FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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

For the Quarterly period ended October 31, 2001

OR

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

For the transition period from _______________ to _______________

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.
(Exact name of registrant as specified in its charter)

Delaware	41-1590959
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

512 Seventh Avenue, New York, New York 10018
(Address of Principal Executive Office) (Zip Code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of December 1, 2001.

Common Stock, $.01 par value per share: 6,689,804 shares.

Part I FINANCIAL INFORMATION

* The Balance Sheet at January 31, 2001 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

Part II OTHER INFORMATION

1. Amendment No. 11 to the Fifth Amended and Restated Loan Agreement, dated as of November 27, 2001 by and among G-III, the Banks and Fleet Bank.

G-III Apparel Group, Ltd. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

ASSETS	OCTOBER 31, 2001 (unaudited)	JANUARY 31, 2001

CURRENT ASSETS		
Cash and cash equivalents	$ 1,694	$ 9,231
Accounts receivable	59,209	11,528
Allowance for doubtful accounts and sales discounts	(8,010)	(4,242)
Inventories - net	52,972	42,450
Prepaid expenses and other current assets	3,891	2,481
Total current assets	109,756	61,448
PROPERTY, PLANT AND EQUIPMENT, NET	3,160	2,940
DEFERRED INCOME TAXES	4,889	4,889
OTHER ASSETS	2,902	2,675
	$120,707	$71,952
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	$ 41,400	$ 1,500
Current maturities of obligations under capital leases	104	80
Income taxes payable	3,002	2,312
Accounts payable	10,857	7,411
Accrued expenses	6,522	8,190
Accrued nonrecurring charges	103	97
Total current liabilities	61,988	19,590
OTHER LONG-TERM LIABILITIES	496	293
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, 1,000,000 shares authorized; no shares issued and outstanding in all periods		
Common stock - $.01 par value; authorized, 20,000,000 shares; 6,934,621 and 6,878,171 shares issued at October 31, 2001 and January 31, 2001, respectively	69	69
Additional paid-in capital	25,423	25,295
Retained earnings	33,701	27,675
	59,193	53,039
Less common stock held in treasury - 244,817 shares at October 31, 2001 and January 31, 2001, at cost	(970)	(970)
	58,223	52,069
	$120,707	$71,952

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	THREE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2001	2000
Net sales	$ 90,623	$ 87,955
Cost of goods sold	69,905	62,647
Gross profit	20,718	25,308
Selling, general and administrative expenses	10,930	8,208

Operating income	9,788	17,100
Interest and financing charges, net	1,399	1,315
Income before income taxes	8,389	15,785
Income tax expense	3,356	6,317
Net income	$ 5,033	$ 9,468
INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	$ 0.75	$ 1.45
Weighted average number of shares outstanding	6,689,787	6,543,102
Diluted:		
Net income per common share	$ 0.68	$ 1.31
Weighted average number of shares outstanding	7,380,068	7,218,711

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2001	2000
Net sales	$ 170,703	$ 145,918
Cost of goods sold	130,420	104,632
Gross profit	40,283	41,286
Selling, general and administrative expenses	27,422	21,790
Operating income	12,861	19,496
Interest and financing charges, net	2,817	2,187
Income before minority interest and income taxes	10,044	17,309
Minority interest in loss of joint venture	-	9
Income before income taxes	10,044	17,318
Income tax expense	4,018	6,922

Net income	$ 6,026	$ 10,396

INCOME PER COMMON SHARE:

Basic:		
Net income per common share	$ 0.90	$ 1.58
Weighted average number of shares outstanding	6,671,444	6,560,483
Diluted:		
Net income per common share	$ 0.82	$ 1.47
Weighted average number of shares outstanding	7,393,126	7,095,332

The accompanying notes are an integral part of these statements.

G-III Apparel Group, Ltd. and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	NINE MONTHS ENDED OCTOBER 31, (Unaudited)	
	2001	2000
Cash flows from operating activities		
Net income	$ 6,026	$ 10,396
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization	897	765
Minority interest	-	(9)
Changes in operating assets and liabilities:		
Accounts receivable	(43,913)	(44,731)
Inventories	(10,522)	(13,884)
Income taxes	690	3,586
Prepaid expenses and other current assets	(1,410)	(3,766)
Other assets	(142)	(275)
Accounts payable and accrued expenses	1,778	9,737
Accrued nonrecurring charge	(71)	(374)
Other long term liabilities	50	50
Net cash used in operating activities	(46,617)	(38,505)
Cash flows from investing activities		
Capital expenditures	(1,021)	(682)
Capital dispositions	24	21
Purchase of certain assets of Gloria Gay Coats, LLC	(205)	
Net cash used in investing activities	(1,202)	(661)
Cash flows from financing activities		
Increase in notes payable, net	39,900	24,778
Proceeds from capital lease obligations	381	-
Payments for capital lease obligations	(127)	(92)
Investment in joint venture by minority partner	-	1,012
Purchase of common stock for Treasury	-	(540)
Proceeds from exercise of stock options	128	72

Net cash from financing activities	40,282	25,230
Net decrease in cash and cash equivalents	(7,537)	(13,936)
Cash and cash equivalents at beginning of period	9,231	14,530
Cash and cash equivalents at end of period	$ 1,694	$ 594
Supplemental disclosures of cash flow information:		
Cash paid during the period for		
Interest	$ 2,428	$ 1,897
Income taxes	3,269	3,265

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results for the three and nine month periods ended October 31, 2001 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company's business. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

The Company consolidates the accounts of all its majority-owned subsidiaries. All material intercompany balances and transactions have been eliminated.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10K filed with the Securities and Exchange Commission for the year ended January 31, 2001.

Certain reclassifications have been made to conform to the fiscal 2001 presentation.

Note 2 - Inventories

Inventories consist of:

	October 31, 2001	January 31, 2001
	(in thousands)	
Finished products	$30,585	$17,605
Work-in-process	2,598	1,707
Raw materials	19,789	23,138
	$52,972	$42,450

Note 3 - Net Income Per Common Share

Basic income per share amounts have been computed using the weighted average number of common shares outstanding during each period. When applicable, diluted income per share amounts are computed using the weighted average number of common shares and the dilutive potential common shares outstanding during the period.

Note 4 - Notes Payable

The Company's loan agreement, which expires on May 31, 2002, is a collateralized working capital line of credit with six banks that provides for a maximum line of credit in amounts that range from $45 million to $85 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from $30 million to $72 million during the year. The unused balance may be used for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement. The Company was not in compliance with the covenant relating to earnings before interest, taxes, depreciation and amortization ("EBITDA") for the nine months ended October 31, 2001. On November 27, 2001, the Company received a waiver from its lenders relating to this EBITDA covenant. The lenders also amended the EBITDA and tangible net worth covenants for the year ending January 31, 2002. There was $40.6 million outstanding at October 31, 2001 and no loan balance outstanding at January 31, 2001 under this agreement.

Notes payable also includes borrowings by PT Balihides, the Company's Indonesian subsidiary, under a credit facility with an Indonesian bank. During the nine month period ended October 31, 2001, the Company reduced the amount of this foreign debt. There were notes payable outstanding under this facility of $800,000 as of October 31, 2001 and $1.5 million as of January 31, 2001.

Note 5 - Nonrecurring Charge

The nonrecurring charge refers to the reserve associated with the closure of the company's domestic factory that was completed by January 31, 1995. The balance of $157,000 at October 31, 2001 and $228,000 at January 31, 2001 relates to the remaining obligation under an operating lease. Based on current estimates, management believes that existing accruals are adequate. Other long-term liabilities include $54,000 and $131,000 of nonrecurring charges at October 31, 2001 and January 31, 2001, respectively.

Note 6 - Segments

The Company's reportable segments are business units that offer different products and are managed separately. The company operates in two segments, licensed and non-licensed apparel. The following information is presented for the three and nine month periods indicated below:

	THREE MONTHS ENDED OCTOBER 31,			
	2001		2000	
	Licensed	Non-Licensed	Licensed	Non-Licensed

Net sales	$39,897	$50,726	$31,706	$56,249
Cost of goods sold	29,782	40,123	21,697	40,950
Gross profit	10,115	10,603	10,009	15,299
Selling, general and administrative	5,838	5,092	3,771	4,437
Operating income	4,277	5,511	6,238	10,862
Interest expense	675	724	547	768
Income before income taxes	$ 3,602	$ 4,787	$ 5,691	$10,094

	NINE MONTHS ENDED OCTOBER 31,			
	2001		2000	
	Licensed	Non-Licensed	Licensed	Non-Licensed
Net sales	$69,596	$101,107	$55,124	$90,794
Cost of goods sold	51,800	78,620	38,772	65,860
Gross profit	17,796	22,487	16,352	24,934
Selling, general and administrative	14,753	12,669	10,229	11,561
Operating income	3,043	9,818	6,123	13,373
Interest expense	1,322	1,495	837	1,350
Income before minority interest and income taxes	1,721	8,323	5,286	12,023
Minority interest				9
Income before income taxes	$ 1,721	$ 8,323	$ 5,286	$12,032

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

Unless the context otherwise requires, "G-III", "us", "we" and "our" refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year.

Statements in this Quarterly Report on Form 10-Q concerning our business outlook or future economic performance; anticipated revenues, expenses or other financial items; product introductions and plans and objectives related thereto; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matter, are "forward-looking statements" as that term is defined under the Federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from those stated in such statements. Such risks, uncertainties and factors include, but are not limited to, reliance on foreign manufacturers, risks of doing business abroad, the nature of the apparel industry, including changing consumer demand and tastes, seasonality, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, general economic conditions, as well as other risks detailed in the Company's filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q.

Results of Operations

The tragic events of September 11, 2001 aggravated a retail environment that had already begun to slow down due to the economic downturn in the United States. The resulting uncertainty with respect to consumer spending caused our customers to slow the pace of reorders during what is the seasonal peak of our business.

Retailers responded to this environment with increased promotional activity which required us to grant greater allowances and discounts in order to sell our products. These factors had an adverse effect on our net sales and gross profit for the three and nine months ended October 31, 2001. These factors, as well as the unseasonably warm weather that has continued into early December 2001, will also have a negative effect on our results of operations for the quarter ending January 31, 2002.

Net sales for the three months ended October 31, 2001 were $90.6 million compared to $88.0 million for the same period last year. The increase in net sales during the quarter was attributable to an $8.2 million increase in sales of licensed apparel, primarily as a result of sales by our new Jones New York women's wool division, partially offset by a $5.5 million decrease in sales of non-licensed apparel. We entered into the license agreement relating to this Jones New York business in January 2001. Net sales for the nine months ended October 31, 2001 were $170.7 million compared to $145.9 million for the same period in the prior year. The increase in net sales in the nine month period was attributable to a $14.5 million increase in sales of licensed apparel, also due primarily to sales by our new Jones New York women's wool division, and a $10.3 million increase in sales of non-licensed apparel.

Gross profit was $20.7 million, or 22.9% of net sales, for the three months ended October 31, 2001 compared to $25.3 million, or 28.8% of net sales, for the same period last year. Gross profit was $40.3 million, or 23.6% of net sales, for the nine months ended October 31, 2001 compared to $41.3 million, or 28.3% of net sales, for the same period last year. The decrease in gross profit percentage for both periods resulted from lower gross profit percentages in both the licensed and non-licensed apparel segments.

The gross profit percentages were negatively impacted due to higher allowances and discounts, which were necessary to sell products into the sluggish retail market. In addition, a portion of the decrease resulted from lower commission fee income. Commission fee income, which is primarily generated in the non-licensed apparel segment, decreased to $1.7 million during the three months ended October 31, 2001 from $3.8 million in the comparable period of the prior year and to $3.2 million during the nine months ended October 31, 2002 from $5.9 million in the comparable period of the prior year. There is no cost of goods sold component associated with commission transactions. Gross profit was also negatively impacted by an increase of $1.9 million in our inventory reserve during the three months ended October 31, 2001, reflecting the effect of excess unsold inventory. Inventory reserves increased $1.5 million during the nine month period ended October 31, 2001 as compared to the same period of the prior year.

Selling, general and administrative expenses were $10.9 million for the three months ended October 31, 2001 compared to $8.2 million in the three months ended October 31, 2000 and $27.4 million for the nine months ended October 31, 2001 compared to $21.8 million for the same period last year. The increase in the three month period was primarily a result of expenses relating to the start-up of the Cole Haan, Sean John, and the two Jones New York divisions. Advertising expenses increased by $1.0 million, personnel expenses increased by $700,000, and facilities expense increased by $500,000 over the comparable period of the prior year.

Selling, general and administrative expenses in the nine month period also increased primarily from expenses relating to the start-up of the Cole Haan, Sean John, and the two Jones New York divisions. Personnel expenses increased by $2.0 million, advertising expenses increased by $1.7 million, and facility expenses increased by $1.0 million, over the comparable period of the prior year. To reduce our expenses, we terminated 15 employees in October, 2001, with expected annualized cost savings of approximately $1.1 million.

Interest expense and finance charges for the three months ended October 31, 2001 were $1.4 million compared to $1.3 million in the same period last year. Interest expense and finance charges for the nine month period ended October 31, 2001 were $2.8 million compared to $2.2 million in the same period last year. The increase in interest expense in both the three and nine month periods resulted primarily from increased borrowings to support higher inventory investments, partially offset by lower interest rates.

Income tax expense was $3.4 million for the three months ended October 31, 2001 compared to $6.3 million in the same period in the prior year. Income tax expense was $4.0 million for the nine months ended October 31, 2001 compared to $6.9 million in the same period last year. Our effective tax rate was 40% in both periods in each fiscal year.

For the three months ended October 31, 2001, we had net income of $5.0 million, or $0.68 per diluted share, compared to $9.5 million, or $1.31 per diluted share, for the same period in the prior year. For the nine months ended October 31, 2001, we had net income of $6.0 million, or $0.82 per diluted share, compared to $10.4 million, or $1.47 per diluted share, for the same period in the prior year.

Liquidity and Capital Resources

Our loan agreement, which expires on May 31, 2002, is a collateralized working capital line of credit with six banks that provides for a maximum line of credit in amounts that range from $45 million to $85 million at specific times during the year. The line of credit provides for maximum direct borrowings ranging from $30 million to $72 million during the year. The unused balance may be used for letters of credit. Amounts available for borrowing are subject to borrowing base formulas and overadvances specified in the agreement.

Direct borrowings under the line of credit bear interest at our option at either the prevailing prime rate (4.75% as of December 12, 2001) or LIBOR plus 225 basis points (4.19% as of December 12, 2001). Our assets collateralize all borrowings. The loan agreement requires us, among other covenants, to maintain specified earnings and tangible net worth levels, and prohibits the payment of cash dividends. We were not in compliance with the covenant relating to earnings before interest, taxes, depreciation and amortization ("EBITDA") for the nine months ended October 31, 2001. On November 27, 2001, we received a waiver from our lenders relating to this EBITDA covenant. The lenders also amended the EBITDA and tangible net worth covenants for the year ending January 31, 2002.

The amount borrowed under the line of credit varies based on our seasonal requirements. As of October 31, 2001, direct borrowings were $40.6 million and contingent liabilities under open letters of credit were approximately $4.5 million compared to direct borrowings of $26.6 million and contingent liabilities under open letters of credit of approximately $9.4 million as of October 31, 2000. The increase in borrowings under our credit facility compared to last year resulted primarily from increased inventories.

PT Balihides, our Indonesian subsidiary, has a separate credit facility with an Indonesian bank. During the nine month period ended October 31, 2001, we reduced the amount of this foreign debt. There were notes payable outstanding under this facility of approximately $800,000 as of October 31, 2001 compared to $1.5 million as of October 31, 2000.

In November 1999, along with Black Entertainment Television ("BET"), we decided to discontinue our BET Design Studio joint venture. The joint venture was started in February 1997 to provide a BET-branded clothing and accessory line. BET and us each contributed $3.8 million to this joint venture, of which $1.0 million was contributed during the quarter ended April 30, 2000. The final distribution from the joint venture company was made in January 2001.

On December 20, 1999, our Board of Directors authorized the repurchase of up to $1,000,000 worth of our common stock. We purchased 244,817 shares of our common stock at a total cost of $970,000. We concluded this buyback program in the quarter ended April 30, 2000, when we expended $540,000 to purchase our shares.

Effect of Recently Issued Accounting Pronouncements

Derivatives

Effective February 1, 2001, we adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." Due to the immaterial amount of our derivative and hedging activity, the effect of adopting SFAS 133 on our results of operations and financial position was immaterial.

Business Combinations/Goodwill and Other Intangible Assets

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to periodic impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

We will apply the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of the fiscal year ending January 31, 2003. We do not believe the new pronouncements will have a material impact on our consolidated financial position or results of operations.

Accounting for the Impairment or Disposal of Long-Lived Assets

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, effective for fiscal years beginning after December 15, 2001. The FASB's new rules on asset impairment supersede FASB Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of and provide a single accounting model for long-lived assets to be disposed of. The new rules significantly change the criteria that would have to be met to classify an asset as held-for-sale. This distinction is important because assets to be disposed of are stated at the lower of their fair values or carrying amounts and depreciation is no longer recognized. This Standard also requires expected future operating losses from discontinued operations to be displayed in the period(s) in which the losses are incurred, rather than as of the measurement date as presently required.

We will apply the new rules on accounting for impairment or disposal of long-lived assets beginning in the first quarter of the fiscal year ending January 31, 2003. We do not believe the new pronouncement will have a material impact on our consolidated financial position or results of operations.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

1. Amendment No. 11 to the Fifth Amended and Restated Loan Agreement, dated as of November 27, 2001, by and among G-III, the Banks and Fleet Bank.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

G-III APPAREL GROUP, LTD.
(Registrant)

Date: December 12, 2001

By: /s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

Date: December 12, 2001

By: /s/ Wayne S. Miller

Wayne S. Miller
Chief Financial Officer

Execution Copy

AMENDMENT NO. 11 AND WAIVER TO THE FIFTH
AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 11 AND WAIVER TO THE FIFTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of November 27, 2001 (this "Waiver and Amendment"), by and among G-III LEATHER FASHIONS, INC., a New York corporation (the "Borrower"), the Lenders that have executed the signature pages hereto (individually, a "Lender" and collectively, the "Lenders"), and FLEET NATIONAL BANK, (formerly known as Fleet Bank, N.A.) a national banking association as agent for the Lenders (in such capacity, together with its successors in such capacity, the "Agent"),

W I T N E S S E T H:

WHEREAS:

A. The Borrower, the Lenders and the Agent are parties to the Fifth Amended and Restated Loan Agreement, dated as of May 31, 1999, as further amended hereby (as it may be further amended, modified and supplemented from time to time, the "Loan Agreement"); and

B. The Borrower has requested that the Lenders amend and waive the Credit Agreement to modify certain provisions contained therein;

C. The Required Lenders have agreed to the requested amendment and waiver on the terms and conditions hereinafter set forth parties hereto wish to amend the Loan Agreement as hereinafter provided;

D. Each capitalized term used but not otherwise defined herein shall have the meaning ascribed thereto in the Loan Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

Section 1. Amendment to Loan Agreement.

1.1 This Amendment shall be deemed to be a eleventh amendment to the Fifth Amended and Restated Loan Agreement and shall not be construed in any way as a replacement or substitution therefor. All of the terms and conditions of, and terms defined in, this Amendment are hereby incorporated by reference into the Loan Agreement as if such terms and provisions were set forth in full therein.

1.2 Section 6.9(a) of the Loan Agreement is amended by the deleting the minimum EBITDA covenant of $15,000,000 for January 31, 2002 and replacing it with $9,400,000.

1.3 Section 6.9(b) of the Loan Agreement is amended by the deleting the Minimum Tangible Net Worth covenant of $56,200,000 for January 31, 2002 and replacing it

with $52,200,000. The asterisk and footnote attached to the $56,200,000 are deleted in their entirety.

1.4 The Loan Agreement, the Loan Documents and all agreements, instruments and documents executed and delivered in connection with any of the foregoing, shall each be deemed to be amended hereby to the extent necessary, if any, to give effect to the provisions of this Amendment. Except as so amended hereby, the Loan Agreement and the Loan Documents shall remain in full force and effect in accordance with their respective terms.

Section 2. Waiver to Loan Agreement

2.1 Section 6.9(a) of the Loan Agreement required, among other things, prior to any modification by this Amendment, that the Company reach a Minimum EBITDA covenant of $15,500,000 by October 31, 2001. The Company was not in compliance with this covenant as of October 31, 2001.

2.2 The Required Lenders have agreed to waive compliance with the covenant violation in Section 2.1 above. This waiver is effective only in this one instance and only with respect to the period set forth above. The waiver set forth herein is limited precisely as written and shall not be deemed (i) be a consent to or waiver of any other term or condition of the Loan Agreement, or (ii) prejudice any other rights or rights which the Bank may now have or may have in the future under or in connection with the Loan Agreement.

Section 3. Representations and Warranties.

A. The Borrower hereby represents and warrants to the Agent and the Lenders that:

3.1 After giving effect to the amendment of the Loan Agreement pursuant to this Amendment: (i) each of the representations and warranties set forth in Article 3 of the Loan Agreement is true and correct in all respects as if made on the date hereof, and (ii) there exists no Default or Event of Default under the Loan Agreement after giving effect to this Amendment.

3.2 The Borrower has full corporate power and authority to execute and deliver this Amendment and to perform the obligations on its part to be performed thereunder and under the Loan Agreement as amended hereby.

Section 4. Conditions Precedent to Amendments.

The effectiveness of the amendments and waiver contained in Section 1 and Section 2 of this Amendment and Waiver, are each and all subject to the satisfaction, in form and substance satisfactory to the Agent, of each of the following conditions precedent:

4.1 The Borrower, and Required Lenders each Transferor and each Transferee shall have duly executed and delivered this Amendment and Waiver.

4.2 The Agent on behalf of the Lenders shall have received an Amendment Fee in the amount of $75,000 from the Borrower.

4.3 Each of the conditions precedent set forth in Section 5.1 and Section 5.2 of the Loan Agreement shall have been satisfied or waived in accordance with the terms of the Loan Agreement.

4.4 The representations and warranties set forth in Section 3 hereof shall be true, correct and complete on and as of the closing date of this Amendment as though made on such date.

4.5 The Agent shall have received such approvals, opinions or documents as any Lender through the Agent may reasonably request, the Borrower and the Guarantors shall have taken all such other actions as any Lender through the Agent may reasonably request, and all legal matters incident to the foregoing shall be satisfactory to the Agent.

Section 5. Reference to and Effect Upon the Loan Agreement and other Loan Documents.

5.1 Except as specifically amended in Section 1 and Section 2 above, the Loan Agreement and each of the other Loan Documents shall remain in full force and effect and each is hereby ratified and confirmed.

5.2 The execution, delivery and effect of this Amendment shall be limited precisely as written and shall not be deemed to (i) be a consent to any waiver of any term or condition or to any amendment or modification of any term or condition of the Loan Agreement or any other Loan Document, except, upon the effectiveness, if any, of this Amendment, as specifically amended in Section 1 and Section 2 above, or (ii) prejudice any right, power or remedy which the Agent or any Lender now has or may have in the future under or in connection with the Loan Agreement or any other Loan Document. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement", "hereunder", "hereof", "herein" or any other word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby, and each reference in any other Loan Document to the Loan Agreement or any word or words of similar import shall mean and be a reference to the Loan Agreement as amended hereby.

Section 6. Miscellaneous

6.1 This Amendment and Waiver may be executed in any number of counterparts, each of which when so executed shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

6.2 The Borrower shall pay on demand all reasonable fees, costs and expenses incurred by Agent in connection with the preparation, execution and delivery of this Amendment and Waiver (including, without limitation, all reasonable attorneys' fees).

6.3 GOVERNING LAW. THIS AMENDMENT AND WAIVER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAW PROVISIONS) OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Assignment to be duly executed on the date first above written.

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: Wayne S. Miller

Title: Chief Financial Officer

FLEET NATIONAL BANK,
as Lender

By: /s/ Stephen M. Leavenworth

Name: Stephen M. Leavenworth

Title: Vice President

JP MORGAN CHASE BANK (Formerly known as The Chase Manhattan Bank), as Lender

By: /s/ Juan C. Zaino

Name: Juan C. Zaino

Title: Vice President

THE CIT GROUP/COMMERCIAL
SERVICES, as Lender

By: /s/ Lisa Murakami

Name: Lisa Murakami

Title: Vice President

ISRAEL DISCOUNT BANK OF NEW YORK
as Lender

By: /s/ Matilde Reyes

Name: Matilde Reyes

Title: Vice President

By: /s/ Howard Weinberg

Name: Howard Weinberg

Title: Senior Vice President

HSBC Bank USA, as Lender

By: /s/ George J. Ahlmeyer

Name: George J. Ahlmeyer

Title: Senior Vice President

BANK LEUMI USA
as Lender

By: /s/ John Koenigsberg

Name: John Koenigsberg

Title: First Vice President

By: /s/ Phyllis Rosenfeld

Name: Phyllis Rosenfeld

Title: Vice President

FLEET NATIONAL BANK, as Agent

By: /s/ Stephen M. Leavenworth
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Name: Stephen M. Leavenworth
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Title: Vice President
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