracts in Europe and Canada totaling US$36.0 million and US$52.9 million, respectively, to hedge forecasted merchandise purchases that were designated as cash flow hedges at January 31, 2009. During fiscal year 2009, the Company also purchased Swiss Franc/Euro forward contracts in Europe totaling CHF18.0 million to hedge forecasted operating expenses that were designated as cash flow hedges at January 31, 2009. As of January 31, 2009, the Company had forward contracts outstanding for its European and Canadian operations of US$21.0 million and US$38.5 million, respectively, that are expected to mature over the next nine months and Swiss Franc-Euro forward contracts outstanding for its European operations of CHF18.0 million that are expected to mature over the next 12 months. The Company's derivative financial instruments are recorded in its consolidated balance sheet at fair value based on quoted market rates. The U.S. dollar forward contracts are used to hedge forecasted merchandise purchases over specific months. Changes in the fair value of the U.S. dollar forward contracts designated as cash flow hedges are recorded as a component of accumulated other comprehensive income 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 Swiss Franc forward contracts are used to hedge certain anticipated Swiss operating expenses over specific months. Changes in the fair value of the Swiss Franc forward contracts designated as cash flow hedges are recorded as a component of accumulated other comprehensive income within stockholders' equity, and are recognized in SG&A in the period which approximates the time the expenses are incurred.

As of January 31, 2009, accumulated other comprehensive income included an unrealized gain of approximately US$8.8 million, net of tax, that will be recognized as a reduction to cost of goods sold or SG&A over the following 13 months at the then current values on a pre-tax basis, which can be different than the current year-end values. At January 31, 2009, the unrealized net gain of the remaining open forward contracts recorded in current assets in the consolidated balance sheet was approximately US$8.1 million. The ineffective portion was immaterial during the year ended January 31, 2009 and was recorded in net earnings.

At February 2, 2008, the Company had Canadian dollar forward contracts designated as cash flow hedges to purchase US$27.0 million with an unrealized gain recorded in the consolidated balance sheet of approximately US$0.1 million.

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

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008
Beginning balance (loss)	$ (1,475)	$ —
Net gains (losses) from changes in cash flow hedges	9,093	(2,439)
Net losses reclassified to income	1,145	964
Ending balance gain (loss)	$ 8,763	$ (1,475)

Foreign Currency Contracts Not Designated as Cash Flow Hedges

The Company also has foreign currency contracts that are not designated as hedges for accounting purposes. Changes in fair value of foreign currency contracts not qualifying as cash flow hedges are reported in net earnings as part of other income and expense. For the year ended January 31, 2009, the Company recorded a net gain of US$18.8 million for the Canadian dollar, Euro and Swiss Franc foreign currency contracts, which has been included in other income and expense. At January 31, 2009, the Company had Canadian dollar foreign currency contracts to purchase US$36.5 million expected to mature over the next nine months, Euro foreign currency contracts to purchase US$104.0 million expected to mature over the next 11 months and Swiss Franc foreign currency contracts to purchase CHF5.3 million expected to mature over the next 12 months. At January 31, 2009, the net unrealized gains of these Canadian dollar, Euro and Swiss Franc forward contracts recorded in current assets in the Company's consolidated balance sheet were approximately US$13.7 million.

At February 2, 2008, the Company had Canadian dollar and Euro currency exchange contracts not designated as cash flow hedges to purchase US$26.0 million and US$87.6 million, respectively. At February 2, 2008, the unrealized losses of these Canadian dollar and Euro forward contracts recorded in the balance sheet were approximately US$3.3 million, primarily relating to the Euro forward contracts.

Sensitivity Analysis

At January 31, 2009, a sensitivity analysis of changes in the 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$200.0 million, the fair value of the instruments would have decreased by US$22.2 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 US$18.2 million. Any resulting changes in the fair value of the hedged instruments may be more than or 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 January 31, 2009, approximately 42% of the Company's 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 expenses. The change in the unrealized fair value of the interest swap increased other expense, net by $0.8 million during fiscal year 2009. Substantially all of the Company's remaining indebtedness, principally consisting of short-term borrowings under the short-term European borrowing agreements, 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 increased interest expense for the year ended January 31, 2009 by approximately $0.6 million.

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 January 31, 2009, 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 8. Financial Statements and Supplementary Data.

The information required by this Item is incorporated herein by reference to the Consolidated Financial Statements and Supplementary Data listed in ITEM 15 of Part IV of this report.

ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

ITEM 9A. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure 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 (the "Exchange Act"). 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 period covered by this annual report.

Management's Report on Internal Control Over Financial Reporting

The SEC, as directed by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules which require the Company to include in its Annual Reports on Form 10-K, an assessment by management of the effectiveness of the Company's internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. In addition, the Company's independent auditors must attest to and report on the effectiveness of the Company's internal control over financial reporting.

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management carried out an evaluation, under the supervision and with the participation of the Company's principal executive officer and principal financial officer, of the effectiveness of the Company's internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon this evaluation, under the framework in *Internal Control—Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of January 31, 2009.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's financial statements as of and for the fiscal year ended January 31, 2009 included in this Annual Report on Form 10-K, has issued an attestation report on the Company's internal control over financial reporting, which is set forth below.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the fourth quarter of fiscal 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Guess?, Inc.

We have audited Guess?, Inc.'s internal control over financial reporting as of January 31, 2009, based on criteria established in Internal Control —Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Guess?, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Guess?, Inc. maintained, in all material respects, effective internal control over financial reporting as of January 31, 2009, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Guess?, Inc. as of January 31, 2009 and February 2, 2008, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the two years in the period ended January 31, 2009 and our report dated March 27, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 27, 2009

ITEM 9B. Other Information.

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance.

The information required by this item can be found under the captions "Directors and Executive Officers," "Corporate Governance and Board Matters," and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's Proxy Statement (the "Proxy Statement") to be filed with the Securities and Exchange Commission not later than 120 days after the end of our fiscal year and is incorporated herein by reference.

ITEM 11. Executive Compensation.

The information required by this item can be found under the caption "Executive and Director Compensation," excluding the Compensation Committee Report on Executive Compensation, in the Proxy Statement and is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item can be found under the captions "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" in the Proxy Statement and is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item can be found under the captions "Certain Relationships and Related Transactions" and "Corporate Governance and Board Matters—Board Independence, Structure and Committee Composition" in the Proxy Statement and is incorporated herein by reference.

ITEM 14. Principal Accountant Fees and Services.

The information required by this item can be found under the caption "Relationship with Independent Registered Public Accountants" in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules.

Documents Filed with Report

(1) Consolidated Financial Statements

The Reports of Independent Registered Public Accounting Firms and financial statements listed on the accompanying Index to Consolidated Financial Statements and Financial Statement Schedule are filed as part of this report.

(2) Consolidated Financial Statement Schedule

The financial statement schedule listed on the accompanying Index to Consolidated Financial Statements and Financial Statement Schedule is filed as part of this report.

(3) Exhibits

The exhibits listed on the accompanying Exhibit Index are filed or incorporated by reference as part of this report.

Table of Contents

Guess?, Inc.
Form 10-K

Index to Consolidated Financial Statements and Financial Statement Schedule

(1) At the beginning of fiscal 2008 the Company changed its Independent Registered Public Accounting Firm from KPMG LLP to Ernst & Young LLP.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Guess?, Inc.

We have audited the accompanying consolidated balance sheets of Guess?, Inc. as of January 31, 2009 and February 2, 2008, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the two years in the period ended January 31, 2009. Our audits also included the financial statement schedule listed in the Index at ITEM 15(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Guess?, Inc. at January 31, 2009 and February 2, 2008, and the consolidated results of operations and cash flows for each of the two years in the period ended January 31, 2009, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Notes 1 and 9 to the consolidated financial statements, in the one month ended February 3, 2007 the Company changed its method of accounting for income taxes. As discussed in Notes 1 and 10 to the consolidated financial statements, in 2006 the Company changed its method of accounting for pension and postretirement benefits.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Guess?, Inc.'s internal control over financial reporting as of January 31, 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 27, 2009 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 27, 2009

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Guess?, Inc.:

We have audited the consolidated statements of income, stockholders' equity and comprehensive income, and cash flows of Guess?, Inc. and subsidiaries for the one-month period ended February 3, 2007. In connection with our audit of the consolidated financial statements, we also have audited the related financial statement schedule for the one-month period ended February 3, 2007. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Guess?, Inc. and subsidiaries for the one-month period ended February 3, 2007, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, Guess?, Inc. adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," effective January 1, 2007.

/s/ KPMG LLP

Los Angeles, California
May 25, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Guess?, Inc.:

We have audited the consolidated statements of income, stockholders' equity and comprehensive income, and cash flows of Guess?, Inc. and subsidiaries for the year ended December 31, 2006. In connection with our audit of the consolidated financial statements, we also have audited the financial statement schedule for the year ended December 31, 2006. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Guess?, Inc. and subsidiaries for the year ended December 31, 2006, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP

Los Angeles, California
February 28, 2007

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

	January 31, 2009	February 2, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 294,118	$ 275,595
Accounts receivable, net	264,340	254,400
Inventories	239,675	232,159
Prepaid expenses and other current assets	68,778	31,411
Deferred tax assets	27,278	21,174
Total current assets	894,189	814,739
Property and equipment, net	221,416	229,917
Goodwill	27,102	29,431
Other intangible assets, net	16,145	23,708
Long-term deferred tax assets	49,689	57,726
Other assets	38,025	30,707
	$1,246,566	$1,186,228
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of borrowings and capital lease obligations	$ 24,018	$ 35,254
Accounts payable	192,168	210,258
Accrued expenses	119,698	136,644
Total current liabilities	335,884	382,156
Borrowings and capital lease obligations	14,586	18,724
Deferred rent and lease incentives	52,563	46,171
Long-term deferred royalties	19,358	27,062
Other long-term liabilities	38,671	49,152
	461,062	523,265
Minority interests	9,466	5,989
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding	—	—
Common stock, $0.01 par value. Authorized 150,000,000 shares; issued 135,826,959 and 135,051,396 shares at 2009 and 2008, outstanding 92,329,419 and 94,337,674 shares at 2009 and 2008, respectively	923	943
Paid-in capital	282,220	255,486
Retained earnings	722,399	542,856
Accumulated other comprehensive income (loss)	(17,415)	9,529
Treasury stock, 43,497,540 and 40,713,722 shares at 2009 and 2008, respectively	(212,089)	(151,840)
Total stockholders' equity	776,038	656,974
	$1,246,566	$1,186,228

See accompanying notes to consolidated financial statements

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

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Net revenue:				
Product sales	$ 1,993,125	$ 1,659,184	$ 129,220	$ 1,119,945
Net royalties	100,265	90,732	6,732	65,239
	2,093,390	1,749,916	135,952	1,185,184
Cost of product sales	1,170,762	957,147	80,216	665,805
Gross profit	922,628	792,769	55,736	519,379
Selling, general and administrative expenses	569,398	483,079	43,258	323,943
Asset impairment charges	24,443	551	—	2,413
Earnings from operations	328,787	309,139	12,478	193,023
Other expense (income):				
Interest expense	4,730	3,442	636	7,450
Interest income	(6,101)	(7,546)	(663)	(5,947)
Other expense (income), net	11,349	1,780	(215)	(4,477)
	9,978	(2,324)	(242)	(2,974)
Earnings before income tax expense and minority interests	318,809	311,463	12,720	195,997
Income tax expense	103,784	124,099	4,885	72,715
Minority interests expense (income)	1,463	892	(145)	114
Net earnings	$ 213,562	$ 186,472	$ 7,980	$ 123,168
Earnings per share (Note 1)				
Basic	$ 2.31	$ 2.02	$ 0.09	$ 1.36
Diluted	$ 2.28	$ 1.99	$ 0.09	$ 1.34
Dividends declared per share	$ 0.36	$ 0.28	—	—
Weighted average shares outstanding (Note 1)				
Basic	92,561	92,307	91,668	90,618
Diluted	93,570	93,695	93,120	92,074

See accompanying notes to consolidated financial statements

GUESS?, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

	Comprehensive Income	Common Stock	Paid-in Capital	Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
				(in thousands)				
Balance at December 31, 2005		$ 900	$189,153	$ (1,389)	$251,561	$ 4,515	$(156,447)	$288,293
Comprehensive income:								
Net earnings	$ 123,168	—	—	—	123,168	—	—	123,168
Foreign currency translation adjustment	2,874	—	—	—	—	2,874	—	2,874
Unrealized loss on investments, net of tax effect	(263)	—	—	—	—	(263)	—	(263)
Supplemental Executive Retirement Plan, net of tax effect	(1,188)	—	—	—	—	(1,188)	—	(1,188)
Total comprehensive income	$ 124,591							
Supplemental Executive Retirement Plan, net of tax effect		—	—	—	—	(15,421)	—	(15,421)
Issuance of common stock under stock compensation plans including tax effect		21	23,290	—	—	—	—	23,311
Issuance of stock under Employee Stock Purchase Plan		—	703	—	—	—	205	908
Stock-based compensation		—	6,739	—	—	—	—	6,739
Deferred compensation		—	(1,389)	1,389	—	—	—	—
Issuance of common stock for Focus acquisition		—	2,316	—	—	—	323	2,639
Balance at December 31, 2006		$ 921	$220,812	$ —	$374,729	$ (9,483)	$(155,919)	$431,060
Comprehensive income:								
Net earnings	$ 7,980	—	—	—	7,980	—	—	7,980
Foreign currency translation adjustment	(2,127)	—	—	—	—	(2,127)	—	(2,127)
Unrealized gain on investments, net of tax effect	28	—	—	—	—	28	—	28
Supplemental Executive Retirement Plan, net of tax effect	134	—	—	—	—	134	—	134
Total comprehensive income	$ 6,015							
Issuance of common stock under stock compensation plans including tax effect		10	(3,784)	—	—	—	3,838	64
Stock-based compensation		—	1,585	—	—	—	—	1,585
Balance at February 3, 2007		$ 931	$218,613	$ —	$382,709	$ (11,448)	$(152,081)	$438,724
Comprehensive income:								
Net earnings	$ 186,472	—	—	—	186,472	—	—	186,472
Foreign currency translation adjustment	22,101	—	—	—	—	22,101	—	22,101
Unrealized loss on hedges, net of tax effect	(1,475)	—	—	—	—	(1,475)	—	(1,475)
Unrealized loss on investments, net of tax effect	(183)	—	—	—	—	(183)	—	(183)
Supplemental Executive Retirement Plan, net of tax effect	534	—	—	—	—	534	—	534
Total comprehensive income	$ 207,449							
Issuance of common stock under stock compensation plans including tax effect		12	15,676	—	—	—	120	15,808
Issuance of stock under Employee Stock Purchase Plan		—	1,678	—	—	—	121	1,799
Stock-based compensation		—	19,519	—	—	—	—	19,519
Dividends		—	—	—	(26,325)	—	—	(26,325)
Balance at February 2, 2008		$ 943	$255,486	$ —	$542,856	$ 9,529	$(151,840)	$656,974
Comprehensive income:								
Net earnings	$ 213,562	—	—	—	213,562	—	—	213,562
Foreign currency translation adjustment	(44,351)	—	—	—	—	(44,351)	—	(44,351)
Unrealized gain on hedges, net of tax effect	10,238	—	—	—	—	10,238	—	10,238
Reclassification to net income for losses on investments, net of tax effect	1,324	—	—	—	—	1,324	—	1,324
Supplemental Executive Retirement Plan, net of tax effect	5,845	—	—	—	—	5,845	—	5,845
Total comprehensive income	$ 186,618							
Issuance of common stock under stock compensation plans including tax effect		9	2,375	—	—	—	—	2,384
Issuance of stock under Employee Stock Purchase Plan		—	1,484	—	—	—	282	1,766
Stock-based compensation		—	22,846	—	—	—	—	22,846
Dividends		—	—	—	(34,019)	—	—	(34,019)

Share repurchaseses	(29)	29	—	—	—	(60,531)	(60,531)
Balance at January 31, 2009	$ 923	$282,220	$ —	$722,399	$ (17,415)	$(212,089)	$776,038

See accompanying notes to consolidated financial statements

Table of Contents

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

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Cash flows from operating activities:				
Net earnings	$ 213,562	$ 186,472	$ 7,980	$ 123,168
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization of property and equipment	53,190	44,538	4,272	35,309
Amortization of intangible assets	7,906	6,041	320	2,745
Share-based compensation expense	22,846	19,519	1,585	6,739
Forward contract (gains) losses	(17,303)	8,714	255	1,733
Deferred income taxes	(8,805)	(12,369)	(3,636)	(5,441)
Loss (gain) on disposition or impairment of long-term assets and property and equipment	29,574	4,015	14	(970)
Other items, net	(14,795)	9,033	(680)	(369)
Minority interests	1,463	892	(145)	114
Changes in operating assets and liabilities, net of effect of acquired businesses:				
Accounts receivable	(9,940)	(89,481)	(9,253)	(52,073)
Inventories	(4,798)	(56,708)	(8,436)	(25,177)
Prepaid expenses and other assets	(20,081)	(19,510)	3,012	(4,128)
Accounts payable and accrued expenses	(29,731)	65,054	13,259	52,653
Deferred rent and lease incentives	6,392	10,579	(280)	2,548
Long-term deferred royalties	(7,704)	(7,375)	(571)	(1,418)
Other long-term liabilities	6,849	11,349	(562)	3,223
Net cash provided by operating activities	228,625	180,763	7,134	138,656
Cash flows from investing activities:				
Purchases of property and equipment	(89,971)	(100,178)	(2,750)	(50,281)
Proceeds from dispositions of long-term assets and property and equipment	—	17,248	—	4,946
Acquisition of businesses, net of cash acquired	(897)	(12,129)	—	(11,721)
Net cash settlement of forward contracts	(812)	(5,303)	(20)	(403)
Purchases of long-term investments and deposits on property and equipment	(10,537)	(16,799)	(2,303)	(14,481)
Net cash used in investing activities	(102,217)	(117,161)	(5,073)	(71,940)
Cash flows from financing activities:				
Certain short-term borrowings, net	(9,887)	5,647	—	—
Proceeds from borrowings	—	3,894	7,142	118,190
Repayment of borrowings and capital lease obligations	(2,684)	(1,937)	(21,377)	(158,948)
Dividends paid	(34,019)	(26,295)	—	—
Minority interest capital contributions	2,230	490	—	490
Issuance of common stock, net of nonvested award repurchases	412	6,047	(364)	11,237
Excess tax benefits from share-based compensation	5,353	12,068	428	9,842
Purchase of treasury stock	(60,531)	—	—	—
Net cash used in financing activities	(99,126)	(86)	(14,171)	(19,189)
Effect of exchange rates on cash and cash equivalents	(8,759)	4,462	(617)	1,268
Net increase (decrease) in cash and cash equivalents	18,523	67,978	(12,727)	48,795
Cash and cash equivalents at beginning of period	275,595	207,617	220,344	171,549
Cash and cash equivalents at end of period	$ 294,118	$ 275,595	$ 207,617	$ 220,344

Supplemental disclosures of non-cash investing and financing activities:

Capital lease obligation incurred	$ —	$ —	$ —	$ 4,619
Shares issued for Focus acquisition	—	—	—	2,639
Supplemental cash flow data:				
Interest paid	3,858	2,705	623	5,433
Income taxes paid	119,278	133,126	294	56,280

See accompanying notes to consolidated financial statements

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies and Practices

Description of the Business

Guess?, Inc. (the "Company" or "GUESS?") designs, markets, distributes and licenses a leading lifestyle collection of contemporary apparel and accessories for men, women and children that reflect the American lifestyle and European fashion sensibilities. The Company's designs are sold in GUESS? owned stores, to a network of wholesale accounts that includes better department stores, selected specialty retailers and upscale boutiques and through the Internet. GUESS? branded products, some of which are produced under license, are also sold internationally through a series of licensees and distributors.

Fiscal Year Change

On January 18, 2007, the Board of Directors of the Company approved a change in the Company's fiscal year end from December 31 to the Saturday nearest January 31 of each year. Previously the Company's fiscal year ended on December 31. The change, which aligned the Company's reporting cycle with the National Retail Federation fiscal calendar and provided for more consistent quarter-to-quarter comparisons, was effective with the Company's 2008 fiscal year. The Company's 2008 fiscal year began on February 4, 2007 and ended February 2, 2008, resulting in a one-month transition period ("January 2007") that began January 1, 2007 and ended February 3, 2007.

The Company's fiscal years are designated in the financial statements by the calendar year in which the fiscal year ends. Typically a fiscal year represents a fifty-two week year, but occasionally includes an additional week, resulting in a fifty-three week year. All references herein to "fiscal 2007" represent the results of the 53-week fiscal year ended February 3, 2007, and references to "fiscal 2008" and "fiscal 2009" represent the results of the 52-week fiscal years ended February 2, 2008 and January 31, 2009, respectively.

Classification of Certain Costs and Expenses

The Company includes inbound freight charges, purchasing costs and related overhead, retail store occupancy costs and a portion of the Company's distribution costs related to its retail business in costs of product sales. Distribution costs related to the wholesale business are included in selling, general and administrative expenses and amounted to $33.6 million, $24.5 million, $15.4 million and $1.8 million for the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007, respectively. The Company also includes store selling, selling and merchandising, advertising, design and other corporate overhead costs as a component of selling, general and administrative expenses.

The Company classifies amounts billed to customers for shipping fees as revenues, and classifies costs related to shipping as cost of product sales in the accompanying consolidated statements of income.

Principles of Consolidation

The consolidated financial statements include the accounts of Guess?, Inc., its wholly-owned direct and indirect subsidiaries and its majority-owned subsidiaries. Accordingly, all references herein to "Guess?, Inc." include the consolidated results of the Company and its subsidiaries. All intercompany accounts and transactions are eliminated during the consolidation process.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies and Practices (Continued)

Stock Split

On February 12, 2007, the Company's Board of Directors approved a two-for-one stock split of the Company's common stock which was effected in the form of a 100% stock dividend. Each stockholder of record at the close of business on February 26, 2007 was issued one additional share of common stock for every share of common stock owned as of that time. The additional shares were distributed on or about March 12, 2007. All share and per share amounts in this Annual Report on Form 10-K have been adjusted to reflect the 2007 stock split.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosed in the accompanying notes. Significant areas requiring the use of management estimates relate to the valuation of inventories, accounts receivable allowances, sales return allowances, pension obligations, the useful life of assets for depreciation, evaluation of asset impairment, litigation accruals, recoverability of deferred taxes, workers compensation and medical self-insurance expense and accruals, stock-based compensation, and evaluation of net recoverable amounts and accruals for the sublet of certain lease obligations. Actual results could differ from those estimates.

Reclassifications

The Company has made certain reclassifications to prior years' consolidated financial statements to conform to classifications used in the current year. These reclassifications had no impact on previously reported results of operations.

Business Segment Reporting

Where applicable, the Company reports information about business segments and related disclosures about products and services, geographic areas and major customers. The business segments of the Company are retail, wholesale, European and licensing. Information regarding these segments is summarized in Note 15 to these Consolidated Financial Statements. The Company believes this segment reporting reflects how its four business segments are managed and each segment's performance is evaluated. The retail segment includes the Company's retail operations in North America. The wholesale segment includes the wholesale operations in North America and the Company's Asian operations. The European segment includes both wholesale and retail operations in Europe and the Middle East. The licensing segment includes the worldwide licensing operations of the Company.

Revenue Recognition

General

The Company recognizes retail operations revenue at the point of sale and wholesale operations revenue from the sale of merchandise when products are shipped and the customer takes title and assumes risk of loss, collection of relevant receivable is reasonably assured, pervasive evidence of an arrangement exists, and the sales price is fixed or determinable. The Company accrues for estimated sales returns and other allowances in the period in which the related revenue is recognized. To recognize the financial

(1) Summary of Significant Accounting Policies and Practices (Continued)

impact of sales returns, the Company estimates the amount of goods that will be returned based on historical experience and reduces sales and cost of sales accordingly based on historical return experience.

Net Royalty Revenue

Royalty revenue is based upon a percentage, as defined in the underlying agreement, of the licensee's actual net sales or minimum net sales, whichever is greater. The Company may receive special payments in consideration of the grant of license rights. These payments are recognized ratably as revenue over the term of the license agreement. The unrecognized portion of upfront payments is included in deferred royalties and accrued expenses depending on the long or short-term nature of the payments to be recognized. During 2005, the Company successfully renegotiated license agreements for certain significant product categories comprising watches, handbags and eyewear. The renewal terms call for certain fixed, cash rights payments which are over-and-above normal, ongoing royalty payments. During 2005, the Company received $42.7 million in cash for these significant renewals and recorded the same amount as deferred royalties. The Company recognized revenues relating to these fixed cash rights payments of $8.5 million, $8.5 million, $1.5 million and $0.7 million in the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007, respectively.

Gift Cards

Gift card breakage is income recognized due to the non-redemption of a portion of gift cards sold by the Company for which a liability was recorded in prior periods. Beginning with the quarter ended August 4, 2007, these estimated breakage amounts are accounted for under the redemption recognition method and are classified as additional net revenues as the gift cards are redeemed. The Company's gift card breakage rate is approximately 6.7% and 3.9% for the U.S. retail business and Canadian retail business, respectively, based upon historical redemption patterns, which represented the cumulative estimated amount of gift card breakage from the inception of the electronic gift card program in late 2002. Based upon historical redemption trends, the Company recognizes estimated gift card breakage as a component of net revenue in proportion to actual gift card redemptions over the period that remaining gift card values are redeemed. For the years ended January 31, 2009 and February 2, 2008, the Company recognized $2.3 million and $3.5 million of gift card breakage to revenue, respectively, of which $3.1 million, or $0.02 per diluted share, was a one-time cumulative adjustment recognized in the quarter ended August 4, 2007 when the Company completed its analysis of unredeemed electronic gift card liabilities. Any future revisions to the estimated breakage rate may result in changes in the amount of breakage income recognized in future periods.

Loyalty Programs

The Company launched two customer loyalty programs for its GUESS? and GUESS by MARCIANO stores in August 2008 and September 2007, respectively. Under these programs, customers accumulate points based on purchase activity. Once a loyalty program member achieves a certain point level, the member earns awards that may be redeemed for merchandise. Unredeemed awards and points are accrued in current liabilities and recorded as a reduction of net sales as points are accumulated by the member. Both programs have expiration dates for the points and awards. No breakage has been recognized to date. The accrued liabilities for the unredeemed points and awards were $6.2 million and $0.9 million at January 31, 2009 and February 2, 2008, respectively.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies and Practices (Continued)

Advertising Costs

The Company expenses the cost of advertising as incurred. Advertising expenses charged to operations for the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007 were $36.5 million, $37.1 million, $22.4 million and $1.0 million, respectively.

Share-based Compensation

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS No. 123R ("SFAS 123R"), "Share-Based Payments," using the modified prospective transition method. Under this method, compensation cost recognized after January 1, 2006 included: (a) compensation expense for all stock-based payments granted prior to, but not yet vested as of, December 31, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," and (b) compensation expense for all stock-based awards granted on or after January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R. The fair value of each stock option was estimated on the grant date using the Black-Scholes option-pricing model.

See Note 17 to the Consolidated Financial Statements for further information regarding stock-based compensation.

Foreign Currency

Foreign Currency Translation

The local currency is the functional currency for all of the Company's significant international operations. In accordance with SFAS No. 52, "Foreign Currency Translation," assets and liabilities of the Company's foreign operations are translated from foreign currencies into U.S. dollars at period-end rates, while income and expenses are translated at the weighted-average exchange rates for the period. The related translation adjustments are reflected as a foreign currency translation adjustment in accumulated other comprehensive income (loss) as a separate component of stockholders' equity. The foreign currency translation adjustment increased accumulated other comprehensive loss by $44.4 million, from a foreign currency translation gain of $28.5 million as of February 2, 2008 to a foreign currency translation loss of $15.9 million as of January 31, 2009.

Foreign Currency Transaction Gains and Losses

Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the local functional currency, including gains and losses on foreign currency contracts (see below), are included in the Consolidated Statements of Income. Net foreign currency transaction losses included in the determination of net earnings were $2.0 million, $2.8 million, $0.8 million and $0.3 million for the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007, respectively.

Forward Contracts Designated as Cash Flow Hedges

The Company operates in foreign countries which exposes it to market risk associated with foreign currency exchange rate fluctuations. Various transactions that occur in Canada and Europe are

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies and Practices (Continued)

denominated in U.S. dollars or Swiss Francs and thus are exposed to earnings and cash flow risk as a result of exchange rate fluctuations when converted to their local functional currencies. These types of transactions include U.S. dollar denominated purchases of merchandise and certain Swiss Franc denominated operating expenses. The Company has entered into forward contracts to hedge the risk of a portion of these anticipated foreign currency transactions against foreign currency rate fluctuations. The Company has elected to apply the hedge accounting rules as required by SFAS No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138 ("SFAS 138"), "Accounting for Certain Derivatives and Certain Hedging Activities," for certain of these hedges. The Company does not hedge all transactions denominated in foreign currency.

Changes in the fair value of the U.S. dollar forward contracts for U.S. dollar merchandise purchases 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. Changes in the fair value of the Swiss Franc/Euro forward contracts for anticipated operating expenses designated as cash flow hedges are recorded as a component of accumulated other comprehensive income(loss) within stockholders' equity and are recognized in SG&A in the period which approximates the time the expenses are incurred.

Foreign Currency Contracts Not Designated as Cash Flow Hedges

The Company also has foreign currency contracts that are not designated as cash flow hedges under SFAS 133 for accounting purposes. Changes in fair value of foreign currency contracts not qualifying as cash flow hedges are reported in net earnings as part of other income and expenses.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes," which is an interpretation of SFAS No. 109 ("SFAS 109"), "Accounting for Income Taxes." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company adopted FIN 48 in January 2007. The adoption of FIN 48 did not have a material impact on the Company's financial position and results of operations.

Earnings per Share

Basic earnings per share represent net earnings divided by the weighted-average number of shares of common stock outstanding for the period. Diluted earnings per share represent net earnings divided by the

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies and Practices (Continued)

weighted-average number of shares outstanding, inclusive of the dilutive impact of common stock equivalents such as stock options and other nonvested awards, calculated using the treasury stock method.

The reconciliation of basic to diluted weighted average shares is as follows (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Weighted average shares used in basic computations	92,561	92,307	91,668	90,618
Dilutive equity awards	1,009	1,388	1,452	1,456
Weighted average shares used in diluted computations	93,570	93,695	93,120	92,074

For the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007, the difference between basic and diluted earnings per share was due to the potential dilutive impact of options to purchase common stock and other nonvested equity awards. Options and nonvested awards for 1,071,871, 309,324, 473,220 and 132,287, of the Company's shares, respectively, were outstanding during fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 2, 2007 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. The Company also excluded 785,000 nonvested stock awards and 563,400 nonvested stock options granted to certain employees from the computation of diluted weighted average common shares and common share equivalents outstanding, because they are subject to certain performance-based vesting conditions. For the period ended January 31, 2009, the annual performance criteria for stock awards to certain employees were achieved, resulting in a dilutive impact of approximately 144,395 shares.

Fair Value of Financial Instruments

The carrying amount of the Company's 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. Investments are recorded at fair value.

The fair values of the Company's debt instruments (See Note 8) are based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At January 31, 2009 and February 2, 2008, 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and marketable securities with original maturities of three months or less.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies and Practices (Continued)

Investment Securities

The Company accounts for its investment securities in accordance with FASB Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). SFAS 115 requires investments to be classified into one of three categories based on management's intent: held-to-maturity securities, available-for-sale securities and trading securities. Held-to-maturity securities are recorded at their amortized cost. Available-for-sale securities are recorded at fair value with unrealized gains and losses reported as a separate component of stockholders' equity. Trading securities are recorded at market value with unrealized gains and losses reported in operations. The Company accounts for its long-term investment securities as available-for-sale. See Note 3 to the Consolidated Financial Statements for further information.

Concentration of Credit and Liquidity Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. In addition, cash used primarily for working capital purposes is maintained with various major financial institutions. The Company performs evaluations of the relative credit standing of these financial institutions in order to limit the amount of asset and liquidity exposure with any institution. Excess cash and cash equivalents, which represent the majority of the Company's outstanding cash and cash equivalents balance, are held primarily in three diversified money market funds. The funds, each of which is rated AAA by national credit rating agencies, are generally comprised of high-quality, liquid instruments. As of January 31, 2009, the Company does not have any exposure to auction-rate security investments in these funds.

The Company extends credit to corporate customers based upon an evaluation of the customer's financial condition and credit history and generally requires no collateral but does obtain credit insurance when considered appropriate. As of January 31, 2009, approximately 60% of total accounts receivable was insured or supported by bank guarantees. The Company maintains allowances for doubtful accounts for estimated losses that result from the inability of its wholesale customers to make their required payments. The Company bases its allowances on analysis of the aging of accounts receivable at the date of the financial statements, assessments of historical collections trends and an evaluation of the impact of current economic conditions. The Company's corporate customers are principally located throughout North America, Europe, and Asia, and their ability to pay amounts due to the Company may be dependent on the prevailing economic conditions of their geographic region. However, such credit risk is considered limited due to the Company's large customer base. Management performs regular evaluations concerning the ability of its customers to satisfy their obligations and records a provision for doubtful accounts based on these evaluations. The Company's credit losses for the periods presented are insignificant and have not significantly exceeded management's estimates. One of the Company's domestic wholesale customers has accounted for approximately 4.1%, 4.4%, 5.5%, and 3.8% of the Company's consolidated net revenue in the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007, respectively. The Company does not have significant credit exposure to any one European or Asian customer.

Inventories

Inventories are valued at the lower of cost (primarily weighted average method) or market. The Company continually evaluates its inventories by assessing slow moving product as well as prior seasons'

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies and Practices (Continued)

inventory. Market value of aged inventory is estimated based on historical sales trends for this category of inventory of the Company's individual product lines, the impact of market trends, an evaluation of economic conditions and the value of current orders relating to the future sales of this type of inventory.

Depreciation and Amortization

Depreciation and amortization of property and equipment, which includes depreciation of the property under the capital lease, are provided using the straight-line method over the following useful lives:

Building and building improvements including properties under capital lease	10 to 33 years
Land improvements	5 years
Machinery and equipment	3 to 10 years
Corporate aircraft	5 years
Corporate vehicles	4 to 5 years
Shop fixtures	2 to 5 years

Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease, unless the renewal is reasonably assured. Construction in progress is not depreciated until the related asset is completed and placed in service.

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets," long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the estimated 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. See Note 6 to the Consolidated Financial Statements for details on asset impairments.

Other intangible assets as of January 31, 2009 primarily consisted of lease and license acquisition costs related to the recent European acquisitions. Gross intangible assets were $35.4 million and $37.7 million at January 31, 2009 and February 2, 2008, respectively. The accumulated amortization of intangible assets with finite useful lives was $19.3 million and $14.0 million at January 31, 2009 and February 2, 2008, respectively. For these assets, amortization expense over the next five years is expected to be approximately $6.5 million in fiscal 2010, $3.5 million in fiscal 2011, $1.5 million in fiscal 2012, $1.4 million in fiscal 2013 and $1.2 million in fiscal 2014.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) Summary of Significant Accounting Policies and Practices (Continued)

Goodwill

Goodwill is tested annually for impairment or more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, the Company determines the fair value of a reporting unit and compares it to its carrying amount. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill and other intangibles over the implied fair value. The implied fair value is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation, in accordance with SFAS No. 141, "Business Combinations." The Company had goodwill of approximately $27.1 million and $29.4 million at January 31, 2009 and February 2, 2008, respectively. During the one-month period ended February 3, 2007, goodwill was reduced by $3.0 million as a result of a purchase price allocation adjustment relating to the Focus acquisition. No goodwill impairments have been recognized for the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007. As of January 31, 2009 goodwill of $15.4 million, $10.8 million and $0.9 million, was recorded in the Europe, wholesale and retail segments, respectively.

Supplemental Executive Retirement Plan

Effective December 31, 2006, the Company adopted Statement of Financial Accounting Standards No. 158 ("SFAS 158"), "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements No. 87, 88, 106, and 132(R)." Unde SFAS 158, an asset for a plan's overfunded status or a liability for a plan's underfunded status is recognized in the consolidated balance sheet; plan assets and obligations that determine the plan's funded status are measured as of the end of the Company's fiscal year, and changes in the funded status of defined benefit postretirement plans are recognized in the year in which they occur. Such changes are reported in other comprehensive income and as a separate component of stockholders' equity. As a result of adopting SFAS 158, at December 31, 2006, the Company reduced other assets by $14.7 million, increased deferred tax assets by $9.6 million, recorded an incremental liability of $10.3 million and recorded incremental charges to accumulated other comprehensive income (loss) of $15.4 million, net of taxes.

See Note 10 to the Consolidated Financial Statements for further information regarding the Supplemental Executive Retirement Plan.

Deferred Rent and Lease Incentives

When a lease includes lease incentives (such as a rent holiday or reimbursement of certain lessee construction costs) or requires fixed escalations of the minimum lease payments, rental expense is recognized on a straight-line basis over the term of the lease and the difference between the average rental amount charged to expense and amounts payable under the lease is included in deferred rent and lease incentives in the accompanying consolidated balance sheets.

Litigation Reserves

Estimated amounts for claims that are probable and can be reasonably estimated are recorded as liabilities in the consolidated balance sheet. The likelihood of a material change in these estimated reserves would be dependent on new claims as they may arise and the expected favorable or unfavorable outcome of each claim. As additional information becomes available, the Company will assess the potential liability related to new claims and existing claims and will revise estimates as appropriate. As new claims arise, such revisions in estimates of the potential liability could materially impact the results of operations and financial position.

Comprehensive Income

Comprehensive income consists of net earnings, Supplemental Executive Retirement Plan ("SERP") related prior service cost and actuarial valuation loss amortization, unrealized gains or losses on investments available for sale, foreign currency translation adjustments and the effective portion of the change in the fair value of cash flow hedges. Comprehensive income is presented in the consolidated statements of stockholders' equity and comprehensive income.

(2) New Accounting Standards

In September 2006, the FASB issued SFAS No. 157 ("SFAS 157"), "Fair Value Measurement," which defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The provisions of SFAS 157 are effective for fiscal years beginning after November 15, 2007. In February 2008, the FASB issued FSP SFAS 157-1 and FSP SFAS 157-2. FSP SFAS 157-1 amends SFAS 157 to exclude SFAS No. 13, "Accounting forLeases," and its related interpretive accounting pronouncements that address leasing transactions. FSP SFAS 157-2 will delay the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). FSP SFAS 157-2 partially defers the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for items within the scope of FSP SFAS 157-2. The Company adopted SFAS 157 effective February 3, 2008 for all financial assets and liabilities as required. Refer to Note 18, Fair Value Measurements, for additional information. The adoption of SFAS 157 did not have a material impact on the Company's financial position or results of operations. The Company is currently evaluating the potential impact of the adoption FSP SFAS 157-2 on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159 ("SFAS 159"), "The Fair Value Option for Financial Assets and Financial Liabilities," which permits entities to voluntarily choose to measure many financial instruments and certain other items at fair value. SFAS 159 provides entities an opportunity to mitigate volatility in reported earnings that is caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective for fiscal years beginning after November 15, 2007 and was effective for the Company beginning on February 3, 2008. SFAS 159 allows the Company to elect the fair value option on an instrument by instrument basis. SFAS 159 did not have an impact on the Company's consolidated results of operations or financial condition as the Company did not elect to adopt the fair value option for any of its financial assets or liabilities.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) ("SFAS 141R"), "Business Combinations," which replaces FASB Statement 141. SFAS 141R establishesprinciples and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. SFAS 141R also modifies the recognition for preacquisition contingencies, such as environmental or legal issues, restructuring plans and acquired research and development value in purchase accounting. SFAS 141R

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(2) New Accounting Standards (Continued)

amends SFAS No. 109, "Accounting for Income Taxes," to require the acquirer to recognize changes in the amount of its deferred tax benefits that are recognizable because of a business combination either in income from continuing operations in the period of the combination or directly in contributed capital, depending on the circumstances. SFAS 141R also establishes disclosure requirements which will enable users to evaluate the nature and financial effects of the business combination. SFAS 141R is effective as of the beginning of the Company's 2010 fiscal year. The Company will apply SFAS 141R to any future business combinations completed after the effective date. The impact of the adoption of SFAS 141R will depend on the nature, terms and size of business combinations completed after the effective date.

In December 2007, the FASB issued SFAS No. 160 ("SFAS 160"), "Accounting for Noncontrolling Interests," which clarifies the classification of noncontrolling interests in consolidated statements of financial position and the accounting for and reporting of transactions between the reporting entity and holders of such noncontrolling interests. SFAS 160 will be effective for fiscal years beginning after December 15, 2008. The Company is currently evaluating the potential impact of the adoption of SFAS 160 on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161 ("SFAS 161"), "Disclosures about Derivative Instruments and Hedging Activities," which amends SFAS 133 and expands disclosures to include information about the fair value of derivatives, related credit risks and a company's strategies and objectives for using derivatives. SFAS 161 is effective for fiscalperiods beginning on or after November 15, 2008. The Company is currently evaluating the potential impact of the adoption of SFAS 161 on its disclosures in the Company's consolidated financial statements.

In April 2008, the FASB issued FSP No. FAS 142-3 ("FSP FAS 142-3"), "Determination of the Useful Life of Intangible Assets," which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, "Goodwill and Other Intangible Assets." The intent of FSP FAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under FASB Statement No. 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141R. FSP FAS 142-3 will be applied prospectively and is effective as of the beginning of the Company's 2010 fiscal year. Where applicable, the Company will apply FSP FAS 142-3 to future intangible assets acquired beginning in fiscal 2010.

In June 2008, the FASB issued FSP No. EITF 03-6-1 ("FSP EITF 03-6-1"), "Determining Whether Instruments Granted in Share- Based Payment Transactions Are Participating Securities," which requires unvested share-payment awards that contain rights to receive non-forfeitable dividends or dividend equivalents to be included in the two-class method of computing earnings per share. FSP EITF 03-6-1 also requires retrospective application to all periods presented. FSP EITF 03-6-1 is effective as of the beginning of the Company's 2010 fiscal year. Prior periods will be restated to reflect this impact in future reporting periods. The Company expects that the adoption of FSP EITF 03-6-1 will result in a reduction in diluted earnings per share of $0.03 for each of the years ended January 31, 2009 and February 2, 2008.

(3) Investment Securities

Long-term investments consist of certain marketable equity securities of $0.7 million and $0.9 million at January 31, 2009 and February 2, 2008, respectively, and are included in other assets in the accompanying consolidated balance sheets. Unrealized gains (losses), net of taxes are included as a component of stockholders' equity and comprehensive income. The accumulated unrealized losses, net of

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Investment Securities (Continued)

taxes, included in accumulated other comprehensive income related to marketable equity securities owned by the Company at January 31, 2009 and February 2, 2008 were $0.2 million and $1.5 million, respectively.

(4) Accounts Receivable

Accounts receivable consists of trade receivables primarily relating to the Company's wholesale businesses in Europe, North America and Asia. The Company provided for allowances relating to these receivables of $21.3 million and $20.3 million at January 31, 2009 and February 2, 2008, respectively. In addition, accounts receivable includes royalty receivables relating to licensing operations of $20.7 million and $19.1 million at January 31, 2009 and February 2, 2008, respectively, for which the Company recorded an allowance for doubtful accounts of $0.5 million and $0.3 million at January 31, 2009 and February 2, 2008, respectively. The accounts receivable allowance includes allowances for doubtful accounts, wholesale markdowns and wholesale sales returns. Retail sales returns allowances are included in accrued expenses.

(5) Inventories

Inventories consist of the following (in thousands):

	Jan. 31, 2009	Feb. 2, 2008
Raw materials	$ 8,615	$ 6,506
Work in progress	2,286	5,596
Finished goods	228,774	220,057
	$239,675	$232,159

As of January 31, 2009 and February 2, 2008, inventories had been written down to the lower of cost or market by $20.0 million and $21.2 million, respectively.

(6) Property and Equipment

Property and equipment is summarized as follows (in thousands):

	Jan. 31, 2009	Feb. 2, 2008
Land and land improvements	$ 3,057	$ 3,057
Building and building improvements	4,678	4,084
Leasehold improvements	228,848	194,478
Machinery and equipment	233,468	214,076
Corporate aircraft	1,175	1,175
Shop fixtures	12,974	35,554
Construction in progress	7,871	16,004
Properties under capital lease	21,782	25,804
	513,853	494,232
Less accumulated depreciation and amortization	292,437	264,315
	$221,416	$229,917

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6) Property and Equipment (Continued)

Construction in progress at January 31, 2009 and February 2, 2008 represents the costs associated with the construction in progress of leasehold improvements to be used in the Company's operations, primarily for new and remodeled stores in retail operations. During the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007, interest costs capitalized in construction in progress amounted to $83,000, $137,000, $145,000 and $2,000, respectively.

The Company recorded charges related to asset impairments of $24.4 million, $0.6 million and $2.4 million, respectively, for the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006. There were no impairment charges recorded during the one-month period ended February 3, 2007. The fiscal year 2009 impairment charges, primarily charged to the retail segment, related to the impairment of long-lived assets for certain retail stores in North America and Asia as a result of adverse retail conditions arising from the recent deterioration in the global economic environment.

The accumulated depreciation and amortization related to the property under the capital lease was approximately $2.0 million and $1.5 million at January 31, 2009 and February 2, 2008, respectively. Amortization expense for the property under the capital lease is included in depreciation expense. See Notes 8 and 12 to the Consolidated Financial Statements for information regarding the associated capital lease obligations.

(7) Accrued Expenses

Accrued expenses are summarized as follows (in thousands):

	Jan. 31, 2009	Feb. 2, 2008
Accrued compensation and benefits	$ 48,055	$ 49,241
Sales and use taxes, property taxes, and other taxes	12,646	6,218
Store credits, loyalty and gift cards	12,426	11,635
Deferred royalties	12,258	12,610
Advertising	5,107	2,676
Income taxes	4,344	19,724
Professional fees	4,278	3,649
Construction costs	3,869	9,791
Retail sales returns	1,480	1,128
Rent	1,167	2,383
Security deposit	413	1,639
Other	13,655	15,950
	$119,698	$136,644

(8) Borrowings and Capital Lease Obligations

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

	Jan. 31, 2009	Feb. 2, 2008
Short term borrowings with European banks	$22,304	$32,742
European capital lease, maturing quarterly through 2016	16,300	20,422
Other loans	—	814
	38,604	53,978
Less current installments	24,018	35,254
Long-term borrowings and capital lease obligations	$14,586	$18,724

On September 19, 2006, the Company and certain of its subsidiaries entered into a credit facility led by Bank of America, N.A., as administrative agent for the lenders (the "Credit Facility"). The Credit Facility provides for an $85 million revolving multicurrency line of credit and is available for direct borrowings and the issuance of letters of credit, subject to certain letters of credit sub-limits. The Credit Facility is scheduled to mature on September 30, 2011. The obligations under the Credit Facility are guaranteed by certain of the Company's existing and future domestic subsidiaries, and such obligations, including the guarantees, are secured by (a) substantially all present and future property and assets of the Company and each guarantor and (b) the equity interests of certain of the Company's direct and indirect U.S. subsidiaries and 65% of the equity interests of the Company's first tier foreign subsidiaries.

Direct borrowings under the Credit Facility will be made, at the Company's option, as (a) Eurodollar Rate Loans, which shall bear interest at the published LIBOR rate for the respective interest period plus an applicable margin (which was 0.75% at January 31, 2009) based on the Company's leverage ratio at the time, or (b) Base Rate Loans, which shall bear interest at the higher of (i) for domestic loans, 0.50% in excess of the federal funds rate, and for Canadian loans, 0.50% in excess of the average rate for 30 day Canada dollar bankers' acceptances, or (ii) the rate of interest as announced by Bank of America as its "prime rate," in each case as in effect from time to time, plus an applicable margin (which was 0.0% at January 31, 2009) based on the Company's leverage ratio at the time. The Company is also obligated to pay certain commitment, letter of credit and other fees customary for a credit facility of this size and type.

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. 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.

At January 31, 2009, the Company had $25.0 million in outstanding standby letters of credit, $12.4 million in outstanding documentary letters of credit and no outstanding borrowings under the Credit Facility.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) Borrowings and Capital Lease Obligations (Continued)

The Company, through its European subsidiaries, maintains short-term borrowing agreements, primarily for working capital purposes, with various banks in Europe. Under these agreements, which are generally secured by specific accounts receivable balances, the Company can borrow up to $215.6 million, limited primarily by accounts receivable balances at the time of borrowing, except for one borrowing agreement which is partially secured by a $10.0 million standby letter of credit issued under the Company's Credit Facility. Based on the applicable accounts receivable balances at January 31, 2009 and the standby letter of credit, the Company could have borrowed up to approximately $201.4 million under these agreements. However, the Company's ability to borrow outside the Credit Facility through foreign subsidiaries is generally limited to $185.0 million under the terms of the Credit Facility. At January 31, 2009, the Company had $22.3 million of outstanding borrowings and $5.6 million in outstanding documentary letters of credit under these agreements. The agreements are primarily denominated in Euros, have no financial ratio covenants and provide for annual interest rates ranging from 1.9% to 6.1%. The maturities of the short-term borrowings are generally linked to the credit terms of the underlying accounts receivable that secure the borrowings.

The Company entered into a capital lease in December 2005 for a new building in Florence, Italy. At January 31, 2009, the capital lease obligation was $16.3 million. The Company entered into a separate interest rate swap agreement designated as a non-hedging instrument resulting 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 as of January 31, 2009 was approximately $0.3 million.

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

Maturities of debt and capital lease obligations at January 31, 2009 are as follows (in thousands):

	Capital Lease	Debt	Total
Fiscal 2010	$ 1,714	$ 22,304	$ 24,018
Fiscal 2011	1,519	—	1,519
Fiscal 2012	1,564	—	1,564
Fiscal 2013	1,611	—	1,611
Thereafter	9,892	—	9,892
	$ 16,300	$ 22,304	$ 38,604

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Income Taxes

Income tax expense (benefit) is summarized as follows (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Federal:				
Current	$ 60,796	$ 67,291	$ 2,127	$ 44,101
Deferred	(6,743)	(3,333)	(1,605)	(686)
State:				
Current	9,351	9,831	802	4,811
Deferred	431	550	(525)	(1,142)
Foreign:				
Current	41,613	60,222	5,558	29,201
Deferred	(2,493)	(9,586)	(1,506)	(3,613)
Minority interests	829	(876)	34	43
Total	$ 103,784	$ 124,099	$ 4,885	$ 72,715

Except where required by U.S. tax law, no provision was made for U.S. income taxes on the undistributed earnings of the foreign subsidiaries as the Company intends to utilize those earnings in the foreign operations for an indefinite period of time or repatriate such earnings only when tax-effective to do so. That portion of accumulated undistributed earnings of foreign subsidiaries at fiscal year-end January 31, 2009 and February 2, 2008 was approximately $238 million and $120 million, respectively.

Actual income tax expense differs from expected income tax expense obtained by applying the statutory Federal income tax rate to earnings before income taxes as follows (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Computed "expected" tax expense	$ 111,583	$ 109,012	$ 4,452	$ 68,599
State taxes, net of federal benefit	6,359	6,747	180	2,701
Incremental foreign taxes in excess of/(less than) federal statutory tax rate	(15,121)	11,054	642	4,024
Exempt interest	(1,436)	(1,883)	(152)	(1,491)
Minority interests	1,126	(876)	34	43
Other	1,273	45	(271)	(1,161)
Total	$ 103,784	$ 124,099	$ 4,885	$ 72,715

Table of Contents

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Income Taxes (Continued)

Total income tax expense (benefit) was allocated as follows (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Operations	$ 103,784	$ 124,099	$ 4,885	$ 72,715
Stockholders' equity	717	(11,714)	(295)	(23,557)
Total income taxes	$ 104,501	$ 112,385	$ 4,590	$ 49,158

The tax effects of the components of other comprehensive income were allocated as follows (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Foreign currency translation adjustment	$ —	$ 88	$ 33	$ 307
Unrealized net gain on hedges	2,922	—	—	—
Unrealized gain (loss) on investments or reclassification of loss to income	895	(117)	18	(163)
SERP	3,651	290	82	(10,306)
Total income tax expense	7,468	261	$ 133	$(10,162)

Total earnings before income tax expense and minority interests was comprised of the following (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Domestic operations	$ 163,839	$ 200,873	$ 2,882	$ 134,263
Foreign operations	154,970	110,590	9,838	61,734
Earnings before income tax expense and minority interests	$ 318,809	$ 311,463	$12,720	$ 195,997

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Income Taxes (Continued)

The tax effects of temporary differences that give rise to significant portions of current and non-current deferred tax assets and deferred tax liabilities at January 31, 2009 and February 2, 2008 are presented below (in thousands):

	Jan. 31, 2009	Feb. 2, 2008
Deferred tax assets:		
Fixed assets basis difference	$ 13,990	$12,832
Deferred compensation	13,214	11,270
SERP	11,531	13,131
Deferred income	11,171	18,427
Rent expense	8,358	6,631
Bad debt reserve	6,161	7,439
Inventory valuation	4,914	5,627
Foreign tax credits	3,244	1,577
Net operating loss	3,210	2,778
Accrued bonus	3,098	828
Uniform capitalization	1,844	1,774
Other	6,123	4,068
Total deferred assets	86,858	86,382
Deferred tax liabilities:		
Goodwill amortization	(4,109)	(5,250)
Other	(1,669)	(402)
Valuation allowance	(4,113)	(1,830)
Net deferred tax assets	$ 76,967	$78,900

Included above at January 31, 2009 and February 2, 2008, are $27.3 million and $21.2 million for current deferred tax assets, respectively, and $49.7 million and $57.7 million in non-current deferred tax assets at January 31, 2009 and February 2, 2008, respectively. Based on the historical earnings of the Company and projections of future taxable income, management believes it is more likely than not that the results of operations will generate sufficient taxable earnings to realize net deferred tax assets.

At January 31, 2009, the Company's U.S., China and certain European retail operations had net operating loss carryforwards of $20.0 million and capital loss carryforwards of $2.4 million. Based on the historical earnings of these operations, management believes that it is more likely than not that these operations will not generate sufficient income or capital gains to utilize all of the net operating loss and the capital loss. Therefore, the Company has recorded a valuation allowance of $4.1 million, which is an increase of $2.3 million from the prior year.

The Company adopted FIN 48 in January 2007. At January 31, 2009, the Company had approximately $4.0 million of total gross unrecognized tax benefits. Of this total, $1.4 million (net of the federal benefit on state issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods.

The Company and its subsidiaries are subject to U.S. federal and foreign income tax as well as income tax of multiple state and foreign local jurisdictions. The Company has substantially concluded all U.S.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9) Income Taxes (Continued)

federal income tax matters for years through 2004. Substantially all material state, local, and foreign income tax matters have been concluded for years through 2000.

The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had $1.9 million accrued for interest at January 31, 2009.

The following changes occurred in the amount of unrecognized tax benefits during the fiscal years ended January 31, 2009 and February 2, 2008 (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008
Beginning Balance	$ 6,034	$ 5,846
Additions:		
Tax positions related to the prior year	—	554
Tax positions related to the current year	—	—
Reductions:		
Tax positions related to the prior year	(1,946)	—
Settlements	(661)	—
Expiration of statutes of limitation	—	(366)
Ending Balance	$ 3,427	$ 6,034

(10) 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. The initial participants in the SERP are Maurice Marciano, Chairman of the Board, Paul Marciano, Chief Executive Officer and Vice Chairman of the Board, and Carlos Alberini, President and Chief Operating Officer. As a non-qualified pension plan, no funding of the SERP is required; however, the Company expects to make periodic payments into an insurance policy held in a rabbi trust to fund the expected obligations arising under the non-qualified SERP. The amount of future payments may vary, depending on the future years of service, future annual compensation of the participants and investment performance of the trust. The cash surrender value of the insurance policy was $12.1 million and $13.3 million, respectively, as of January 31, 2009 and February 2, 2008 and is included in other assets. As a result of a decline in value of the insurance policy investments, the Company recorded a charge of $3.2 million in other income and expenses during fiscal 2009.

Effective December 31, 2006, the Company adopted SFAS 158. Under SFAS 158, an asset for a plan's overfunded status or a liability for a plan's underfunded status is recognized in the consolidated balance sheet; plan assets and obligations that determine the plan's funded status are measured as of the end of the Company's fiscal year, and changes in the funded status of defined benefit postretirement plans are recognized in the year in which they occur. Such changes are reported in comprehensive income and as a separate component of stockholders' equity.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10) Supplemental Executive Retirement Plan (Continued)

The components of net periodic pension cost to comprehensive income for the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007 are (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Service cost	$ 244	$ 213	$ 20	$ 139
Interest cost	2,319	1,724	161	1,181
Net amortization of unrecognized prior service cost	1,743	1,743	162	1,743
Net amortization of actuarial losses	927	579	54	—
Net periodic defined benefit pension cost	$ 5,233	$ 4,259	$ 397	$ 3,063
Unrecognized prior service cost charged to comprehensive income	$ 1,743	$ 1,743	$ 162	—
Unrecognized net actuarial loss charged to comprehensive income	927	579	54	—
Actuarial gains/(losses)	6,826	(1,498)	—	—
Additional minimum pension liability adjustment	—	—	—	(1,924)
Related tax impact	(3,651)	(290)	(82)	736
Total periodic costs and other charges to comprehensive income	$ 5,845	$ 534	$ 134	$ (1,188)

Accumulated other comprehensive income, before tax, as of January 31, 2009 and February 2, 2008 consists of the following amounts that have not yet been recognized in net periodic benefit cost (in thousands):

	Jan. 31, 2009	Feb. 2, 2008
Unrecognized prior service cost	$ 14,301	$16,044
Unrecognized net actuarial loss	2,076	9,830
Net balance sheet impact	$ 16,377	$25,874

The following chart summarizes the SERP's funded status and amounts recognized in the Company's consolidated balance sheets, pursuant to SFAS 158 (in thousands):

	Jan. 31, 2009	Feb. 2, 2008
Projected benefit obligation	$(29,329)	$ (33,593)
Plan assets at fair value(1)	—	—
Net liability (included in other long-term liabilities)	$(29,329)	$ (33,593)

(1) The SERP is a non-qualified pension plan and hence the insurance policies are not considered to be plan assets. Accordingly, the table above does not include the insurance policies with market values of $12.1 million and $13.3 million as of January 31, 2009 and February 2, 2008, respectively.

(10) Supplemental Executive Retirement Plan (Continued)

The Company assumed a discount rate of 7.00% at January 31, 2009 compared to 6.50% at February 2, 2008, as part of the actuarial valuation performed to calculate the projected benefit obligation disclosed above, based on the timing of cash flows expected to be made in the future to the participants, applied to high quality yield curves. The assumed rate of increase in future compensation level was 3.0% as of January 31, 2009 and February 2, 2008. At January 31, 2009, amounts included in comprehensive income that are expected to be recognized as components of net periodic defined benefit pension cost in fiscal 2010 consist of prior service costs of $1.7 million. No benefits are expected to be paid in any of the next five fiscal years. Aggregate benefits projected to be paid in the subsequent five fiscal years amount to $12.1 million.

(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 Maurice and Paul Marciano, who are executives of the Company, Armand Marciano, their brother and former executive of the Company, and certain of their children (the "Marciano Trusts").

Licensee Transactions

On January 1, 2003, the Company entered into a license agreement with BARN S.r.l. ("BARN"), an Italian corporation, under which the Company granted BARN the right to manufacture and distribute children's clothing in certain territories of Europe for a term of three years. The license agreement was amended as of June 19, 2006 to, among other things, extend the term until December 31, 2009. The license agreement had terms substantially similar to the Company's other license agreements. Two key employees of the Company's wholly-owned subsidiary, GUESS? Italia, S.r.l., owned BARN. On January 16, 2008, the Company, through a subsidiary, acquired 100% of the capital stock of BARN for a purchase price of approximately €5.0 million ($7.4 million). During the fiscal year ended February 2, 2008, the Company recorded $1.4 million in royalty revenues related to this license for the period prior to the acquisition.

Leases

The Company leases warehouse and administrative facilities from partnerships affiliated with the Marciano Trusts and certain of their affiliates. There were three of these leases in effect at January 31, 2009, including a lease with respect to the Company's corporate headquarters in Los Angeles, California which was amended on June 10, 2008 (the "First Amendment"). The corporate headquarters consist of approximately 355,000 square feet and serve primarily as the Company's principal executive and administrative offices, design facilities and sales offices.

The First Amendment amended the original lease agreement dated July 29, 1992 which provided for a 16 year term expiring July 29, 2008 (the "Original Lease"). The First Amendment provides for a ten year lease renewal term ending July 31, 2018, with an additional five year renewal option to July 31, 2023 at the Company's sole discretion. The First Amendment provides for a triple net lease with annual rent in the amount of $2.9 million for the first lease year of the renewal term (which amount is approximately 5.6% lower than the most recent annual rent under the terms of the Original Lease), subject to an increase each year equal to the lesser of the increase of a specified consumer price index or four percent (which amount is lower than the five percent maximum annual adjustment provided for under the Original Lease). In the

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11) Related Party Transactions (Continued)

event the renewal option is exercised by the Company, the annual rent will reset in year eleven at the then-prevailing market rate. All other material terms of the Original Lease remain in full force and effect.

The other two related party Company leases are currently scheduled to expire in February 2010 and December 2014.

Aggregate rent expense under these related party leases was $3.8 million, $3.5 million, $2.9 million and $0.2 million, respectively, for the fiscal years ended January 31, 2009 and February 2, 2008, December 31, 2006 and the one-month period ended February 3, 2007. See also lease commitments to related parties in Note 12 to the Consolidated Financial Statements. 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 an independent third party management company contracted by MPM Financial to manage its aircraft. Under an informal arrangement with MPM Financial and the third party management company, 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 company's preferred customer hourly charter rates. The total fees paid under these arrangements for the fiscal years ended January 31, 2009, February 2, 2008, December 31, 2006 and the one-month period ended February 3, 2007 were approximately $1.3 million, $1.4 million, $1.1 million and $13,000, respectively.

In May 2006, the Company entered into an agreement to acquire a new corporate aircraft with a scheduled delivery date in December 2007. The Company made down payments of $16.5 million toward the $18.9 million aggregate purchase price for the aircraft. The Company was considering entering into a sale and leaseback arrangement on completion of construction of the aircraft. However, after a further review of the Company's investment options and related expenses, the Company concluded that it would be more cost effective and beneficial if a third party were to acquire the aircraft and make the aircraft available for charter use to the Company on a similar basis as described above. As a result of this determination, Maurice Marciano and Paul Marciano were approached and agreed to have the aircraft purchase agreement assigned to MPM Financial in exchange for payment to the Company of an amount equal to the full $16.5 million in down payments made by the Company plus certain other related costs incurred by the Company. The aircraft purchase agreement was assigned to MPM Financial during the fourth quarter of fiscal 2008, and resulted in a gain to the Company of approximately $0.5 million, related to interest income on the deposits.

(12) Commitments and Contingencies

Leases

The Company leases its showrooms and retail store locations under operating lease agreements expiring on various dates through January 2023. 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 6%, when specific sales volumes are exceeded. Some leases include lease incentives, rent abatements and fixed rent escalations, which are amortized and recorded over the

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Commitments and Contingencies (Continued)

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 August 2013.

The Company entered into a capital lease in December 2005 for a new building in Florence, Italy. At January 31, 2009, the capital lease obligation was $16.3 million. The Company entered into a separate interest rate swap agreement designated as a non-hedging instrument resulting 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 as of January 31, 2009 was approximately $0.3 million.

Future minimum property lease payments under capital lease and non-cancelable operating leases at January 31, 2009 are as follows (in thousands):

		Operating Leases		
	Capital Lease	Non-Related Parties	Related Parties	Total
Fiscal 2010	$ 2,860	$121,400	$ 3,367	$127,627
Fiscal 2011	2,556	108,326	3,345	114,227
Fiscal 2012	2,487	99,017	3,376	104,880
Fiscal 2013	2,417	93,106	3,412	98,935
Fiscal 2014	2,345	86,345	3,448	92,138
Thereafter	9,299	288,988	11,155	309,442
Total minimum lease payments	$21,964	$797,182	$28,103	$847,249
Less interest	(5,664)			
Capital lease obligations	$16,300			
Less current portion	(1,714)			
Long-term capital lease obligations	$14,586			

Rental expense for all operating leases during the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and one-month period ended February 3, 2007 aggregated $159.4 million, $122.3 million, $84.6 million and $7.4 million, respectively, including percentage rent of $27.5 million, $23.1 million, $4.0 million and $0.3 million, respectively.

Purchase Commitments

Inventory purchase commitments as of January 31, 2009 were $111.5 million.

Incentive Bonuses

Certain officers and key employees of the Company are entitled to annual cash incentive bonuses. Historically, such bonuses have been based primarily on earnings per share of the Company or earnings of the particular operation impacted by these key employees. In addition to such annual incentive opportunities, Paul Marciano, Chief Executive Officer and Vice Chairman of the Company, shall be entitled to receive a $3.5 million special cash bonus based on the achievements of a pre-established licensing performance target in calendar year 2008, subject to the receipt by the Company in 2012 of a

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12) Commitments and Contingencies (Continued)

fixed cash rights payment of $35.0 million, which is due in January 2012 from one of its licensees. In connection with this special bonus, the Company will accrue an expense of $3.5 million, plus applicable payroll taxes, through December 2012.

Litigation

In 2006, the Officers of the Florence Customs Authorities ("Customs Authorities") began an import customs audit with respect to the Company's Italian subsidiary, Maco Apparel S.p.A. ("Maco"), in Florence, Italy, which was acquired on January 3, 2005. Maco was the Italian licensee of GUESS? jeanswear for men and women in Europe. As part of the audit, the Customs Authorities considered whether the Italian subsidiary should have included the royalty expense payable to Guess?, Inc., the parent company, as part of the cost of the product subject to customs duties. The Customs Authorities have subsequently reviewed specific transactions which occurred in 2003, 2004, 2005 and part of 2006 and provided a preliminary assessment that the royalty expenses are subject to customs duties and related penalties. The Company is disputing the Customs Authorities' assessment and intends to vigorously defend its position. In addition, under the terms of the Maco purchase agreement, the seller is required to indemnify the Company for 90% of any loss with respect to Maco for periods prior to the acquisition. The Custom Authorities have filed several claims which are heard independently within various sections of the Florence Provincial Tax Commission. Each claim represents a portion of the period under review. The first hearings with the Florence Provincial Tax Commission commenced on October 29, 2007. Judgments for a number of the claims have been received that were favorable to the Company on certain aspects of the claims and unfavorable on other aspects of the claims. The Company will appeal the unfavorable aspects of the judgments. Based on a request by a judge from the Florence Provincial Tax Commission, the Company and the Customs Authorities are exploring the possibility of an out of court settlement. While the Company continues to believe in the strength of its position, the Company has recorded an accrual based on the settlement negotiations to date. Both the amount of the accrual and the possible risk of loss in excess of the accrual are not considered to be material to the Company's financial results and financial position.

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 consolidated results of operations or financial position. No material amounts were accrued as of January 31, 2009 and February 2, 2008 related to any of the Company's legal proceedings.

(13) Savings Plan

The Company established the Guess?, Inc. Savings Plan (the "Savings Plan") under Section 401(k) of the Internal Revenue Code. Under the Savings Plan, employees ("associates") may contribute up to 100% of their compensation per year subject to the elective limits as defined by IRS guidelines, and the Company may make matching contributions in amounts not to exceed 3.0% of the associates' annual compensation. Investment selections consist of mutual funds and do not include any Company common stock. The Company's contributions to the Savings Plan for the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007 amounted to $1.0 million, $0.5 million, $0.4 million and $40,000, respectively.

In January 2002, the Company established a qualified employee stock purchase plan ("ESPP"), the terms of which allow for qualified employees (as defined) to participate in the purchase of designated

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(13) Savings Plan (Continued)

shares of the Company's common stock at a price equal to 85% of the lower of the closing price at the beginning or end of each quarterly stock purchase period. See Note 17 for further details.

Effective January 1, 2006, the Company adopted a Non-qualified Deferred Compensation Plan (the "DCP"). Under the DCP, select employees who satisfy certain eligibility requirements and members of the Board of Directors may make annual irrevocable elections to defer a portion of their base compensation and/or bonuses. The deferred amounts and earnings thereon are payable to participants at specified future distribution dates, upon termination of employment, retirement, disability, death or change in control of the Company, in a lump sum or installments, pursuant to elections under the rules of the DCP. The DCP is not funded by the Company, and participants have an unsecured contractual commitment by the Company to pay the amounts due under the DCP. The Company has purchased corporate-owned life insurance to offset this liability which is held in a rabbi trust. The assets held in the rabbi trust are not available for general corporate purposes except in the event of bankruptcy of the Company. All earnings and expenses of the rabbi trust are reported in the Company's consolidated statement of income in other income and expenses. For fiscal 2009, the Company incurred a charge of $4.6 million related to the decline in the value of the insurance policy investments. The deferred compensation liability as of January 31, 2009 and February 2, 2008 was $7.3 million and $8.7 million, respectively. The related long-term asset as of January 31, 2009, and February 2, 2008 was $8.1 million and $8.0 million, respectively.

(14) Quarterly Information (Unaudited)

The following is a summary of the unaudited quarterly financial information for the fiscal years ended January 31, 2009 and February 2, 2008 (in thousands, except per share data):

Year ended January 31, 2009	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenue	$489,220	$515,172	$527,928	$561,070
Gross profit	221,239	232,155	241,812	227,422
Net earnings	47,801	53,832	64,017	47,912
Earnings per share:				
Basic	$ 0.51	$ 0.58	$ 0.69	$ 0.52
Diluted	$ 0.51	$ 0.57	$ 0.69	$ 0.52

Year ended February 2, 2008	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net revenue	$377,949	$388,287	$469,079	$514,601
Gross profit	167,582	173,352	218,481	233,523
Net earnings	35,527	37,482	58,274	55,189
Earnings per share:				
Basic	$ 0.39	$ 0.41	$ 0.63	$ 0.60
Diluted	$ 0.38	$ 0.40	$ 0.62	$ 0.59

(15) Segment Information

In accordance with the requirements of SFAS 131, "Disclosures about Segments of an Enterprise and Related Information," the Company's reportable business segments and respective accounting policies of the segments are the same as those described in Note 1. Management evaluates segment performance

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Segment Information (Continued)

based primarily on revenue and earnings from operations. Corporate overhead, interest income, interest expense and other income and expense are evaluated on a consolidated basis and not allocated to the Company's business segments.

Segment information is summarized as follows (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Net revenue:				
Retail operations	$ 977,980	$ 862,381	$ 58,681	$ 721,262
Wholesale operations	296,181	258,445	14,684	146,320
European operations	718,964	538,358	55,855	252,363
Licensing operations	100,265	90,732	6,732	65,239
	$ 2,093,390	$ 1,749,916	$ 135,952	$ 1,185,184
Earnings (loss) from operations:				
Retail operations	$ 93,156	$ 128,523	$ 174	$ 100,436
Wholesale operations	45,501	49,894	1,518	23,963
European operations	168,630	120,818	12,346	64,211
Licensing operations	86,422	77,941	6,293	57,189
Corporate overhead	(64,922)	(68,037)	(7,853)	(52,776)
	$ 328,787	$ 309,139	$ 12,478	$ 193,023
Capital expenditures:				
Retail operations	$ 59,044	$ 64,821	$ 1,393	$ 35,733
Wholesale operations	7,375	8,171	1,236	1,253
European operations	18,113	17,741	41	8,436
Licensing operations	—	—	—	—
Corporate overhead	5,439	9,445	80	4,859
	$ 89,971	$ 100,178	$ 2,750	$ 50,281

	Jan. 31, 2009	Feb. 2, 2008
Total assets:		
Retail operations	$ 263,968	$ 275,599
Wholesale operations	147,513	144,891
European operations	460,109	435,315
Licensing operations	18,607	17,236
Corporate	356,369	313,187
	$1,246,566	$1,186,228

The European operations segment includes net revenue and earnings from the BARN licensee acquisition commencing in January 2008. Prior to the BARN acquisition, licensing royalty income received from BARN was included in the licensing operations segment for the fiscal years ended

February 2, 2008

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15) Segment Information (Continued)

and December 31, 2006 and the one-month period ended February 3, 2007 and amounted to $1.4 million, $1.2 million and $0.1 million, respectively. The Focus acquisition was effective December 31, 2006. The licensing royalty income received from Focus prior to the acquisition of the Focus business was included in the licensing operations segment for the year ended December 31, 2006 and amounted to $4.0 million.

The table below presents information related to geographic areas in which the Company operated. Net revenue is primarily classified based on the country where the Company's customer is located (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Net revenue:				
U.S.	$ 934,190	$ 848,354	$ 58,158	$ 719,317
Italy	365,192	291,976	28,922	156,147
Other European Countries	364,918	267,022	28,483	111,781
Canada	246,786	220,130	13,129	156,779
Asia	132,770	98,650	5,646	26,022
Mexico	18,890	8,855	442	2,809
Middle East	14,611	3,165	233	4,589
South America	4,954	3,839	328	2,336
South Africa	4,529	2,338	196	1,548
Australia	2,710	3,048	226	1,508
Other	3,840	2,539	189	2,348
	$2,093,390	$1,749,916	$135,952	$1,185,184

	Jan. 31, 2009	Feb. 2, 2008
Long-lived assets:		
U.S.	$133,537	$139,311
Italy	57,738	67,094
Canada	30,993	35,070
Other European Countries	16,016	9,011
Asia	9,282	9,436
Mexico	3,203	2,158
	$250,769	$262,080

(16) Transition Period Financial Information

On January 18, 2007, the Company's fiscal year end was changed from December 31 to the Saturday closest to January 31 of each year. Accordingly, the Company is presenting audited financial statements for the one-month transition period ended February 3, 2007. The following table provides certain unaudited

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) Transition Period Financial Information (Continued)

comparative financial information of the same period of the prior year. The one-month transition period ended February 3, 2007 included 34 days compared to 28 days for the one month ended January 28, 2006:

(in thousands, except per share data)	One Month Ended Feb. 3, 2007	One Month Ended Jan. 28, 2006 (unaudited)
Statement of income data:		
Net revenue	$ 135,952	$68,472
Gross profit	55,736	22,606
Earnings (loss) from operations	12,478	(18)
Income taxes (benefit)	4,885	(15)
Net earnings (loss)	7,980	(24)
Earnings (loss) per share:		
Basic	$ 0.09	$ 0.00
Diluted	$ 0.09	$ 0.00
Weighted average number of shares outstanding —basic	91,668	89,666
Weighted average number of shares outstanding —diluted	93,120	89,666

	Feb. 3, 2007	Jan. 28, 2006 (unaudited)
Balance sheet data:		
Working capital	$283,938	$193,459
Total assets	843,322	637,556
Borrowings and capital lease obligations	17,336	52,563
Stockholders' equity	438,724	287,774

(17) Share-Based Compensation

The Company has four share-based compensation plans. The Guess?, Inc. 2004 Equity Incentive Plan (the "Plan") provides that the Board of Directors may grant stock options and other equity awards to officers, key employees and certain consultants and advisors to the Company or any of its subsidiaries. The Plan authorizes grants of options to purchase up to 20,000,000 authorized but unissued shares of common stock. At January 31, 2009 and February 2, 2008 there were 15,063,630 and 16,127,466 shares available for grant under the Plan, respectively. Stock options granted under the Plan have ten-year terms and typically vest and become fully exercisable in increments of one-fourth of the shares granted on each anniversary from the date of grant. The three most recent annual grants had a vesting period of three years and nine months, three years and ten months and three years and ten months, with an initial vesting period of nine months, ten months and ten months, respectively, followed by three annual vesting periods. The Guess?, Inc. Employee Stock Purchase Plan ("ESPP") allows for qualified employees to participate in the purchase of designated shares of the Company's common stock at a price equal to 85% of the lower of the closing price at the beginning or end of each quarterly stock purchase period. The Guess?, Inc. 2006 Non-Employee Directors' Stock Grant and Stock Option Plan (the "Director Plan") provides for the grant of certain stock and stock options to non-employee directors. The Director Plan authorizes grants of options to purchase up to 2,000,000 authorized but unissued shares of common stock which consists of the 1,000,000 shares that were initially approved for issuance on July 30, 1996 plus an additional 1,000,000

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Share-Based Compensation (Continued)

shares that were approved for issuance effective May 9, 2006. At January 31, 2009 and February 2, 2008 there were 1,029,943 and 1,054,988 shares available for grant under this plan, respectively. In addition, the Guess?, Inc. 1996 Equity Incentive Plan, under which equity grants have not been permitted since the approval of the Plan in 2004, continues to govern outstanding awards previously made thereunder.

Effective January 1, 2006, the Company adopted the fair value recognition provisions of SFAS 123R using the modified prospective transition method. Under this method, compensation cost recognized included: (a) compensation expense for all share-based payments granted prior to, but not yet vested as of, December 31, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123 and (b) compensation expense for all share-based payments granted on or after January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R.

The fair value of each stock option is estimated on the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions used for new grants. The risk-free interest rate is based on the U.S. Treasury yield curve in effect for the expected term of the option at the time of grant. The expected volatility is determined based on an average of both historical volatility and implied volatility. Implied volatility is derived from exchange traded options on the Company's common stock. The expected life used prior to November 2007 was based on the "simplified" method described in the SEC Staff Accounting Bulletin No. 107. For options granted beginning November 2007, the expected term is determined based on historical trends. The dividend yield for 2006 and prior years was assumed to be zero since the Company had not historically declared and did not have a current plan to declare dividends on an ongoing basis until the Board of Directors authorized and approved the initiation of quarterly dividends in February, 2007. The expected dividend yield starting from 2007 is based on the Company's history and expectations of dividend payouts. The expected forfeiture rate is determined based on historical data.

Compensation expense for new stock options and nonvested stock awards is recognized on a straight-line basis over the vesting period. In accordance with the modified prospective transition method, results for prior periods have not been restated. SFAS 123R also requires the Company to estimate forfeitures in calculating the expense relating to share-based compensation as opposed to recognizing forfeitures as an expense reduction as they occur. The adjustment to apply estimated forfeitures to previously recognized share-based compensation was considered immaterial and as such was not classified as a cumulative effect of a change in accounting principle. On January 1, 2006, the Company also reclassified the balance in unearned compensation to paid-in capital in the consolidated balance sheet in accordance with the provisions of SFAS 123R.

The following table summarizes the share-based compensation expense recognized under all of the Company's stock plans during the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006 and the one-month period ended February 3, 2007 (in thousands):

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008	One-Month Ended Feb. 3, 2007	Year Ended Dec. 31, 2006
Stock options	$ 5,642	$ 5,623	$ 556	$ 4,192
Nonvested stock awards/units	16,621	13,345	1,008	2,155
ESPP	583	551	21	392
Total share-based compensation expense	$ 22,846	$19,519	$ 1,585	$ 6,739

Table of Contents

(17) Share-Based Compensation (Continued)

Stock options

The following table summarizes the stock option activity under all of the Company's stock plans during the fiscal year ended January 31, 2009:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($000's)
Options outstanding at February 2, 2008	2,292,457	$ 14.71		
Granted	950,180	29.62		
Exercised	(442,875)	(8.97)		
Forfeited	(123,075)	(29.73)		
Expired	(10,225)	(24.33)		
Options outstanding at January 31, 2009	2,666,462	$ 20.24	7.37	$9,360
Exercisable at January 31, 2009	1,436,681	$ 14.15	6.07	$8,864
Options exercisable and expected to vest at January 31, 2009	2,464,670	$ 19.79	7.37	$9,358

The fair value of each stock option was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants during the year ended January 31, 2009: a risk-free interest rate of 2.48%, an expected dividend yield of 1.47%, an expected volatility of 52.9%, an expected forfeiture rate of 14.69%, and an expected life of 3.66 years.

The weighted-average grant-date fair value of options granted was $11.30, $19.96 and $11.92 during the years ended January 31, 2009, February 2, 2008 and December 31, 2006, respectively. The weighted-average grant-date fair value of options granted was $17.57 during the one-month period ended February 3, 2007. The total intrinsic value of stock options exercised during the years ended January 31, 2009, February 2, 2008 and December 31, 2006 was $14.1 million, $31.7 million and$31.0 million, respectively. The intrinsic value of stock options is defined as the difference between the Company's stock price on the exercise date and the grant-date exercise price. The total cash received from option exercises was $4.0 million, $6.7 million and $11.0 million during the years ended January 31, 2009, February 2, 2008 and December 31, 2006, respectively. There were no stock options exercised during the month ended February 3, 2007.

The excess tax benefit realized for the tax deductions from these option exercises for fiscal 2009 was $4.4 million and is included in cash flows from financing activities for the year ended January 31, 2009. The excess tax shortfall of $0.1 million was included in cash flows from operating activities for the year ended January 31, 2009. The compensation expense recognized was $5.6 million before the recognized income tax benefit of $1.8 million during the year ended January 31, 2009. As of January 31, 2009, there was approximately $11.4 million of unrecognized compensation cost, net of estimated forfeitures, related to nonvested stock options. This cost is expected to be recognized over a weighted-average period of 1.9 years.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) Share-Based Compensation (Continued)

Nonvested stock awards/units

The following table summarizes the nonvested stock awards/units activity under all of the Company's stock plans during the fiscal year ended January 31, 2009:

	Number of Shares/Units	Weighted-Average Grant-Date Fair Value
Nonvested at February 2, 2008	1,729,479	$ 33.92
Granted	527,475	40.23
Vested	(502,225)	(33.72)
Forfeited or expired	(106,564)	(36.00)
Nonvested at January 31, 2009	1,648,165	$ 35.85

The weighted-average grant-date fair value of nonvested stock awards/units granted was $40.23, $44.55 and $20.96 during the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006, respectively. The weighted-average grant-date fair value of nonvested stock awards/units granted during the month ended February 3, 2007 was $31.71. The total fair value at grant date of previously nonvested stock awards/units that were vested during fiscal 2009, 2008 and 2006 and the one-month period ended February 3, 2007 was $16.9 million, $6.0 million, $1.0 million and $1.5 million, respectively. During fiscal 2009, 2008 and 2006 and the one-month period ended February 3, 2007, the total intrinsic value of nonvested stock awards/units that vested was $15.1 million, $11.9 million, $2.9 million and $2.8 million, respectively.

The excess tax benefit realized for the tax deductions from these vested shares for fiscal 2009 was $1.0 million and has been included in cash flows from financing activities for the year ended January 31, 2009. The excess tax shortfall of $1.4 million was included in cash flows from operating activities for the year ended January 31, 2009. The total intrinsic value of nonvested stock awards/units outstanding and unvested at January 31, 2009 was $26.5 million. The compensation expense included in SG&A recognized during fiscal 2009 was $16.6 million, before the recognized income tax benefit of $5.4 million. As of January 31, 2009, there was approximately $46.9 million of total unrecognized compensation cost, net of estimated forfeitures, related to nonvested stock awards/units. This cost is expected to be recognized over a weighted-average period of 2.0 years.

ESPP

In January 2002, the Company established an ESPP, the terms of which allow for qualified employees (as defined) to participate in the purchase of designated shares of the Company's common stock at a price equal to 85% of the lower of the closing price at the beginning or end of each quarterly stock purchase period. Prior to March 4, 2009, the ESPP was a straight purchase plan with no holding period requirement. Effective March 4, 2009, the ESPP was amended to required participants to hold any shares purchased under the ESPP after April 1, 2009 for a minimum period of six months after purchase. In addition, all Company employees are subject to the terms of the Company's securities trading policy which generally prohibits the purchase or sale of any Company securities during the two weeks before the end of each fiscal quarter through two days after the public announcement by the Company of its earnings for that period.

(17) Share-Based Compensation (Continued)

On January 23, 2002, the Company filed with the SEC a Registration Statement on Form S-8 registering 4,000,000 shares of common stock for the ESPP.

During the fiscal years ended January 31, 2009, February 2, 2008 and December 31, 2006, 67,917, 54,243 and 54,846 shares of the Company's common stock were issued pursuant to the ESPP at an average price of $26.03, $33.18 and $16.55 per share, respectively. There were no shares issued pursuant to the ESPP during the month ended February 3, 2007.

The fair value of stock compensation expense associated with the Company's ESPP was estimated on the date of grant using the Black-Scholes option-pricing valuation model and the following weighted-average assumptions for grants during fiscal years 2009, 2008 and 2006 and one-month period ended February 3, 2007.

Valuation Assumptions	Year ended Jan. 31, 2009	Year ended Feb. 2, 2008	One-month ended Feb. 3,2007	Year ended Dec. 31, 2006
Risk-free interest rate	1.74%	4.60%	4.77%	4.77%
Expected stock price volatility	72.4%	48.5%	43.0%	43.0%
Expected dividend yield	0.95%	0.65%	—	—
Expected life of ESPP options (in months)	3	3	3	3

The weighted-average grant-date fair value of ESPP options granted during fiscal 2009, 2008 and 2006 was $10.60, $11.44 and $7.15, respectively. The weighted-average grant-date fair value of ESPP options granted during the one-month period ended February 3, 2007 was $7.15.

(18) Fair Value Measurements

The Company adopted SFAS No. 157 ("SFAS 157"), "Fair Value Measurement," as of February 3, 2008, with the exception of the application of the statement to non-recurring, nonfinancial assets and liabilities. SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The adoption of SFAS 157 did not have a material impact on the Company's fair value measurements. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. SFAS 157 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.

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) Fair Value Measurements (Continued)

SFAS 157 requires the use of observable market data if such data is available without undue cost and effort.

The following table presents the fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of January 31, 2009 (in thousands):

	Fair Value Measurements at January 31, 2009			
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange currency contracts	$ —	$21,737	$ —	$21,737
Securities available for sale	712	—	—	712
Total	$712	$21,737	$ —	$22,449
Liabilities:				
Interest rate swaps	—	574	—	574
Deferred compensation obligations	—	7,287	—	7,287
Total	$ —	$ 7,861	$ —	$ 7,861

The fair values of the Company's available-for-sale securities are based on quoted prices. Fair value of the interest rate swaps are based upon inputs corroborated by observable market data. The foreign exchange forward contracts are entered into by the Company principally to hedge the future payment of inventory transactions by non-U.S. subsidiaries. The fair values of the Company's foreign exchange forward contracts are based on quoted forward foreign exchange prices 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.

(19) Foreign Currency Derivative Financial Instruments

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 and swaps to hedge the risk of foreign currency rate fluctuations. The Company has elected to apply the hedge accounting rules as required by SFAS No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138 ("SFAS 138"), "Accounting for Certain Derivatives and Certain Hedging Activities," for certain of these hedges. The Company's objective is to hedge the variability in forecasted cash flow due to the foreign currency risk. Various transactions that occur in Canada, Europe and South Korea are denominated in U.S. dollars or Swiss Francs and thus are exposed to earnings risk as a result of exchange rate fluctuations when converted to their local functional currencies. These types of transactions include U.S. denominated purchases of merchandise and intercompany liabilities. In addition, certain operating expenses 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 and currency swaps, to manage exchange risk on certain anticipated foreign currency transactions. The Company does not hedge all transactions denominated in foreign currency. The Company also has earnings exposure to

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Foreign Currency Derivative Financial Instruments (Continued)

other foreign currencies like the British Pound and the Mexican Peso that it does not presently hedge as they are not considered material to the Company's earnings.

Forward Contracts Designated as Cash Flow Hedges

During the year ended January 31, 2009, the Company purchased U.S. dollar forward contracts in Europe and Canada totaling US$36.0 million and US$52.9 million, respectively, to hedge forecasted merchandise purchases that were designated as cash flow hedges at January 31, 2009. During fiscal 2009, the Company also purchased Swiss Franc/Euro forward contracts in Europe totaling CHF18.0 million to hedge forecasted operating expenses that were designated as cash flow hedges at January 31, 2009. As of January 31, 2009, the Company had forward contracts outstanding for its European and Canadian operations of US$21.0 million and US$38.5 million, respectively, that are expected to mature over the next nine months and Swiss Franc-Euro forward contracts outstanding for its European operations of CHF18.0 million that are expected to mature over the next 12 months. The Company's derivative financial instruments are recorded in its consolidated balance sheet at fair value based on quoted market rates. The U.S. dollar forward contracts are used to hedge forecasted merchandise purchases over specific months. Changes in the fair value of the U.S. dollar forward contracts designated as cash flow hedges are recorded as a component of accumulated other comprehensive income 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 Swiss Franc forward contracts are used to hedge certain anticipated Swiss operating expenses over specific months. Changes in the fair value of the Swiss Franc forward contracts designated as cash flow hedges are recorded as a component of accumulated other comprehensive income within stockholders' equity, and are recognized in SG&A in the period which approximates the time the expenses are incurred.

As of January 31, 2009, accumulated other comprehensive income included an unrealized gain of approximately US$8.8 million, net of tax, that will be recognized as a reduction to cost of goods sold or SG&A over the following 13 months at the then current values on a pre-tax basis, which can be different than the current year-end values. At January 31, 2009, the unrealized net gain of the remaining open forward contracts recorded in current assets in the consolidated balance sheet was approximately US$8.1 million. The ineffective portion was immaterial during the year ended January 31, 2009 and was recorded in net earnings and is included in interest income/expense.

At February 2, 2008, the Company had Canadian dollar forward contracts designated as cash flow hedges to purchase US$27.0 million with an unrealized gain recorded in the consolidated balance sheet of approximately US$0.1 million.

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

	Year Ended Jan. 31, 2009	Year Ended Feb. 2, 2008
Beginning balance (loss)	$ (1,475)	$ —
Net gains (losses) from changes in cash flow hedges	9,093	(2,439)
Net losses reclassified to income	1,145	964
Ending balance gain (loss)	$ 8,763	$ (1,475)

GUESS?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(19) Foreign Currency Derivative Financial Instruments (Continued)

Foreign Currency Contracts Not Designated as Cash Flow Hedges

The Company also has foreign currency contracts that are not designated as hedges for accounting purposes. Changes in fair value of foreign currency contracts not qualifying as cash flow hedges are reported in net earnings as part of other income and expense. For the year ended January 31, 2009, the Company recorded a net gain of US$18.8 million for the Canadian dollar, Euro and Swiss Franc foreign currency contracts, which has been included in other income and expense. At January 31, 2009, the Company had Canadian dollar foreign currency contracts to purchase US$36.5 million expected to mature over the next nine months, Euro foreign currency contracts to purchase US$104.0 million expected to mature over the next 11 months and Swiss Franc foreign currency contracts to purchase CHF5.3 million expected to mature over the next 12 months. At January 31, 2009, the net unrealized gains of these Canadian dollar, Euro and Swiss Franc forward contracts recorded in current assets in the Company's consolidated balance sheet were approximately US$13.7 million.

At February 2, 2008, the Company had Canadian dollar and Euro currency exchange contracts not designated as cash flow hedges to purchase US$26.0 million and US$87.6 million, respectively. At February 2, 2008, the unrealized losses of these Canadian dollar and Euro forward contracts recorded in the balance sheet were approximately US$3.3 million, primarily relating to the Euro forward contracts.

(20) Share Repurchase Program

In March 2008, the Company's Board of Directors terminated the previously authorized 2001 share repurchase program and authorized the new 2008 Share Repurchase Program to repurchase, from time-to-time and as market and business conditions warrant, up to $200 million of the Company's common stock. Repurchases 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 the program and the program may be discontinued at any time, without prior notice. During the year ended January 31, 2009, the Company purchased 2.9 million shares of its common stock in open market transactions at a cost of $60.5 million (at an average price of $21.23). At January 31, 2009, the Company had remaining authority under the 2008 Share Repurchase Program to purchase an additional $139.5 million of its common stock.

(21) Subsequent Events

On March 17, 2009, the Company announced a regular quarterly cash dividend of $0.10 per share on the Company's common stock. The cash dividend will be payable on April 17, 2009 to stockholders of record at the close of business on April 1, 2009.

SCHEDULE II
GUESS?, INC. & SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
Years ended January 31, 2009, February 2, 2008, February 3, 2007 and December 31, 2006
(in thousands)

Description	Balance at beginning of period	Costs charged / credited to expenses	Deductions and write-offs	Balance at end of period
As of January 31, 2009				
Allowance for accounts receivable	$ 13,945	$ 34,228	$ (34,341)	$13,832
Allowance for royalties receivable	325	193	—	518
Allowance for sales returns	7,483	37,452	(35,986)	8,949
As of February 2, 2008				
Allowance for accounts receivable	$ 12,653	$ 36,049	$ (34,757)	$13,945
Allowance for royalties receivable	276	49	—	325
Allowance for sales returns	4,806	27,793	(25,116)	7,483
As of February 3, 2007				
Allowance for accounts receivable	$ 11,481	$ 2,949	$ (1,777)	$12,653
Allowance for royalties receivable	284	(8)	—	276
Allowance for sales returns	6,465	8,798	(10,457)	4,806
As of December 31, 2006				
Allowance for accounts receivable	$ 9,123	$ 25,636	$ (23,278)	$11,481
Allowance for royalties receivable	650	(366)	—	284
Allowance for sales returns	2,737	16,080	(12,352)	6,465

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By: /s/ PAUL MARCIANO

Paul Marciano
Chief Executive Officer and
Vice Chairman of the Board

Date: March 31, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ PAUL MARCIANO Paul Marciano	Chief Executive Officer, Vice Chairman of the Board and Director (Principal Executive Officer)	March 31, 2009
/s/ MAURICE MARCIANO Maurice Marciano	Chairman of the Board and Director	March 31, 2009
/s/ CARLOS ALBERINI Carlos Alberini	President, Chief Operating Officer and Director	March 31, 2009
/s/ DENNIS R. SECOR Dennis R. Secor	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Chief Accounting Officer)	March 31, 2009
/s/ JUDITH BLUMENTHAL Judith Blumenthal	Director	March 31, 2009
/s/ ANTHONY CHIDONI Anthony Chidoni	Director	March 31, 2009
/s/ KAY ISAACSON-LEIBOWITZ Kay Isaacson-Leibowitz	Director	March 31, 2009
/s/ ALICE KANE Alice Kane	Director	March 31, 2009
/s/ ALEX YEMENIDJIAN Alex Yemenidjian	Director	March 31, 2009

Table of Contents

Exhibit Index

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 on 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 on July 30, 1996).
*10.1.	1996 Equity Incentive Plan (incorporated by reference from Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (Registration No. 333-4419) filed on July 30, 1996).
*10.2.	First Amendment to the 1996 Equity Incentive Plan (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended February 2, 2008).
*10.3.	2004 Equity Incentive Plan (incorporated by reference from Appendix A to the Registrant's Definitive Proxy Statement on Form 14A filed April 14, 2004).
*10.4.	First Amendment to the 2004 Equity Incentive Plan (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended April 1, 2006).
*10.5.	Second Amendment to the 2004 Equity Incentive Plan (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 3, 2007).
*10.6.	Third Amendment to the 2004 Equity Incentive Plan (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended February 2, 2008).
*10.7.	2006 Non-Employee Directors' Stock Grant and Stock Option Plan (As Amended and Restated Effective September 28, 2007) (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended November 3, 2007).
*10.8.	First Amendment to the 2006 Non-Employee Directors' Stock Grant and Stock Option Plan (As Amended and Restated Effective September 28, 2007) (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended February 2, 2008).
†*10.9.	Annual Incentive Bonus Plan (As Amended and Restated December 18, 2008).
†*10.10.	2002 Employee Stock Purchase Plan (Amended and Restated Effective March 4, 2009).
†*10.11.	Amended and Restated Executive Employment Agreement dated December 18, 2008 between the Registrant and Maurice Marciano.
†*10.12.	Amended and Restated Executive Employment Agreement dated December 18, 2008 between the Registrant and Paul Marciano.
†*10.13.	Amended and Restated Executive Employment Agreement dated December 18, 2008 between the Registrant and Carlos Alberini.
*10.14.	Employment Letter Agreement dated August 16, 2002 between the Registrant and Nancy Shachtman (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002).
*10.15.	Employment Agreement between the Registrant and Stephen Pearson, effective as of January 31, 2006 (incorporated by reference from the Registrant's Current Report on Form 8-K filed February 13, 2006).
*10.16.	Separation Agreement and General Release of All Claims between the Registrant and Stephen Pearson, dated as of January 30, 2008 (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended February 2, 2008).
*10.17.	Employment Letter Agreement dated February 20, 2004 between the Registrant and Michael Relich (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 1, 2006).
*10.18.	Employment Letter Agreement dated June 8, 2006 between the Registrant and Dennis Secor (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended July 1, 2006).

Exhibit Number	Description
*10.19.	Written Description of Performance-Based Bonus Criteria for Paul Marciano (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended October 1, 2005).
*10.20.	Written Description of Performance-Based Cash and Equity Award Criteria for Named Executive Officers with Respect to the Registrant's Fiscal Year Ending February 2, 2008 (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 5, 2007).
*10.21.	Written Description of Performance-Based Cash and Equity Award Criteria for Named Executive Officers with Respect to the Registrant's Fiscal Year Ending January 31, 2009 and Certain Other Periods (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 3, 2008).
*10.22.	Restricted Stock Agreement dated as of January 1, 2007 between the Registrant and Paul Marciano (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006).
*10.23.	Restricted Stock Agreement dated as of August 6, 2007 between the Registrant and Carlos Alberini (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended August 4, 2007).
*10.24.	Form of Nonqualified Stock Option Agreement (incorporated by reference from the Registrant's Current Report on Form 8-K filed May 16, 2005).
*10.25.	Form of Restricted Stock Award Agreement (incorporated by reference from the Registrant's Current Report on Form 8-K filed May 16, 2005).
*10.26.	Form of Restricted Stock Award Agreement for Awards with Performance-Based Vesting (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 3, 2008).
*10.27.	Indemnification Agreements between the Registrant and certain executives and directors (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996).
†*10.28.	Nonqualified Deferred Compensation Plan (Amended and Restated Effective as of December 18, 2008).
†*10.29.	Supplemental Executive Retirement Plan (Amended and Restated Effective as of December 18, 2008).
10.30.	Lease Agreement between the Registrant and Robert Pattillo Properties, Inc. (incorporated by reference from the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999).
10.31.	First Amendment to Lease Agreement between the Registrant and 1444 Partners, Ltd. with respect to the Registrant's corporate headquarters (including original lease agreement) (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 3, 2008).
10.32.	Licensing Contribution Agreement dated as of April 28, 2003, by and between Guess? Licensing, Inc. and Guess? IP Holder L.P. (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 2003).
10.33.	Guess? License Agreement dated as of April 28, 2003, by and between Guess? IP Holder L.P. and the Registrant (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 29, 2003).
10.34.	Purchase Agreement among the Registrant, Guess Italia S.r.l., Fingen S.p.A. and Fingen Apparel N.V. dated December 31, 2004 (incorporated by reference from the Registrant's Current Report on Form 8-K filed January 5, 2005).

Exhibit Number	Description
10.35.	Credit Agreement by and among the Registrant and Guess? Canada Corporation, as Borrowers, lenders from time to time party thereto, Bank of America, N.A., as Domestic Administrative Agent and Domestic L/C Issuer, and Bank of America, N.A., acting through its Canada Branch, as Canadian Administrative Agent and Canadian L/C Issuer, dated as of September 19, 2006 ("Credit Agreement") (incorporated by reference from the Registrant's Current Report on Form 8-K filed September 25, 2006).
10.36.	Amendment No. 1 to Credit Agreement, dated as of March 29, 2007 (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 5, 2007).
10.37.	Amendment No. 2 to Credit Agreement, dated as of July 5, 2007 (incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended August 4, 2007).
†21.1.	List of Subsidiaries.
†23.1.	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
†23.2.	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
†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 President and Chief Operating Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
†31.3.	Certification of Senior Vice President and 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 President and Chief Operating Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
†32.3.	Certification of Senior Vice President and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Management Contract or Compensatory Plan

† Filed herewith

Exhibit 10.9

GUESS?, INC.
ANNUAL INCENTIVE BONUS PLAN
(AS AMENDED AND RESTATED DECEMBER 18, 2008)

Section 1. Purposes

The purposes of the Guess?, Inc. Annual Incentive Bonus Plan (the "Plan") are (i) to provide greater motivation for selected key employees of Guess?, Inc., a Delaware corporation (the "Company"), and its Subsidiaries (as defined in Section 3(c) below) to attain and maintain the highest standards of performance, (ii) to attract and retain executives of outstanding competence, and (iii) to direct the energies of executives toward the achievement of specific business goals established for the Company and its Subsidiaries.

The Plan is designed to qualify compensation paid under the Plan to Covered Employees (as defined in Section 3(a) below) as "performance-based compensation" as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("Section 162(m)").

Section 2. Administration and Interpretation

(a) The Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors of the Company (the "Board"), which shall consist of not less than two members of the Board who qualify as "outside directors" as defined under Section 162(m). The Committee may designate all or any portion of its power and authority under this Plan to any sub-committee of the Committee or to any executive officer or executive officers of the Company (each an "Authorized Committee Designee"); provided that no such designation shall be permitted or effective with respect to any award to, or any other matter concerning, any Covered Employee. An Authorized Committee Designee, to the extent provided by the Committee, shall have and may exercise all the power and authority of the Committee hereto, subject to the limitations set forth in the immediately preceding sentence.

(b) The Committee is authorized to interpret the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem necessary or advisable. Decisions of the Committee shall be final, conclusive and binding upon all parties, including, without limitation, the Company and the key employees who participate in the Plan.

(c) The Plan shall be administered to comply with Section 162(m) and, if any provisions of the Plan cause any award to a Covered Employee to not qualify as performance-based compensation under Section 162(m), that provision shall be stricken from this Plan, but the other provisions of the Plan shall remain in effect. Any action striking any portion of the Plan shall modify the stricken terms as narrowly as possible to give as much effect as possible to the intentions of the parties under the Plan.

Section 3. Participation

(a) Participation in the Plan during any fiscal year shall be limited to (i) any person serving as Chief Executive Officer of the Company and each other executive officer of the Company that the Committee determines, in its discretion, is or may be a "covered employee" of the Company within the meaning of Section 162(m) ("Covered Employees") and (ii) those key employees of the Company and its Subsidiaries, other than the Covered Employees, who, in the sole opinion of the Committee, are in a position to have a significant impact on the performance of the Company and who are selected by the Committee ("Key Employees" and together with the Covered Employees, "Participants"); provided that participation by an employee of a Subsidiary shall be subject to approval of the Plan by such Subsidiary's Board of Directors, which approval shall constitute the Subsidiary's agreement to pay, at the direction of the Committee, awards directly to its employees or to reimburse the Company for the cost of such participation in accordance with rules adopted by the Committee.

(b) Unless otherwise determined by the Committee in its sole and absolute discretion, or as provided in a Participant's employment agreement, if a Participant ceases to be employed by the Company and/or its Subsidiaries prior to the end of a fiscal year for any reason other than disability (as determined by the Company), retirement at or after age 55, or death, his or her participation in the Plan for such year will terminate forthwith and he or she will not be entitled to any award for such year. If, prior to the end of a fiscal year, a Participant's employment ceases because of disability (as determined by the Company), retirement at or after age 55, or death, or if the effective date of participation by a Participant for any year shall be after the first day of such fiscal year, the Participant shall be entitled to receive only that proportion of the amount, if any, that he or she otherwise would have received under the Plan for the full fiscal year which the number of days of his or her participation in the Plan during such fiscal year bears to the total number of days in such fiscal year; provided, however, that if the effective date of participation by a Covered Employee for any fiscal year shall be after the first day of the fiscal year, then the Committee must establish the Performance Goals (as defined in Section 4(d) below) for such Covered Employee while the performance relating to such Performance Goals remain substantially uncertain within the meaning of Section 162(m) and in no event after 25% of the fiscal year has elapsed.

(c) The term "Subsidiary" shall mean any corporation at least 50% of whose issued and outstanding voting stock is owned, directly or indirectly by the Company.

Section 4. Determination of Incentive Awards

Within the time period prescribed by Section 162(m) for each fiscal year, the Committee may authorize awards to Participants pursuant to either or both of the following methods in clauses (a) and (b) below:

(a) For each fiscal year, the Committee shall: (i) determine the Participants who are to be eligible to receive performance-based awards under the Plan during such year, (ii) notify each such Participant in writing concerning his or her selection for participation in the Plan for such year, (iii) select the Performance Criteria applicable to such year for each such Participant and

(iv) establish, in terms of an objective formula or standard for each Participant, the Performance Goal and the amount of each award which may be earned for such year if such Performance Goal is achieved.

(b) The Committee may in its sole and absolute discretion provide for discretionary bonuses for any of the Key Employees.

(c) The term "Performance Criteria" means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant. The Performance Criteria that will be used to establish Performance Goals are limited to the following: net earnings, operating earnings or income, earnings per share, cash flow, absolute and/or relative return on equity or assets, pre-tax profits, earnings growth, revenue growth, share price growth, shareholder returns, gross or net profit margin, comparison to peer companies, or any combination of the foregoing, any of which may be measured either in absolute terms, or as compared to any incremental increase, or as compared to the results of a peer group.

(d) The term "Performance Goals" means the goals established in writing by the Committee for the fiscal year based upon the Performance Criteria. The Performance Goal may be expressed in terms of overall Company performance or the performance of an operating unit, business unit, segment, subsidiary or other division or any portion or combination thereof of the Company.

(e) Actual financial performance shall be measured by reference to the Company's financial records and the consolidated financial statements of the Company. In determining performance, the Committee in its sole and absolute discretion shall, in the case of awards to Covered Employees, and may, in the case of awards to Key Employees, direct that adjustments to the Performance Goals or actual financial performance as reported be made to reflect extraordinary organizational, operational or other changes that have occurred during such fiscal year, such as (without limitation) acquisitions, dispositions, expansions, contractions, material non-recurring items of income or loss or events that might create unwarranted hardships or windfalls to Participants, in each case, with respect to Covered Employees, only to the extent consistent with the requirements of Section 162(m) to qualify such awards as performance-based compensation. Notwithstanding the foregoing, the Committee may, by express provision with respect to a specific award provide at the time the performance goals are established that one or more of the adjustments in the foregoing sentence will not be made with respect to the award or establish such other events or circumstances, consistent with Section 162(m), with respect to which the Committee will make appropriate adjustment to the award. The Committee is authorized at any time during or after the fiscal year to increase (except with respect to awards payable to Covered Employees), reduce or eliminate the amount of an award payable to any Participant for any reason. The Committee may also provide that the Chief Executive Officer or Chairman of the Board shall have the discretion to increase or decrease the award otherwise payable to any Key Employee based upon their individual performance during the fiscal year.

Section 5. Awards

(a) No later than 90 days after the last day of each fiscal year, the Committee shall determine awards to Participants for such fiscal year by comparing actual financial performance to the Performance Goals, Performance Criteria and amounts of awards adopted by the Committee for such year and the Committee shall, with respect to Covered Employees, certify, by resolution or other appropriate action in writing, that the amount of the award has been accurately determined in accordance with the terms, conditions and limits of the Plan and that the Performance Goals and any other material terms established by the Committee or set forth in this Plan were in fact satisfied. If the Committee has not adopted specified goals for the fiscal year, the Committee shall meet no later than 90 days after the last day of such fiscal year to determine if discretionary bonuses shall be awarded to Key Employees. Each award under the Plan shall be paid in cash promptly after the amount of the award has been determined and, with respect to awards to Covered Employees, the Committee has certified that the relevant performance goals have been achieved; provided, that in all events, each award shall be paid no later than the 15th day of the third month following the Company's first taxable year in which such award is no longer subject to a substantial risk of forfeiture.

(b) No award under this Plan shall be considered as compensation in calculating any insurance, profit-sharing, retirement, or other benefit for which the recipient is eligible unless any such insurance, profit-sharing, retirement or other benefit is granted under a plan which expressly provided that incentive compensation shall be considered as compensation under such plan.

(c) There is no requirement that the maximum amount available for awards in any fiscal year be awarded, nor that an award will be granted to any particular Participant for any fiscal year. Any portion of any amount available for making awards for any fiscal year which shall not have been awarded, shall not carry over or increase the maximum amount of awards payable in any subsequent year.

(d) Notwithstanding any provision in the Plan to the contrary, the maximum award payable to any Participant under the Plan for any calendar year shall be $3.2 million.

(e) In the exercise of its discretion, the Committee may allow a Participant to elect to defer the receipt of all or any portion of an award under the Plan. Any such deferral shall be made pursuant to the terms and conditions set forth in any deferred compensation plan or arrangement adopted by the Company. In the case of any deferred payment of an award to a Covered Employee after the attainment of the applicable Performance Goal, any amount in excess of the amount otherwise payable shall be based on either Moody's Average Corporate Bond Yield (or such other rate of interest that is deemed to constitute a "reasonable rate of interest" for purposes of Section 162(m)) over the deferral period or the return over the deferral period of one or more predetermined actual investments such that the amount payable at the later date will be based upon actual returns, including any decrease or increase in the value of the investment(s).

Section 6. Death of Participant

If a Participant dies before or after termination of employment but prior to the payment date of an award for which such Participant is otherwise entitled hereunder, any such unpaid award shall be paid to his or her legal representatives or, where the Committee has authorized the designation of beneficiaries, to such beneficiaries as may have been designated by the Participant, at the time that awards are payable to Participants generally under Section 5(a).

Section 7. Non-Assignability and Contingent Nature of Rights

No Participant, no person claiming through him or her, nor any other person shall have any right or interest in the Plan or its continuance, or in the payment of any award under the Plan, unless and until all the provisions of the Plan, the rules adopted thereunder, and restrictions and limitations on the award itself have been fully complied with. No rights under the Plan, contingent or otherwise, shall be transferable, assignable or subject to any pledge or encumbrance of any nature.

Section 8. Source of Payments

The Company shall not have any obligation to establish any separate fund or trust or other segregation of assets to provide for payments under the Plan. To the extent any person acquires any rights to receive payments hereunder from the Company, such rights shall be no greater than those of an unsecured creditor.

Section 9. Tax Withholding

The Company or a Subsidiary thereof, as appropriate, shall have the right to deduct from all payments made under the Plan to a Participant or to a Participant’s beneficiary or beneficiaries any Federal, state or local taxes required by law to be withheld with respect to such payments.

Section 10. Duration, Termination and Amendment

Subject to approval by the Company’s stockholders at the 2005 annual meeting of Company stockholders, the Plan shall be effective for the fiscal year of the Company commencing January 1, 2005 and shall continue in effect until the fifth anniversary of the date of such stockholder approval, unless earlier terminated as described below. Upon such approval of the Plan by the Company’s stockholders at the 2005 annual meeting of Company stockholders, all awards approved or granted under the Plan on or after January 1, 2005 shall be fully effective.

The Committee may at any time terminate or from time to time modify or suspend, in whole or in part, and if suspended, may reinstate, any or all of the provisions of the Plan in such respects as the Committee may deem advisable; provided that no such termination or modification shall impair any rights which have accrued under the Plan; and provided further, that the Committee may not without stockholder approval adopt any amendment that would require the vote of stockholders pursuant to Section 162(m).

Section 11. No Restriction on Right to Effect Changes

The Plan shall not affect in any way the right or power of the Company or its stockholders to make or authorize any sale of all or any portion of the assets of the Company or any Subsidiary, any merger or consolidation of the Company or any Subsidiary, a reorganization, dissolution or liquidation of the Company or any Subsidiary, or any other event or series of events, whether of a similar character or otherwise.

Section 12. Headings

The headings of sections herein are included solely for convenience of reference and shall not affect the meaning of any of the provisions of the Plan.

Section 13. Governing Law

This Plan shall be governed by and construed in accordance with the laws of the State of California.

Section 14. No Contract of Employment or Right to Awards

Nothing contained herein shall be construed as a contract of employment between the Company and any Participant, or as giving a right to any person to be granted awards under the Plan or to continue in the employment of the Company or any of its Subsidiaries, or as limiting the right of the Company or any of its Subsidiaries to discharge any Participant at any time, with or without cause.

Exhibit 10.10

GUESS?, INC.

2002 EMPLOYEE STOCK PURCHASE PLAN

(Amended and Restated Effective March 4, 2009)

1. Purpose. The Company maintains the Guess?, Inc. 2002 Employee Stock Purchase Plan, which was approved by the Company's stockholders on May 13, 2002, amended as of December 17, 2007 and amended and restated effective as of March 4, 2009. The purpose of the Plan is to provide employees of the Company with an opportunity to purchase Common Stock of the Corporation through accumulated payroll deductions. It is the intention of the Company to have the Plan qualify as an "Employee Stock Purchase Plan" under Section 423 of the Internal Revenue Code of 1986, as amended. The provisions of the Plan, accordingly, shall be construed so as to extend and limit participation in a manner consistent with the requirements of that section of the Code.

2. Definitions.

(a) "Board" shall mean the Board of Directors of the Corporation.

(b) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(c) "Commission" shall mean the Securities and Exchange Commission.

(d) "Committee" shall mean the Committee appointed by the Board to administer the Plan pursuant to Section 14.

(e) "Common Stock" shall mean the Common Stock of the Corporation.

(f) "Company" shall mean the Corporation and any of its Designated Subsidiaries.

(g) "Compensation" shall have the same meaning as given under the Guess?, Inc. 401(k) Plan and Trust or such other definition as may be determined by the Committee, provided, however, that amounts deferred by eligible employees pursuant to the terms of the Guess?, Inc. Nonqualified Deferred Compensation Plan shall also be included as "Compensation" for all purposes hereunder.

(h) "Corporation" shall mean Guess?, Inc., a Delaware corporation

(i) "Designated Subsidiary" shall mean any Subsidiary which has been designated by the Board from time to time in its sole discretion as eligible to participate in the Plan.

(j) "Employee" shall mean any individual who is an Employee of the Company for tax purposes and whose customary employment with the Company is at least twenty (20) hours per week and more than five (5) months in any calendar year. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Where the period of leave exceeds ninety (90) days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the ninety-first (91 st) day of such leave.

(k) "Enrollment Date" shall mean the first day of each Offering Period.

(l) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(m) "Exercise Date" shall mean the last day of each Offering Period.

(n) "Fair Market Value" shall mean, on any given date, the value of Common Stock determined as follows:

(i) if the Common Stock is listed or admitted to trade on a national securities exchange, the closing price of the shares of Common Stock on the Composite Tape, as published in the Western Edition of The Wall Street Journal, of the principal national securities exchange on which the Common Stock is so listed or admitted to trade, on such date;

(ii) if the Common Stock is not listed or admitted to trade on a national securities exchange, the last price for the Common Stock on such date, as furnished by the National Association of Securities Dealers, Inc. ("NASD") through the NASDAQ National Market Reporting System or a similar organization if the NASD is no longer reporting such information;

(iii) if the Common Stock is not listed or admitted to trade on a national securities exchange and is not reported on the National Market Reporting System, the mean between the bid and asked price for the Common Stock on such date, as furnished by the NASD or a similar organization; or

(iv) if the Common Stock is not listed or admitted to trade on a national securities exchange, is not reported on the National Market Reporting System and if bid and asked prices for the stock are not furnished by the NASD or a similar organization, the value as established by the Board at such time for purposes of this Plan.

(o) "Offering Period" shall mean a period of approximately three (3) months, commencing on the last Monday of the second fiscal month of each fiscal quarter of the Company and terminating on the penultimate Friday of the second fiscal month of each immediately following fiscal quarter of the Company. The duration of Offering Periods may be changed pursuant to Section 4 of this Plan.

(p) "Plan" shall mean this 2002 Employee Stock Purchase Plan.

(q) "Purchase Price" shall mean an amount equal to eighty-five percent (85%) of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower.

(r) "Reserves" shall mean the number of shares of Common Stock covered by each option under the Plan which have not yet been exercised and the number of shares of Common Stock which have been authorized for issuance under the Plan but not yet placed under option.

(s) "Rule 16b-3" means Rule 16b-3 as promulgated by the Commission under Section 16 of the Exchange Act, as amended from time to time.

(t) "Subsidiary" shall mean a corporation, domestic or foreign, of which not less than fifty percent (50%) of the voting shares are held by the Corporation or a Subsidiary, whether or not such corporation now exists or is hereafter organized or acquired by the Corporation or a Subsidiary.

(u) "Trading Day" shall mean a day on which national stock exchanges and the Nasdaq System are open for trading.

3. Eligibility.

(a) Any Employee who shall be employed by the Company on a given Enrollment Date shall be eligible to participate in the Plan for the corresponding Offering Period.

(b) Any provisions of the Plan to the contrary notwithstanding, no Employee shall be granted an option under the Plan (i) to the extent that, immediately after the grant, such Employee (or any other person whose stock would be attributed to such Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company and/or hold outstanding options (granted under this Plan or otherwise) to purchase such stock possessing five percent (5%) or more of the total combined voting power or value of all classes of the capital stock of the Company or of any parent corporation (if any) or any Subsidiary, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans of the Company and its parent corporation (if any) and its Subsidiaries qualified under Section 423 of the Code accrues at a rate which exceeds Twenty-Five Thousand Dollars ($25,000.00) worth of stock (determined at the Fair Market Value of the shares at the time such option is granted) for each calendar year in which such option is outstanding at any time.

4. Offering Periods. The Plan shall be implemented by consecutive Offering Periods with a new Offering Period commencing on the last Monday of the second fiscal month of each fiscal quarter of the Company and terminating on the penultimate Friday of the second fiscal month of each immediately following fiscal quarter of the Company, or on such other date as the Board shall determine, and continuing thereafter until terminated in accordance with Section 20 hereof. The Board shall have the power to change the duration of the Offering Periods (not to exceed 27 months), including the commencement dates thereof, with respect to future offerings without stockholder approval if such change is announced at least five (5) days prior to the beginning of the first Offering Period to be affected thereunder.

5. Participation.

(a) An eligible Employee may become a participant in the Plan by completing a subscription agreement authorizing payroll deductions in the form of Exhibit A to this Plan. Such subscription agreement must be filed with the Company at least five (5) business days prior to the applicable Enrollment Date (or such other date as the Committee may designate).

(b) Payroll deductions for a participant shall commence on the first payroll following the Enrollment Date and shall end on the last payroll in the Offering Period to which such authorization is applicable, unless sooner terminated by the participant as provided in Section 10 hereof.

(c) For purposes of this Plan, if a Designated Subsidiary ceases to be a Subsidiary, each person employed by that Subsidiary will be deemed to have terminated employment for purposes of this Plan and will no longer be an Employee unless the person continues as an Employee in respect of another Company entity.

6. Payroll Deductions.

(a) At the time a participant files his or her subscription agreement, he or she shall elect to have payroll deductions made on each pay day during the Offering Period in an amount not less than one percent (1%) and not in excess of fifteen percent (15%) of the Employee's Compensation during the Offering Period.

(b) Subject to Section 6(a), all payroll deductions made for a participant shall be credited to his or her account under the Plan and shall be withheld in whole percentages. A participant may not make any additional payments into such account.

(c) A participant may discontinue his or her participation in the Plan as provided in Section 10 hereof. A participant's subscription agreement shall remain in effect for successive Offering Periods unless terminated as provided in Section 10 hereof or by filing a new subscription agreement with the Company at least five (5) business days prior to the Enrollment Date of the immediately following Offering Period (or such other date as the Committee may designate).

(d) Notwithstanding the foregoing, to the extent necessary to comply with Section 7 hereof or Section 423(b)(8) of the Code and Section 3(b) hereof, a participant's payroll deductions may be decreased to zero percent (0%) at any time during an Offering Period. Payroll deductions shall recommence at the rate provided in such participant's subscription agreement at the beginning of the first Offering Period which is scheduled to end in the following calendar year, unless terminated by the participant as provided in Section 10 hereof.

(e) At the time the option is exercised, in whole or in part, or at the time some or all of the Company's Common Stock issued under the Plan is disposed of, the participant must make adequate provision for the Company's federal, state, or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock. At any time, the Company may, but shall not be obligated to, withhold from the participant's compensation the amount necessary for the Company to meet applicable withholding obligations, including any withholding required to make available to the Company any tax deductions or benefits attributable to sale or early disposition of Common Stock by the Employee. Notwithstanding anything herein to the contrary, with respect to any withholding obligation that may arise upon the exercise of an option, the Company may, but shall not be obligated to, deduct from a participant's account balance as of an Exercise Date, before the exercise of the participant's option is given effect, the amount which the Company reasonably determines to be required to withhold with respect to such exercise. In such event, the maximum number of whole shares subject to the option (subject to the other limits set forth in the Plan) shall be purchased at the Purchase Price with the balance of the participant's account (after reduction for the tax withholding amount).

7. Grant of Option. On the Enrollment Date of each Offering Period, each eligible Employee participating in such Offering Period shall be granted an option to purchase on the Exercise Date of such Offering Period (at the applicable Purchase Price) up to a number of shares of the Company's Common Stock determined by dividing such Employee's payroll deductions accumulated prior to such Exercise Date and retained in the Participant's account as of the Exercise Date by the applicable Purchase Price; provided that, in no event, shall an Employee be permitted to purchase during each Offering Period more than 200,000 shares (subject to any adjustment pursuant to Section 19), and provided further that such purchase shall be subject to the limitations set forth in Section 3(b) and 13 hereof. Exercise of the option shall occur as provided in Section 8 hereof, unless the participant has withdrawn pursuant to Section 10 hereof. The Option shall expire on the last day of the Offering Period.

8. Exercise of Option. Unless a participant withdraws from the Plan as provided in Section 10 hereof, his or her option for the purchase of shares shall be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option shall be purchased for such participant at the applicable Purchase Price with the accumulated payroll deductions in his or her account. No fractional shares shall be purchased; any payroll deductions accumulated in a participant's account which are not sufficient to purchase a full share shall be retained in the participant's account for the subsequent Offering Period, subject to earlier withdrawal by the participant as provided in Section 10 hereof. Any other monies left over in a participant's account after the Exercise Date shall be returned to the participant unless the participant requests such funds to be rolled over to the next offering period. During a participant's lifetime, a participant's option to purchase shares hereunder is exercisable only by him or her.

9. Delivery. As promptly as practicable after each Exercise Date on which a purchase of shares occurs, the Company shall, in its discretion, either: (a) arrange the delivery to the participant or to a record keeping service of a certificate, as appropriate, or (b) issue shares in book entry form to the participant or his or her designated broker, registered in the name of such participant or broker, in each case, representing the shares purchased upon exercise of his or her option.

10. Withdrawal.

(a) A participant may withdraw all but not less than all the payroll deductions credited to his or her account during an Offering Period and not yet used to exercise his or her option under the Plan at any time by giving written notice to the Company in the form of Exhibit B to this Plan. A withdrawal election pursuant to this Section 10(a) with respect to an Offering Period shall be effective if it is received by the Company no later than two (2) business days prior to the Exercise Date of that Offering Period. All of the participant's payroll deductions credited to his or her account shall be paid to such participant promptly after receipt of notice of withdrawal and such participant's option for the Offering Period shall be automatically terminated, and no further payroll deductions for the purchase of shares shall be made for such Offering Period. If a participant withdraws from an Offering Period, payroll deductions shall not resume at the beginning of the succeeding Offering Period unless the participant delivers to the Company a new subscription agreement. A participant may also withdraw from participation in a succeeding Offering Period by giving written notice to the Company in the form of Exhibit B, provided that the notice of withdrawal is received by the Company no later than one (1) business day prior to the Enrollment Date of the succeeding Offering Period (or such other date as the Committee may designate).

(b) A participant's withdrawal from an Offering Period shall not have any effect upon his or her eligibility to participate in any similar plan which may hereafter be adopted by the Company or in succeeding Offering Periods which commence after the termination of the Offering Period from which the participant withdraws.

11. Termination of Employment. Upon a participant's ceasing to be an Employee for any reason, he or she shall be deemed to have elected to exercise his or her option at the next Exercise Date unless the participant gives notice to the Company at least two (2) business days prior to the applicable Exercise Date (or such other date as the Committee may designate) in the form of Exhibit C to this Plan. Upon the participant's timely filing of such notice, the participant shall be withdrawn from the Plan and the payroll deductions credited to such participant's account during the Offering Period but not yet used to exercise the option shall be returned to such participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15 hereof, and such participant's option shall be automatically terminated. The preceding sentence notwithstanding, a participant who receives payment in lieu of notice of termination of employment shall be treated as continuing to be an Employee for the participant's customary number of hours per week of employment during the period in which the participant is subject to such payment in lieu of notice.

12. Interest. No interest shall accrue on the payroll deductions of a participant in the Plan.

13. Stock.

(a) The maximum number of shares of the Common Stock which shall be made available for sale under the Plan shall be four million (4,000,000) shares(1), subject to adjustment upon changes in capitalization of the Company as provided in Section 19 hereof. If, on a given Exercise Date, the number of shares with respect to which options are to be exercised exceeds the number of shares then available under the Plan, the Company shall make a pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

(b) The participant shall have no interest or voting right in shares covered by his option until such option has been exercised.

(c) Shares to be delivered to a participant under the Plan shall be registered in the name of the participant (or the participant and his or her spouse) or his or her designated broker.

14. Administration.

(a) The Board shall appoint the Committee, which shall be composed of not less than two members of the Board. Each member of the Committee, in respect of any transaction at a time when an affected participant may be subject to Section 16 of the Exchange Act, shall be a "non-employee director" within the meaning of Rule 16b-3. The Board may, at any time, increase or decrease the number of members of the Committee, may remove from membership on the Committee all or any portion of its members, and may appoint such person or persons as it desires to fill any vacancy existing on the Committee, whether caused by removal, resignation, or otherwise. The Board may also, at any time, assume or change the administration of this Plan.

(b) The Committee shall supervise and administer this Plan and shall have full power and discretion to adopt, amend and rescind any rules deemed desirable and appropriate for the administration of this Plan and not inconsistent with the terms of this Plan, and to make all other determinations necessary or advisable for the administration of this Plan. The Committee shall act by majority vote or by unanimous written consent. No member of the Committee shall be entitled to act on or decide any matter relating solely to himself or herself or solely to any of his or her rights or benefits under this Plan. The Committee shall have full power and discretionary authority to construe and interpret the terms and conditions of this Plan, which construction or interpretation shall be final and binding on all parties including the Company, participants and beneficiaries. The Committee may delegate ministerial non-discretionary functions to third parties, including individuals who are officers or employees of the Company.

(1) The maximum number of shares available under this Plan consists of the 2,000,000 shares of Common Stock that were initially approved for issuance under the Plan upon its original adoption by the Board on January 4, 2002 plus an additional 2,000,000 shares of Common Stock as were necessary to reflect the Company's two-for-one stock split effected in the form of a 100% stock dividend as approved by the Board on February 12, 2007 and distributed March 12, 2007.

(c) Subject only to compliance with the express provisions hereof, the Board and Committee may act in their absolute discretion in matters within their authority related to this Plan. Any action taken by, or inaction of, the Company, any Designated Subsidiary, the Board or the Committee relating or pursuant to this Plan shall be within the absolute discretion of that entity or body and will be conclusive and binding upon all persons. In making any determination or in taking or not taking any action under this Plan, the Board or Committee, as the case may be, may obtain and may rely on the advice of experts, including professional advisors to the Company. No member of the Board or Committee, or officer or agent of the Company, will be liable for any action, omission or decision under the Plan taken, made or omitted in good faith.

15. Designation of Beneficiary.

(a) A participant may file a written designation of a beneficiary who is to receive any shares and cash, if any, from the participant's account under the Plan in the event of such participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such participant of such shares and cash. In addition, a participant may file a written designation of a beneficiary who is to receive any cash from the participant's account under the Plan in the event of such participant's death prior to exercise of the option. If a participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the participant at any time by written notice. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in it discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the participant, if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

16. Transfer Restrictions.

(a) Neither payroll deductions credited to a participant's account nor any rights with regard to the exercise of an option or to receive shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15 hereof) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

(b) Unless the Board or the Committee determines otherwise prior to the start of any Offering Period, the shares of Common Stock purchased by a participant on each Exercise Date that occurs after April 1, 2009 must be held and not sold by the participant for a minimum period of six (6) months following the applicable Exercise Date. Accordingly, the participant shall not sell, make any short sale of, loan, hypothecate, assign, transfer, pledge, grant any option for the purchase of, or otherwise dispose or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to any shares purchased by the participant under the Plan until those shares have been held for at least a six (6) month period measured from the applicable Exercise Date. (By way of example, shares purchased on an Exercise Date of June 26 may not be sold or otherwise transferred by the participant until at least December 26 of the same year.) This transfer restriction shall hereafter be referred to as the "Holding Period Requirement." Notwithstanding the foregoing, the Board or Committee may at any time elect to reduce or waive the Holding Period Requirement.

(c) A participant shall have, with respect to purchased shares that are subject to the Holding Period Requirement, all of the rights of a shareholder of the Corporation, including the right to vote the shares and the right to receive any cash or other dividends with respect to the shares. Any new, substituted or additional securities which are, by reason of any stock split, stock dividend, recapitalization, combination or reclassification of shares, exchange of shares or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, distributed with respect to any purchased shares shall be subject to the same Holding Period Requirement, if any, applicable to those shares.

(d) In order to enforce the Holding Period Requirement, the Corporation may impose stop-transfer instructions or take such other actions it deems necessary or advisable with respect to the purchased shares until the end of the applicable six (6) month period.

(e) Upon a participant's ceasing to be an Employee for any reason, any shares held by such participant that are then subject to a Holding Period Requirement or that are thereafter purchased pursuant to Section 11 hereof, shall no longer be subject to the Holding Period Requirement.

17. Use of Funds. All payroll deductions received or held by the Company under the Plan may be used by the Company for any corporate purpose, and the Company shall not be obligated to segregate such payroll deductions.

18. Reports. Individual accounts shall be maintained for each participant in the Plan. Statements of account shall be given to participating Employees as soon as administratively practicable following each Exercise Date, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares purchased and the remaining cash balance, if any.

19. Adjustments Upon Changes in Capitalization, Dissolution, Liquidation, Merger or Asset Sale.

(a) Changes in Capitalization. Subject to any required action by the stockholders of the Company, the Reserves, the maximum number of shares each participant may purchase per Offering Period (pursuant to Section 7), as well as the price per share and the number of shares of Common Stock covered by each option under the Plan which has not yet been exercised shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of Company shall not be deemed to have been "effected without receipt of consideration." Such adjustments shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an option.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Offering Period then in progress shall be shortened by setting a new Exercise Date (the "New Exercise Date"), and shall terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Board. The new Board shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that that participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each outstanding option shall be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period then in progress shall be shortened by setting a New Exercise Date and shall end on the New Exercise Date. The New Exercise Date shall be before the date of the Company's proposed sale or merger. The Board shall notify each participant in writing, at least ten (10) business days prior to the New Exercise Date, that the Exercise Date for the participant's option has been changed to the New Exercise Date and that the participant's option shall be exercised automatically on the New Exercise Date, unless prior to such date the participant has withdrawn from the Offering Period as provided in Section 10 hereof.

20. Amendment or Termination.

(a) The Board may at any time and for any reason terminate, suspend or amend the Plan. Except as provided in Section 19 hereof, no such termination can affect options previously granted, provided that an Offering Period may be terminated by the Board of Directors on any Exercise Date if the Board determines that the termination of the Plan is in the best interests of the Company and its stockholders. Except as provided in Section 19 hereof, no amendment may make any change in any option theretofore granted which adversely affects the rights of any participant. To the extent necessary to comply with Section 423 of the Code (or any successor rule or provision or any other applicable law, regulation or stock exchange rule), the Company shall obtain stockholder approval in such a manner and to such a degree as required.

(b) Without stockholder consent and without regard to whether any participant rights may be considered to have been "adversely affected," the Board (or its committee) shall be entitled to change the Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment period and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with amounts withheld from the participant's Compensation, and establish such other limitations or procedures as the Board (or its committee) determines in its sole discretion advisable which are consistent with the Plan.

21. Notices. All notices or other communications by a participant to the Company under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

22. Conditions Upon Issuance of Shares. Shares shall not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of law.

23. Term of Plan.

(a) The Plan shall become effective upon its adoption by the Board. No new Offering Periods shall commence on after the day before the tenth (10^{th}) anniversary of the effective date of the Plan and the Plan shall terminate as of the Exercise Date on or immediately following such date unless sooner terminated under Section 20 hereof.

(b) Notwithstanding anything else contained herein to the contrary, the effectiveness of the Plan is subject to the approval of this Plan by the stockholders of the Company within twelve (12) months after the effective date of the Plan.

24. Employees' Rights.

(a) Nothing in this Plan (or in any other documents related to this Plan) will confer upon any Employee or participant any right to continue in the employ or other service of the Company, constitute any contract or agreement of employment or other service or effect an employee's status as an employee at will, nor shall interfere in any way with the right of the Company to change such person's compensation or other benefits or to terminate his or her employment or other service with or without cause. Nothing contained in this Section 24(a), however, is intended to adversely affect any express independent right of any such person under a separate employment or service contract other than a subscription agreement.

(b) No participant or other person will have any right, title or interest in any fund or in any specific asset (including shares) of the

Company by reason of any option hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company and any participant or other person. To the extent that a participant or other person acquires a right to receive payment pursuant to this Plan, such right will be no greater than the right of any unsecured general creditor of the Corporation. No special or separate reserve, fund or deposit will be made to assure any such payment.

(c) A participant will not be entitled to any privilege of stock ownership as to any shares not actually delivered to the participant pursuant to Section 9. No adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

25. Miscellaneous.

(a) This Plan, the options, and related documents shall be governed by, and construed in accordance with, the laws of the State of Delaware. If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.

(b) Captions and headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such captions and headings shall not be deemed in any way material or relevant to the construction of interpretation of this Plan or any provision hereof.

(c) The adoption of this Plan shall not affect any other Company compensation or incentive plans in effect. Nothing in this Plan will limit or be deemed to limit the authority of the Board or Committee (i) to establish any other forms of incentives or compensation for employees of the Company (with or without reference to the Common Stock), or (ii) to grant or assume options (outside the scope of and in addition to those contemplated by this Plan) in connection with any proper corporate purpose; to the extent consistent with any other plan or authority.

(d) Benefits received by a participant under an option granted pursuant to this Plan shall not be deemed a part of the participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Company, except where the Committee or the Board expressly otherwise provides or authorizes in writing.

26. Notice of Sale. Any person who has acquired shares under this Plan shall give prompt written notice to the Company of the sale or other transfer of the shares if such sale or transfer occurs (i) within the two (2) year period after the Enrollment Date (date the option is granted) of the Offering Period with respect to which such shares were acquired or (ii) within the twelve (12) month period after the Exercise Date of the Offering Period with respect to with such shares were acquired.

******

Adoption
Adopted by the Board of Directors on January 4, 2002
Approved by the stockholders on May 13, 2002
First Amendment Approved by the Board of Directors on December 17, 2002
Amended and Restated by the Board of Directors Effective March 4, 2009

Exhibit 10.11

AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** (the "Agreement"), made as of December 18, 2008, between Guess?, Inc., a Delaware corporation (the "Company"), and Maurice Marciano (the "Executive").

W I T N E S S E T H:

WHEREAS, the Executive is a co-founder of the Company and the Company and the Executive are parties to that certain Executive Employment Agreement dated as of January 1, 2007 (the "Prior Agreement").

WHEREAS, the Company and the Executive wish to amend and restate the Prior Agreement upon the terms set forth in this Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") effective as of the date hereof.

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 Chairman of the Board of Directors. In this capacity, the Executive shall be responsible to identify and develop key strategic initiatives with the Company's Chief Executive Officer and to fulfill such other duties and responsibilities as the Board of Directors of the Company (the "Board") shall reasonably designate that are consistent with the Executive's position as Chairman. 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 such portion 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 January 1, 2007 (the effective date of the Prior Agreement, referred to herein as the "Effective Date") and, unless terminated earlier as provided in Section 7 hereof, ending on the last day of the fifth (5^{th}) whole Fiscal Year of the Company commencing on or after the Effective Date (the "Original Employment Term"), provided that the Employment Term shall be automatically extended, subject to earlier termination as provided in Section 7 hereof, for successive additional one (1) Fiscal Year periods (the "Additional Terms"), unless, on or before ninety (90) days prior to the expiration of the Original Employment Term or of any Additional Term, the Company or the Executive has notified the other in writing that the Employment Term shall terminate at the end of the then-current 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 Dollars ($1,000,000), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive's

Base Salary shall be subject to annual review by the Board (or a committee thereof) after 2007 and may be increased, but not decreased, from time to time by the Board; provided, however, that if the Executive notifies the Board that he wishes to reduce substantially his duties hereunder, the Board may adjust his Base Salary and other compensation hereunder accordingly. 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.

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") that begins on or after January 1, 2007 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 from time to time (the "Bonus Plan"), and, if appropriate, the Company's 2004 Equity Incentive Plan, as amended from time to time (the "Equity Plan"), based upon the achievement by the Company and its subsidiaries of performance goals under the Bonus Plan and under the Equity Plan for each such Fiscal Year established by the Compensation Committee of the Board of Directors (the "Compensation Committee"). The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. The range of the Bonus opportunity for each 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 140% of the Executive's Base Salary (for each such year, the "Target Bonus"), the threshold Bonus for a Fiscal Year shall be one-half the Target Bonus for such year and the maximum Bonus payable pursuant to this Section 4 for any Fiscal Year shall not exceed the amount that is 225% of the Executive's Base Salary for such year. The Bonus, if any, payable to the Executive in respect of any Fiscal Year will be paid at the same time that bonuses are paid to other executives of the Company, but in any event within seventy-five (75) days after the conclusion of such Fiscal Year. After the expiration of the Bonus Plan and the Equity Plan, the Executive's right to receive future Bonus opportunities under such plan is subject to approval by the stockholders of the Company of a similar successor plan under which such opportunity may be granted. The Compensation Committee may, in its sole discretion, award additional bonuses to the Executive.

5. **EQUITY BASED INCENTIVE AWARDS**.

(a) **PERFORMANCE SHARE AWARDS**. The Company shall grant the Executive under the Equity Plan at the completion of each whole Fiscal Year commencing on and after January 1, 2007 and during the Employment Term shares of the Company's common stock ("Performance Shares") based upon the achievement by the Company and its subsidiaries of performance goals under the Equity Plan for each such Fiscal Year established by the Compensation Committee. The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. Performance Shares will be granted for each whole Fiscal Year during the Employment Term at "target" and "stretch" levels of 110% (i.e., $1,100,000 for 2007) and 240% (i.e., $2,400,000 for 2007) of the Executive's Base Salary for such Fiscal Year. Performance Shares granted in any particular Fiscal Year will be subject to the standard vesting schedule established by the Compensation Committee for Performance Share grants in that year (the current vesting schedule is a 4-year vesting schedule). After the expiration of the Equity Plan, the Executive's right to receive future grants of Performance Shares is subject to approval by the stockholders of the Company of a similar successor plan under which such awards may be granted.

(b) **STOCK OPTION AWARDS**. The Company shall grant the Executive under the Equity Plan at the completion of each whole Fiscal Year commencing on or after January 1, 2007 and during the Employment Term stock options to purchase the Company's common stock at an exercise price of not less than the fair market value of such stock on the grant date ("Stock Options") based upon the achievement by the Company and its subsidiaries of performance goals under the Equity Plan for each such Fiscal Year established by the Compensation Committee. The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. Stock Options for each whole Fiscal Year during the Employment Term will be granted at a grant-date Black-Scholes value of 110% of the Executive's Base Salary for such Fiscal Year (i.e., $1,100,000 for 2007). Stock Options granted in any particular Fiscal Year will be subject to the standard vesting schedule established by the Compensation Committee for Stock Option grants in that year (the current vesting schedule is a 4-year vesting schedule). After the expiration of the Equity Plan, the Executive's right to receive future grants of Stock Options is subject to approval by the stockholders of the Company of a similar successor plan under which such awards may be granted.

(c) **DISCRETIONARY GRANTS**. In addition to the Performance Share and Stock Option Awards under Section 5(a) and (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 position 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 in effect on January 1, 2006, and any deferred compensation plan which may be maintained by the Company from time to time.

(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 business 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) **AUTOMOBILE**. The Company shall continue to provide the Executive with an automobile during the Employment Term 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 BENEFIT** . The Company shall provide the Executive and his eligible family members with Post-Retirement Health Benefits at its expense commencing upon expiration of the Employment Term for any reason other than a termination for Cause, in which case the Company shall have no obligation to provide Post-Retirement Health Benefits . 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; provided that the Post-Retirement Health Benefits may be made secondary to any other benefits to which the Executive may be entitled under another employer-provided plan or a governmental plan such as Medicare.

(f) **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.

(g) **CHANGE IN CONTROL**. In the event there is a Change in Control, 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 health" within the meaning of Section 409A(b)(2) of the Code. For this purpose, the term "Change in Control" is used as defined in the Equity Plan except that in no event shall a "Change in Control" be triggered pursuant to clause (A) of such term as so defined unless the Acquiring Person becomes the Beneficial Owner of twenty percent (20%) or more of the then outstanding shares of Common Stock or the Combined Voting Power of the Company (except pursuant to an offer for all outstanding shares of Common Stock at a price and upon such terms and conditions as a majority of the Continuing Directors determine to be in the best interests of the Company and its shareholders (other than an Acquiring Person on whose behalf the offer is being made)) in one or more bona fide transactions and such level of ownership of such Common Stock or Combined Voting Power, as applicable, exceeds the aggregate level of ownership of the Marcianos of such Common Stock or Combined Voting Power, respectively. For purposes of the preceding sentence, "Marcianos" means Maurice Marciano, Paul Marciano, and any trust established in whole or in part for the benefit of one or more of them or their family members, or any other entity controlled by one or more of them, and any other capitalized term used in such sentence is used as defined in the Equity Plan if not otherwise defined in this Agreement.

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 Internal Revenue Code of 1986, as amended (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 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 age sixty-five (65).

(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 age sixty-five (65) 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 Chairman of the Board of the Company;

(C) any failure to nominate or elect the Executive as Chairman of the Board 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;

(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), or

(v) a termination of employment by the Executive for any reason or no reason during the 30-day period commencing 6 months after a Change of Control.

(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(g) 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-five (75) 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-five (75) 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-five (75) 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 (but, as to any performance year that begins on or prior to January 1, 2009, in no event less than the amount for target performance for that 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);

(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; and

(iv) two years of additional service credit and age for benefit accrual, early retirement reduction and vesting purposes under the Guess?, Inc. Supplemental Executive Retirement Plan.

Subject to Section 21(a), the payment 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 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 amount 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).

In addition, the Company, at its election, shall have the option in its full and absolute discretion to enter into a two-year consulting agreement with the Executive in substantially the same form and on substantially the same conditions as set forth in Appendix A below, with the consulting period (if any) to commence on the first day following the date of the Executive's termination of employment.

(e) **NON-RENEWAL**. A notice of non-renewal of this Agreement by the Company that would result in expiration of the Employment Term prior to the Executive's sixty-fifth (65^{th}) birthday shall be treated as a termination of the Executive's employment by the Company without "Cause" for the purposes of this Agreement.

(f) **RETIREMENT**. If the Executive retires under Section 7(f) of this Agreement, the Company shall pay to the Executive:

(i) any 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-five (75) 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); and

(iii) the Executive shall be considered to have "retired" for purposes of any plans, programs, agreements or arrangements with the Company or its affiliates.

In addition, the Company shall enter into a two-year consulting agreement with the Executive in substantially the same form and on substantially the same conditions as set forth in Appendix A below, with the consulting period to commence on the first day following the date of the Executive's termination of employment.

(g) **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-five (75) 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(f) 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 (including any related gross-up), 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 Company shall pay to the Executive an amount in addition to the Payments (the "Gross-Up Payment") as calculated below. The Gross Up Payment shall be in an amount such that, after deduction of any Excise Tax on the Payments and any federal, state and local income and employment tax and Excise Tax on the Gross Up Payment, but before deduction for any federal, state or local income and employment tax on the Payments, the net amount retained by the Executive shall be equal to the Payments. The process for calculating the Excise Tax, determining the amount of any Gross-Up Payment and other procedures relating to this Section are set forth in Appendix B attached hereto. For purposes of making the determinations and calculations required herein, the Accounting Firm (as defined in Appendix B) 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 shall be promptly paid on behalf of, or reimbursed, to the Executive by the Company. If the Executive incurs legal or other fees and expense 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. 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 as of the date of the Executive's "separation from service" (within the meaning of Section 409A) 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 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, 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, as soon as practicable (and in all events within 15 days) after the date that is six (6) months after the Executive's "separation from service" (or, if earlier, as soon as practicable, and in all events within 15 days, 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. This Agreement shall be construed and interpreted consistent with that intent.

(c) Any reimbursement payment due to the Executive under Section 6(e) (only to the extent that such benefits are taxable to the Executive), Section 6(f), 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 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(e), 6(f), 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.

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 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/ Carlos Alberini
Name: Carlos Alberini
Its: President and COO

MAURICE MARCIANO

/s/ Maurice Marciano

APPENDIX A

CONSULTING AGREEMENT

CONSULTING AGREEMENT dated this th day of 20 by and between Guess?, Inc. (the "Company") and Maurice Marciano ("Marciano").

WITNESSETH:

WHEREAS, Marciano serves as an executive Chairman of the Company's Board of Directors (the "Board");

WHEREAS, Marciano desires to retire from his position as such an executive Chairman (the effective date of such retirement is referred to as the "Retirement Date") and to provide consulting services to the Company as the Board may reasonably consider appropriate; and

WHEREAS, the parties desire to set forth their respective rights and obligations regarding Marciano's consulting arrangement.

NOW, THEREFORE, in consideration of the covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Consulting Period. The Company agrees to retain Marciano as a consultant to provide the services described in Section 3 below from the Retirement Date until the second (2nd) anniversary of the Retirement Date (the "Consulting Period"), as provided in this Consulting Agreement.

2. Consulting Services. Marciano shall provide such consulting services to the Company as reasonably requested by the Board from time to time; *provided* that Marciano and the Company agree that in no event will the Company require, nor will Marciano perform, a level of services during the Consulting Period that would result in Marciano not having had a "separation from service" (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")) from the Company and its subsidiaries as of the date his employment by the Company terminated. These services may include but are not limited to actively participating in major marketing or sales initiatives, performing any transition and integration services related to the Company's business and cooperating with the Company regarding any litigation initiated involving matters of which Marciano has particular knowledge. Marciano agrees to be available up to seven days per month during the Consulting Period to perform the Consulting Services. The Consulting Services will be performed at such times as are reasonably requested by the Company after reasonable consultation with Marciano. Marciano shall provide these services in Los Angeles, California, provided that Marciano shall be required to travel for business and client meetings as reasonably requested by the Company.

3. Fees. As compensation for the Consulting Services, the Company shall pay Marciano fifty percent (50%) of Marciano's Base Salary as of the Retirement Date per annum during the Consulting Period. Fees shall be paid monthly in arrears by the 15th day of the following month. Should Marciano die or become "disabled" (within the meaning of Marciano's employment agreement with the Company immediately prior to employment termination) during the Consulting Period, the Company shall make a lump sum cash payment to Marciano (or, in the event of his death, to his estate) of an amount equal to the remaining payments owed through the end of the Consulting Period, with such payment to be made as soon as practicable (but in all events within thirty (30) days) following the date of Marciano's death or the date Marciano becomes "disabled." Marciano shall not be entitled to participate, and shall not participate in any employee benefit plan providing benefits to Company employees, whether presently in force or adopted subsequent to this Consulting Agreement, with respect to his Consulting Services. Notwithstanding the foregoing, Marciano shall retain all compensation and benefits that continue past his Retirement Date pursuant to the terms of his Amended and Restated Employment Agreement with the Company dated December 18, 2008 or otherwise. All reasonable and necessary business expenses incurred by Marciano in the performance of the Consulting Services shall be promptly reimbursed by the Company in accordance with the Company's standard expense reimbursement policies applicable to independent contractors.

---

4. Status. Marciano acknowledges and agrees that his status at all times during the Consulting Period shall be that of an independent contractor. Marciano hereby waives any rights to be treated as an employee or deemed employee of the Company or any of its affiliates for any purpose following his termination of employment at the Retirement Date except as provided under his Employment Agreement. The parties hereby acknowledge and

agree that the compensation provided for in Section 4 shall represent fees for Consulting Services provided by Marciano as an independent contractor, and shall be paid without any deductions or withholdings for taxes.

5. Retained Property. During the Consulting Period, Marciano shall retain all property of the Company in his possession, including, but not limited to, credit cards, security key cards, telephone cards, car service cards, computer software or hardware, Company identification cards, Company records and copies of records, correspondence and copies of correspondence and other books or manuals issued by the Company.

6. Assignability. Marciano may not assign or transfer this Consulting Agreement or any of Marciano's rights, duties or obligations hereunder. The Company may assign this Consulting Agreement to any person or entity acquiring all or substantially all of the assets (by merger or otherwise) of the Company so long as such person, entity or affiliate assumes the Company's obligations hereunder.

7. Entire Agreement. This Consulting Agreement constitutes the full and complete understanding and agreement of the parties hereto with respect to engaging Marciano as a consultant to the Company. This Consulting Agreement may not be changed or amended orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

8. Divisibility. If any one or more of the provisions of this Consulting Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions and other application thereof shall not in any way be affected or impaired.

---

9. Applicable Law. This Consulting Agreement shall be governed by, and the rights and obligations of the parties determined in accordance with, the laws of the State of California as in effect for contracts made and to be performed in the State of California.

10. Survival. All of the Company's obligations hereunder shall survive the termination of this Consulting Agreement.

11. Counterparts. This Consulting Agreement may be executed in counterparts, each of which shall be deemed an original, all of which shall together constitute one and the same Consulting Agreement.

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

IN WITNESS WHEREOF, the undersigned have duly executed this Consulting Agreement as of the day and year first above written.

MAURICE MARCIANO

____

COMPANY

By: ________________________________

Its: ________________________________

APPENDIX B

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

1. Subject to Paragraph 3 below, all determinations required to be made under Section 9 of this Agreement, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, 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. The initial Gross-Up Payment, if any, as determined pursuant to this Paragraph 1, shall be paid on the Executive's behalf to the applicable taxing authorities within five (5) days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable to the Executive, it shall furnish the Executive with a written report indicating that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999

of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph 3 below and the Executive thereafter is required to make a payment or additional payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment, increased by all applicable interest and penalties associated with the Underpayment, shall be promptly paid by the Company to or for the benefit of the Executive. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes on earned income at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Effective Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

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 Auditor, 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 Auditor's fee.

3. The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the period ending on the date that any payment of taxes with respect to such claim is due or the thirty (30) day period following the date on which the Executive gives such notice to the Company, whichever period is shorter. If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall (i) give the Company any information reasonably requested by the Company relating to such claim, (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company, (iii) cooperate with the Company in good faith in order effectively to contest such claim, and (iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including attorneys fees and any additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Paragraph 3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect to such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax and income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other authority.

4. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph 3 above, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Paragraph 3), promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto).

5. Notwithstanding anything to the contrary in this Appendix B, any payment under this Appendix B shall be paid to the Executive promptly but in no event later than the last day of the end of the Executive's taxable year following the taxable year in which the Executive (or the Company) pays or remits the related taxes.

Exhibit 10.12

AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** (the "Agreement"), made as of December 18, 2008 between Guess?, Inc., a Delaware corporation (the "Company"), and Paul Marciano (the "Executive").

W I T N E S S E T H:

WHEREAS, the Executive is a co-founder of the Company and the Company and the Executive are parties to that certain Executive Employment Agreement dated as of January 1, 2007 (the "Prior Agreement").

WHEREAS, the Company and the Executive wish to amend and restate the Prior Agreement upon the terms set forth in this Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") effective as of the date hereof.

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 January 1, 2007 (the effective date of the Prior Agreement, referred to herein as the "Effective Date") and, unless terminated earlier as provided in Section 7 hereof, ending on the last day of the fifth (5th) whole Fiscal Year of the Company commencing on or after the Effective Date (the "Original Employment Term"), provided that the Employment Term shall be automatically extended, subject to earlier termination as provided in Section 7 hereof, for successive additional one (1) Fiscal Year periods (the "Additional Terms"), unless, on or before ninety (90) days prior to the expiration of the Original Employment Term or of any Additional Term, the Company or the Executive has notified the other in writing that the Employment Term shall terminate at the end of the then-current 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 Dollars ($1,000,000), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive's Base Salary shall be subject to annual review by the Board (or a committee thereof) after 2007 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.

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") that begins on or after January 1, 2007 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 from time to time (the "Bonus Plan"), and, if appropriate, the Company's 2004 Equity Incentive Plan, as amended from time to time (the "Equity Plan"), based upon the achievement by the Company and its subsidiaries of performance goals under the Bonus Plan and under the Equity Plan for each such Fiscal Year established by the Compensation Committee of the Board of Directors (the "Compensation Committee"). The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. The range of the Bonus opportunity for each 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 200% of the Executive's Base Salary (for each such year, the "Target Bonus"), the threshold Bonus for a Fiscal Year shall be one-half the Target Bonus for such year and the maximum Bonus payable pursuant to this Section 4 for any Fiscal Year shall not exceed the amount that is 300% of the Executive's Base Salary for such year. The Bonus, if any, payable to the Executive in respect of any Fiscal Year will be paid at the same time that bonuses are paid to other executives of the Company, but in any event within seventy-five (75) days after the conclusion of such Fiscal Year. After the expiration of the Bonus Plan and the Equity Plan, the Executive's right to receive future Bonus opportunities under such plan is subject to approval by the stockholders of the Company of a similar successor plan under which such opportunity may be granted. In addition to the Bonus, the Executive shall retain the special bonus opportunity (the "Licensing Bonus") awarded by the Compensation Committee to the Executive on September 27, 2005, as modified by an action by written consent of the Compensation Committee dated as of November 1, 2005, with respect to the performance of the Company's licensing segment. The Compensation Committee may, in its sole discretion, award additional bonuses to the Executive.

5. **EQUITY BASED INCENTIVE AWARDS**.

(a) EMPLOYMENT INDUCEMENT AWARD. The Company shall grant the Executive under the Equity Plan as of January 1, 2007 a Restricted Stock Award ("Restricted Stock") equal to 500,000 shares of the Company's common stock subject to the following terms and conditions:

(i) If in any whole Fiscal Year commencing on or after January 1, 2007 and during the Employment Term, the Company shall record earnings per share ("Earnings per Share") growth of greater than the Applicable Annual Target as compared to the immediately preceding Fiscal Year, then 20% of the Restricted Stock shall become vested as of the first business day following the issuance of the Company's financial statement for such year, provided the Executive is then employed by the Company. If the Earnings per Share growth requirement is not met for any such year, all of the shares of the Restricted Stock eligible for vesting for that year shall vest on the first business day following the issuance of the Company's financial statement for any subsequent Fiscal Year during the Original Employment Term if the cumulative compound average Earnings per Share growth after the 2006 Fiscal Year through such subsequent Fiscal Year is more than the Applicable Cumulative Target for such subsequent Fiscal Year. The "Applicable Annual Target" for each of the first, second and third whole Fiscal Years that commences on or after January 1, 2007 is a growth in Earnings per Share of 15% or more as compared to the immediately preceding Fiscal Year. The "Applicable Cumulative Target" for each of the first, second and third whole Fiscal Years that commences on or after January 1, 2007 is a 15% rate of cumulative compound average Earnings per Share growth. The "Applicable Annual Target" and the "Applicable Cumulative Target" for each of the fourth and fifth whole Fiscal Years that commences on or after January 1, 2007 will be a rate of Earnings per Share growth and cumulative compound average Earnings per Share growth, respectively, determined by the Compensation Committee of the Board in its sole discretion not later than the end of the first quarter of such Fiscal Year.

(ii) For purposes of this Agreement, Earnings per Share shall be equal to the basic earnings per share calculated in accordance with accounting principles generally accepted in the United States and as reported in the Company's financial statements as filed with the Securities and Exchange Commission, except that certain adjustments may be made for certain non-recurring or unusual non-cash items recognized in accordance with accounting principles generally accepted in the United States including, but not limited to, any write-offs of unamortized deferred financing costs and any asset impairment write-downs, which the Committee determines in its sole discretion to exclude for purposes of this Agreement.

(iii) The Executive shall have the right to vote the shares of the Restricted Stock, and shall have dividend rights as to such shares, before any forfeiture of the shares of the Restricted Stock and while such shares are restricted. The number of shares credited to the Executive shall be subject to adjustment in accordance with the provisions of the Equity Plan (for example, in connection with the payment of a stock dividend by the Company).

(iv) The shares of the Restricted Stock not yet vested or forfeited shall become 100% vested in the event that the Executive dies or becomes Disabled (within the meaning of Section 7(a)) or there is a Change in Control, in each case while employed by the Company or an affiliate during the Employment Term. For this purpose, the term "Change in Control" is used as defined in the Equity Plan except that in no event shall a "Change in Control" be triggered pursuant to clause (A) of such term as so defined unless the Acquiring Person becomes the Beneficial Owner of twenty percent (20%) or more of the then outstanding shares of Common Stock or the Combined Voting Power of the Company (except pursuant to an offer for all outstanding shares of Common Stock at a price and upon such terms and conditions as a majority of the Continuing Directors determine to be in the best interests of the Company and its shareholders (other than an Acquiring Person on whose behalf the offer is being made)) in one or more bona fide transactions and such level of ownership of such Common Stock or Combined Voting Power, as applicable, exceeds the aggregate level of ownership of the Marcianos of such Common Stock or Combined Voting Power, respectively. For purposes of the preceding sentence, "Marcianos" means Maurice Marciano, Paul Marciano, and any trust established in whole or in part for the benefit of one or more of them or their family members, or any other entity controlled by one or more of them, and any other capitalized term used in such sentence is used as defined in the Equity Plan if not otherwise defined in this Agreement. If the Executive terminates his employment with the Company for "Good Reason" (as defined in Section 7(e) of this Agreement), or is terminated by the Company without "Cause" (as defined in Section 7(c) of this Agreement) or for Disability, the shares of the Restricted Stock not yet vested or forfeited shall become 100% vested.

(v) In all events other than those previously addressed in Section 5(a)(iv), if the Executive ceases to be an employee of the Company or an affiliate, the Executive shall be vested only as to that percentage of shares of the Restricted Stock which are vested at the time of the termination of his employment and the Executive shall forfeit the right to the shares of the Restricted Stock which are not yet vested on the termination date. Further, any Restricted Stock which is unvested at the conclusion of the Original Employment Term shall be forfeited and terminate. Unvested shares of the Restricted Stock that are forfeited shall be immediately transferred to the Company without any payment by the Company, and the Company shall have the full right to cancel any evidence of the Executive's ownership of such forfeited shares.

(vi) The Restricted Stock Award shall be granted pursuant to and, to the extent not contrary to the terms of this Agreement, shall be subject to all of the terms and conditions imposed upon such awards granted under the Equity Plan.

(b) **PERFORMANCE SHARE AWARDS**. The Company shall grant the Executive under the Equity Plan at the completion of each whole Fiscal Year commencing on and after January 1, 2007 and during the Employment Term shares of the Company's common stock ("Performance Shares") based upon the achievement by the Company and its subsidiaries of performance goals under the Equity Plan for each such Fiscal Year established by the Compensation Committee. The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. Performance Shares will be granted for each whole Fiscal Year during the Employment Term at "target" and "stretch" levels of 55% (i.e., $550,000 for 2007) and 82.5% (i.e., $825,000 for 2007) of the Executive's Base Salary for such Fiscal Year. Performance Shares granted in any particular Fiscal Year will be subject to the standard vesting schedule established by the Compensation Committee for Performance Share grants in that year (the current vesting schedule is a 4-year vesting schedule). After the expiration of the Equity Plan, the Executive's right to receive future grants of Performance Shares is subject to approval by the stockholders of the Company of a similar successor plan under which such awards may be granted.

(c) **STOCK OPTION AWARDS**. The Company shall grant the Executive under the Equity Plan at the completion of each whole Fiscal Year commencing on or after January 1, 2007 and during the Employment Term stock options to purchase the Company's common stock at an exercise price of not less than the fair market value of such stock on the grant date ("Stock Options") based upon the achievement by the Company and its subsidiaries of performance goals under the Equity Plan for each such Fiscal Year established by the Compensation Committee. The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. Stock Options for each whole Fiscal Year during the Employment Term will be granted at a grant-date Black-Scholes value of 55% of the Executive's Base Salary for such Fiscal Year (i.e., $550,000 for 2007). Stock Options granted in any particular Fiscal Year will be subject to the standard vesting schedule established by the Compensation Committee for Stock Option grants in that year (the current vesting schedule is a 4-year vesting schedule). After the expiration of the Equity Plan, the Executive's right to receive future grants of Stock Options is subject to approval by the stockholders of the Company of a similar successor plan under which such awards may be granted.

(d) **DISCRETIONARY GRANTS**. In addition to the Employment Inducement, Performance Share and Stock Option Awards under Section 5(a), (b) and (c) 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 in effect on January 1, 2006, and any deferred compensation plan which may be maintained by the Company from time to time.

(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 business 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) **AUTOMOBILE**. The Company shall continue to provide the Executive with an automobile during the Employment Term 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 BENEFIT** . The Company shall provide the Executive and his eligible family members with Post-Retirement Health Benefits at its expense commencing upon expiration of the Employment Term for any reason other than a termination for Cause, in which case the Company shall have no obligation to provide Post-Retirement Health Benefits. 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; provided that the Post-Retirement Health Benefits may be made secondary to any other benefits to which the Executive may be entitled under another employer-provided plan or a governmental plan such as Medicare.

(f) **LIFE INSURANCE BENEFIT** . The Company will purchase, and will pay the premiums for, life insurance coverage on the Executive's life 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. The Compensation Committee and the Executive will negotiate the other terms and conditions of such insurance coverage in good faith.

(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 such term is defined for purposes of Section 5(a)(iv)), 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.

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 Internal Revenue Code of 1986, as amended (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 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 age sixty-five (65).

(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 age sixty-five (65) 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;

(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), or

(v) a termination of employment by the Executive for any reason or no reason during the 30-day period commencing 6 months after a Change of Control.

(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(g) below). The Executive will also be paid a pro-rata portion of the Executive's Bonus and Licensing 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-five (75) days after the conclusion of the Fiscal Year to which such Bonus and Licensing 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 and Licensing 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-five (75) days after the conclusion of the Fiscal Year to which such Bonus and Licensing 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-five (75) 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 (but, as to any performance year that begins on or prior to January 1, 2009, in no event less than the amount for target performance for that 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);

(iii) $5 million if the last day of the Executive's employment by the Company occurs in 2007 or $3.5 million if the last day of the Executive's employment by the Company occurs on or after January 1, 2008 but before December 31, 2012 (for purposes of clarity, the Company shall have no obligation to the Executive pursuant to this clause (iii) if the last day of the Executive's employment by the Company occurs on or after December 31, 2012);

(iv) 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; and

(v) two (2) years of additional service credit and age for benefit accrual, early retirement reduction and vesting purposes under the Guess?, Inc. Supplemental Executive Retirement Plan.

Subject to Section 21(a), the payments provided for in this Section 8(d)(iii) and 8(d)(iv) (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 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).

In addition, the Company, at its election, shall have the option in its full and absolute discretion to enter into a two-year consulting agreement with the Executive in substantially the same form and on substantially the same conditions as set forth in Appendix A below, with the consulting period (if any) to commence on the first day following the date of the Executive's termination of employment.

(e) **NON-RENEWAL**. A notice of non-renewal of this Agreement by the Company that would result in expiration of the Employment Term prior to the Executive's sixty-fifth (65^{th}) birthday shall be treated as a termination of the Executive's employment by the Company without "Cause" for the purposes of this Agreement.

(f) **RETIREMENT**. If the Executive retires under Section 7(f) of this Agreement, the Company shall pay to the Executive:

(i) any 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-five (75) 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); and

(iii) the Executive shall be considered to have "retired" for purposes of any plans, programs, agreements or arrangements with the Company or its affiliates.

In addition, the Company shall enter into a two-year consulting agreement with the Executive in substantially the same form and on substantially the same conditions as set forth in Appendix A below, with the consulting period to commence on the first day following the date of the Executive's termination of employment.

(g) **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-five (75) 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 (including any related gross-up), 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 Company shall pay to the Executive an amount in addition to the Payments (the "Gross-Up Payment") as calculated below. The Gross Up Payment shall be in an amount such that, after deduction of any Excise Tax on the Payments and any federal, state and local income and employment tax and Excise Tax on the Gross Up Payment, but before deduction for any federal, state or local income and employment tax on the Payments, the net amount retained by the Executive shall be equal to the Payments. The process for calculating the Excise Tax, determining the amount of any Gross-Up Payment and other procedures relating to this Section are set forth in Appendix B attached hereto. For purposes of making the determinations and calculations required herein, the Accounting Firm (as defined in Appendix B) 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 shall be promptly paid on behalf of, or reimbursed, to the Executive by the Company. If the Executive incurs legal or other fees and expense 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. 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 as of the date of the Executive's "separation from service" (within the meaning of Section 409A) 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 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, 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, as soon as practicable (and in all events within 15 days) after the date that is six (6) months after the Executive's "separation from service" (or, if earlier, as soon as practicable, and in all events within 15 days, 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. This Agreement shall be construed and interpreted consistent with that intent.

(c) Any reimbursement payment due to the Executive under Section 6(e) (only to the extent that such benefits are taxable to the Executive), 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 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(e), 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.

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 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/ Carlos Alberini
Name: Carlos Alberini
Its: President and COO

PAUL MARCIANO

/s/ Paul Marciano

APPENDIX A

CONSULTING AGREEMENT

CONSULTING AGREEMENT dated this th day of 20 by and between Guess?, Inc. (the "Company") and Paul Marciano ("Marciano").

WITNESSETH:

WHEREAS, Marciano serves as the Company's Chief Executive Officer and as a member of the Company's Board of Directors (the "Board");

WHEREAS, Marciano desires to retire from his position as Chief Executive Officer (the effective date of such retirement is referred to as the "Retirement Date") and to provide consulting services to the Company as the Board may reasonably consider appropriate; and

WHEREAS, the parties desire to set forth their respective rights and obligations regarding Marciano's consulting arrangement.

NOW, THEREFORE, in consideration of the covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Consulting Period. The Company agrees to retain Marciano as a consultant to provide the services described in Section 3 below from the Retirement Date until the second (2^{nd}) anniversary of the Retirement Date (the "Consulting Period"), as provided in this Consulting Agreement.

2. Consulting Services. Marciano shall provide such consulting services to the Company as reasonably requested by the Board from time to time; *provided* that Marciano and the Company agree that in no event will the Company require, nor will Marciano perform, a level of services during the Consulting Period that would result in Marciano not having had a "separation from service" (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")) from the Company and its subsidiaries as of the date his employment by the Company terminated. These services may include but are not limited to actively participating in major marketing or sales initiatives, performing any transition and integration services related to the Company's business and cooperating with the Company regarding any litigation initiated involving matters of which Marciano has particular knowledge. Marciano agrees to be available up to seven days per month during the Consulting Period to perform the Consulting Services. The Consulting Services will be performed at such times as are reasonably requested by the Company after reasonable consultation with Marciano. Marciano shall provide these services in Los Angeles, California, provided that Marciano shall be required to travel for business and client meetings as reasonably requested by the Company.

3. Fees. As compensation for the Consulting Services, the Company shall pay Marciano fifty percent (50%) of Marciano's Base Salary as of the Retirement Date per annum during the Consulting Period. Fees shall be paid monthly in arrears by the 15th day of the following month. Should Marciano die or become "disabled" (within the meaning of Marciano's employment agreement with the Company immediately prior to employment termination) during the Consulting Period, the Company shall make a lump sum cash payment to Marciano (or, in the event of his death, to his estate) of an amount equal to the remaining payments owed through the end of the Consulting Period, with such payment to be made as soon as practicable (but in all events within thirty (30) days) following the date of Marciano's death or the date Marciano becomes "disabled." Marciano shall not be entitled to participate, and shall not participate in any employee benefit plan providing benefits to Company employees, whether presently in force or adopted subsequent to this Consulting Agreement, with respect to his Consulting Services. Notwithstanding the foregoing, Marciano shall retain all compensation and benefits that continue past his Retirement Date pursuant to the terms of his Amended and Restated Employment Agreement with the Company dated December 18, 2008 or otherwise. All reasonable and necessary business expenses incurred by Marciano in the performance of the Consulting Services shall be promptly reimbursed by the Company in accordance with the Company's standard expense reimbursement policies applicable to independent contractors.

4. Status. Marciano acknowledges and agrees that his status at all times during the Consulting Period shall be that of an independent contractor. Marciano hereby waives any rights to be treated as an employee or deemed employee of the Company or any of its affiliates for any purpose following his termination of employment at the Retirement Date except as provided under his Employment Agreement. The parties hereby acknowledge and

agree that the compensation provided for in Section 4 shall represent fees for Consulting Services provided by Marciano as an independent contractor, and shall be paid without any deductions or withholdings for taxes.

5. Retained Property. During the Consulting Period, Marciano shall retain all property of the Company in his possession, including, but not limited to, credit cards, security key cards, telephone cards, car service cards, computer software or hardware, Company identification cards, Company records and copies of records, correspondence and copies of correspondence and other books or manuals issued by the Company.

6. Assignability. Marciano may not assign or transfer this Consulting Agreement or any of Marciano's rights, duties or obligations hereunder. The Company may assign this Consulting Agreement to any person or entity acquiring all or substantially all of the assets (by merger or otherwise) of the Company so long as such person, entity or affiliate assumes the Company's obligations hereunder.

7. Entire Agreement. This Consulting Agreement constitutes the full and complete understanding and agreement of the parties hereto with respect to engaging Marciano as a consultant to the Company. This Consulting Agreement may not be changed or amended orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

8. Divisibility. If any one or more of the provisions of this Consulting Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions and other application thereof shall not in any way be affected or impaired.

9. Applicable Law. This Consulting Agreement shall be governed by, and the rights and obligations of the parties determined in accordance with, the laws of the State of California as in effect for contracts made and to be performed in the State of California.

10. Survival. All of the Company's obligations hereunder shall survive the termination of this Consulting Agreement.

11. Counterparts. This Consulting Agreement may be executed in counterparts, each of which shall be deemed an original, all of which shall together constitute one and the same Consulting Agreement.

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

IN WITNESS WHEREOF, the undersigned have duly executed this Consulting Agreement as of the day and year first above written.

PAUL MARCIANO

____

COMPANY

By: ______________________________

Its: ______________________________

APPENDIX B

TAX GROSS-UP PAYMENT RULES AND PROCEDURES

1. Subject to Paragraph 3 below, all determinations required to be made under Section 9 of this Agreement, including whether a Gross-Up Payment is required and the amount of such Gross-Up Payment, 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. The initial Gross-Up Payment, if any, as determined pursuant to this Paragraph 1, shall be paid on the Executive's behalf to the applicable taxing authorities within five (5) days of the receipt of the Accounting Firm's determination. If the Accounting Firm determines that no Excise Tax is payable to the Executive, it shall furnish the Executive with a written report indicating that he has substantial authority not to report any Excise Tax on his federal income tax return. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. As a result of the uncertainty in the application of Section 4999

of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made ("Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts its remedies pursuant to Paragraph 3 below and the Executive thereafter is required to make a payment or additional payment of any Excise Tax, the Accounting Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment, increased by all applicable interest and penalties associated with the Underpayment, shall be promptly paid by the Company to or for the benefit of the Executive. For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes on earned income at the highest marginal rate of taxation in the state and locality of the Executive's residence on the Effective Date of Termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

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 Auditor, 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 Auditor's fee.

3. The Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payment. Such notification shall be given as soon as practicable but no later than fifteen (15) business days after the Executive knows of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. The Executive shall not pay such claim prior to the expiration of the period ending on the date that any payment of taxes with respect to such claim is due or the thirty (30) day period following the date on which the Executive gives such notice to the Company, whichever period is shorter. If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall (i) give the Company any information reasonably requested by the Company relating to such claim, (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company, (iii) cooperate with the Company in good faith in order effectively to contest such claim, and (iv) permit the Company to participate in any proceedings relating to such claim; provided, however, that the Company shall bear and pay directly all costs and expenses (including attorneys fees and any additional interest and penalties) incurred in connection with such contest and shall indemnify and hold the Executive harmless, on an after-tax basis, for any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limitation of the foregoing provisions of this Paragraph 3, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect to such claim and may, at its sole option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to the Executive, on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax and income tax, including interest or penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance; and further provided that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other authority.

4. If, after the receipt by the Executive of an amount advanced by the Company pursuant to Paragraph 3 above, the Executive becomes entitled to receive any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Paragraph 3), promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after taxes applicable thereto).

5. Notwithstanding anything to the contrary in this Appendix B, any payment under this Appendix B shall be paid to the Executive promptly but in no event later than the last day of the end of the Executive's taxable year following the taxable year in which the Executive (or the Company) pays or remits the related taxes.

Exhibit 10.13

AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** (the "Agreement"), made as of December 18, 2008, between Guess?, Inc., a Delaware corporation (the "Company"), and Carlos Alberini (the "Executive").

W I T N E S S E T H:

WHEREAS, the Executive and the Company are parties to that certain Executive Employment Agreement dated as of August 6, 2007 (the "Prior Agreement").

WHEREAS, the Company and the Executive wish to amend and restate the Prior Agreement upon the terms set forth in this Agreement to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") effective as of the date hereof.

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 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 President and Chief Operating Officer. 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 President and Chief Operating Officer. The Executive shall report to the Chairman of the Board and to the Chief Executive Officer of the Company. 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) to such performance of the Executive's duties with the Company. Executive may serve on the board of directors or advisory boards of other non-profit companies or, subject to Board approval, of other for-profit companies, provided that any such service does not create a potential business conflict or the appearance thereof.

(c) 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.

(d) The Executive shall be provided with appropriate office facilities and support services in the Company's corporate headquarters in Los Angeles, California 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 August 6, 2007 (the effective date of the Prior Agreement, referred to herein as the "Effective Date") and, unless terminated earlier as provided in Section 7 hereof, ending on the last day of the fourth (4th) whole Fiscal Year of the Company commencing on or after the Effective Date (the "Original Employment Term"), provided that the Employment Term shall be automatically extended, subject to earlier termination as provided in Section 7 hereof, for successive additional one (1) Fiscal Year periods (the "Additional Terms"), unless, on or before ninety (90) days prior to the expiration of the Original Employment Term or of any Additional Term, the Company or the Executive has notified the other in writing that the Employment Term shall terminate at the end of the then-current term (a "Non-Renewal").

3. BASE SALARY. The Company agrees to pay the Executive a base salary (the "Base Salary") at an annual rate of not less than Eight Hundred Thousand Dollars ($800,000), payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. 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.

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 fiscal year of the Company ("Fiscal Year") that begins on or after February 4, 2007 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 from time to time (the "Bonus Plan"), and, if appropriate, the Company's 2004 Equity Incentive Plan, as amended from time to time (the "Equity Plan"), based upon the achievement by the Company and its subsidiaries of performance goals under the Bonus Plan and under the Equity Plan for each such Fiscal Year established by the Compensation Committee of the Board of Directors (the "Compensation Committee"). The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. The range of the Bonus opportunity for each 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 80% of the Executive's Base Salary (for each such year, the "Target Bonus"), the threshold Bonus for a Fiscal Year shall be one-half the Target Bonus for such year and the maximum Bonus payable pursuant to this Section 4 for any Fiscal Year shall not exceed the amount that is 120% of the Executive's Base Salary for such year. The Bonus, if any, payable to the Executive in respect of any Fiscal Year will be paid at the same time that bonuses are paid to other executives of the Company, but in any event within seventy-five (75) days after the conclusion of such Fiscal Year. After the expiration of the Bonus Plan and the Equity Plan, the Executive's right to receive future Bonus opportunities under such plan is subject to approval by the stockholders of the Company of a similar successor plan under which such opportunity may be granted. The Compensation Committee may, in its sole discretion, award additional bonuses to the Executive.

5. EQUITY BASED INCENTIVE AWARDS.

(a) **EMPLOYMENT INDUCEMENT AWARD**. The Company shall grant the Executive under the Equity Plan as of the Effective Date a Restricted Stock Award ("Restricted Stock") equal to 150,000 shares of the Company's common stock subject to the following terms and conditions:

(i) If, for the third and fourth fiscal quarters of the Company's 2008 Fiscal Year, considered together as one period (the "Second Half of Fiscal 2008"), or for any one of the four whole Fiscal Years commencing on or after February 3, 2008 during the Original Employment Term, the Company shall record earnings per share ("Earnings per Share") growth of greater than the Applicable Annual Target as compared to the same fiscal period from the immediately preceding Fiscal Year, then 20% of the Restricted Stock shall become vested as of the first business day following the issuance of the Company's financial statement for such period, provided the Executive is then employed by the Company. If the Earnings per Share growth requirement is not met for any such period, all of the shares of the Restricted Stock eligible for vesting for that period shall vest on the first business day following the issuance of the Company's financial statement for any subsequent Fiscal Year during the Original Employment Term if the cumulative compounded average Earnings per Share growth from the Second Half of Fiscal 2008 through such subsequent Fiscal Year is more than the Applicable Cumulative Target for such subsequent Fiscal Year. The "Applicable Annual Target" for each of the Second Half of Fiscal 2008 and the first and second whole Fiscal Years that commences on or after February 3, 2008 is a growth in Earnings per Share of 15% or more as compared to the same fiscal period from the immediately preceding Fiscal Year. The "Applicable Cumulative Target" for each of the Second Half of Fiscal 2008 and the first and second whole Fiscal Years that commences on or after February 3, 2008 is a 15% rate of cumulative compounded average Earnings per Share growth. For the avoidance of doubt, the Applicable Cumulative Target for the first whole fiscal year commencing on February 3, 2008 shall be calculated by multiplying the sum of (A) the Company's actual Earnings per Share for the first and second fiscal quarters of the Company's 2008 Fiscal Year and (B) the Applicable Annual Target of Earnings per Share for the Second Half of Fiscal 2008, by 1.15. The "Applicable Annual Target" and the "Applicable Cumulative Target" for each of the third and fourth whole Fiscal Years that commences on or after February 3, 2008 will be a rate of Earnings per Share growth and cumulative compounded average Earnings per Share growth, respectively, determined by the Compensation Committee of the Board in its sole discretion not later than the end of the first quarter of such Fiscal Year.

(ii) For purposes of this Agreement, Earnings per Share shall be equal to the basic earnings per share calculated in accordance with accounting principles generally accepted in the United States and as reported in the Company's financial statements as filed with the Securities and Exchange Commission, except that certain adjustments may be made for certain non-recurring or unusual non-cash items recognized in accordance with accounting principles generally accepted in the United States including, but not limited to, any write-offs of unamortized deferred financing costs and any asset impairment write-downs, which the Committee determines in its sole discretion to exclude for purposes of this Agreement.

(iii) The Executive shall have the right to vote the shares of the Restricted Stock, and shall have dividend rights as to such shares, before any forfeiture of the shares of the Restricted Stock and while such shares are restricted. The number of shares credited to the Executive shall be subject to adjustment in accordance with the provisions of the Equity Plan (for example, in connection with the payment of a stock dividend by the Company).

(iv) The shares of the Restricted Stock not yet vested or forfeited shall become 100% vested in the event that there is a Change in Control while the Executive is employed by the Company or an affiliate during the Employment Term. For this purpose, the term "Change in Control" is used as defined in the Equity Plan except that in no event shall a "Change in Control" be triggered pursuant to clause (A) of such term as so defined unless the Acquiring Person becomes the Beneficial Owner of twenty percent (20%) or more of the then outstanding shares of Common Stock or the Combined Voting Power of the Company (except pursuant to an offer for all outstanding shares of Common Stock at a price and upon such terms and conditions as a majority of the Continuing Directors determine to be in the best interests of the Company and its shareholders (other than an Acquiring Person on whose behalf the offer is being made)) in one or more bona fide transactions and such level of ownership of such Common Stock or Combined Voting Power, as applicable, exceeds the aggregate level of ownership of the Marcianos of such Common Stock or Combined Voting Power, respectively. For purposes of the preceding sentence, "Marcianos" means Maurice Marciano, Paul Marciano, and any trust established in whole or in part for the benefit of one or more of them or their family members, or any other entity controlled by one or more of them, and any other capitalized term used in such sentence is used as defined in the Equity Plan if not otherwise defined in this Agreement. If the Executive terminates his employment with the Company for "Good Reason" (as defined in Section 7(e) of this Agreement), or is terminated by the Company without "Cause" (as defined in Section 7(c) of this Agreement), the shares of the Restricted Stock not yet vested or forfeited shall become 100% vested.

(v) In all events other than those previously addressed in Section 5(a)(iv), if the Executive ceases to be an employee of the Company or an affiliate, the Executive shall be vested only as to that percentage of shares of the Restricted Stock which are vested at the time of the termination of his employment and the Executive shall forfeit the right to the shares of the Restricted Stock which are not yet vested on the termination date. Further, any Restricted Stock which is unvested at the conclusion of the Original Employment Term (after the final vesting determination is made as described in Section 5(a)(i) herein) shall be forfeited and terminate. Unvested shares of the Restricted Stock that are forfeited shall be immediately transferred to the Company without any payment by the Company, and the Company shall have the full right to cancel any evidence of the Executive's ownership of such forfeited shares.

(vi) The Restricted Stock Award shall be granted pursuant to and, to the extent not contrary to the terms of this Agreement, shall be subject to all of the terms and conditions imposed upon such awards granted under the Equity Plan.

(b) **PERFORMANCE SHARE AWARDS**. The Company shall grant the Executive under the Equity Plan at the completion of each whole Fiscal Year commencing on and after February 4, 2007 and during the Employment Term shares of the Company's common stock ("Performance Shares") based upon the achievement by the Company and its subsidiaries of performance goals under the Equity Plan for each such Fiscal Year established by the Compensation Committee. The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. Performance Shares will be granted for each whole Fiscal Year during the Employment Term at "target" and "stretch" levels of 90% (i.e., $720,000 for fiscal 2008) and 135% (i.e., $1,080,000 for fiscal 2008) of the Executive's Base Salary for such Fiscal Year. Performance Shares granted in any particular Fiscal Year will be subject to the standard vesting schedule established by the Compensation Committee for Performance Share grants in that year (the current vesting schedule is a 4-year vesting schedule). After the expiration of the Equity Plan, the Executive's right to receive future grants of Performance Shares is subject to approval by the stockholders of the Company of a similar successor plan under which such awards may be granted.

(c) **STOCK OPTION AWARDS**. The Company shall grant the Executive under the Equity Plan at the completion of each whole Fiscal Year commencing on or after February 4, 2007 and during the Employment Term stock options to purchase the Company's common stock at an exercise price of not less than the fair market value of such stock on the grant date ("Stock Options") based upon the achievement by the Company and its subsidiaries of performance goals under the Equity Plan for each such Fiscal Year established by the Compensation Committee. The Compensation Committee shall establish objective criteria to be used to determine the extent to which such performance goals have been satisfied. Stock Options for each whole Fiscal Year during the Employment Term will be granted at a grant-date Black-Scholes value of 50% of the Executive's Base Salary for such Fiscal Year (i.e., $400,000 for fiscal 2008). Stock Options granted in any particular Fiscal Year will be subject to the standard vesting schedule established by the Compensation Committee for Stock Option grants in that year (the current vesting schedule is a 4-year vesting schedule). After the expiration of the Equity Plan, the Executive's right to receive future grants of Stock Options is subject to approval by the stockholders of the Company of a similar successor plan under which such awards may be granted.

(d) **DISCRETIONARY GRANTS**. In addition to the employment inducement Restricted Stock, Performance Share and Stock Option Awards under Section 5(a), (b) and (c) 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 in effect on January 1, 2006, and any deferred compensation plan which may be maintained by the Company from time to time.

(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 business 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) **AUTOMOBILE.** The Company shall continue to provide the Executive with an automobile or an automobile allowance during the Employment Term 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) **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.

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 Internal Revenue Code of 1986, as amended (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 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 a two-thirds majority of the members of the Board (excluding the Executive from such vote and the denominator) that 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). 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 age sixty-five (65).

(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 age sixty-five (65) 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 President and Chief Operating Officer of the Company;

(C) causing or requiring the Executive to report to anyone other than the Board, the Chairman of the Board or the Chief Executive Officer; or

(D) 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;

(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); or

(v) a termination of employment by the Executive for any reason or no reason during the 30-day period commencing 6 months after a Change in Control.

(f) **BY EXECUTIVE WITHOUT GOOD REASON**. 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-five (75) 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-five (75) 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 OR BY EXECUTIVE WITHOUT GOOD REASON**. 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. In addition, the Company, at its election, shall have the option in its full and absolute discretion to retain the Executive as a consultant for a one-year period following the last day of the Employment Term (the "Consulting Period"), with the terms of such consultancy to be governed by the terms of the consulting agreement attached as Appendix A below.

(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-five (75) 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 sum of the Executive's Base Salary and the then Target Bonus; provided, however, that in the event such termination under this Section 8(d), whether by the Company without Cause or by the Executive for Good Reason, occurs following a Change in Control and prior to the expiration of the Original Employment Term, the amount payable under this clause (iii) shall be an amount equal to two times the sum of the Executive's Base Salary and the then Target Bonus, in either case payable in a single lump sum.

Subject to Section 19(a), the payment 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 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 amount 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).

In addition, the Company, at its election, shall have the option in its full and absolute discretion to retain the Executive as a consultant for a one-year period following the last day of the Employment Term, with the terms of such consultancy to be governed by the terms of the consulting agreement attached as Appendix A below

(e) **NON-RENEWAL.** Upon a termination as a result of a Non-Renewal at the expiration of the Employment Term, the Company shall pay to the Executive any Accrued Amounts. In addition, the Company, at its election, shall have the option in its full and absolute discretion to retain the Executive as a consultant for a one-year period following the last day of the Employment Term, with the terms of such consultancy to be governed by the terms of the consulting agreement attached as Appendix A below.

(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-five (75) 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(e) 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 19(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. CONFIDENTIALITY; NON-COMPETITION; NON-SOLICITATION.

(a) **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.

(b) **NON-COMPETITION**. During the Executive's employment with the Company and during the Consulting Period, if any, the Executive shall not, directly or indirectly, whether as owner, consultant, employee, partner, venturer, agent, through stock ownership, investment of capital, lending of money or property, rendering of services, or otherwise, compete with the Company or any of its affiliates or subsidiaries in any business in which any of them is engaged while the Executive is employed with Company, including, without limitation, the design, marketing, distribution and licensing of apparel, accessories and related consumer products (such businesses are hereinafter referred to as the "Business"), or assist, become interested in or be connected with any corporation, firm, partnership, joint venture, sole proprietorship or other entity which so competes with the Business. During the Consulting Period, if any, the restrictions imposed by this Section 9(b) shall not apply to any business in which the Company or its affiliates and subsidiaries were not engaged at the time of termination of the Executive's employment hereunder or to any geographic area in which the Company or its affiliates and subsidiaries were not engaged in the Business at the time of termination.

(c) **NON-SOLICITATION OF CUSTOMERS AND SUPPLIERS**. During the Executive's employment with the Company and during the Consulting Period, if any (and, in the event of a termination by the Company for Cause or by the Executive other than for Good Reason, for a period of twenty-four (24) months following the date of such termination), the Executive shall not, directly or indirectly, influence or attempt to influence customers or suppliers of the Company or any of its subsidiaries or their affiliates to divert their business to any business, individual, partner, firm, corporation or other entity that is then a direct competitor of the Company or its subsidiaries or their affiliates (each such competitor, a "Competitor of the Company"); provided, however, that if the Executive is employed by customers or suppliers of the Company following his termination of employment and such employment does not violate Section 9(b) hereof, the normal execution of his duties in connection with such employment shall not constitute a violation of this Section 9(c).

(d) **NON-SOLICITATION OF EMPLOYEES**.

(i) The Executive recognizes that he will possess confidential information about other employees of the Company and its subsidiaries or their affiliates relating to their education, experience, skills, abilities, compensation and benefits, and interpersonal relationships with customers of the Company and its subsidiaries or their affiliates.

(ii) The Executive recognizes that the information he will possess about these other employees is not generally known, is of substantial value to the Company and its subsidiaries in developing their business and in securing and retaining customers, and has been and will be acquired by him because of his business position with the Company and its subsidiaries.

(iii) The Executive agrees that, during the Executive's employment with the Company and for a period of twenty-four (24) months following the date of termination, he will not, directly or indirectly, solicit or recruit any employee of the Company or its subsidiaries or their affiliates for the purpose of being employed by him or by any Competitor of the Company on whose behalf he is acting as an agent, representative or employee and that he will not convey any such confidential information or trade secrets about other employees of the Company and its subsidiaries or their affiliates to any other person.

(e) **REMEDIES**. In the event of a breach or threatened breach of this Section 9, the Executive agrees that the Company shall be entitled to apply for injunctive relief in a court of appropriate jurisdiction to remedy any such breach or threatened breach, the Executive acknowledging that damages would be inadequate and insufficient. Without limiting the foregoing and in addition to whatever other rights and remedies the Company may have at equity or in law, if the Executive breaches any of the provisions contained in this Section 9, all benefits and payments payable pursuant to Section 8 hereof shall cease.

10. NO ASSIGNMENT.

(a) This Agreement is personal to each of the parties hereto. Except as provided in Section 10(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.

11. 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) 744-7821

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.

12. 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.

13. 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.

14. 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.

15. 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), other than with respect to relief sought by the Company at its option in a court of appropriate jurisdiction pursuant to Section 9(e) hereof, 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.

16. INDEMNIFICATION. The Company hereby agrees to indemnify the Executive in accordance with the indemnification provisions set forth in the Company's Restated Certificate of Incorporation and Amended and Restated Bylaws, in each case as amended.

17. 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.

18. 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. 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.

19. 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 as of the date of the Executive's "separation from service" (within the meaning of Section 409A) 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 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, 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. 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 19(a) shall be accumulated and paid or provided to the Executive, as soon as practicable (and in all events within 15 days) after the date that is six (6) months after the Executive's "separation from service" (or, if earlier, as soon as practicable, and in all events within 15 days, 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. This Agreement shall be construed and interpreted consistent with that intent.

(c) Any reimbursement payment due to the Executive under Section 6(e) 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 provision and the provision of any taxable benefits to the Executive under Sections 6(d) and 6(e) 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.

20. 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.

21. **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.

22. **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.

23. **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 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.

24. **SURVIVAL**. The respective obligations of, and benefits afforded to, the Company and Executive that by their express terms or clear intent survive termination of Executive's employment with the Company, including, without limitation, the provisions of Sections 8, 9, 10, 15, 16, 17, 19, 20 and 22 of this Agreement, will survive termination of Executive's employment with the Company, and will remain in full force and effect according to their terms.

25. **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 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/ Maurice Marciano
Name: Maurice Marciano
Its: Chairman of the Board

CARLOS ALBERINI

By: /s/ Carlos Alberini

APPENDIX A

CONSULTING AGREEMENT

CONSULTING AGREEMENT dated this th day of 20 by and between Guess?, Inc. (the "Company") and Carlos Alberini ("Alberini").

WITNESSETH:

WHEREAS, Alberini has served as the Company's President and Chief Operating Officer;

WHEREAS, Alberini will no longer serve as the Company's President and Chief Operating Officer (the effective date of such termination of service is referred to as the "Termination Date") but has agreed to provide consulting services to the Company as the Board of Directors of the Company (the "Board") may reasonably consider appropriate; and

WHEREAS, the parties desire to set forth their respective rights and obligations regarding Alberini's consulting arrangement.

NOW, THEREFORE, in consideration of the covenants set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. Consulting Period. The Company agrees to retain Alberini as a consultant to provide the services described in Section 2 below from the Termination Date until the first anniversary of the Termination Date (the "Consulting Period"), as provided in this Consulting Agreement.

2. Consulting Services. Alberini shall provide such consulting services to the Company as reasonably requested by the Board from time to time; provided that Alberini and the Company agree that in no event will the Company require, nor will Alberini perform, a level of services during the Consulting Period that would result in Alberini not having had a "separation from service" (within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A")) from the Company and its subsidiaries as of the date his employment by the Company terminated. These services may include but are not limited to performing any transition and integration services related to the Company's business and cooperating with the Company regarding any litigation initiated involving matters of which Alberini has particular knowledge. Alberini agrees to be available up to seven days per month during the Consulting Period to perform the Consulting Services. The Consulting Services will be performed at such times as are reasonably requested by the Company after reasonable consultation with Alberini. Alberini shall provide these services in Los Angeles, California, provided that Alberini shall be required to travel for business and client meetings as reasonably requested by the Company.

---

3. Fees. As compensation for the Consulting Services, the Company shall pay Alberini fifty percent of Alberini's Base Salary as of the Termination Date per annum during the Consulting Period. Fees shall be paid monthly in arrears by the 15th day of the following month. Alberini shall not be entitled to participate, and shall not participate in any employee benefit plan providing benefits to Company employees, whether presently in force or adopted subsequent to this Consulting Agreement, with respect to his Consulting Services. Notwithstanding the foregoing, Alberini shall retain all compensation and benefits that continue past his Termination Date pursuant to the terms of his Amended and Restated Employment Agreement with the Company dated December 18, 2008 or otherwise. All reasonable and necessary business expenses incurred by Alberini in the performance of the Consulting Services shall be promptly reimbursed by the Company in accordance with the Company's standard expense reimbursement policies applicable to independent contractors.

4. Status. Alberini acknowledges and agrees that his status at all times during the Consulting Period shall be that of an independent contractor. Alberini hereby waives any rights to be treated as an employee or deemed employee of the Company or any of its affiliates for any purpose following his termination of employment at the Termination Date except as provided under his Employment Agreement. The parties hereby acknowledge and agree that the compensation provided for in Section 3 shall represent fees for Consulting Services provided by Alberini as an independent contractor, and shall be paid without any deductions or withholdings for taxes.

5. Retained Property. During the Consulting Period, Alberini shall retain all property of the Company in his possession, including, but not limited to, credit cards, security key cards, telephone cards, car service cards, computer software or hardware, Company identification cards, Company records and copies of records, correspondence and copies of correspondence and other books or manuals issued by the Company.

6. Assignability. Alberini may not assign or transfer this Consulting Agreement or any of Alberini's rights, duties or obligations hereunder. The Company may assign this Consulting Agreement to any person or entity acquiring all or substantially all of the assets (by merger or otherwise) of the Company so long as such person, entity or affiliate assumes the Company's obligations hereunder.

7. Entire Agreement. This Consulting Agreement constitutes the full and complete understanding and agreement of the parties hereto with respect to engaging Alberini as a consultant to the Company. This Consulting Agreement may not be changed or amended orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification or discharge is sought.

8. Divisibility. If any one or more of the provisions of this Consulting Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions and other application thereof shall not in any way be affected or impaired.

9. Applicable Law. This Consulting Agreement shall be governed by, and the rights and obligations of the parties determined in accordance with, the laws of the State of California as in effect for contracts made and to be performed in the State of California.

---

10. Survival. All of the Company's obligations hereunder shall survive the termination of this Consulting Agreement.

11. Counterparts. This Consulting Agreement may be executed in counterparts, each of which shall be deemed an original, all of which shall together constitute one and the same Consulting Agreement.

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

IN WITNESS WHEREOF, the undersigned have duly executed this Consulting Agreement as of the day and year first above written.

CARLOS ALBERINI

COMPANY

By: ______________________

Its: ______________________

Exhibit 10.28

Guess?, Inc.
Nonqualified Deferred Compensation Plan
Master Plan Document

Effective January 1, 2006

Amended and Restated
Effective December 18, 2008

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

GUESS?, INC.

NONQUALIFIED DEFERRED COMPENSATION PLAN

Effective January 1, 2006
(Amended and Restated Effective as of December 18, 2008)

Purpose

The purpose of this Plan is to provide specified benefits to Directors and a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Guess?, Inc., a Delaware corporation, and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

This Plan is intended to comply with all applicable law, including Code Section 409A and related Treasury guidance and Regulations, and shall be operated and interpreted in accordance with this intention.

ARTICLE 1
Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" shall mean, with respect to a Participant, an entry on the records of the Employer equal to the sum of the Participant's Annual Accounts. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

If a Participant is both an Employee and a Director and participates in the Plan in each capacity, then separate Account Balances (and separate Annual Accounts, if applicable) shall be established for such Participant as a device for the measurement and determination of the (a) amounts deferred under the Plan that are attributable to the Participant's status as an Employee, and (b) amounts deferred under the Plan that are attributable to the Participant's status as a Director.

1.2 "Annual Account" shall mean, with respect to a Participant, an entry on the records of the Employer equal to (a) the sum of the Participant's Annual Deferral Amount, Company Contribution Amount and Company Restoration Matching Amount for any one Plan Year, plus (b) amounts credited or debited to such amounts pursuant to this Plan, less (c) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Annual Account for such Plan Year. The Annual Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.3 "Annual Deferral Amount" shall mean that portion of a Participant's Base Salary, Bonus, Director Fees and LTIP Amounts that a Participant defers in accordance with Article 3 for any one Plan Year, without regard to whether such amounts are withheld and credited during such Plan Year.

1.4 "Annual Installment Method" shall mean the method used to determine the amount of each payment due to a Participant who has elected to receive a benefit over a period of years in accordance with the applicable provisions of the Plan. The amount of each annual payment due to the Participant shall be calculated by multiplying the balance of the Participant's benefit by a fraction, the numerator of which is one and the denominator of which is the remaining number of annual payments due to the Participant. The amount of the first annual payment shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date, and the amount of each subsequent annual payment shall be calculated on or around the first business day of each Plan Year following the Plan Year in which the Participant's Benefit Distribution Date occurs. For purposes of this Plan, the right to receive a benefit payment in annual installments shall be treated as the entitlement to a single payment.

1.5 "Base Salary" shall mean the annual cash compensation relating to services performed during any calendar year, excluding distributions from nonqualified deferred compensation plans, bonuses, commissions, overtime, fringe benefits, stock options, relocation expenses, incentive payments, non-monetary awards, director fees and other fees, and automobile and other allowances paid to a Participant for employment services rendered (whether or not such allowances are included in the Employee's gross income). Base Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or nonqualified plans of any Employer and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, 402(e)(3), 402(h), or 403(b) pursuant to plans established by any Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.

1.6 "Beneficiary" shall mean one or more persons, trusts, estates or other entities, designated in accordance with Article 10, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.7 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.8 "Benefit Distribution Date" shall mean the date upon which all or an objectively determinable portion of a Participant's vested benefits will become eligible for distribution. Except as otherwise provided in the Plan, a Participant's Benefit Distribution Date shall be determined based on the earliest to occur of an event or scheduled date set forth in Articles 4 through 9, as applicable.

1.9 "Board" shall mean the board of directors of the Company.

1.10 "Bonus" shall mean any compensation otherwise payable in cash, in addition to Base Salary and LTIP Amounts, earned by a Participant for services rendered during a Plan Year, or any period wholly contained within a Plan Year, under the Guess?, Inc., Annual Incentive Bonus Plan, the Guess?, Inc. 2004 Equity Incentive Plan, any other cash bonus program of the Company pursuant to which Participants are eligible to receive cash compensation and/or such other bonus or cash incentive plan or arrangement designated by the Committee.

1.11 "Change in Control" shall mean the occurrence of a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Company, in each case as determined in accordance with Treas. Reg. §1.409A-3(i)(5).

1.12 "Change in Control Benefit shall have the meaning set forth in Article 5.

1.13 "Claimant" shall have the meaning set forth in Section 15.1.

1.14 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.15 "Committee" shall mean the committee described in Article 13.

1.16 "Company" shall mean Guess?, Inc., a Delaware corporation, and any successor to all or substantially all of the Company's assets or business.

1.17 "Company Contribution Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.4.

1.18 "Company Restoration Matching Amount" shall mean, for any one Plan Year, the amount determined in accordance with Section 3.5.

1.19 "Death Benefit" shall mean the benefit set forth in Article 9.

1.20 "Director" shall mean any member of the board of directors of any Employer.

1.21 "Director Fees" shall mean the fees otherwise payable in cash to a Director from any Employer, including retainer fees, committee chair fees and meetings fees, as compensation for serving on the board of directors.

1.22 "Disability" or "Disabled" shall mean that a Participant is (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant's Employer, provided that the definition of "disability" applied under such disability insurance program complies with the requirements of this Section.

1.23 "Disability Benefit" shall mean the benefit set forth in Article 8.

1.24 "Election Form" shall mean the form, which may be in electronic format, established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.25 "Employee" shall mean a person who is an employee of an Employer.

1.26 "Employer(s)" shall be defined as follows:

(a) Except as otherwise provided in part (b) of this Section, the term "Employer" shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor.

(b) For the purpose of determining whether a Participant has experienced a Separation from Service, the term "Employer" shall mean:

(i) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and

(ii) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of 50% as a substitute for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treas. Reg. §1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).

1.27 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.28 "401(k) Plan" shall mean, with respect to an Employer, a plan qualified under Code Section 401(a) that contains a cash or deferral arrangement described in Code Section 401(k), adopted by the Employer, as it may be amended from time to time, or any successor thereto.

1.29 "Fiscal Year Compensation" shall have the meaning set forth in Section 3.2(c).

1.30 "LTIP Amounts" shall mean the cash portion of the compensation attributable to a Plan Year that is earned by a Participant as an Employee under any Employer's long-term incentive plan or any other long-term incentive arrangement designated by the Committee.

1.31 "Participant" shall mean any Employee or Director (a) who is selected to participate in the Plan, (b) whose executed Plan Agreement, Election Form and Beneficiary Designation Form are accepted by the Committee, and (c) whose Plan Agreement has not terminated.

1.32 "Performance-Based Compensation" shall mean compensation the entitlement to or amount of which is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(e).

1.33 "Plan" shall mean the Guess? Inc., Nonqualified Deferred Compensation Plan, which shall be evidenced by this instrument, as it may be amended from time to time, and by any other documents that together with this instrument define a Participant's rights to amounts credited to his or her Account Balance.

1.34 "Plan Agreement" shall mean a written agreement in the form prescribed by or acceptable to the Committee that evidences a Participant's agreement to the terms of the Plan and which may establish additional terms or conditions of Plan participation for a Participant. Unless otherwise determined by the Committee, the most recent Plan Agreement accepted with respect to a Participant shall supersede any prior Plan Agreements for such Participant. Plan Agreements may vary among Participants and may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan.

1.35 "Plan Year" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.36 "Retirement," "Retire(s)" or "Retired" shall mean with respect to a Participant who is an Employee, a Separation from Service on or after the date on which such Participant's age plus Years of Service equals or exceeds at least sixty-five (65), and shall mean with respect to a Participant who is a Director, a Separation from Service. If a Participant is both an Employee and a Director and participates in the Plan in each capacity, (a) the determination of whether the Participant qualifies for Retirement as an Employee shall be made when the Participant experiences a Separation from Service as an Employee and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as an Employee, and (b) the determination of whether the Participant qualifies for Retirement as a Director shall be made at the time the Participant experiences a Separation from Service as a Director and such determination shall only apply to the applicable Account Balance established in accordance with Section 1.1 for amounts deferred under the Plan as a Director.

1.37 "Retirement Benefit" shall mean the benefit set forth in Article 6.

1.38 "Scheduled Distribution" shall mean the distribution set forth in Section 4.1.

1.39 "Separation from Service" shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treas. Reg. §1.409A-1(h). In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:

(a) For a Participant who provides services to an Employer as an Employee, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. A Participant shall be considered to have experienced a termination of employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that either (i) no further services will be performed for the Employer after a certain date, or (ii) that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).

If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

(b) For a Participant who provides services to an Employer as an independent contractor, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur upon the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed for such Employer, provided that the expiration of such contract(s) is determined by the Committee (or its delegate) to constitute a good-faith and complete termination of the contractual relationship between the Participant and such Employer.

(c) For a Participant who provides services to an Employer as both an Employee and an independent contractor , a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an Employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (a) and (b) of this Section, respectively. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an Employee, or (ii) ceases providing services for an Employer as an Employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (a) and (b) of this Section.

Notwithstanding the foregoing provisions in this part (c), if a Participant provides services for an Employer as both an Employee and as a Director, to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an Employee, and the services provided by such Participant as an Employee shall not be taken into account in determining whether the Participant has experienced a Separation from Service as a Director.

1.40 "Specified Employee" shall mean any Participant who is determined to be a "key employee" (as defined under Code Section 416(i) without regard to paragraph (5) thereof) for the applicable period, as determined annually by the Committee in accordance with Treas. Reg. §1.409A-1(i).

1.41 "Termination Benefit" shall mean the benefit set forth in Article 7.

1.42 "Trust" shall mean one or more trusts established by the Company in accordance with Article 16.

1.43 "Unforeseeable Emergency" shall mean a severe financial hardship of the Participant resulting from (a) an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as defined in Code Section 152 without regard to paragraphs (b)(1), (b)(2) and (d)(1)(b) thereof), (b) a loss of the Participant's property due to casualty, or (c) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Committee (or its delegate) based on the relevant facts and circumstances.

1.44 "Years of Service" shall mean the total number of full years in which a Participant has been employed by one or more Employers. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Employee's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. A partial year of employment shall not be treated as a Year of Service.

ARTICLE 2
Selection, Enrollment, Eligibility

2.1 **Selection by Committee**. Participation in the Plan shall be limited to Directors and, as determined by the Committee (or its delegate) in its sole discretion, a select group of management or highly compensated Employees. From that group, the Committee (or its delegate) shall select, in its sole discretion, those individuals who may actually participate in this Plan.

2.2 **Enrollment and Eligibility Requirements; Commencement of Participation**.

(a) As a condition to participation, each Director or selected Employee shall complete, execute and return to the Committee a Plan Agreement, an Election Form and a Beneficiary Designation Form by the deadline(s) established by the Committee in accordance with the applicable provisions of this Plan. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines, in its sole discretion, are necessary.

(b) Each Director or selected Employee who is eligible to participate in the Plan shall commence participation in the Plan on the date that the Committee determines that the Director or Employee has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period.

(c) If a Director or an Employee fails to meet all requirements established by the Committee within the period required, that Director or Employee shall not be eligible to participate in the Plan during such Plan Year.

ARTICLE 3
Deferral Commitments/Company Contribution Amounts/ Company Restoration Matching Amounts/ Vesting/Crediting/Taxes

3.1 **Maximum Deferral**.

(a) **Annual Deferral Amount**. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Base Salary, Bonus, LTIP Amounts and/or Director Fees up to the following maximum percentages for each deferral elected:

Deferral	Maximum Percentage
Base Salary	75%
Bonus	100%
LTIP Amounts	100%
Director Fees	100%

(b) **Short Plan Year**. Notwithstanding the foregoing, if a Participant first becomes a Participant after the first day of a Plan Year, then to the extent required by Section 3.2 and Code Section 409A and related Treasury Regulations, the maximum amount of the Participant's Base Salary, Bonus, LTIP Amounts or Director Fees that may be deferred by the Participant for the Plan Year shall be determined by applying the percentages set forth in Section 3.1(a) to the portion of such compensation attributable to services performed after the date that the Participant's deferral election is made.

3.2 **Timing of Deferral Elections; Effect of Election Form**.

(a) **General Timing Rule for Deferral Elections**. Except as otherwise provided in this Section 3.2, in order for a Participant to make a valid election to defer Base Salary, Bonus, Director Fees and/or LTIP Amounts, the Participant must submit an Election Form on or before the deadline established by the Committee, which in no event shall be later than the December 31st preceding the Plan Year in which such compensation will be earned.

Any deferral election made in accordance with this Section 3.2(a) shall be irrevocable; provided, however, that if the Committee permits or requires Participants to make a deferral election by the deadline described above for an amount that qualifies as Fiscal Year Compensation or Performance-Based Compensation, the Committee may permit a Participant to subsequently change his or her deferral election for such compensation by submitting a new Election Form in accordance with Section 3.2(c) or 3.2(d), respectively, below.

(b) **Timing of Deferral Elections for Newly Eligible Plan Participants**. A Director or selected Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year, as determined in accordance with Treas. Reg. §1.409A-2(a)(7)(ii) and the "plan aggregation" rules provided in Treas. Reg. §1.409A-1(c)(2), may be permitted to make an election to defer the portion of Base Salary, Bonus, Director Fees and/or LTIP Amounts attributable to services to be performed after such election, provided that the Participant submits an Election Form on or before the deadline established by the Committee, which in no event shall be later than 30 days after the Participant first becomes eligible to participate in the Plan.

If a deferral election made in accordance with this Section 3.2(b) relates to compensation earned based upon a specified performance period, the amount eligible for deferral shall be equal to (i) the total amount of compensation for the performance period, multiplied by (ii) a fraction, the numerator of which is the number of days remaining in the service period after the Participant's deferral election is made, and the denominator of which is the total number of days in the performance period.

Any deferral election made in accordance with this Section 3.2(b) shall become irrevocable no later than the 30th day after the date the Director or selected Employee becomes eligible to participate in the Plan.

(c) **Timing of Deferral Elections for Fiscal Year Compensation.** In the event that the fiscal year of an Employer is different than the taxable year of a Participant, the Committee may determine that a deferral election may be made for "Fiscal Year Compensation" (as defined below), by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than the last day of the Employer's fiscal year immediately preceding the fiscal year in which the services related to such compensation will begin to be performed. For purposes of this Section, the term "Fiscal Year Compensation" shall only include Bonus and LTIP Amounts relating to a service period coextensive with one or more consecutive fiscal years of the Employer, of which no amount is paid or payable during the Employer's fiscal year(s) that constitute the service period.

A deferral election made in accordance with this Section 3.2(c) shall be irrevocable; provided, however, that if the Committee permits or requires Participants to make a deferral election by the deadline described in this Section 3.2(c) for an amount that qualifies as Performance-Based Compensation, the Committee may permit a Participant to subsequently change his or her deferral election for such compensation by submitting a new Election Form in accordance with 3.2(d) below.

(d) **Timing of Deferral Elections for Performance-Based Compensation**. Subject to the limitations described below, the Committee may determine that an irrevocable deferral election for an amount that qualifies as Performance-Based Compensation may be made by submitting an Election Form on or before the deadline established by the Committee, which in no event shall be later than 6 months before the end of the performance period.

In order for a Participant to be eligible to make a deferral election for Performance-Based Compensation in accordance with the deadline established pursuant to this Section 3.2(d), the Participant must have performed services continuously from the later of (i) the beginning of the performance period for such compensation, or (ii) the date upon which the performance criteria for such compensation are established, through the date upon which the Participant makes the deferral election for such compensation. In no event shall a deferral election submitted under this Section 3.2(d) be permitted to apply to any amount of Performance-Based Compensation that has become readily ascertainable.

3.3 **Withholding and Crediting of Annual Deferral Amounts**. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. The Bonus, LTIP Amounts and/or Director Fees portion of the Annual Deferral Amount shall be withheld at the time the Bonus, LTIP Amounts or Director Fees are or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself. Annual Deferral Amounts shall be credited to the Participant's Annual Account for such Plan Year at the time such amounts would otherwise have been paid to the Participant.

3.4 **Company Contribution Amount**.

(a) For each Plan Year, an Employer may be required to credit amounts to a Participant's Annual Account in accordance with employment or other agreements entered into between the Participant and the Employer, which amounts shall be part of the Participant's Company Contribution Amount for that Plan Year. Such amounts shall be credited to the Participant's Annual Account for the applicable Plan Year on the date or dates prescribed by such agreements.

(b) For each Plan Year, an Employer, in its sole discretion, may, but is not required to, credit any amount it desires to any Participant's Annual Account under this Plan, which amount shall be part of the Participant's Company Contribution Amount for that Plan Year. The amount so credited to a Participant may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Contribution Amount for that Plan Year. The Company Contribution Amount described in this Section 3.4(b), if any, shall be credited to the Participant's Annual Account for the applicable Plan Year on a date or dates to be determined by the Committee.

(c) If not otherwise specified in the Participant's employment or other agreement entered into between the Participant and the Employer, the amount (or the method or formula for determining the amount) of a Participant's Company Contribution Amount shall be set forth in writing in one or more documents, which shall be deemed to be incorporated into this Plan in accordance with Section 1.33, no later than the date on which such Company Contribution Amount is credited to the applicable Annual Account of the Participant.

3.5 **Company Restoration Matching Amount**. A Participant's Company Restoration Matching Amount, if any, for a Plan Year shall be equal to the "match" the Company would have otherwise credited to the Participant's account in the 401(k) Plan, assuming that the amount of Base Salary deferred into this Plan for such Plan Year had instead been contributed to the 401(k) Plan (taking into account (i) the amount of the "match" the Company makes to the Participant's account in the 401(k) Plan during such Plan Year, and (ii) limitations applicable to the 401(k) Plan imposed by the Code, including but not limited to Code Sections 401(a)(17) and 402(g)). The Participant's Company Restoration Matching Amount, if any, shall be credited to the Participant's Annual Account on or around April 1st of the Plan Year following the Plan Year to which the Company Restoration Matching Amount relates.

3.6 **Vesting**.

(a) A Participant shall at all times be 100% vested in the portion of his or her Account Balance attributable to Annual Deferral Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.7.

(b) A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.7, in accordance with the vesting schedule(s) set forth in his or her Plan Agreement, employment agreement or any other agreement entered into between the Participant and his or her Employer. If not addressed in such agreements, a Participant shall vest in the portion of his or her Account Balance attributable to any Company Contribution Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.7, in accordance with the vesting schedule declared by the Committee in its sole discretion.

(c) A Participant shall be vested in the portion of his or her Account Balance attributable to any Company Restoration Matching Amounts, plus amounts credited or debited on such amounts pursuant to Section 3.7, only to the extent that the Participant would be vested in such amounts under the provisions of the 401(k) Plan, as determined by the Committee in its sole discretion.

(d) Notwithstanding anything to the contrary contained in this Section 3.6, in the event of a Change in Control, or upon a Participant's Disability, Separation from Service on or after qualifying for Retirement, or death prior to Separation from Service, any amounts that are not vested in accordance with Sections 3.6(b) or 3.6(c) above, shall immediately become 100% vested.

(e) Notwithstanding subsection 3.6(d) above, the vesting schedules described in Sections 3.6(b) or 3.6(c) above shall not be accelerated upon a Change in Control to the extent that the Committee determines that such acceleration would cause the deduction limitations of Section 280G of the Code to apply. In the event of such a determination, the Participant may request independent verification of the Committee's calculations with respect to the application of Section 280G. In such case, the Committee must provide to the Participant within 90 days of such a request an opinion from a nationally recognized accounting firm selected by the Participant (the "Accounting Firm"). The opinion shall state the Accounting Firm's opinion that any limitation in the vested percentage hereunder is necessary to avoid the limits of Section 280G and contain supporting calculations. The cost of such opinion shall be paid for by the Company.

(f) Section 3.6(e) shall not prevent the acceleration of the vesting schedules described in Sections 3.6(b) and 3.6(c) if such Participant is entitled to a "gross-up" payment to eliminate the effect of the Code section 4999 excise tax pursuant to his or her employment agreement or other agreement entered into between such Participant and the Employer.

3.7 **Crediting/Debiting of Account Balances**. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account Balance in accordance with the following rules:

(a) **Measurement Funds**. Subject to the restrictions found in Section 3.7(c) below, the Participant may elect one or more of the measurement funds selected by the Committee (or its delegate), in its sole discretion, which are based on certain mutual funds (the "Measurement Funds"), for the purpose of crediting or debiting additional amounts to his or her Account Balance. As necessary, the Committee (or its delegate) may, in its sole discretion, discontinue, substitute or add a Measurement Fund. The discontinuance or substitution of any Measurement Fund will take effect 30 days after the day on which the Company gives Participants advance written notice of such change. The addition of any new Measurement Fund will take effect on the day on which the Company gives Participants written notice of such change.

(b) **Election of Measurement Funds**. Subject to the restrictions found in Section 3.7(c) below, a Participant, in connection with his or her initial deferral election in accordance with Section 3.2 above, shall elect, on the Election Form, one or more Measurement Fund(s) (as described in Section 3.7(a) above) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any of the Measurement Funds as described in the previous sentence, the Participant's Account Balance shall automatically be allocated into the lowest-risk Measurement Fund, as determined by the Committee, in its sole discretion. Subject to the restrictions found in Section 3.7(c) below, the Participant may (but is not required to) elect, by submitting an Election Form to the Committee that is accepted by the Committee, to add or delete one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance, or to change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund. If an election is made in accordance with the previous sentence, it shall apply as of the first business day deemed reasonably practicable by the Committee, in its sole discretion, and shall continue thereafter for each subsequent day in which the Participant participates in the Plan, unless changed in accordance with the previous sentence. Notwithstanding the foregoing, the Committee, in its sole discretion, may impose limitations on the frequency with which one or more of the Measurement Funds elected in accordance with this Section 3.7(b) may be added or deleted by such Participant; furthermore, the Committee, in its sole discretion, may impose limitations on the frequency with which the Participant may change the portion of his or her Account Balance allocated to each previously or newly elected Measurement Fund.

(c) **Fixed Rate Fund**. If the Committee, in its sole discretion, adds a fixed rate fund Measurement Fund to this Plan, the provisions of this Section 3.7(c) shall apply. Prior to each Plan Year, the Committee shall, in its sole discretion, determine whether it will (i) allow allocations to and/or from the fixed rate fund Measurement Fund and whether such allocations, if any, may only be made upon advance written notification of a Participant's intended allocation, and (ii) impose limits on the portion of a Participant's Account Balance that may be invested in the fixed rate fund Measurement Fund at any given time. In the event that the Committee imposes a limit on the portion of a Participant's Account Balance that may be invested in the fixed rate fund Measurement Fund, the Committee may request that a Participant re-allocate his or her Account Balance among the other Measurement Funds; provided, however, if a Participant fails or refuses to re-allocate his or her Account Balance in accordance with the Committee's request, the Committee may re-allocate that portion of the Participant's Account Balance which is in excess of the limits imposed on the fixed rate fund Measurement Fund, on a pro-rata basis, among the other Measurement Funds to which the Participant's Account Balance is allocated.

(d) **Proportionate Allocation**. In making any election described in Section 3.7(b) above, the Participant shall specify on the Election Form, in increments of one percent (1%), the percentage of his or her Account Balance or Measurement Fund, as applicable, to be allocated/reallocated.

(e) **Crediting or Debiting Method**. The performance of each Measurement Fund (either positive or negative) will be determined on a daily basis based on the manner in which such Participant's Account Balance has been hypothetically allocated among the Measurement Funds by the Participant.

(f) **No Actual Investment**. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any such Measurement Fund, the allocation of his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any such Measurement Fund. In the event that the Company or the Trustee (as that term is defined in the Trust), in its own discretion, decides to invest funds in any or all of the investments on which the Measurement Funds are based, no Participant shall have any rights in or to such investments themselves. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only and shall not represent any investment made on his or her behalf by the Company or the Trust; the Participant shall at all times remain an unsecured creditor of the Company.

3.8 **FICA and Other Taxes**.

(a) **Annual Deferral Amounts**. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus and/or LTIP Amounts that is not being deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such Annual Deferral Amount. If necessary, the Committee may reduce the Annual Deferral Amount in order to comply with this Section 3.8.

(b) **Company Restoration Matching Amounts and Company Contribution Amounts**. When a Participant becomes vested in a portion of his or her Account Balance attributable to any Company Restoration Matching Amounts and/or Company Contribution Amounts, the Participant's Employer(s) shall withhold from that portion of the Participant's Base Salary, Bonus and/or LTIP Amounts that is not deferred, in a manner determined by the Employer(s), the Participant's share of FICA and other employment taxes on such amounts. If necessary, the Committee may reduce the vested portion of the Participant's Company Restoration Matching Amount or Company Contribution Amount, as applicable, in order to comply with this Section 3.8.

(c) **Distributions**. The Participant's Employer(s), or the trustee of the Trust, shall withhold from any payments made to a Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer(s), or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer(s) and the trustee of the Trust.

ARTICLE 4
Scheduled Distribution; Unforeseeable Emergencies

4.1 **Scheduled Distributions**. In connection with each election to defer an Annual Deferral Amount, a Participant may elect to receive all or a portion of such Annual Deferral Amount, plus amounts credited or debited on that amount pursuant to Section 3.7, in the form of a lump sum payment, calculated as of the close of business on or around the Benefit Distribution Date designated by the Participant in accordance with this Section (a "Scheduled Distribution"). The Benefit Distribution Date for the amount subject to a Scheduled Distribution election shall be the first day of any Plan Year designated by the Participant, which may be no sooner than 3 Plan Years after the end of the Plan Year to which the Participant's deferral election relates, unless otherwise provided on an Election Form approved by the Committee.

Subject to the other terms and conditions of this Plan, each Scheduled Distribution elected shall be paid out during a 60 day period commencing immediately after the Benefit Distribution Date. By way of example, if a Scheduled Distribution is elected for Annual Deferral Amounts that are earned in the Plan Year commencing January 1, 2009, the earliest Benefit Distribution Date that may be designated by a Participant would be January 1, 2013, and the Scheduled Distribution would be paid out during the 60 day period commencing immediately after such Benefit Distribution Date.

4.2 **Postponing Scheduled Distributions**. A Participant may elect to postpone a Scheduled Distribution described in Section 4.1 above, and have such amount paid out during a 60 day period commencing immediately after an allowable alternative Benefit Distribution Date designated in accordance with this Section 4.2. In order to make such an election, the Participant must submit an Election Form to the Committee in accordance with the following criteria:

(a) The election of the new Benefit Distribution Date shall have no effect until at least 12 months after the date on which the election is made;

(b) The new Benefit Distribution Date selected by the Participant for such Scheduled Distribution must be the first day of a Plan Year that is no sooner than 5 years after the previously designated Benefit Distribution Date; and

(c) The election must be made at least 12 months prior to the Participant's previously designated Benefit Distribution Date for such Scheduled Distribution.

For purposes of applying the provisions of this Section 4.2, a Participant's election to postpone a Scheduled Distribution shall not be considered to be made until the date on which the election becomes irrevocable. Such an election shall become irrevocable no later than the date that is 12 months prior to the Participant's previously designated Benefit Distribution Date for such Scheduled Distribution.

4.3 **Other Benefits Take Precedence Over Scheduled Distributions.** Should an event occur prior to any Benefit Distribution Date designated for a Scheduled Distribution that would trigger a benefit under Articles 5 through 9, as applicable, all amounts subject to a Scheduled Distribution election shall be paid in accordance with the other applicable provisions of the Plan and not in accordance with this Article 4.

4.4 **Unforeseeable Emergencies**.

(a) If a Participant experiences an Unforeseeable Emergency prior to the occurrence of a Scheduled Distribution or a distribution event described in Articles 5 through 9, as applicable, the Participant may petition the Committee to receive a partial or full payout from the Plan. The payout, if any, from the Plan shall not exceed the lesser of (i) the Participant's vested Account Balance, calculated as of the close of business on or around the Benefit Distribution Date for such payout, as determined by the Committee in accordance with the provisions set forth below, or (ii) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay Federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. A Participant shall not be eligible to receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (A) through reimbursement or compensation by insurance or otherwise, (B) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (C) by cessation of deferrals under this Plan.

If the Committee (or its delegate), in its sole discretion, approves a Participant's petition for payout from the Plan, the Participant's Benefit Distribution Date for such payout shall be the date on which such approval by the Committee (or its delegate) occurs and such payout shall be distributed to the Participant in a lump sum no later than 60 days after such Benefit Distribution Date. In addition, in the event of such approval the Participant's outstanding deferral elections under the Plan shall be cancelled.

(b) A Participant's deferral elections under this Plan shall also be cancelled to the extent the Committee determines that such action is required for the Participant to obtain a hardship distribution from an Employer's 401(k) Plan pursuant to Treas. Reg. §1.401(k)-1(d)(3).

ARTICLE 5
Change in Control Benefit

5.1 **Change in Control Benefit**. A Participant, in connection with his or her commencement of participation in the Plan, shall have an opportunity to irrevocably elect to receive his or her vested Account Balance in the form of a lump sum payment in the event that a Change in Control occurs prior to the Participant's Separation from Service, Disability or death (the "Change in Control Benefit"). The Benefit Distribution Date for the Change in Control Benefit, if any, shall be the date on which the Change in Control occurs.

If a Participant elects not to receive a Change in Control Benefit, or fails to make an election in connection with his or her commencement of participation in the Plan, the Participant's Account Balance shall be paid in accordance with the other applicable provisions of the Plan.

5.2 **Payment of Change in Control Benefit**. The Change in Control Benefit, if any, shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date, as determined by the Committee, and paid to the Participant no later than 60 days after the Participant's Benefit Distribution Date.

ARTICLE 6
Retirement Benefit

6.1 **Retirement Benefit**. If a Participant experiences a Separation from Service that qualifies as a Retirement, the Participant shall be eligible to receive his or her vested Account Balance in either a lump sum or annual installment payments, as elected by the Participant in accordance with Section 6.2 (the "Retirement Benefit"). A Participant's Retirement Benefit shall be calculated as of the close of business on or around the applicable Benefit Distribution Date for such benefit, which shall be (a) the first day after the end of the 6-month period immediately following the date on which the Participant experiences such Separation from Service if the Participant is a Specified Employee, and (b) for all other Participants, the date on which the Participant experiences a Separation from Service; provided, however, if a Participant changes the form of distribution for one or more Annual Accounts in accordance with Section 6.2(b), the Benefit Distribution Date for the Annual Account(s) subject to such change shall be determined in accordance with Section 6.2(b).

6.2 **Payment of Retirement Benefit.**

(a) In connection with a Participant's election to defer an Annual Deferral Amount, the Participant shall elect the form in which his or her Annual Account for such Plan Year will be paid. The Participant may elect to receive each Annual Account in the form of a lump sum or pursuant to an Annual Installment Method of up to 15 years. If a Participant does not make any election with respect to the payment of an Annual Account, then the Participant shall be deemed to have elected to receive such Annual Account as a lump sum.

(b) A Participant may change the form of payment for an Annual Account by submitting an Election Form to the Committee in accordance with the following criteria:

(i) The election shall not take effect until at least 12 months after the date on which the election is made;

(ii) The new Benefit Distribution Date for such Annual Account shall be 5 years after the Benefit Distribution Date that would otherwise have been applicable to such Annual Account; and

(iii) The election must be made at least 12 months prior to the Benefit Distribution Date that would otherwise have been applicable to such Annual Account.

For purposes of applying the provisions of this Section 6.2(b), a Participant's election to change the form of payment for an Annual Account shall not be considered to be made until the date on which the election becomes irrevocable. Such an election shall become irrevocable no later than the date that is 12 months prior to the Benefit Distribution Date that would otherwise have been applicable to such Annual Account. Subject to the requirements of this Section 6.2(b), the Election Form most recently accepted by the Committee that has become effective for an Annual Account shall govern the form of payout of such Annual Account.

(c) The lump sum payment shall be made, or installment payments shall commence, no later than 60 days after the applicable Benefit Distribution Date. Remaining installments, if any, shall continue in accordance with the Participant's election for each Annual Account and shall be paid no later than 60 days after the first day of each Plan Year following the Plan Year in which the Participant's Benefit Distribution Date occurs.

ARTICLE 7
Termination Benefit

7.1 **Termination Benefit**. If a Participant experiences a Separation from Service that does not qualify as a Retirement, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Termination Benefit"). A Participant's Termination Benefit shall be calculated as of the close of business on or around the Benefit Distribution Date for such benefit, which shall be (a) the first day after the end of the 6-month period immediately following the date on which the Participant experiences such Separation from Service if the Participant is a Specified Employee, and (b) for all other Participants, the date on which the Participant experiences a Separation from Service.

7.2 **Payment of Termination Benefit**. The Termination Benefit shall be paid to the Participant no later than 60 days after the Participant's Benefit Distribution Date.

ARTICLE 8
Disability Benefit

8.1 **Disability Benefit**. If a Participant becomes Disabled prior to the occurrence of a distribution event described in Articles 5 through 7 or 9, as applicable, the Participant shall receive his or her vested Account Balance in the form of a lump sum payment (the "Disability Benefit"). The Disability Benefit shall be calculated as of the close of business on or around the Participant's Benefit Distribution Date for such benefit, which shall be the date on which the Participant becomes Disabled.

8.2 **Payment of Disability Benefit**. The Disability Benefit shall be paid to the Participant no later than 60 days after the Participant's Benefit Distribution Date.

ARTICLE 9
Death Benefit

9.1 **Death Benefit**. In the event of a Participant's death prior to the complete distribution of his or her vested Account Balance, the Participant's Beneficiary(ies) shall receive the Participant's unpaid vested Account Balance in a lump sum payment (the "Death Benefit"). The Death Benefit shall be calculated as of the close of business on or around the Benefit Distribution Date for such benefit, which shall be the date of the Participant's death.

9.2 **Payment of Death Benefit**. The Death Benefit shall be paid to the Participant's Beneficiary(ies) no later than 60 days after the Participant's Benefit Distribution Date.

ARTICLE 10
Beneficiary Designation

10.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefits payable under the Plan to a beneficiary upon the death of a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of an Employer in which the Participant participates.

10.2 **Beneficiary Designation; Change; Spousal Consent**. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

10.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

10.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 10.1, 10.2 and 10.3 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

10.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

10.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge all Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 11
Leave of Absence

11.1 **Paid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take a paid leave of absence from the employment of the Employer, and such leave of absence does not constitute a Separation from Service, (a) the Participant shall continue to be considered eligible for the benefits provided under the Plan, and (b) the Annual Deferral Amount shall continue to be withheld during such paid leave of absence in accordance with Section 3.3.

11.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, and such leave of absence does not constitute a Separation from Service, such Participant shall continue to be eligible for the benefits provided under the Plan. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to employment, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.2 above.

ARTICLE 12
Termination of Plan, Amendment or Modification

12.1 **Termination of Plan**. Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to terminate the Plan with respect to all of its Participants. In the event of a Plan termination no new deferral elections shall be permitted for the affected Participants and such Participants shall no longer be eligible to receive new Company contributions. However, after the Plan termination the Account Balances of such Participants shall continue to be credited with Annual Deferral Amounts attributable to a deferral election that was in effect prior to the Plan termination to the extent deemed necessary to comply with Code Section 409A and related Treasury Regulations, and additional amounts shall continue to be credited or debited to such Participants' Account Balances pursuant to Section 3.7. The Measurement Funds available to Participants following the termination of the Plan shall be comparable in number and type to those Measurement Funds available to Participants in the Plan Year preceding the Plan Year in which the Plan termination is effective. In addition, following a Plan termination, Participant Account Balances shall remain in the Plan and shall not be distributed until such amounts become eligible for distribution in accordance with the other applicable provisions of the Plan. Notwithstanding the preceding sentence, to the extent permitted by Treas. Reg. §1.409A-3(j)(4)(ix), the Employer may provide that upon termination of the Plan, all Account Balances of the Participants shall be distributed, subject to and in accordance with any rules established by such Employer deemed necessary to comply with the applicable requirements and limitations of Treas. Reg. §1.409A-3(j)(4)(ix).

12.2 **Amendment**.

(a) Any Employer may, at any time, amend or modify the Plan in whole or in part with respect to that Employer. Notwithstanding the foregoing, (i) no amendment or modification shall be effective to decrease the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, and (ii) no amendment or modification of this Section 12.2 or Section 13.2 of the Plan shall be effective.

(b) If a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Employer may amend or terminate such provisions with the written consent of the Participant.

(c) Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any provision of the Plan or any Plan Agreement may cause amounts deferred under the Plan to become immediately taxable to any Participant under Code Section 409A and related Treasury guidance or Regulations, each Employer may (i) adopt such amendments to the Plan, Plan Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Employer determines necessary or appropriate to preserve the intended tax treatment of the Plan benefits provided by the Plan and/or (ii) take such other actions as the Employer determines necessary or appropriate to comply with the requirements of Code Section 409A and related Treasury guidance or Regulations to avoid the imputation of any tax, penalty or interest thereunder.

12.3 **Effect of Payment**. The full payment of the Participant's vested Account Balance in accordance with the applicable provisions of the Plan shall completely discharge all obligations to a Participant and his or her designated Beneficiaries under this Plan, and the Participant's Plan Agreement shall terminate.

ARTICLE 13
Administration

13.1 **Committee Duties**. Except as otherwise provided in this Article 13, this Plan shall be administered by a Committee, which shall consist of the Board, or such committee of management and/or Board members as the Board shall appoint. Members of the Committee may be Participants under this Plan. The Committee shall also have the discretion and authority to (a) make, amend, interpret, and enforce all appropriate rules and regulations for the administration of this Plan, and (b) decide or resolve any and all questions, including benefit entitlement determinations and interpretations of this Plan, as may arise in connection with the Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by a Participant or the Company. The Committee may, in its sole discretion and from time to time, delegate any administrative or ministerial duties related to the Plan to any officers or staff of the Company.

13.2 **Administration Upon Change In Control**. For purposes of this Plan, the Committee shall be the "Administrator" at all times prior to the occurrence of a Change in Control. Within one hundred and twenty (120) days following a Change in Control, an independent third party "Administrator" may be selected by the individual or individuals who, immediately prior to the Change in Control, held a position as Chief

Executive Officer of the Company or, if not so identified, held a position as the Company's highest ranking officer(s) (the "Ex-CEO"), and approved by the Trustee. The Committee, as constituted prior to the Change in Control, shall continue to be the Administrator until the earlier of (a) the date on which such independent third party is selected and approved, or (b) the expiration of the one hundred and twenty (120) day period following the Change in Control. If an independent third party is not selected within one hundred and twenty (120) days of such Change in Control, the Committee, as described in Section 13.1 above, shall be the Administrator. The Administrator shall have the discretionary power to determine all questions arising in connection with the administration of the Plan and the interpretation of the Plan and Trust including, but not limited to benefit entitlement determinations; provided, however, upon and after the occurrence of a Change in Control, the Administrator shall have no power to direct the investment of Plan or Trust assets or select any investment manager or custodial firm for the Plan or Trust. Upon and after the occurrence of a Change in Control, the Company must: (i) pay all reasonable administrative expenses and fees of the Administrator; (ii) indemnify the Administrator against any costs, expenses and liabilities including, without limitation, attorney's fees and expenses arising in connection with the performance of the Administrator hereunder, except with respect to matters resulting from the gross negligence or willful misconduct of the Administrator or its employees or agents; and (iii) supply full and timely information to the Administrator on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the date and circumstances of the Separation from Service, Disability or death of the Participants, and such other pertinent information as the Administrator may reasonably require. Upon and after a Change in Control, the Administrator may be terminated (and a replacement appointed) by the Trustee only with the approval of the Ex-CEO. Upon and after a Change in Control, the Administrator may not be terminated by the Company.

13.3 **Agents**. In the administration of this Plan, the Committee, as applicable, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to any Employer.

13.4 **Binding Effect of Decisions**. The decision or action of the Committee or Administrator, as applicable, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

13.5 **Indemnity of Committee**. All Employers shall indemnify and hold harmless the members of the Committee, any Employee to whom the duties of the Committee may be delegated, and the Administrator against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such Employee or the Administrator seeking indemnification hereunder.

13.6 **Employer Information**. To enable the Committee and/or Administrator to perform its functions, the Company and each Employer shall supply full and timely information to the Committee (or its delegate) and/or Administrator, as the case may be, on all matters relating to the Plan, the Trust, the Participants and their Beneficiaries, the Account Balances of the Participants, the compensation of its Participants, the date and circumstances of the Separation from Service, Disability or death of its Participants, and such other pertinent information as the Committee (or its delegate) or Administrator may reasonably require.

ARTICLE 14
Other Benefits and Agreements

14.1 **Coordination with Other Benefits**. The benefits provided for a Participant and Participant's Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 15
Claims Procedures

15.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 60 days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

15.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than 90 days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 90 day period. In no event shall such extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 15.3 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

15.3 **Review of a Denied Claim**. On or before 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

15.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than 60 days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial 60 day period. In no event shall such extension exceed a period of 60 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

15.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 15 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 16
Trust

16.1 **Establishment of the Trust**. In order to provide assets from which to fulfill the obligations of the Participants and their Beneficiaries under the Plan, the Company shall establish a trust by a trust agreement with a third party, the trustee (the "Trust"), and each Employer shall at least annually transfer over to the Trust such assets as the Employer determines, in its sole discretion, are necessary to provide, on a present value basis, for its respective future liabilities created with respect to the Annual Accounts for such Employer's Participants (or such Participants' Beneficiaries) for all periods prior to the transfer, as well as any debits and credits to such Participants' Annual Accounts for all periods prior to the transfer, taking into consideration the value of the assets in the Trust at the time of the transfer.

16.2 **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Plan Agreement shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of the Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

16.3 **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

ARTICLE 17

Miscellaneous

17.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (a) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (b) in accordance with Code Section 409A and related Treasury guidance and Regulations.

17.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

17.3 **Employer's Liability**. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan and his or her Plan Agreement.

17.4 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

17.5 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer, either as an Employee or a Director, or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

17.6 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

17.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

17.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

17.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Delaware without regard to its conflicts of laws principles.

17.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Guess?, Inc.
Attn: Director of Human Resources
1444 South Alameda Street
Los Angeles, CA 90021

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

17.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

17.12 **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

17.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

17.14 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

17.15 **Domestic Relations Orders**. If necessary to comply with a domestic relations order, as defined in Code Section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan, the Committee shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to such spouse or former spouse.

17.16 **Insurance**. The Employers, on their own behalf or on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as the Employers or the trustee of the Trust may choose. The Employers or the trustee of the Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

17.17 **Legal Fees To Enforce Rights After Change in Control**. The Company and each Employer is aware that upon the occurrence of a Change in Control, the Board or the board of directors of a Participant's Employer (which might then be composed of new members) or a shareholder of the Company or the Participant's Employer, or of any successor corporation might then cause or attempt to cause the Company, the Participant's Employer or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company or the Participant's Employer to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, (i) a Participant or Beneficiary institutes any litigation or other legal action which seeks to recover benefits under the Plan or which otherwise asserts that the Committee, the Company, the Employer or any successor entity to the Company or the Employer has failed to comply with any of its obligations under this Plan or any agreement thereunder with respect to such Participant or Beneficiary, or if the Committee, the Company, the Employer or any other person takes any action to declare this Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant or Beneficiary the benefits intended to be provided under the Plan, and (ii) the Participant or Beneficiary retains counsel in connection with such litigation or legal action, then, if the final decision of a court of competent jurisdiction determines that the Participant or Beneficiary has prevailed with respect to all or part of such litigation or legal action the Company and such Employer (who shall be jointly and severally liable) shall be required to pay the reasonable attorneys fees and expenses of the Participant or Beneficiary in connection with the initiation or defense of such litigation or legal action with respect to such matters, whether by or against the Committee, the Company, the Employer or any director, officer, shareholder or other person affiliated with the Company, the Employer or any successor thereto in any jurisdiction.

17.18 **Distribution in the Event of Income Inclusion Under Code Section 409A**. If any portion of a Participant's Account Balance under this Plan is required to be included in income by the Participant prior to receipt due to a failure of this Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, the Committee may determine that such Participant shall receive a distribution from the Plan in an amount equal to the lesser of (i) the portion of his or her Account Balance required to be included in income as a result of the failure of the Plan to comply with the requirements of Code Section 409A and related Treasury Regulations, or (ii) the unpaid vested Account Balance.

IN WITNESS WHEREOF, this Plan document, originally adopted as of October 31, 2005, is hereby amended and restated as of December 18, 2008.

"Company"

Guess?, Inc.,
a Delaware corporation

/s/ Carlos Alberini

By: Carlos Alberini

Title: President and Chief Operating Officer

Exhibit 10.29

Guess?, Inc.
Supplemental Executive Retirement Plan
Plan Document

Effective January 1, 2006
(Amended and Restated
Effective December 18, 2008)

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS

GUESS?, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Effective January 1, 2006
(Amended and Restated Effective December 18, 2008)

Purpose

The purpose of this Plan is to provide specified benefits to a select group of management or highly compensated Employees who contribute materially to the continued growth, development and future business success of Guess?, Inc., a Delaware corporation, and its subsidiaries, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

ARTICLE 1
Definitions

For purposes hereof, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Actuarial Equivalent" shall mean a benefit or benefits, or a payment or payments, which are of equal value to the benefits for which they are to be substituted. Equivalence of value is determined from actuarial calculations based on certain actuarial assumptions as to mortality and interest, applied with respect to the particular form or forms of payment under this Plan. For purposes of this Plan, the following shall be used in any actuarial calculations: (a) the 1983 GAM rate tables for males and females, and (b) an annual rate equal to 6%. For purposes of this Plan, the standard form of benefit shall be a Life Annuity as set forth in Article 4.

1.2 "Average Compensation" shall mean the highest average of a Participant's Compensation paid during any two (2) full calendar years of employment with the Employer (or, if a Participant has been employed for less than two (2) full calendar years, the actual number of the Participant's full calendar years of employment with the Employer) out of the last three (3) full calendar years of employment immediately prior to the Participant's Determination Date.

1.3 "Beneficiary" or "Beneficiaries" shall mean one or more persons, trusts, estates or other entities designated in accordance with Article 10 that is entitled to receive benefits under this Plan upon the death of a Participant.

1.4 "Beneficiary Designation Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to designate one or more Beneficiaries.

1.5 "Benefit Percentage" shall be used to determine a Participant's SERP Benefit and shall be calculated on the basis of the Participant's Years of Service as of the Determination Date, in accordance with the following schedule:

Years of Service	**Benefit Percentage**
1	2.50%
2	5.00%
3	7.50%
4	10.00%
5	12.50%
6	15.00%
7	17.50%
8	20.00%
9	22.50%
10	25.00%
11	27.50%
12	30.00%
13	32.50%
14	35.00%
15	37.50%
16	40.00%
17	42.50%
18	45.00%
19	47.50%
20	50.00%
21	52.50%
22	55.00%
23	57.50%
24 or more	60.00%

The maximum Benefit Percentage used for purposes of determining a Participant's SERP Benefit shall be fifty percent (50%); provided, however, that the maximum Benefit Percentage used for purposes of determining the SERP Benefit for each of Maurice Marciano and Paul Marciano shall be sixty percent (60%).

1.6 "Board" shall mean the board of directors of the Company.

1.7 "Change in Control" shall mean the occurrence of a "change in the ownership" of the Company, a "change in the effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company, as determined in accordance with Treasury Regulations Section 1.409A-3(i)(5).

1.8 "Change in Control Benefit" shall mean the benefit set forth in Section 3.4.

1.9 "Claimant" shall have the meaning set forth in Section 9.1.

1.10 "Code" shall mean the Internal Revenue Code of 1986, as it may be amended from time to time.

1.11 "Committee" shall mean the committee described in Article 8.

1.12 "Company" shall mean Guess?, Inc., a Delaware corporation, and any successor to all or substantially all of the Company's assets or business.

1.13 "Compensation" shall mean the annual base salary and bonus paid to a Participant pursuant to the Guess?, Inc. Annual Incentive Bonus Plan and/or such other bonus or incentive arrangement designated by the Committee, and such other cash-based compensation specifically designated as Compensation hereunder by the Committee. Except for any such cash-based compensation specifically designated by the Committee as Compensation, Compensation shall not include commissions, overtime, fringe benefits, stock options and other equity-based awards, relocation expenses, non-monetary awards, director fees and other fees, airplane benefits and automobile and other allowances (whether or not such allowances are included in the Participant's gross income). Annual base salary and bonus amounts shall be calculated before reduction for compensation deferred pursuant to all qualified, non-qualified and Code Section 125 plans of the Employer; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Participant in such Plan Year. Any annual base salary amounts to which a Participant is otherwise entitled to receive but which are voluntarily foregone at the election of the Participant (as agreed to by the Company) shall be considered Compensation for purposes of this Plan for the calendar year in which such amounts would have otherwise been paid in accordance with usual Company practices if not voluntarily foregone.

1.14 "Death Benefit" shall mean the benefits due, if any, to a Participant's Beneficiary pursuant to Article 3 upon the Participant's death.

1.15 "Determination Date" shall mean, for purposes of calculating the SERP Benefit, the first to occur of a Participant's (a) Separation from Service, (b) death, or (c) Disability, as applicable.

1.16 "Disability" or "Disabled" shall mean that a Participant is (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (b) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident or health plan covering employees of the Participant's Employer. For purposes of this Plan, a Participant shall be deemed Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant's Employer, provided that the definition of "disability" applied under such disability insurance program complies with the definition in this Section.

1.17 "Disability Benefit" shall mean the benefit set forth in Section 3.3.

1.18 "Election Form" shall mean the form established from time to time by the Committee that a Participant completes, signs and returns to the Committee to make an election under the Plan.

1.19 "Employee" shall mean a person who is an employee of any Employer.

1.20 "Employer(s)" shall be defined as follows:

(a) Except as otherwise provided in part (b) of this Section, the term "Employer" shall mean the Company and/or any of its subsidiaries (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have adopted the Plan as a sponsor; and

(b) For the purpose of determining whether a Participant has experienced a Separation from Service, the term "Employer" shall mean:

(i) The entity for which the Participant performs services and with respect to which the legally binding right to compensation deferred or contributed under this Plan arises; and

(ii) All other entities with which the entity described above would be aggregated and treated as a single employer under Code Section 414(b) (controlled group of corporations) and Code Section 414(c) (a group of trades or businesses, whether or not incorporated, under common control), as applicable. In order to identify the group of entities described in the preceding sentence, the Committee shall use an ownership threshold of 50% as a substitute for the 80% minimum ownership threshold that appears in, and otherwise must be used when applying, the applicable provisions of (A) Code Section 1563 for determining a controlled group of corporations under Code Section 414(b), and (B) Treasury Regulations Section 1.414(c)-2 for determining the trades or businesses that are under common control under Code Section 414(c).

1.21 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as it may be amended from time to time.

1.22 "Estimated Social Security Benefit" means the monthly amount of primary old age insurance benefits available to a Participant under the provisions of Title II of the Social Security Act as in effect for the year during which the Participant Separates from Service on or after attaining age sixty-five, without regard to any increases in the wage base or benefit levels or any other change in the law that takes effect thereafter and, if the Participant's Determination Date occurs prior to attaining age sixty-five, assuming the Participant's salary would have remained constant to age sixty-five.

1.23 "Fifteen Year Term Certain Life Annuity" shall mean a benefit that is payable monthly in the form of an annuity for the life of the Participant or fifteen (15) years, whichever is longer, and that is equal to the Participant's SERP Benefit.

1.24 "Joint and 50% Survivor Annuity" shall mean a benefit that is payable monthly in the form of an annuity for the life of the Participant with a 50% survivor annuity for the life of such Participant's Beneficiary, and that is equal to the Participant's SERP Benefit.

1.25 "Life Annuity" shall mean a benefit that is payable monthly in the form of an annuity for the life of the Participant and that is equal to the Participant's SERP Benefit.

1.26 "Participant" shall mean any Employee, (i) who is selected to participate in the Plan, (ii) who completes the applicable enrollment requirements established by the Committee in accordance with Section 2.3, and (iii) whose Plan Agreement has not terminated.

1.27 "Plan" shall mean the Guess?, Inc. Supplemental Executive Retirement Plan, which shall be evidenced by this instrument and by each Plan Agreement, as amended from time to time.

1.28 "Plan Agreement" shall mean a written agreement in the form prescribed by or acceptable to the Committee that evidences a Participant's agreement to the terms of the Plan and which may establish additional terms or conditions of Plan participation for a Participant. Unless otherwise determined by the Committee, the most recent Plan Agreement accepted with respect to a Participant shall supersede any prior Plan Agreements for such Participant. Plan Agreements may vary among Participants and may provide additional benefits not set forth in the Plan or limit the benefits otherwise provided under the Plan; provided, however, that any such additional benefits or benefit limitations must be agreed upon by both the Employer and the Participant.

1.29 "Plan Year" shall mean a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.30 "Retirement" or "Retires" shall mean a Participant's Separation from Service on or after the date on which the Participant has attained age sixty-five (65).

1.31 "Retirement Benefit" shall mean the benefit set forth in Section 3.1.

1.32 "Separation from Service" shall mean a termination of services provided by a Participant to his or her Employer, whether voluntarily or involuntarily, other than by reason of death or Disability, as determined by the Committee in accordance with Treasury Regulation Section 1.409A-1(h) and consistent with the rules set forth below. In determining whether a Participant has experienced a Separation from Service, the following provisions shall apply:

(a) For a Participant who provides services to an Employer as an Employee, except as otherwise provided in part (c) of this Section, a Separation from Service shall occur when such Participant has experienced a termination of employment with such Employer. For this purpose, a Participant terminates employment when the facts and circumstances indicate that the Participant and his or her Employer reasonably anticipate that no further services will be performed for the Employer after a certain date, or that the level of bona fide services the Participant will perform for the Employer after such date (whether as an Employee or as an independent contractor) will permanently decrease to no more than 20% of the average level of bona fide services performed by such Participant (whether as an Employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services to the Employer if the Participant has been providing services to the Employer less than 36 months).

(b) If a Participant is on military leave, sick leave, or other bona fide leave of absence, the employment relationship between the Participant and the Employer shall be treated as continuing intact for purposes of this Plan, provided that the period of such leave does not exceed 6 months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract. If the period of a military leave, sick leave, or other bona fide leave of absence exceeds 6 months and the Participant does not retain a right to reemployment under an applicable statute or by contract, the employment relationship shall be considered to be terminated for purposes of this Plan as of the first day immediately following the end of such 6-month period. In applying the provisions of this paragraph, a leave of absence shall be considered a bona fide leave of absence only if there is a reasonable expectation that the Participant will return to perform services for the Employer.

(c) For a Participant who provides services to an Employer as both an Employee and an independent contractor, a Separation from Service generally shall not occur until the Participant has ceased providing services for such Employer as both as an Employee and as an independent contractor, as determined in accordance with the provisions set forth in parts (a) and (b) of this Section, respectively. Similarly, if a Participant either (i) ceases providing services for an Employer as an independent contractor and begins providing services for such Employer as an Employee, or (ii) ceases providing services for an Employer as an Employee and begins providing services for such Employer as an independent contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services for such Employer in both capacities, as determined in accordance with the applicable provisions set forth in parts (a) and (b) of this Section.

Notwithstanding the foregoing provisions in this part (c), if a Participant provides services for an Employer as both an Employee and as a member of the board of directors of any Employer (a "Director"), to the extent permitted by Treas. Reg. §1.409A-1(h)(5) the services provided by such Participant as a Director shall not be taken into account in determining whether the Participant has experienced a Separation from Service as an Employee.

1.33 "SERP Benefit" shall mean a monthly amount, payable to a Participant in the form provided in Article 4 and commencing in accordance with the provisions of Article 3. Notwithstanding the actual commencement date of the SERP Benefit, the monthly amount shall be fixed and determined and shall be computed based on the Participant's Determination Date as follows:

(a) the Participant's Average Compensation, divided by twelve (12);

(b) the amount determined in (a) above multiplied by the Participant's Benefit Percentage;

(c) the amount determined in (b) above less the Participant's Estimated Social Security Benefit;

(d) the amount determined in (c) above multiplied by the Participant's Vesting Percentage.

1.34 "Ten Year Term Certain Life Annuity" shall mean a benefit that is payable monthly in the form of an annuity for the life of the Participant or ten (10) years, whichever is longer, and that is equal to the Participant's SERP Benefit.

1.35 "Termination Benefit" shall mean the benefit set forth in Section 3.2.

1.36 "Trust" shall mean one or more trusts established by the Company in accordance with Article 11.

1.37 "Years of Plan Participation" shall mean the total number of full Plan Years a Participant has been a Participant in the Plan prior to the Participant's Determination Date. Any partial year shall not be counted.

1.38 "Years of Service" shall mean the total number of full years in which a Participant has been employed by one or more Employers prior to the Participant's Determination Date. For purposes of this definition, a year of employment shall be a 365 day period (or 366 day period in the case of a leap year) that, for the first year of employment, commences on the Employee's date of hiring and that, for any subsequent year, commences on an anniversary of that hiring date. The Committee shall make a determination as to whether any partial year of employment shall be counted as a Year of Service. The maximum number of Years of Service that may be used for purposes of determining a Participant's Benefit Percentage under this Plan shall be twenty (20) years; provided, however, that the maximum number of Years of Service that may be used for purposes of determining the Benefit Percentage for each of Maurice Marciano and Paul Marciano under this Plan shall be twenty four (24) years.

1.39 "Vesting Percentage" shall be used to determine a Participant's SERP Benefit. A Participant's Vesting Percentage shall be determined in accordance with the schedule set forth in his or her Plan Agreement or any other agreement entered into between the Participant and his or her Employer. If not addressed in such agreements, a Participant's Vesting Percentage shall be based on the Participant's Years of Plan Participation as of the Determination Date, in accordance with the following schedule:

Years of Plan Participation	Vesting Percentage
1-5	0%
6	20%
7	40%
8	60%
9	80%
10 or more	100%

Notwithstanding the foregoing, upon death, Disability or a Change in Control, the Participant shall become fully vested and the Vesting Percentage shall be one hundred percent (100%); provided, however, the vesting schedule described above shall not be accelerated upon a Change in Control to the extent that the Committee determines that such acceleration would cause the deduction limitations of Section 280G of the Code to apply (unless such Participant is entitled to a "gross-up" payment to eliminate the effect of the excise tax under Section 4999 of the Code pursuant to his or her employment agreement or other agreement entered into between such Participant and the Employer, or any such agreement with the Participant that provides other express treatment of the Participant's benefits with respect to the application of Section 280G). In the event of such a determination, the Participant may request independent verification of the Committee's calculations with respect to the application of Code Section 280G. In such case, the Committee must provide to the Participant within ninety (90) days of such a request an opinion from a nationally recognized accounting firm selected by the Participant (the "Accounting Firm"). The opinion shall state the Accounting Firm's opinion that any limitation in the vested percentage hereunder is necessary to avoid the limits of Section 280G and contain supporting calculations. The cost of such opinion shall be paid for by the Company.

ARTICLE 2
Eligibility

2.1 **Selection by Committee**. Participation in the Plan shall be limited to a select group of management and highly compensated Employees of an Employer, as determined by the Committee in its sole discretion.

2.2 **Enrollment Requirements**. As a condition to participation, a Participant shall complete, execute and return to the Committee a Plan Agreement and a Beneficiary Designation Form, all within the time period specified by the Committee. In addition, the Committee shall establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.

2.3 **Commencement of Participation**. Provided that a Participant has met all enrollment requirements set forth in this Plan and required by the Committee, including returning all required documents to the Committee within the specified time period, he or she shall commence participation in the Plan on the date specified by the Committee. If a Participant fails to meet any such requirements within the period required, in accordance with Section 2.2, he shall not be eligible to participate in the Plan until the completion of those requirements.

ARTICLE 3
Benefits

3.1 **Retirement Benefit**. Subject to Section 3.4, a Participant who experiences a Separation from Service that qualifies as a Retirement shall receive, as his Retirement Benefit, a SERP Benefit in the form set forth in Article 4. Retirement Benefit payments shall commence within sixty (60) days immediately following the last day of the six-month period immediately following the date on which the Participant experiences such Separation from Service.

3.2 **Termination Benefit**. Subject to Section 3.4, a Participant who experiences a Separation from Service that does not qualify as a Retirement shall receive as his Termination Benefit, a SERP Benefit in the form set forth in Article 4. Termination Benefit payments shall commence within sixty (60) days immediately following the last day of the six-month period immediately following the date on which the Participant attains age sixty-five (65).

3.3 **Disability Benefit**. If a Participant experiences a Disability during his employment and prior to such Participant's attainment of age sixty-five (65), he shall receive, as his Disability Benefit, a SERP Benefit in the form of a lump sum that is the Actuarial Equivalent of the Participant's SERP Benefit had such SERP Benefit been payable in the form of a Life Annuity commencing at age sixty-five (65). If a Participant experiences a Disability during his employment and on or after such Participant's attainment of age sixty-five (65), he shall receive, as his Disability Benefit, a SERP Benefit in the form set forth in Article 4. Disability Benefit payments shall commence within sixty (60) days following the date on which the Participant experiences a Disability.

3.4 **Change in Control Benefit**. If a Participant experiences a Separation from Service within the twelve-month period immediately following a Change in Control, the Participant shall receive as his Change in Control Benefit, a SERP Benefit in the form of a lump sum that is the Actuarial Equivalent of the Participant's SERP Benefit had such benefit been payable in the form set forth in Article 4. The Change in Control Benefit payment shall be made within sixty (60) days immediately following the last day of the six-month period immediately following the date on which the Participant experiences such Separation from Service.

3.5 **Death Prior to the Commencement of Benefits**. If a Participant who is entitled to a benefit pursuant to this Plan should die prior to the date on which his benefit payment is scheduled to commence, the form in which the Participant elected to receive such benefit shall determine the amount, if any, payable to such Participant's Beneficiary as a Death Benefit. The Death Benefit, if any, shall be a SERP Benefit in the form of a lump sum that is the Actuarial Equivalent of the Participant's SERP Benefit, with such Actuarial Equivalent determined as of the day immediately preceding the day of the Participant's death. Payment of the Death Benefit, if any, will be made to the Beneficiary no later than sixty (60) days after the date of the Participant's death.

3.6 **Death After the Commencement of Benefits**. If a Participant dies after his benefits have commenced, the form in which such Participant's benefits have been paid shall determine the amount, if any, and the form of the Death Benefit payable to such Participant's Beneficiary.

3.7 **Limitation on Benefits**. Notwithstanding the foregoing provisions of this Article 3, in no event shall a Participant or his Beneficiary receive more than one form of benefit under this Article 3.

3.8 **Withholding and Payroll Taxes**. The Employer shall withhold from any and all benefits made under this Article 3, or from cash compensation if withholding is required prior to payment of benefits, all federal, state, local or foreign income, employment and other taxes required to be withheld by the Employer in connection with the benefits hereunder, in amounts to be determined in the sole discretion of the Employer.

ARTICLE 4
Forms of Benefit Payment

4.1 **Normal Form of Benefits**. Except as provided in Article 3, a Participant who is entitled to receive a SERP Benefit pursuant to this Plan shall receive such benefit in the form of a Life Annuity unless an optional form of benefit payment is elected by a Participant in accordance with Section 4.2.

4.2 **Optional Form of Benefits**. A Participant may elect, in connection with his commencement of participation in the Plan, to receive his SERP Benefit in a form other than a Life Annuity by electing to receive such benefit in the form of a (i) Ten Year Term Certain Life Annuity, (ii) Fifteen Year Term Certain Life Annuity, or (iii) Joint and 50% Survivor Annuity; provided, however, that the Participant's SERP Benefit will be increased or decreased, as applicable, to be a benefit that is the Actuarial Equivalent of a Life Annuity, and which reflects the actual form of benefit payment elected by the Participant pursuant to this Section 4.2. If a Participant does not make any election in connection with his commencement of participation in the Plan with respect to the form of the benefit in accordance with this Section 4.2, then such Participant shall be deemed to have elected to receive such benefit as a Life Annuity in accordance with Section 4.1.

4.3 **Changes to Form of SERP Benefit**. To the extent permitted by Treasury Regulations Section 1.409A-2(b)(2)(ii), a Participant may change the form of his SERP Benefit from one type of life annuity to another type of life annuity, provided that such annuities are actuarially equivalent and have the same scheduled date for the first payment. To make such a change, the Participant must submit an Election Form electing such change and the Election Form must be received by the Company before any annuity payment has been made under the terms of the Plan to that Participant.

ARTICLE 5
Forfeiture

5.1 **Forfeiture**. Notwithstanding any provision of this Plan to the contrary, the right of a Participant and his Beneficiaries to be eligible to receive or to continue to receive benefits hereunder is expressly conditioned upon the Participant not violating any noncompete provisions contained in the Participant's Plan Agreement. If the Committee determines that a Participant has violated the terms of this Section 5.1, the Participant and his or her Beneficiaries shall forfeit any benefits not yet received under this Plan and shall be required to repay to the Employer any benefits already received from the Plan.

ARTICLE 6
Termination of Plan Participation, Amendment or Modification of the Plan

6.1 **Termination of Plan Participation**. Although each Employer anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that any Employer will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, each Employer reserves the right to terminate the participation in the Plan as to some or all of the Participants at any time. Following the termination of participation in the Plan, (i) each affected Participant's SERP Benefit shall stop accruing (except for necessary actuarial adjustments), and (ii) each Participant's SERP Benefit (determined without regard to any increases in Compensation, Years of Service or Years of Plan Participation after the termination of the participation in the Plan) shall commence no sooner than the date on which the Participant or his Beneficiary becomes eligible to receive such benefit in accordance with Articles 3 and 4 of the Plan.

Notwithstanding the foregoing, to the extent permissible under Treasury Regulations Section 1.409A-3(j)(4)(ix), following a Change in Control each Employer may, in its discretion, terminate the participation in the Plan with respect to all Participants and distribute benefits to the Participants in the form of a lump sum that is the Actuarial Equivalent of each Participant's SERP Benefit, determined as of the date of the termination of participation in the Plan (without regard to any increases in Compensation, Years of Service or Years of Plan Participation after such date), provided that the distribution of the Participants' benefits are made no later than six (6) months after the Change in Control.

The termination of participation in the Plan accordance with this Section 6.1 shall not adversely affect any Participant or Beneficiary who has become entitled to the payment of any benefits under the Plan as of the date of such termination of participation.

6.2 **Amendment**.

(a) The Board may, at any time, amend or modify the Plan in whole or in part. Notwithstanding the foregoing, (i) no amendment or modification shall be effective to reduce any benefits a Participant has become entitled to as of the date the amendment or modification is made, and (ii) no amendment or modification of this Section 6.2 shall be effective.

(b) If a Participant's Plan Agreement contains benefits or limitations that are not in this Plan document, the Board may amend or terminate such provisions with the written consent of the Participant.

(c) Notwithstanding any provision of the Plan to the contrary, in the event that the Committee or the Board determines that any provision of the Plan or any Plan Agreement may cause amounts deferred under the Plan to become immediately taxable to any Participant under Code Section 409A and related Treasury guidance, the Board may (i) adopt such amendments to the Plan, Plan Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that are determined to be necessary or appropriate to preserve the intended tax treatment of the Plan benefits provided by the Plan and/or (ii) take such other actions that are determined to be necessary or appropriate to comply with the requirements of Code Section 409A and related Treasury guidance.

6.3 **Effect of Payment**. Absent the earlier termination, modification or amendment of the Plan, the full payment of the applicable benefit as provided under Articles 3 and 4 of the Plan shall completely discharge all obligations to a Participant and his Beneficiaries under this Plan and the Participant's Plan Agreement shall terminate.

ARTICLE 7
Other Benefits and Agreements

7.1 **Coordination with Other Benefits**. The benefits provided for a Participant and such Participant's Beneficiaries under this Plan are in addition to any other benefits available to the Participant under any other plan or program for employees of the Participant's Employer. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

ARTICLE 8
Administration of the Plan

8.1 **Committee Duties**. This Plan shall be administered by a Committee, which shall consist of the Compensation Committee of the Board. Members of the Committee may not be Participants under this Plan. The Committee shall also have the discretion and authority to (a) make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and (b) decide or resolve any and all questions including interpretations of this Plan, and find facts necessary to make such determinations as may arise in connection with the Plan. When making a determination or calculation, the Committee shall be entitled to rely on information furnished by the Participant, the Employer or appropriate experts, including agents and actuarial experts. The Committee may, in its sole discretion and from time to time, delegate any administrative or ministerial duties related to the Plan to any officers or staff of the Company.

8.2 **Agents**. In the administration of this Plan, the Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may but need not be counsel to the Company.

8.3 **Binding Effect of Decisions**. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan.

8.4 **Indemnity of Committee**. All Employers shall indemnify and hold harmless the members of the Committee and any Employee to whom duties of the Committee may be delegated in accordance with Section 8.1, from any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by any such member of the Committee or any such Employee who seeks indemnification hereunder.

8.5 **Company Information**. To enable the Committee to perform its functions, the Company and each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Separation from Service, Disability, or death of its Participants, and such other pertinent information as the Committee may reasonably require.

ARTICLE 9
Claims Procedures

9.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts distributable to such Claimant from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

9.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, in which case such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 9.3 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

9.3 **Review of a Denied Claim**. On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

9.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

9.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 9 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan.

ARTICLE 10
Beneficiary Designation

10.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his Beneficiary(ies) (both primary as well as contingent) to receive any Death Benefits payable under the Plan to a beneficiary upon the death of the Participant. The Beneficiary(ies) designated under this Plan may be the same as or different from the Beneficiary(ies) designated under any other plan of an Employer in which the Participant participates.

10.2 **Beneficiary Designation; Change; Spousal Consent**. A Participant shall designate his Beneficiary(ies) by completing and signing the Beneficiary Designation Form, and returning it to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his spouse as a Beneficiary, the Committee may, in its sole discretion, determine that spousal consent is required to be provided in a form designated by the Committee, executed by such Participant's spouse and returned to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be cancelled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his death.

10.3 **Acknowledgment**. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee or its designated agent.

10.4 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 10.1, 10.2, and 10.3 above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate.

10.5 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary(ies) to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Participant's Employer to withhold such payments until this matter is resolved to the Committee's satisfaction.

10.6 **Discharge of Obligations**. The payment of benefits under the Plan to a Participant's Beneficiary(ies) shall fully and completely discharge all

Employers and the Committee from all further obligations under this Plan with respect to the Participant, and that Participant's Plan Agreement shall terminate upon such full payment of benefits.

ARTICLE 11
Trust

11.1 **Establishment of the Trust.** In order to provide assets from which to fulfill the obligations of the Participants and their Beneficiaries under the Plan, the Company may establish a Trust by a trust agreement with a third party, the trustee, to which each Employer may, in its discretion, contribute cash or other property to the Trust in order to provide for the benefits payments under the Plan.

11.2 **Interrelationship of the Plan and the Trust.** The provisions of the Plan and the Plan Agreement shall govern the rights of the Participants to receive distributions pursuant to the Plan. The provisions of the Trust, if any, shall govern the rights of the Employers, the Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

11.3 **Distributions From the Trust.** Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of the Trust, if any, and any such distribution shall reduce the Employer's obligations under this Plan.

11.4 **Funding Limitation.** Notwithstanding anything to the contrary in this Article 11, in no event shall the Company establish or fund any 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 Trust "in connection with a change in the employer's financial health" within the meaning of Section 409A(b)(2) of the Code.

ARTICLE 12
Miscellaneous

12.1 **Status of the Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a), and is intended to be "unfunded and maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted (i) to the extent possible in a manner consistent with the intent described in the preceding sentence, and (ii) in accordance with Code Section 409A and related Treasury guidance and Regulations to avoid the assessment of any tax, penalty or interest thereunder.

12.2 **Unsecured General Creditor**. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of an Employer. For purposes of the payment of benefits under this Plan, any and all of an Employer's assets shall be, and remain, the general, unpledged unrestricted assets of the Employer. An Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.

12.3 **Employer's Liability**. An Employer's liability for the payment of benefits shall be defined only by the Plan and the Plan Agreement, as entered into between the Employer and a Participant. An Employer shall have no obligation to the Participant under the Plan except as expressly provided in the Plan and his Plan Agreement.

12.4 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise.

12.5 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer or to interfere with the right of any Employer to discipline or discharge a Participant at any time.

12.6 **Furnishing Information**. A Participant or his Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

12.7 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and wherever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as applicable, in all cases where they would so apply.

12.8 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

12.9 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Delaware without regard to its conflict of laws principles.

12.10 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

Guess?, Inc.
Director of Human Resources
1444 South Alameda Street
Los Angeles, CA 90021

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

12.11 **Successors**. The provisions of this Plan shall bind and inure to the benefit of each Participant's Employer and its successors and assigns and such Participant and the Participant's designated Beneficiaries.

12.12 **Spouse's Interest**. The interest in the benefits hereunder of a spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

12.13 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

12.14 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetency, incapacity or guardianship, as it may deem appropriate, prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as applicable, and shall be a complete discharge of any liability under the Plan for such payment amount.

12.15 **Court Order**. The Committee is authorized to comply with any court order in any action in which the Plan or Committee has been named as a party, including any action involving a determination of the rights or interests in a Participant's benefits under the Plan. Notwithstanding the foregoing, the Committee shall interpret this provision in a manner that is consistent with applicable tax law, including but not limited to guidance issued after the effective date of this Plan.

12.16 **Insurance**. The Employers, on their own behalf or, if applicable, on behalf of the trustee of the Trust, and, in their sole discretion, may apply for and procure insurance on the life of a Participant, in such amounts and in such forms as the Employer or trustee of the Trust may elect. The Employers or the trustee of the Trust, as applicable, shall be the sole owner and beneficiary of any such insurance. The Participant shall have no interest whatsoever in any such policy or policies, and at the request of the Employers shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employers have applied for insurance.

12.17 **Legal Fees To Enforce Rights After Change in Control**. The Company and each Employer is aware that upon the occurrence of a Change in Control, the Board or the board of directors of a Participant's Employer (which might then be composed of new members) or a shareholder of the Company or the Participant's Employer, or of any successor corporation might then cause or attempt to cause the Company, the Participant's Employer or such successor to refuse to comply with its obligations under the Plan and might cause or attempt to cause the Company or the Participant's Employer to institute, or may institute, litigation seeking to deny Participants the benefits intended under the Plan. In these circumstances, the purpose of the Plan could be frustrated. Accordingly, if, following a Change in Control, (i) a Participant or Beneficiary institutes any litigation or other legal action which seeks to recover benefits under the Plan or which otherwise asserts that the Committee, the Company, the Employer or any successor entity to the Company or the Employer has failed to comply with any of its obligations under this Plan or any agreement thereunder with respect to such Participant or Beneficiary, or if the Committee, the Company, the Employer or any other person takes any action to declare this Plan void or unenforceable or institutes any litigation or other legal action designed to deny, diminish or to recover from any Participant or Beneficiary the benefits intended to be provided under the Plan, and (ii) the Participant or Beneficiary retains counsel in connection with such litigation or legal action, then, if the final decision of a court of competent jurisdiction determines that the Participant or Beneficiary has prevailed with respect to all or part of such litigation or legal action the Company and such Employer (who shall be jointly and severally liable) shall be required to pay the reasonable attorneys fees and expenses of the Participant or Beneficiary in connection with the initiation or defense of such litigation or legal action with respect to such matters, whether by or against the Committee, the Company, the Employer or any director, officer, shareholder or other person affiliated with the Company, the Employer or any successor thereto in any jurisdiction. If the Company or such Employer reimburses the Participant or Beneficiary for any such legal fees, such reimbursement shall be made within thirty (30) days of the date of the court's final decision.

IN WITNESS WHEREOF, this Plan document, originally adopted as of October 31, 2005, is hereby amended and restated as of December 18, 2008.

"Company"

Guess?, Inc., a Delaware corporation

/s/ Dennis R. Secor

By: Dennis R. Secor
Title: Senior Vice President and Chief Financial Officer

Exhibit 21.1

Guess?, Inc.
List of Subsidiaries
(as of 1/31/09)

Investment In	Location	Owned By	Percentage of Ownership
Focus Europe, Srl	Italy	Guess? Europe, B.V.	75%**(1)**
F.P. France Sarl	France	Guess France SAS	100%
Guess? Apparel Retail, B.V.	Netherlands	Guess? Europe, B.V.	100%
Guess Apparel Spain, SL	Spain	Guess? Europe, B.V.	100%
Guess? Asia Limited	Hong Kong	Guess? Europe, B.V.	100%
Guess? Asia Limited (Hong Kong) (Taiwan Branch)	Taiwan	Guess? Asia Limited	100%
Guess? Bermuda Holdings, LLC	United States	Guess?, Inc.	100%
Guess? Bermuda Holdings, L.P.	Bermuda	Guess?, Inc.	99%**(2)**
Guess? Canada Corporation	Canada	Guess? Euro-Canada, B.V.	100%
Guess.com, Inc.	United States	Guess?, Inc.	100%
Guess? Deutschland GmBH	Germany	Guess? Europe, B.V.	100%
Guess? Euro-Canada, B.V.	Netherlands	Guess? Europe, B.V.	100%
Guess? Europe, B.V.	Netherlands	Guess? Bermuda Holdings, L.P.	100%
Guess Europe Sagl	Switzerland	Guess? Europe, B.V.	99%**(3)**
Guess Fisher LLC	United States	Guess?, Retail Inc.	51%**(4)**
Guess France SAS	France	Guess? Europe, B.V.	100%
Guess? Holdings Korea Limited Liability Company	Korea	Guess? Europe, B.V.	100%
Guess? IP GP LLC	United States	Guess? Licensing, Inc.	100%
Guess? IP Holder L.P.	United States	Guess? IP LP LLC	82.7%**(5)**
Guess? IP LP LLC	United States	Guess?, Inc.	100%
Guess Italia, Srl	Italy	Guess? Europe, B.V.	100%
Guess? Licensing, Inc.	United States	Guess?, Inc.	100%
Guess Macau	Macau	Guess? Asia Ltd.	96%**(6)**
Guess? Retail, Inc.	United States	Guess?, Inc.	100%
Guess Service Srl	Italy	Guess Italia, Srl	100%
Guess? Shanghai Limited	China	Guess? Asia Limited	100%
Guess Sud SAS	France	Guess France SAS	60%**(7)**
Guess Swiss Sagl	Switzerland	Guess? Europe, B.V.	99%**(8)**
Guess U.K. Limited	United Kingdom	Guess? Europe, B.V.	100%
Guess? Value LLC	United States	Guess? Retail, Inc.	100%
Grupo Guess, S. de R.L. de C.V.	Mexico	Guess? Europe, B.V.	51%**(9)**
Surfol Trade, S.L.	Spain	Guess Apparel Spain, SL	100%

(1) *The remaining 25% is owned by Focus Pull SpA, an Italian company*
(2) *The remaining 1% is owned by Guess? Bermuda Holdings, LLC*
(3) *The remaining 1% is owned by Guess? Apparel Retail, B.V.*
(4) *The remaining 49% is owned by Marc Fisher Holdings LLC, a Delaware company*
(5)*The remaining 17.3% is owned by Guess? IP GP LLC*
(6) *The remaining 4% is owned by Guess? Holdings Korea Limited Liability Company*
(7) *The remaining 40% is owned by Sebastien Chiche (36%) and Anne-Flor Chiche (4%), individuals*
(8) *The remaining 1% is owned by Guess Italia, Srl*
(9) *The remaining 49% is owned by Adivina S.A. de C.V., a Mexican company*

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-3 No. 333-111895),

(2) Registration Statement (Form S-8 No. 333-135079) pertaining to the 2006 Non-Employee Directors' Stock Grant and Stock Option Plan,

(3) Registration Statement (Form S-8 No. 333-129349) pertaining to the Nonqualified Deferred Compensation Plan,

(4) Registration Statement (Form S-8 No. 333-121552) pertaining to the 2004 Equity Incentive Plan,

(5) Registration Statement (Form S-8 No. 333-81274) pertaining to the 2002 Employee Stock Purchase Plan, and

(6) Registration Statement (Form S-8 No. 333-10069) pertaining to the 1996 Equity Incentive Plan and the 1996 Non-Employee Directors' Stock Option Plan;

of our reports dated March 27, 2009, with respect to the consolidated financial statements and schedule of Guess?, Inc., and the effectiveness of internal control over financial reporting of Guess?, Inc., included in this Annual Report (Form 10-K) for the year ended January 31, 2009.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 27, 2009

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Guess?, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-135079, 333-10069, 333-129349, 333-121552 and 333-81274) on Form S-8 and registration statement (No. 333-111895) on Form S-3, of Guess?, Inc. and subsidiaries of our report dated May 25, 2007, with respect to the consolidated statements of income, stockholders' equity and comprehensive income, and cash flows of Guess?, Inc. and subsidiaries for the one-month period ended February 3, 2007, and the related financial statement schedule; and our report dated February 28, 2007, with respect to the consolidated statements of income, stockholders' equity and comprehensive income, and cash flows of Guess?, Inc. and subsidiaries for the year ended December 31, 2006, and the related financial statement schedule, which reports appear in the January 31, 2009 annual report on Form 10-K of Guess?, Inc.

Our reports refer to the adoption of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," on January 1, 2007.

/s/ KPMG LLP

Los Angeles, California
March 27, 2009

Exhibit 31.1

I, Paul Marciano, certify that:

1. I have reviewed this annual report on Form 10-K 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 officers 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 officers 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 function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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: March 31, 2009

By: /s/ PAUL MARCIANO

Paul Marciano
Chief Executive Officer and
Vice Chairman of the Board

QuickLinks

Exhibit 31.1

Exhibit 31.2

I, Carlos Alberini, certify that:

1. I have reviewed this annual report on Form 10-K 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 officers 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 officers 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 function):

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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: March 31, 2009 By: /s/ CARLOS ALBERINI

Carlos Alberini
President and Chief Operating Officer

Exhibit 31.3

I, Dennis R. Secor, certify that:

1. I have reviewed this annual report on Form 10-K 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 officers 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 officers 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 function):

    a) All significant deficiencies and material weaknesses in the design or operation of internal controls 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: March 31, 2009 By: /s/ DENNIS R. SECOR

Dennis R. Secor
Senior Vice President and
Chief Financial Officer

QuickLinks

Exhibit 31.3

QuickLinks -- Click here to rapidly navigate through this document

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 Annual Report on Form 10-K of the Company for the period ended January 31, 2009, 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 (15 U.S.C. 78m); and

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

Date: March 31, 2009 By: /s/ PAUL MARCIANO

Paul Marciano
Chief Executive Officer and
Vice Chairman of the Board

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Guess?, Inc. and will be retained by Guess?, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks -- Click here to rapidly navigate through this document

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, Carlos Alberini, President and Chief Operating 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 Annual Report on Form 10-K of the Company for the period ended January 31, 2009, 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 (15 U.S.C. 78m); and

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

Date: March 31, 2009

By: /s/ CARLOS ALBERINI

Carlos Alberini
President and Chief Operating Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Guess?, Inc. and will be retained by Guess?, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 32.3

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

I, Dennis R. Secor, Senior Vice President and 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 Annual Report on Form 10-K of the Company for the period ended January 31, 2009, 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 (15 U.S.C. 78m); and

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

Date: March 31, 2009 By: /s/ DENNIS R. SECOR

Dennis R. Secor
Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Guess?, Inc. and will be retained by Guess?, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

Exhibit 32.3