

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the fiscal year ended January 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

(Address of principal executive offices)

10018

(Zip Code)

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

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.01
par value.

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
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Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K 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 the Form 10-K or any
amendment to this Form 10-K.

As of March 30, 2001, the aggregate market value of the registrant's
voting stock held by non-affiliates of the registrant (based on the last sale
price for such shares as quoted by the Nasdaq National Market) was \$23,537,693.

The number of outstanding shares of the registrant's Common Stock as of
March 30, 2001 was 6,651,704.

Documents incorporated by reference: Certain portions of the
registrant's definitive Proxy Statement relating to the registrant's Annual
Meeting of Stockholders to be held on or about June 12, 2001, to be filed
pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the
Securities and Exchange Commission, are incorporated by reference into Part III

of this Report.

ITEM 1. BUSINESS

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.

Overview

G-III designs, manufactures, imports and markets an extensive range of leather and non-leather apparel including coats, jackets, pants, skirts and other sportswear items under our own labels, licensed labels and private retail labels. Our own labels include "G-III," "Siena," "Siena Studio," "Colebrook & Co," "JLC" and "J.L. Colebrook."

The sale of licensed products is a key element of our strategy. We significantly expanded our offerings of licensed products between 1993 and 1998. As a result, we have licenses with Kenneth Cole Productions to design and market a line of women's leather and woven outerwear under the Kenneth Cole New York and Reaction Kenneth Cole labels and with Nine West to design and market women's outerwear. We also secured licenses with major sports leagues (football, hockey and basketball) to manufacture outerwear using NFL, NHL and NBA team logos.

We have continued to expand our portfolio of licensed products during the last two years. In July 1999, we entered into a distribution agreement for Caterpillar men's and women's apparel. In September 1999, we entered into an agreement with our fourth major sports league, Major League Baseball, to market a line of outerwear apparel using MLB team logos. In February 2000, we entered into a license agreement with Cole Haan to design and market men's and women's outerwear. In March 2000, we added to our market breadth by entering into a license agreement with Jones Apparel group to design and market men's outerwear under the Jones New York label. Most recently, in January 2001, we acquired certain assets of Gloria Gay Coats, LLC and entered into a license agreement with Jones Apparel Group to design and market women's wool outerwear under the Jones New York and JNY Jones New York labels.

We operate our business in two segments, non-licensed apparel and licensed apparel. The non-licensed apparel segment includes sales of apparel under our own brands and private label brands, as well as commission fee income received on sales that are financed by and shipped directly to our customers. The licensed apparel segment includes sales of apparel brands licensed by us from third parties. See Note L to our Consolidated Financial Statements for financial information with respect to these segments.

We are a Delaware corporation that was formed in 1989. We and our predecessors have conducted our business since 1974.

Products - Development and Design

G-III manufactures and markets a full line of women's leather apparel and an outerwear line of men's leather apparel at a wide range of retail sales prices. Our product offerings also include textile outerwear, woolen coats, raincoats and sportswear. We sell products under our own brand names, licensed brand names and private retail labels.

products. The Colebrook & Co., JLC and J.L. Colebrook line of women's apparel consists of moderately priced women's leather apparel that typically sells at retail prices from \$30 for sportswear items to \$300 for coats. Siena Studio, our bridge-priced line of women's leather apparel, primarily consists of jackets and skirts with retail prices from \$100 for skirts to \$600 for outerwear. Siena, which caters to the higher priced, designer market, typically has retail prices from \$300 for sportswear items to \$1,000 for coats. Products in our men's line of leather outerwear, sold under the G-III and Colebrook labels, typically have retail prices between \$40 and \$400. Our moderately priced line of women's textile outerwear and sportswear, sold under the Colebrook & Co., JLC and J.L. Colebrook labels, has retail prices in the range of \$50 to \$130.

G-III's licensed apparel also consists of both men's and women's products. Women's licensed apparel includes leather and textile garments which typically sell at retail prices from \$50 for sportswear items to \$800 for coats. Men's licensed apparel consists of leather, leather and textile combination and textile apparel that typically sells at retail prices from \$50 for sportswear items to \$500 for coats.

We work closely with our licensors in creating designs and styles for each licensed brand sold by us. Licensors generally must approve products to be sold under their brand names prior to production by us.

We also work with retail chains in developing product lines sold under private labels. With regard to private label sales, we meet frequently with buyers who custom order products by color, fabric and style. These buyers may provide samples to us or may select styles already available in our showrooms. We have established a reputation among these buyers for the ability to arrange for the manufacture of apparel on a reliable, expeditious and cost-effective basis.

Our in-house designers are responsible for the design and look of our products. We respond to style changes in the apparel industry by maintaining a continuous program of style, color, leather and fabric selection. In designing new products and styles, we attempt to incorporate current trends and consumer preferences in our product offerings. We seek to design products in response to trends in consumer preferences, rather than to attempt to establish market trends and styles.

Design personnel meet regularly with our sales and merchandising departments, as well as with the design and merchandising staffs of our licensors, to review market trends, sales results and the popularity of our latest products. In addition, our representatives regularly attend trade and fashion shows and shop at fashion forward stores in the United States, Europe and the Far East. They present sample items to us along with their evaluation of the styles expected to be in demand in the United States. We also seek input from selected customers with respect to product design. We believe that our sensitivity to the needs of our retail customers, coupled with the flexibility of our production capabilities and our continual monitoring of the retail market, enables us to modify designs and order specifications in a timely fashion.

Our arrangements with selected overseas factories for textile apparel enables us to conduct test-marketing in cooperation with specialty retailers and department stores prior to full manufacturing and marketplace introduction of certain styles and products. Test-marketing typically involves introducing a new style into approximately 20 to 30 store locations in certain major markets. If we find acceptance of the product on a consumer level, we proceed with full-scale manufacturing and market introduction.

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Leather and Textile Apparel

Manufacturing

G-III's products are imported from independent manufacturers located

primarily in Indonesia and China and, to a lesser extent, in South Korea, India, the Philippines and Hong Kong. Additionally, we manufacture approximately 30% of our products at our wholly-owned factory in Indonesia and partially-owned factory in Northern China. A selected number of garments are also manufactured for us by independent contractors located in the New York City area.

We have a branch office in Seoul, South Korea which acts as a liaison between us and various manufacturers located throughout Indonesia, China and South Korea that produce leather and woven garments for us. G-III's headquarters provides the liaison office with production orders stating the quantity, quality and types of garments to be produced, and this liaison office negotiates and places orders with one or more Indonesian, Chinese or South Korean manufacturers. In allocating production among independent suppliers, we consider a number of criteria, including quality, availability of production capacity, pricing and ability to meet changing production requirements. At January 31, 2001, the South Korean office employed 14 persons.

To facilitate better service for our textile and leather apparel customers and accommodate and control the volume of manufacturing in the Far East, we also have an office in Hong Kong. Similar to the South Korean office, the Hong Kong office acts as a liaison between G-III and the various manufacturers of textile and leather apparel located in Hong Kong and China. We utilize our domestic and Hong Kong office employees to monitor production at each manufacturer's facility to ensure quality control, compliance with our specifications and timely delivery of finished garments to our distribution facilities or customers. The Hong Kong office employed eight persons as of January 31, 2001.

In connection with the foreign manufacture of our leather apparel, manufacturers purchase skins and necessary "submaterials" (such as linings, zippers, buttons and trimmings) according to parameters specified by us. Prior to commencing the manufacture of garments, samples of the skins and submaterials are sent to our South Korean liaison office and our New York offices for approval. Employees of the liaison office regularly inspect and supervise the manufacture of products for us in order to ensure timely delivery, maintain quality control and monitor compliance with our manufacturing specifications. They also inspect finished apparel for us.

Because of the nature of leather skins, the manufacture of leather apparel is performed manually. A pattern is used in cutting hides to panels that are assembled in the factory. All submaterials are also added at this time. Products are inspected throughout this process to insure that the design and quality specifications of the order provided by us are being maintained as the garment is assembled. After pressing, cleaning and final inspection, the garment is labeled and hung awaiting shipment. A final random inspection occurs when the garments are packed for shipment.

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We arrange for the production of apparel on a purchase order basis, with each order to a foreign manufacturer generally backed by an irrevocable international letter of credit. Substantially all letters of credit arranged by us require as a condition, among others, of release of funds to the manufacturer that an inspection certificate be signed by our representative. Accordingly, if an order is not filled, the letter of credit is not paid and we do not bear the risk of liability for the goods being manufactured. We assume the risk of loss on a F.O.B. basis when goods are delivered to a shipper and are insured against casualty losses arising during shipping.

We purchase skins and submaterials for our facility in Indonesia and skins for our partially-owned factory in China. The demand for leather has increased significantly over the past two years and we have experienced increases in prices for the skins we purchase. The price of skins has also been effected, to a lesser extent, by the recent spread of mad-cow and foot-and-mouth disease in Europe. We believe we will be able to purchase a sufficient amount of leather skins to satisfy our production requirements in the fiscal year ending January 31, 2002.

As is customary in the leather industry, we have not entered into any long-term contractual arrangements with any contractor or manufacturer. We believe that the production capacity of foreign manufacturers with whom we have developed, or are developing, a relationship is adequate to meet our leather apparel production requirements for the foreseeable future. We believe that alternative foreign leather apparel manufacturers are readily available.

Our arrangements with foreign manufacturers are subject to the usual risks of doing business abroad, including currency fluctuations, political instability and potential import restrictions, duties and tariffs. In 1997 and 1998, both Indonesia and South Korea experienced significant currency fluctuation and devaluation. In addition, Indonesia experienced significant inflation. By 1999, the economic situation in these countries appeared to have stabilized. In 2000, Indonesia again experienced significant currency devaluation and political instability. South Korea has also recently experienced currency devaluation. Although we have not been materially adversely affected by any of these factors to date, due to the significant portion of our products that are produced abroad, political and/or economic instability in Indonesia, South Korea or elsewhere, or any substantial disruption in the business of foreign manufacturers or our relationships with these manufacturers could materially adversely affect our operations. In addition, since we negotiate our purchase orders with foreign manufacturers in United States dollars, if the value of the United States dollar against local currencies were to go down, these manufacturers might increase the United States dollar prices charged to us for products. Virtually all of our imported leather products are subject to United States Customs duties of approximately 6%.

Our arrangements with textile manufacturers and suppliers are subject to the availability of quota and other requisite customs clearances for textile apparel and the imposition of export duties. United States customs duties on our textile apparel presently range from 5% to 30%, depending upon the type of fabric used and how the garment is constructed. We monitor duty, tariff and quota-related developments and seek to minimize our potential exposure to quota-related risks through, among other measures, geographical diversification of manufacturing sources and shifts of production among countries and manufacturers.

A majority of all finished goods manufactured abroad for us are shipped to our New Jersey warehouse and distribution facility for final inspection and allocation and reshipment to customers. The goods are delivered to our customers and us by independent shippers, choosing the form of shipment (principally ship, truck or air) based upon a customer's needs, cost, and time considerations.

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Marketing and Distribution

G-III's products are sold primarily to department, specialty and mass merchant retail stores in the United States. We sell to approximately 2,000 customers, ranging from national and regional chains of specialty retail and department stores, whose annual purchases from us exceed \$1,000,000, to small specialty stores whose annual purchases from us are less than \$1,000. Sales to the Sam's Club and Wal-Mart divisions of Wal-Mart Stores, Inc. accounted for an aggregate of 21.6% of our net sales in fiscal 1999, 24.6% in fiscal 2000 and 21.1% in fiscal 2001. The loss of this customer, which primarily purchases non-licensed apparel, could have a material adverse affect on our non-licensed business segment, as well as on our results of operations as a whole. No other customer accounted for more than 8% of our net sales during these three fiscal years.

Almost all of our sales are made in the United States. We also market our products in Canada and Europe.

Along with our foreign offices, our trading company subsidiary, Global International Trading Company, located in Seoul, Korea, assists in providing services to our customers. This office manages a sample room and assists in the

procurement of finished garments. As of January 31, 2001, Global International Trading employed 17 persons.

G-III's products are sold primarily through a direct employee sales force that consisted of 38 employees as of January 31, 2001. Our principal executives are also actively involved in sales of our products. A limited amount of our products are also sold by various retail buying offices located throughout the United States. Final authorization of all sales of products is solely through our New York showroom, enabling our management to deal directly with, and be readily accessible to, major customers, as well as to more effectively control our selling operations.

We primarily rely on our reputation and relationships to generate business in our non-licensed segment. We believe we have developed a significant customer following and positive reputation in the industry, as a result of, among other things, standards of quality control, on-time delivery, competitive pricing and willingness and ability to assist customers in their merchandising of our products. In addition, we have, to a limited extent, advertised our own labels and engaged in cooperative ad programs with retailers. We believe we have developed brand awareness of our own labels, despite the absence of general advertising, primarily through our reputation, consumer acceptance and the fashion press.

Brand name products sold by us pursuant to a license agreement are promoted by institutional and product advertisements placed by the licensor. Our license agreements generally provide that we are required to pay the licensor a fee, based on a percentage of net sales of licensed product, to pay for a portion of these advertising costs. We may also be required to spend a specified percentage of net sales of licensed product on advertising placed by us. Our license agreements generally provide that we must sell a specified minimum amount of licensed product each year in order to retain the license.

We operate one retail outlet store at our Secaucus, New Jersey warehouse. Our other retail outlet store in New Jersey was closed in March 2000.

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Raw Materials

Most products manufactured for us are purchased by us on a finished goods basis. Raw materials used in the production of our apparel are available from numerous sources. We are not aware of any manufacturer of our apparel not being able to satisfy its requirements for any required raw materials due to an inadequacy of supply.

The leather apparel industry competes with manufacturers of other leather products for the supply of leather. Leather skins are a byproduct. Accordingly, raw material costs are impacted by changes in meat consumption worldwide as well as by the popularity of leather products. For example, the recent spread of mad-cow and foot-and-mouth disease in Europe has decreased the consumption of meat and the supply of leather. It has also resulted in an increase in the price of leather skins.

Licensing

The sale of licensed products is a key element of our strategy and we have significantly expanded our offerings of licensed products over the last several years. We have licenses to produce products under the Kenneth Cole New York and Reaction Kenneth Cole, Nine West, Cole Haan, Jones New York and JNY Jones New York fashion labels and a distribution agreement for Caterpillar apparel. We are also licensed to produce products containing trademarks of Major League Baseball, National Football League, National Hockey League, National Basketball Association, and many universities located in the United States. We continue to seek other opportunities to enter into license agreements in order to expand our product offerings under nationally recognized labels and broaden the markets that we serve. Revenues from the sale of licensed products accounted

for 37.9% of net sales during fiscal 2001 compared to 41.4% of net sales in fiscal 2000 and 37.7% of net sales in fiscal 1999. The recent addition of the license to produce women's wool outerwear under the Jones New York and JNY Jones New York labels is expected to increase the percentage of our net sales in fiscal 2002 represented by the sale of licensed product.

Seasonality

Retail sales of outerwear apparel have traditionally been seasonal in nature. Although we sell our apparel products throughout the year, net sales in the months of July through November accounted for approximately 82% of our net sales in fiscal 1999, 72% of our net sales in fiscal 2000 and 75% of our net sales in fiscal 2001. The July through November time frame is expected to continue to provide a disproportionate amount of our net sales.

Backlog

A significant portion of our orders are short-term purchase orders from customers who place orders on an as-needed basis. The amount of unfilled orders at any time has not been indicative of future sales. Information relative to open purchase orders at any date may also be materially affected by, among other things, the timing of the initial showing of apparel to the trade, as well as by the timing of recording of orders and shipments. As a result, we do not believe that the amount of our unfilled customer orders at any time is meaningful.

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Trademarks

Several trademarks owned by us have been granted federal trademark protection through registration with the U.S. Patent and Trademark Office, including for G-III, Avalanche, J.L. Colebrook, Cayenne, JLC (& design), JLC Outerwear (& design), J.L.C. (& design), Trouble Wanted (& design), 58 Sports & Football Player Design, and Ladies First by G-III/Carl Banks. We have applications for several additional registrations pending before the U.S. Patent and Trademark Office.

We have been granted trademark registration for G-III in France, Canada, Mexico, and European Union, for J.L. Colebrook in Germany, Canada, Mexico, France, Great Britain, Benelux and European Union and for J.L.C. (& design) and JLC (& design) in Canada. We also have several additional applications pending in the European Community and Canada.

Although we regard our trademarks as valuable assets and intend to vigorously enforce our trademark rights, we do not believe that any failure to obtain federal trademark registrations for which we have applied would have a material adverse effect on us.

Competition and Other Risks

The apparel business is highly competitive. We have numerous competitors with respect to the sale of leather and textile apparel, including distributors that import leather apparel from abroad and domestic retailers with established foreign manufacturing capabilities. Sales of our products are affected by style, price, quality and general fashion trends. We also compete with vertically-integrated apparel manufacturers that also own retail stores. In addition, we compete for supplies of raw materials and manufacturing and tanning capacity.

Our ability to successfully compete depends on a number of factors, including our ability to effectively anticipate, gauge and respond to changing consumer demands and tastes, to translate market trends into attractive product offerings and operate within substantial production and delivery constraints. We cannot be sure we will be successful in this regard. We often produce garments to hold in inventory in order to meet our customer's delivery requirements and to be able to quickly fulfill reorders. If we misjudge the market for our

products, we may be faced with significant excess inventories for some products and missed opportunities with others. In addition, weak sales and resulting markdown requests from customers could have a material adverse effect on our business, results of operations and financial condition.

The apparel industry is cyclical. Purchases of outerwear and other apparel tend to decline during recessionary periods and sales of our products may decline at other times as well for a variety of reasons, including changes in fashion trends and the introduction of new products or pricing changes by our competitors. Uncertainties regarding future economic prospects could affect consumer-spending habits and have an adverse effect on our results of operations.

We are dependent on Morris Goldfarb and other key personnel. The loss of the services of Mr. Goldfarb and any negative market or industry perception arising from the loss of his services could have a material adverse effect on us and the price of our shares. Our other executive officers have substantial experience and expertise in our business and have made significant contributions to our success. The unexpected loss of services of one or more of these individuals could adversely affect us.

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A majority of our products are imported from independent foreign manufacturers. The failure of these manufacturers to ship products to us in a timely manner or to meet required quality standards could cause us to miss the delivery date requirements of our customers. The failure to make timely deliveries could cause customers to cancel orders, refuse to accept delivery of product or demand reduced prices, any of which could have a material adverse effect on our business. We are also dependent on these manufacturers for compliance with our policies and the policies of our licensors and customers regarding labor practices.

We are dependent on sales of licensed product for a substantial portion of our revenues. In fiscal 2001, revenues from the sale of licensed product accounted for 37.9% of our net sales. We are generally required to achieve specified minimum net sales, pay specified royalties and advertising payments and receive prior approval of the licensor as to all elements of a garment prior to production. If we do not satisfy any of these requirements, a licensor may have the right to terminate our license. Even if we comply with all the terms of a licensing agreement, we cannot be sure that we will be able to renew an agreement when it expires.

The continued growth of our business depends on our access to sufficient funds to support our growth. Our primary source of working capital to support our growth is our existing line of credit. We have had this line of credit for over ten years and have been able to increase the maximum availability under this line several times in the past few years. This line of credit currently expires on May 31, 2002. Our growth is dependent on our ability to continue to extend and increase this line of credit. If we are unable to do so, we cannot be sure we will be able to secure substitute financing on satisfactory terms.

Fluctuations in the price, availability and quality of leather or other raw materials used by us could have a material adverse effect on our cost of goods sold and ability to meet customer demands. The recent spread of mad-cow and foot-and-mouth disease in Europe has decreased the supply and increased the price of leather skins for future purchases.

Legislation that would restrict the importation of textiles and other apparel produced abroad has been periodically introduced in the U.S. Congress. New legislation or executive initiatives could also result in a reevaluation of the trading status of certain countries, including China. The recent confrontation between the governments of the United States and China relating to the crew of a U.S. surveillance plane that landed in China and the death of a Chinese pilot could cause the U.S. Congress to review trading policies with

China and restrict trade between the two countries. Any change in the trading status of China or other countries in which our products are manufactured, or any retaliatory duties, quotas or trade sanctions, could increase the cost of products purchased from suppliers in these countries and materially adversely affect our business and results of operations, including operation of the manufacturing facility that we jointly own in China.

In addition to the factors described above, our business, including our revenues and profitability, is influenced by and subject to a number of factors that are inherently uncertain and difficult to predict including, among others: the variability of our results in any period due to the seasonal nature of the business; risks associated with consolidations, restructurings and other ownership changes in the retail industry; changes in regional, national and global economic conditions; and our ability to correctly balance the level of our finished goods, leather and other raw material commitments with actual orders.

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As of March 30, 2001, Morris Goldfarb and Aron Goldfarb beneficially own an aggregate of approximately 52% of our outstanding common stock. As a result, they effectively have the ability to control the outcome on all matters requiring stockholder approval including, but not limited to, the election of directors and any merger, consolidation or sale of all or substantially all of our assets. They also have the ability to control our management and affairs.

Employees

As of January 31, 2001, we had 338 full-time employees, of whom 90 worked in executive, administrative or clerical capacities, 126 worked in design and manufacturing, 74 worked in warehouse facilities, 46 worked in sales and 2 worked in our retail outlet store. We employ both union and non-union personnel and believe that our relations with our employees are good. We have not experienced any interruption of any of our operations due to a labor disagreement with our employees.

We are a party to an agreement with the Amalgamated Clothing and Textile Workers Union, covering approximately 62 full-time employees as of January 31, 2001. This agreement, which is currently in effect through October 31, 2002, automatically renews on an annual basis thereafter unless terminated by us or the Union prior to September 1 of that year.

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EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information with respect to our executive officers and significant employees.

Name ----	Age ---	Position -----	Executive Officer or Significant Employee Since -----
Morris Goldfarb	50	Co-Chairman of the Board, Chief Executive Officer, Director	1974

Aron Goldfarb	78	Co-Chairman of the Board, Director	1974
Jeanette Nostra-Katz	49	President	1981
Wayne S. Miller	43	Senior Vice President, Chief Financial Officer, Treasurer and Secretary	1998
Carl Katz	60	Executive Vice President of Siena, Director	1981
Frances Boller-Krakauer	35	Vice President - Men's Division of G-III Leather Fashions	1993
Deborah Gaertner	46	Vice President - Women's Sales Division of G-III Leather Fashions	1989
Keith Sutton Jones	52	Vice President - Foreign Manufacturing of G-III Leather Fashions	1989

Morris Goldfarb is our Co-Chairman of the Board and Chief Executive, as well as one of our directors. Until April 1997, Mr. Goldfarb also served as our President. He has served as either President or Vice President of our wholly-owned subsidiary, G-III Leather Fashions, Inc., since its formation in 1974. Mr. Goldfarb is responsible for foreign manufacturing, marketing, merchandising and finance. He also has overall responsibility for developing selling programs, customer relations and administration. Mr. Goldfarb is also a director of Lakes Gaming, Inc. and Wilsons The Leather Experts.

Aron Goldfarb is Co-Chairman of the Board, a director and our founder. Mr. Goldfarb served as either President or Vice President of G-III Leather Fashions and as a Vice President of Siena from their respective formations until 1994 and, since January 1995, has served as a consultant to us.

Jeanette Nostra-Katz became our President in April 1997. She had been our Executive Vice President since March 1992. Ms. Nostra-Katz's responsibilities for the Company include sales, marketing, public relations, and operations as they relate to sales. Since August 1989, she has served as an Executive Vice President of Siena. Ms. Nostra-Katz has been employed by us since 1981.

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Wayne S. Miller has been our Chief Financial Officer and Senior Vice President since April 1998. In November 1998, Mr. Miller was also elected Secretary and Treasurer. Mr. Miller served as a consultant to Marketing Management Group from September 1997 to April 1998. From June 1994 to September 1997, Mr. Miller was Executive Vice President, Chief Financial Officer and Secretary of Bernard Chaus, Inc.

Carl Katz has been an Executive Vice President of Siena since August 1989 and, from 1981 until then, was a Vice President of Siena. Mr. Katz supervises the merchandising and designing, as well as production and pattern and sample making, for the Siena and Sports Licensing divisions. Mr. Katz is also one of our directors.

Frances Boller-Krakauer is Vice President -- Men's Division of G-III Leather Fashions and has held this position since February 1993. Ms. Boller-Krakauer's responsibilities include sales and merchandising for all men's products lines. Prior to February 1993, she held various sales positions in the Men's Division. Ms. Boller-Krakauer joined us in March 1989.

Deborah Gaertner is the Vice President -- Women's Non-Branded Sales of G-III Leather Fashions and has held this position since March 1992. Ms. Gaertner is responsible for sales and marketing of our women's non-licensed apparel lines. She previously served as Vice President, Imports from June 1989 until

March 1992, coordinating production and merchandising.

Keith Sutton Jones is the Vice President -- Foreign Manufacturing of G-III Leather Fashions and has been employed in this capacity since January 1989. His responsibilities include coordinating and controlling all aspects of our Far Eastern sourcing and production.

Aron Goldfarb and Morris Goldfarb are father and son, respectively. Carl Katz and Jeanette Nostra-Katz are married to each other.

ITEM 2. PROPERTIES

Our executive offices, sales showrooms and support staff are located at 512 Seventh Avenue, which is one of the leading outerwear apparel buildings in New York City. We lease an aggregate of approximately 39,300 square feet in this building through March 31, 2011 at a current aggregate annual rent of approximately \$1,188,000. We also lease a sales showroom of approximately 4,500 square feet at 500 Seventh Avenue at an annual rent of \$59,000. That lease expires May 12, 2004. This showroom is used for our Jones New York women's licensed product.

Our warehouse and distribution facility, located in Secaucus, New Jersey, contains approximately 107,000 square feet, plus a 3,000 square foot retail outlet store. This facility is leased through February 2005 at an annual rent increasing to \$643,000. The lease provides for one option renewal term of five years with a rental for the renewal term based on market rates. A majority of our finished goods are shipped to the New Jersey distribution facilities for final reshipment to customers.

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We maintain cutting rooms for our Cole Haan division and off-site storage at 345 West 37th Street in New York City. This property is leased pursuant to a sublease from a corporation owned by Morris Goldfarb and Aron Goldfarb for which we pay monthly rent, plus real estate taxes. For fiscal 2001, the total payments for this building were \$341,000 and for fiscal 2000, the total payments for this building were approximately \$395,000. We sublet a portion of the 345 West 37th Street building to different tenants. The sublease terms end in February, 2003. The aggregate annual rental paid to us under these subleases is approximately \$289,000.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market For Common Stock

Our Common Stock is quoted on the Nasdaq Stock Market under the trading symbol "GIII". The following table sets forth, for the fiscal periods shown, the high and low sales prices for our Common Stock, as reported by the Nasdaq Stock Market.

Fiscal 2000 -----	High Prices -----	Low Prices -----
Fiscal Quarter ended April 30, 1999	\$3 1/2	\$1 7/16
Fiscal Quarter ended July 31, 1999	3 3/4	1 7/8
Fiscal Quarter ended October 31, 1999	3 5/8	2 1/4
Fiscal Quarter ended January 31, 2000	4 1/4	2 3/4
Fiscal 2001 -----		
Fiscal Quarter ended April 30, 2000	\$4 15/16	\$2 15/16
Fiscal Quarter ended July 31, 2000	5 13/16	4 1/8
Fiscal Quarter ended October 31, 2000	7 1/2	5 1/8
Fiscal Quarter ended January 31, 2001	7 1/2	4 7/8
Fiscal 2002 -----		
Fiscal Quarter ending April 30, 2001 (through March 30, 2001)	\$8 15/16	\$6 1/2

The last sales price of our Common Stock as reported by the Nasdaq Stock Market on March 30, 2001 was \$7.50 per share.

On March 30, 2001, there were 72 holders of record and, we believe, approximately 2,000 beneficial owners of our Common Stock.

Dividend Policy

Our Board of Directors currently intends to follow a policy of retaining any earnings to finance the continued growth and development of our business and does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the payment of cash dividends will be dependent upon our financial condition, results of operations and other factors deemed relevant by the Board. The agreements related to the financing of the building at 345 West 37th Street offices prohibit the payment of cash dividends without consent. In addition, our loan agreement prohibits the payment of cash dividends without the consent of the banks. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in Item 7 below.

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ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data set forth below as of and for the years ended January 31, 1997, 1998, 1999, 2000, and 2001 have been derived from our audited consolidated financial statements. Our audited financial statements as of January 31, 1997, 1998, and 1999, and for the years ended January 31, 1997 and 1998 are not included in this filing. The selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" (Item 7 of this Report) and the audited consolidated financial statements and related notes thereto included elsewhere in this Annual Report on Form 10-K.

(In thousands, except share and per share data)

Year Ended January 31, (1)

	1997	1998	1999	2000	2001
Income Statement Data:					
Net sales	\$117,645	\$120,136	\$121,644	\$149,632	\$187,057
Cost of goods sold	88,057	91,559	95,393	110,710	136,099
Gross profit	29,588	28,577	26,251	38,922	50,958
Selling, general & administrative expenses	23,542	23,787	27,698	28,145	29,860
Unusual or non-recurring charge	--	--	(463)	1,200	(643)
Operating profit (loss)	6,046	4,790	(984)	9,577	21,741
Interest expense	2,075	1,534	2,115	1,857	2,839
Income (loss) before minority interest and income taxes	3,971	3,256	(3,099)	7,720	18,902
Minority interest	--	449	1,378	1,994	(312)
Income (loss) before income taxes	3,971	3,705	(1,721)	9,714	18,590
Income taxes (benefit)	885	906	(541)	3,934	7,436
Net income (loss)	\$ 3,086	\$ 2,799	\$ (1,180)	\$ 5,780	\$ 11,154
Basic earnings (loss) per share	\$ 0.48	\$ 0.43	\$ (0.18)	\$ 0.86	\$ 1.70
Weighted average shares outstanding - basic	6,468,830	6,486,899	6,539,128	6,712,051	6,561,537
Diluted earnings (loss) per share	\$ 0.46	\$ 0.40	\$ (0.18)	\$ 0.84	\$ 1.57
Weighted average shares outstanding - diluted	6,739,029	7,051,099	6,539,128	6,848,433	7,120,986

As of January 31, (1)

	1997	1998	1999	2000	2001
Balance Sheet Data:					
Working capital	\$24,497	\$29,296	\$27,237	\$31,155	\$41,858
Total assets	44,555	46,746	44,870	59,601	71,952
Short-term debt	3,835	3,734	2,893	3,427	1,580
Long-term debt, excluding current portion	554	352	180	64	0
Total stockholders' equity	32,825	35,686	35,575	41,033	52,069

(1) Certain amounts have been reclassified to conform to the 2001 presentation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements in this Annual Report on Form 10-K 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 matters, 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 our filings with the Securities and Exchange Commission, including this Annual Report on Form 10-K.

The following presentation of management's discussion and analysis of our financial condition and results of operations should be read in conjunction with our Financial Statements, the accompanying notes and other financial information appearing elsewhere in this Report.

References to fiscal years refer to the year ended or ending January 31 of that year.

Results of Operations

The following table sets forth selected operating data as a percentage of our net sales for the fiscal years indicated below:

	1999	2000	2001
	----	----	----
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	78.4	74.0	72.8
	----	----	----
Gross profit	21.6	26.0	27.2
Selling, general and administrative expenses	22.8	18.8	15.9
Unusual or non-recurring charge	(0.4)	0.8	(0.3)
	----	---	----
Operating profit (loss)	(0.8)	6.4	11.6
Interest expense	1.7	1.2	1.5
	---	---	---
Income (loss) before minority interest and income taxes	(2.5)	5.2	10.1
Minority interest	1.1	1.3	(0.2)
	---	---	----
Income (loss) before income taxes	(1.4)	6.5	9.9
Income taxes (benefit)	(0.4)	2.6	3.9
	----	---	---
Net income (loss)	(1.0)	3.9	6.0
	====	===	===

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General

We operate our business in two segments, non-licensed apparel and licensed apparel. The non-licensed apparel segment includes sales of apparel under our own brands and private label brands, as well as commission fee income received on sales that are financed by and shipped directly to our customers. The licensed apparel segment includes sales of apparel brands licensed by us from third parties. See Note L to our Consolidated Financial Statements for financial information with respect to these segments.

During fiscal 2000, together with Black Entertainment Television ("BET"), our joint venture partner, we decided to discontinue the BET Design Studio joint venture. We had originally entered into the joint venture with BET in April 1997 to design, manufacture, and distribute sportswear and outerwear apparel targeted to the African-American and urban consumer. The initial product offerings by the joint venture were introduced in February 1998 and we began shipping product in July 1998. We owned 50.1% of this joint venture and, accordingly, its entire results of operations were consolidated with our results of operations. The interest of BET in the joint venture was reflected in the "Minority Interest" line item in our financial statements. Net of BET's interest, we incurred losses from this joint venture of approximately \$1.4 million in fiscal 1999 and \$2.0 million (inclusive of a \$802,000 charge) in fiscal 2000. The joint venture company was dissolved effective January 31, 2001 and our financial statements for fiscal 2001 include a \$322,000 credit (net of minority interest) representing a reversal of the remainder of the fiscal 2000 charge following the disposition of the remaining assets and liabilities of this

joint venture.

Year ended January 31, 2001 ("fiscal 2001") compared to year ended January 31, 2000 ("fiscal 2000")

Net sales were \$187.1 million in fiscal 2001 compared to \$149.6 million in fiscal 2000. Net sales increased as a result of increased sales of both licensed and non-licensed apparel. Net sales of licensed apparel increased by 14.5% to \$ 70.9 million in fiscal 2001 from \$61.9 million in fiscal 2000. Net sales of non-licensed apparel increased by 32.5% to \$116.2 million in fiscal 2001 from \$87.7 million in fiscal 2000 as a result of increased sales to our existing customers. Sales of licensed apparel constituted 37.9% of our net sales in fiscal 2001 compared to 41.4% of our net sales in fiscal 2000. We expect that the recent addition of our license with Jones New York to produce women's wool outerwear will increase the percentage of our net sales in fiscal 2002 represented by licensed apparel.

Gross profit was \$51.0 million in fiscal 2001 compared to \$38.9 million in fiscal 2000. Commission fee income, for which there is no related cost of goods sold, was \$6.2 million in fiscal 2001 compared to \$3.6 million in fiscal 2000. As a percentage of net sales, gross profit was 27.2% in fiscal 2001 compared to 26.0% in fiscal 2000.

Gross profit for licensed apparel was \$21.1 million in fiscal 2001 compared to \$17.8 million in fiscal 2000, or 29.8% of net sales of licensed apparel in fiscal 2001 compared to 28.8% of net sales of licensed apparel in fiscal 2000. The higher gross profit margin percentage for licensed apparel in fiscal 2001 was due to increased sales of higher gross profit margin products. Gross profit for non-licensed apparel was \$29.8 million in fiscal 2001 as compared to \$21.1 million in fiscal 2000, or 25.7% of net sales of non-licensed apparel in fiscal 2001 compared to 24.1% of net sales of non-licensed apparel in fiscal 2000. The increase in the gross profit margin percentage for non-licensed apparel was primarily attributable to higher commission fee income.

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Selling, general and administrative expenses were \$29.9 million in fiscal 2001 compared to \$28.1 million in fiscal 2000. Expenses in fiscal 2000 included \$2.7 million relating to the BET Design Studio joint venture that was discontinued in November 1999 and the reversal of a \$463,000 provision relating to the uncertainty of our Indonesian assets. We decided that this reserve was no longer required as the Indonesian economy had stabilized during the fourth quarter of fiscal 2000. Excluding last year's BET Design Studio expenses and the reversal of the provision for the Indonesian assets, our selling, general and administrative expenses increased approximately \$3.9 million compared to last year. These increases primarily result from higher bonuses (\$1.5 million), increased salaries (\$1.0 million), and expenses (\$1.4 million) relating to the start-up of the Cole Haan, Caterpillar and Jones New York divisions. Excluding the BET Design Studio expenses and the Indonesian reversal in the prior year, selling, general and administrative expenses were 15.9% of net sales in fiscal 2001 compared to 17.6% in the prior year as we were able to better leverage our expenses over increased sales. We expect that selling, general and administrative expenses will continue to increase in fiscal 2002 as several of our new divisions that operated for only part of fiscal 2001 will be in operation for all of fiscal 2002.

The dissolution of BET Design Studio was completed as of January 31, 2001. Of the \$1.2 million recorded in fiscal 2000 as a non-recurring charge, \$643,000 (\$322,000, net of minority interest) remained following the disposition of the remaining assets and liabilities of this joint venture. This remainder was reversed and credited to non-recurring charge in fiscal 2001.

Interest expense was \$2.8 million in fiscal 2001 compared to \$1.9 million in fiscal 2000. The increase in interest expense resulted primarily from higher inventory levels in response to increased customer orders and higher interest rates.

As a result of the foregoing, we had income before income taxes of \$18.6 million in fiscal 2001 compared to income before income taxes of \$9.7 million in fiscal 2000.

Income taxes were \$7.4 million in fiscal 2001 compared to \$3.9 million in fiscal 2000. Our effective tax rate for fiscal 2001 was 40.0% compared to 40.5% in fiscal 2000. The tax rate in fiscal 2001 benefited from the utilization of a foreign net operating loss carry forwards. The tax rate in fiscal 2000 included benefits from remaining net operating loss carry forwards for state income tax purposes.

We had net income of \$11.2 million, or \$1.57 per share on a diluted basis, in fiscal 2001 compared to net income of \$5.8 million, or \$.86 per share on a diluted basis, in fiscal 2000.

Year ended January 31, 2000 ("fiscal 2000") compared to year ended January 31, 1999 ("fiscal 1999")

Net sales were \$149.6 million in fiscal 2000 compared to \$121.6 million in fiscal 1999. Net sales increased as a result of increased sales of both licensed and non-licensed apparel. Net sales of licensed apparel increased by 35.0% to \$61.9 million in fiscal 2000 from \$45.9 million in fiscal 1999. Net sales of non-licensed apparel increased by 15.7% to \$87.7 million in fiscal 2000 from \$75.8 million in fiscal 1999. Sales of licensed apparel continued to increase as a percentage of net sales, and accounted for 41.4% of net sales in fiscal 2000 compared to 37.7% of net sales in fiscal 1999.

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Gross profit was \$38.9 million in fiscal 2000 compared to \$26.3 million in fiscal 1999. Commission fee income, for which there is no related cost of goods sold, was \$3.6 million in fiscal 2000 compared to \$3.5 million in fiscal 1999. As a percentage of net sales, gross profit was 26.0% in fiscal 2000 compared to 21.6% in fiscal 1999.

Gross profit for licensed apparel was \$17.8 million in fiscal 2000 compared to \$10.6 million in fiscal 1999, or 28.8% of net sales of licensed apparel in fiscal 2000 compared to 23.1% of net sales of licensed apparel in fiscal 1999. The higher gross profit margin percentage for licensed apparel in fiscal 2000 was due to increased sales of higher gross profit margin products. Gross profit for non-licensed apparel was \$21.1 million in fiscal 2000 as compared to \$15.7 million in fiscal 1999, or 24.1% of net sales of non-licensed apparel in fiscal 2000 compared to 20.7% of net sales of non-licensed apparel in fiscal 1999. The increase in the gross profit margin percentage for non-licensed apparel was primarily attributable to increased sales of higher gross profit products, and to improved gross margins on sales of prior season merchandise in fiscal 2000 compared to fiscal 1999.

Selling, general and administrative expenses were \$28.1 million in fiscal 2000, including \$2.7 million of expenses with respect to the BET Design Studio joint venture. Selling, general and administrative expenses in fiscal 1999 include a provision for \$463,000 relating to the uncertainty of Indonesian assets. In the fourth quarter of fiscal 2000, we determined that the local economy in Indonesia had stabilized and the imminent threat of asset impairment relating to the facility was no longer present. As a result, selling, general and administrative expenses were reduced because we reversed this provision for the uncertainty of the Indonesian assets. Excluding the BET Design Studio expenses and the effect of uncertainty of the Indonesian provision and its reversal, selling, general and administrative expenses were \$25.9 million in fiscal 2000 compared to \$24.5 million in fiscal 1999. The increase in selling, general and administrative expenses is primarily attributable to increased advertising expenses (\$1.4 million) and higher bonuses (\$1.0 million), offset

somewhat by lower rent expense (\$500,000), salaries (\$300,000), and professional fees (\$200,000). As a percentage of net sales, selling, general and administrative expenses, excluding the BET Design Studio expenses and the effect of Indonesian provision and its reversal, were 17.3% in fiscal 2000 compared to 20.2% in fiscal 1999.

On November 18, 1999, we announced that BET Design Studio, LLC, a joint venture with BET, would be dissolved. The joint venture was dissolved because it was not profitable and the urban market was saturated with similar products. In connection with this decision, a \$1.6 million provision (including \$798,000 allocable to BET's ownership interest) was recorded to cover the costs of dissolving the joint venture. Of this provision, \$1.2 million was recorded as a non-recurring charge, and the balance was charged to cost of goods sold. The \$1.6 million provision consists of approximately \$1.1 million of writedowns relating to accounts receivables (\$520,000), the impairment of fixed assets (\$300,000), inventory (\$182,000), and prepaid assets (\$118,000). The balance of \$480,000 relates to provisions for miscellaneous closing costs (\$225,000), accrual for accounts payable and accrued expenses (\$200,000), and severance (\$55,000).

Interest expense was \$1.9 million in fiscal 2000 compared to \$2.1 million in fiscal 1999. This decrease in interest expense is primarily attributable to lower average borrowings and interest income earned on excess cash at the beginning of the year.

As a result of the foregoing, we had income before income taxes of \$9.7 million in fiscal 2000 compared to a loss before income taxes of \$1.7 million in fiscal 1999.

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Income taxes were \$3.9 million in fiscal 2000 compared to an income tax benefit of \$541,000 in fiscal 1999. Our effective tax rate for fiscal 2000 was 40.5% which included benefits from remaining net operating loss carry forwards for state income tax purposes. In fiscal 1999, our effective tax rate was 31.4% as a result of tax benefits derived from state net operating loss carry forwards and deferred tax benefits.

We had net income of \$5.8 million, or \$.86 per share on a diluted basis, in fiscal 2000 compared to a net loss of \$1.2 million, or \$.18 per share on a diluted basis, in fiscal 1999.

Liquidity and Capital Resources

Our loan agreement, which expires 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 \$64 million during the year. The balance of the credit line may be used for letters of credit. All 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 (7.5% at April 19, 2001) or LIBOR plus 225 basis points (6.77% at April 19, 2001). The loan agreement requires us, among other covenants, to maintain specified earnings and tangible net worth levels, and prohibits the payment of cash dividends. The amount borrowed under the line of credit varies based on our seasonal requirements. The maximum amount outstanding (i.e., open letters of credit, bankers acceptances and direct borrowings) under our loan agreement was approximately \$44.9 million during each of fiscal 1999 and 2000 and \$68.0 million during fiscal 2001. As of January 31, 2001, there were no direct borrowings, no banker's acceptances and \$10.4 million of contingent liability under open letters of credit. As of January 31, 2000, there were no direct borrowings, no bankers' acceptances and \$9.9 million of contingent liability under open letters of credit.

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 April 2000.

PT BaliHides, our Indonesian subsidiary, has a separate credit facility with an Indonesian bank. The notes payable under this facility represent maximum borrowings as of January 31, 2001 of approximately \$1.5 million. Subsequent to year-end, we reduced this line of credit by \$550,000.

We had \$2.2 million of cash provided by operating activities in fiscal 2001 resulting primarily from net income of \$11.2 million, a decrease of \$5.4 million in accounts receivable and an increase of \$5.0 million in accounts payable and accrued expenses. This was partially offset by an increase of \$19.0 million in inventories. In addition, our purchase of certain assets from Gloria Gay Coats, LLC included \$2.3 million of inventory. The Company's inventories increased in fiscal 2001 primarily due to an increase in raw materials inventory as a result of purchases of leather skins to meet higher anticipated sales volumes in fiscal 2002. We had \$6.9 million of cash provided by operating activities in fiscal 2000 resulting primarily from our net income of \$5.8 million. We had cash provided by operating activities of \$2.3 million in fiscal 1999 as a reduction of \$3.9 million in inventories more than offset our net loss of \$1.2 million.

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We utilized \$4.2 million of cash in investing activities during fiscal 2001. Our purchase of certain assets from Gloria Gay Coats, LLC amounted to \$3.4 million (including \$2.3 million of inventory) and we made capital expenditures of \$852,000. We used \$1.0 million of cash in fiscal 2000 and \$1.7 million of cash in fiscal 1999 for capital expenditures. Historically, our business has not required significant capital expenditures. Capital expenditures were used primarily for new computer software, additional computer upgrades, leasehold improvements, and furniture, fixtures and equipment. In addition, capital expenditures include \$580,000 in fiscal 2000 and \$277,000 in fiscal 2001 for the expansion of our Indonesian factory.

We used \$3.4 million of cash in financing activities during fiscal 2001. Financing activities provided \$1.4 million of cash in fiscal 2000 and \$806,000 of cash in fiscal 1999. During fiscal year 2001, we repaid \$1.8 million of debt related to BET Design Studio. In addition, BET's prior investment of \$1.3 million in BET Design Studio was eliminated. We used \$540,000 in fiscal 2001 and \$430,000 in fiscal 2000 to purchase shares of our common stock on the open market. In fiscal 1999, we used \$1.0 million to reduce notes payable and capital lease obligations, which was more than offset by cash and tax benefits related to the exercise of stock options and the disgorgement of profits related to stock sales by two of our officers.

We believe that our cash on hand and cash generated by operations, together with the funds available under our loan agreement, will be sufficient to meet our capital and operating requirements through fiscal 2002.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Impact of Inflation and Foreign Exchange

Our results of operations for the periods discussed have not been significantly affected by inflation or foreign currency fluctuation. We negotiate our purchase orders with foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, our cost for any purchase order is not subject to change after the time the order is placed. However, if the value of the United States dollar against local currencies were to decrease, manufacturers might increase their United States dollar prices for products.

Interest Rate Exposure

We are subject to market risk from exposure to changes in interest rates relating primarily to our line of credit. We borrow under the line of credit to support general corporate purposes, including capital expenditures and working capital needs. All of our debt is short-term with variable rates. We do not expect changes in interest rates to have a material adverse effect on income or cash flows in fiscal 2002.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data required pursuant to this Item begin on page F-1 of this Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information contained under the heading "Proposal No. 1- Election of Directors" in our definitive Proxy Statement (the "Proxy Statement") relating to our Annual Meeting of Stockholders to be held on or about June 12, 2001, to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934 with the Securities and Exchange Commission is incorporated herein by reference. For information concerning our executive officers and other significant employees, see "Business-Executive Officers of the Registrant" in Item 1 above of this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information contained under the heading "Executive Compensation" in our Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information contained under the heading "Security Ownership of Common Stock by Certain Stockholders and Management" in our Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information contained under the heading "Certain Relationships and Related Transactions" in our Proxy Statement is incorporated herein by reference.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS

- (a) 1. Financial Statements.
- 2. Financial Statement Schedules.

The Financial Statements and Financial Statement Schedules are listed in the accompanying index to financial statements beginning on page F-1 of this report. All other schedules, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions, are shown in the financial statements or are in applicable and therefore have been omitted.

- 3. Exhibits:
 - 3.1 Certificate of Incorporation.(1)
 - 3.2 By-Laws, as amended, of G-III Apparel Group, Ltd. (the "Company").(6)
 - 10.1 Employment Agreement, dated February 1, 1994, between the Company and Morris Goldfarb.(4)
 - 10.1(a) Amendment, dated October 1, 1999, to the Employment Agreement, dated February 1, 1994, between the Company and Morris Goldfarb.(10)
 - 10.2 [Reserved]
 - 10.3 Fifth Amended and Restated Loan Agreement, dated May 31, 1999, by and among G-III Leather Fashions, Inc. ("G-III"), the banks signatories thereto (the "Banks"), and Fleet Bank, N.A. ("Fleet Bank"), as Agent.(9)
 - 10.3(a) Amendment No. 1 to the Fifth Amended and Restated Loan Agreement, dated December 20, 1999, by and among G-III, the Banks and Fleet Bank.(11)
 - 10.3(b) Amendment No. 2 to the Fifth Amended and Restated Loan Agreement, dated March 1, 2000, by and among G-III, the Banks and Fleet Bank.(11)
 - 10.3(c) Amendment No. 3 to the Fifth Amended and Restated Loan Agreement, dated April 7, 2000, by and among G-III, the Banks and Fleet Bank.(11)
 - 10.3(d) Amendment No. 4 to the Fifth Amended and Restated Loan Agreement, dated as of May 24, 2000, by and among G-III, the Banks and Fleet Bank.(12)
 - 10.3(e) Amendment No. 5 to the Fifth Amended and Restated Loan Agreement, dated as of July 14, 2000, by and among G-III, the Banks and Fleet Bank.(13)
 - 10.3(f) Amendment No. 6 to the Fifth Amended and Restated Loan Agreement, dated as of January 10, 2001, by and among G-III, the Banks and Fleet Bank.
 - 10.3(g) Amendment No. 7 to the Fifth Amended and Restated Loan Agreement, dated as of February 12, 2001, by and among G-III,

the Banks and Fleet Bank.

- 10.3(h) Amendment No. 8 to the Fifth Amended and Restated Loan Agreement, dated as of March 13, 2001, by and among G-III, the Banks and Fleet Bank.
- 10.4 [Reserved]
- 10.5 [Reserved]
- 10.6 Lease, dated September 21, 1993, between Hartz Mountain Associates and the Company.(3)
- 10.6(a) Lease renewal, dated May 27, 1999, between Hartz Mountain Associates and the Company.
- 10.7 Lease, dated June 1, 1993, between 512 Seventh Avenue Associates ("512") and the Company.(4)
- 10.7(a) Lease amendment, dated July 1, 2000, between 512 and the Company.
- 10.8 Lease, dated January 31, 1994, between 512 and the Company.(5)
- 10.8(a) Lease amendment, dated July 1, 2000, between 512 the Company.
- 10.9 Assignment and assumption agreement dated July 1, 2000 between BET Studio LLC and the Company of Lease dated May 1, 1997.
- 10.9(a) Lease amendment, dated July 1, 2000, between 512 the Company.
- 10.10 G-III Apparel Group, Ltd. 1989 Stock Option Plan, as amended.(4)
- 10.11 G-III Apparel Group, Ltd. Stock Option Plan for Non-Employee Directors.(2)
- 10.12 G-III Apparel Group, Ltd. 1997 Stock Option Plan.(7)
- 10.13 Letter Agreement, dated December 2, 1998, between the Company and Aron Goldfarb.(8)
- 10.14 G-III Apparel Group, Ltd. 1999 Stock Option Plan for Non-Employee Directors.(11)

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- 21 Subsidiaries of the Company.
- 23 Consent of Ernst & Young LLP, dated April 27, 2001.
- 23.1 Consent of Grant Thornton LLP, dated April 25, 2001

(b) Reports on Form 8-K:

None.

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- (1) Previously filed as an exhibit to the Company's Registration Statement on Form S-1 (no. 33-31906), which exhibit is incorporated herein by reference.
 - (2) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 1991, which exhibit is incorporated herein by reference.
 - (3) Previously filed as an exhibit to the Company's Annual Report

on Form 10-K for the fiscal year ended July 31, 1992, which exhibit is incorporated herein by reference.

- (4) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1994, which exhibit is incorporated herein by reference.
- (5) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1995, which exhibit is incorporated herein by reference.
- (6) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1997, which exhibit is incorporated herein by reference.
- (7) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 1997, which exhibit is incorporated herein by reference.
- (8) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1999, which exhibit is incorporated herein by reference.
- (9) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1999, which exhibit is incorporated herein by reference.
- (10) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1999, which exhibit is incorporated herein by reference.
- (11) Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2000, which exhibit is incorporated herein by reference.
- (12) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2000, which exhibit is incorporated herein by reference.
- (13) Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2000, which exhibit is incorporated herein by reference.

Exhibits have been included in copies of this Report filed with the Securities and Exchange Commission. We will provide, without charge, a copy of these exhibits to each stockholder upon the written request of any such stockholder therefor. All such requests should be directed to G-III Apparel Group, Ltd., 512 Seventh Avenue, 35th floor, New York, New York 10018, Attention: Mr. Wayne S. Miller, Secretary.

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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.

G-III APPAREL GROUP, LTD.

By /s/ Morris Goldfarb

Morris Goldfarb,
Chief Executive Officer

April 27, 2001

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

Signature -----	Title -----	Date ----
/s/ Morris Goldfarb ----- Morris Goldfarb	Director, Co-Chairman of the Board and Chief Executive Officer (principal executive officer)	April 27, 2001
/s/ Wayne Miller ----- Wayne Miller	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	April 27, 2001
/s/ Aron Goldfarb ----- Aron Goldfarb	Director and Co-Chairman of the Board	April 27, 2001
/s/ Lyle Berman ----- Lyle Berman	Director	April 27, 2001
/s/ Thomas J. Brosig ----- Thomas J. Brosig	Director	April 27, 2001
/s/ Alan Feller ----- Alan Feller	Director	April 27, 2001
/s/ Carl Katz ----- Carl Katz	Director	April 27, 2001
/s/ Willem van Bokhorst ----- Willem van Bokhorst	Director	April 27, 2001
/s/ Sigmund Weiss ----- Sigmund Weiss	Director	April 27, 2001
----- George J. Winchell	Director	April __, 2000

G-III Apparel Group, Ltd. and Subsidiaries

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AND FINANCIAL STATEMENT SCHEDULES
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Financial Statements

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All other schedules for which provision is made in the applicable regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, accordingly, are omitted.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors and Stockholders
G-III Apparel Group, Ltd.

We have audited the accompanying consolidated balance sheet of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 2001, and the related consolidated statement of operations, stockholders' equity, and cash flows for the year ended January 31, 2001. Our audit also included the financial statement schedule listed in the index at Item 14(a) for the year ended January 31, 2001. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 2001, and the consolidated results of their operations and their cash flows for the year ended January 31, 2001, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

New York, New York

March 22, 2001

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
G-III Apparel Group, Ltd.

We have audited the accompanying consolidated balance sheets of G-III Apparel Group, Ltd. and subsidiaries as of January 31, 2000 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended January 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the 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 G-III Apparel Group, Ltd. and subsidiaries as of January 31, 2000, and the consolidated results of their operations and their consolidated cash flows for each of the two years in the period ended January 31, 2000, in conformity with accounting principles generally accepted in the United States.

We have also audited Schedule II of G-III Apparel Group, Ltd. and subsidiaries for each of the two years in the period ended January 31, 2000. In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

GRANT THORNTON, LLP

New York, New York
March 31, 2000

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G-III Apparel Group, Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
January 31,
(in thousands, except share and per share amounts)

ASSETS

2001

2000

	----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,231	\$14,530
Accounts receivable	11,528	16,597
Allowance for doubtful accounts and sales discounts	(4,242)	(3,892)
Inventories	42,450	21,175
Prepaid expenses and other current assets	2,481	894
	-----	-----
Total current assets	61,448	49,304
PROPERTY, PLANT AND EQUIPMENT, NET	2,940	3,316
DEFERRED INCOME TAXES	4,889	4,676
OTHER ASSETS	2,675	2,305
	-----	-----
	\$71,952	\$59,601
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable	\$ 1,500	\$ 3,311
Current maturities of obligations under capital leases	80	116
Income taxes payable	2,312	2,874
Accounts payable	7,411	5,875
Accrued expenses	8,190	4,714
Accrued nonrecurring charges	97	1,259
	-----	-----
Total current liabilities	19,590	18,149
OTHER LONG-TERM LIABILITIES	293	419
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; 6,878,171 and 6,767,921 shares issued at January 31, 2001 and 2000, respectively	69	68
Additional paid-in capital	25,295	24,874
Retained earnings	27,675	16,521
	-----	-----
	53,039	41,463
Less common stock held in treasury - 244,817 and 118,575 shares, at cost, at January 31, 2001 and 2000, respectively	(970)	(430)
	-----	-----
	52,069	41,033
	-----	-----
	\$71,952	\$59,601
	=====	=====

The accompanying notes are an integral part of these statements.

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G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Year ended January 31,		
	2001	2000	1999
	-----	-----	-----
Net sales	\$187,057	\$149,632	\$121,644
Cost of goods sold	136,099	110,710	95,393
	-----	-----	-----
Gross profit	50,958	38,922	26,251

Selling, general and administrative expenses	29,860	28,145	27,698
Unusual or non-recurring charge	(643)	1,200	(463)
	-----	-----	-----
Operating profit (loss)	21,741	9,577	(984)
Interest and financing charges, net	2,839	1,857	2,115
	-----	-----	-----
Income (loss) before minority interest and income taxes	18,902	7,720	(3,099)
Minority interest in (income) loss of joint venture	(312)	1,994	1,378
	-----	-----	-----
Income (loss) before income taxes	18,590	9,714	(1,721)
Income tax (benefit)	7,436	3,934	(541)
	-----	-----	-----
NET INCOME (LOSS)	\$ 11,154	\$ 5,780	\$ (1,180)
	=====	=====	=====

INCOME (LOSS) PER COMMON SHARE:

Basic:			
Net income (loss) per common share	\$ 1.70	\$.86	\$ (.18)
	=====	=====	=====
Weighted average number of shares outstanding	6,562	6,712	6,539
	-----	-----	-----
Diluted:			
Net income (loss) per common share	\$ 1.57	\$.84	\$ (.18)
	=====	=====	=====
Weighted average number of shares outstanding	7,121	6,848	6,539
	-----	-----	-----

The accompanying notes are an integral part of these statements.

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G-III Apparel Group, Ltd. and Subsidiaries
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Years ended January 31, 1999, 2000, and 2001
(in thousands)

	Common stock	Additional paid-in capital	Retained earnings	Common stock held in Treasury	Total
	-----	-----	-----	-----	-----
Balance as of January 31, 1998	\$65	\$23,700	\$11,921		\$35,686
Employee stock options exercised	2	439			441
Tax benefit from exercise of options		420			420
Disgorgement of stock sales profit by certain officers		208			208
Net loss for the year			(1,180)		(1,180)
	---	-----	-----	-----	-----
Balance as of January 31, 1999	67	24,767	10,741		35,575
Employee stock options exercised	1	107			108
Purchase of 118,575 shares, at cost				\$ (430)	(430)
Net income for the year			5,780		5,780
	---	-----	-----	-----	-----
Balance as of January 31, 2000	68	24,874	16,521	(430)	41,033
Employee stock option exercised	1	240			241
Tax benefit from exercise of options		181			181
Purchase of 126,242 shares, at cost				(540)	(540)
Net income for the year			11,154		11,154
	---	-----	-----	-----	-----

Balance as of January 31, 2001	\$69	\$25,295	\$27,675	\$ (970)	\$52,069
	===	=====	=====	=====	=====

The accompanying notes are an integral part of this statement.

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G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended January 31,		
	2001	2000	1999
	-----	-----	-----
Cash flows from operating activities			
Net income (loss)	\$11,154	\$ 5,780	\$ (1,180)
	-----	-----	-----
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities			
Depreciation and amortization	1,160	1,438	1,372
Minority interest	312	(1,994)	(1,378)
Deferred income tax benefit	(213)	(1,061)	(548)
Changes in operating assets and liabilities			
Accounts receivable	5,419	(2,092)	804
Inventories	(19,027)	(4,820)	3,877
Income taxes	(562)	3,641	(1,740)
Prepaid expenses and other current assets	(1,587)	41	823
Deferred income taxes			58
Other assets	1,783	(44)	(626)
Accounts payable and accrued expenses	5,012	5,353	855
Accrued non-recurring charge	(1,258)	624	(73)
Other long-term liabilities	34	4	67
	-----	-----	-----
	(8,927)	1,090	3,491
	-----	-----	-----
Net cash provided by operating activities	2,227	6,870	2,311
	-----	-----	-----
Cash flows from investing activities			
Capital expenditures	(852)	(977)	(1,723)
Capital dispositions	90		5
Purchase of certain assets of Gloria Gay Coats, LLC	(3,402)		
	-----	-----	-----
Net cash used in investing activities	(4,164)	(977)	(1,718)
	-----	-----	-----

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G-III Apparel Group, Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)
(in thousands)

	Year ended January 31,		
	2001	2000	1999
Cash flows from financing activities			
(Decrease) increase in notes payable, net	\$ (1,811)	\$ 599	\$ (766)
Payments for capital lease obligations	(100)	(181)	(247)
Investment in joint venture by Minority Partner	(1,333)	1,300	750
Proceeds from exercise of stock options	241	102	441
Tax benefit from exercise of options	181	6	420
Disgorgement of stock sales profit by certain officers			208
Purchase of common stock for Treasury	(540)	(430)	
	-----	-----	-----
Net cash (used in) provided by financing activities	(3,362)	1,396	806
	-----	-----	-----
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,299)	7,289	1,399
Cash and cash equivalents at beginning of year	14,530	7,241	5,842
	-----	-----	-----
Cash and cash equivalents at end of year	\$ 9,231	\$ 14,530	\$ 7,241
	=====	=====	=====
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 2,780	\$ 1,779	\$ 2,343
Income taxes	\$ 8,050	\$ 1,407	\$ 1,355

The accompanying notes are an integral part of these statements.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2001, 2000, and 1999

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows:

1. Business Activity and Principles of Consolidation

As used in these financial statements, the term "Company" refers to G-III Apparel Group, Ltd. and its majority-owned subsidiaries. The Company designs, manufactures, imports, and markets an extensive range of leather and textile apparel which is sold to retailers throughout the United States. The Company also operates one retail outlet store.

The Company consolidates the accounts of all its majority-owned subsidiaries. The fiscal year-end for the Company's Indonesian subsidiary is December 31, and is included in the Company's consolidation as of that date. The effect of the intervening period is not significant to the financial results of the Company. All material intercompany balances and transactions have been eliminated.

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

2. Revenue Recognition

The Company recognizes sales when merchandise is shipped. In addition, the Company acts as an agent in brokering sales between its customers

and overseas factories. On these transactions, the Company recognizes commission fee income on the sales that are financed by and shipped directly to its customers. This income is recorded at the time the merchandise is shipped.

3. Returns and Allowances

The Company establishes reserves for returns and allowances based on current and historical information and trends. Sales and accounts receivable have been reduced by such amounts.

4. Inventories

Inventories are stated at the lower of cost (determined by the weighted average method, which approximates the first-in, first-out method) or market.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE A (continued)

5. Intangibles

In January 2001, the Company purchased certain assets of Gloria Gay Coats, LLC for approximately \$3.4 million. The excess of purchase price over net assets acquired of approximately \$1.1 million has been recorded as an intangible and is being amortized using the straight-line method over eight years. The intangible is classified in other assets on the balance sheet.

6. Depreciation and Amortization

Depreciation and amortization are provided by straight-line methods in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives.

The following are the estimated lives of the Company's fixed assets:

Machinery and equipment	5 to 7 years
Transportation equipment	5 years
Furniture and fixtures	5 years
Computer equipment	2 to 5 years
Building	20 years

Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter.

The Company annually evaluates the carrying value of its long-lived assets to determine whether changes have occurred that would suggest that the carrying amount of such assets may not be recoverable based on the estimated future undiscounted cash flows of the businesses to which the assets relate. Any impairment loss would be equal to the amount by which the carrying value of the assets exceeded its fair value.

7. Income Taxes

Deferred income tax assets reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE A (continued)

8. Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

9. Joint Ventures

China

In fiscal 1995, the Company entered into a joint venture agreement with a Chinese entity principally to operate a factory located in the People's Republic of China. The Company invested \$542,000 to obtain a 39% interest in the joint venture company. The joint venture company has an initial term of twenty years. The Company accounts for the joint venture operations, which are not material, using the equity method of accounting.

BET Design Studio

In 1997, the Company formed BET Design Studio, LLC, a joint venture with Black Entertainment Television, Inc. ("BET") to produce a BET-branded clothing and accessory line. The Company had a 50.1% ownership interest in the joint venture and included the results of the joint venture less the share of the minority interest in its consolidated financial statements. Through March 31, 2000, the Company and BET had each contributed \$3.8 million to the joint venture. In November, 1999, the Company and BET agreed to cease the operations of the joint venture (see Note E). The joint venture was dissolved effective as of January 31, 2001.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE A (continued)

10. Net Income (Loss) Per Common Share

Basic earnings per share amounts have been computed using the weighted average number of common shares outstanding during each year. Diluted earnings per share amounts have been computed using the weighted average number of common shares and the dilutive potential common shares outstanding during the year.

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

	Years ended January 31,		
	2001	2000	1999
	-----	-----	-----
	(in thousands, except per share amounts)		
Net income (loss)	\$11,154	\$5,780	\$(1,180)
	=====	=====	=====
Basic EPS:			
Basic common shares	6,562	6,712	6,539
	=====	=====	=====
Basic EPS	\$ 1.70	\$ 0.86	\$(0.18)
	=====	=====	=====
Diluted EPS:			
Basic common shares	6,562	6,712	6,539
Plus impact of stock options	559	136	
	-----	-----	-----
Diluted common shares	7,121	6,848	6,539
	=====	=====	=====
Diluted EPS	\$ 1.57	\$ 0.84	\$(0.18)
	=====	=====	=====

Excluded from the above calculations are 217,000, 426,000, and 1,042,000 of stock options which were deemed to be antidilutive for the years ended January 31, 2001, 2000, and 1999, respectively.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE A (continued)

11. Stock-Based Compensation

The Company grants stock options for a fixed number of shares to employees and directors with an exercise price equal to or greater than the fair value of the shares at the date of grant. The Company has adopted the disclosure-only provision of SFAS No. 123, "Accounting for Stock-Based Compensation," which permits the Company to account for stock option grants in accordance with APB Opinion No. 25, "Accounting

for Stock Issued to Employees." Accordingly, the Company recognizes no compensation expense for the stock option grants.

12. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

13. Fair Value of Financial Instruments

Based on borrowing rates currently available to the Company for bank loans with similar terms and maturities, the fair value of the Company's short-term debt approximates the carrying value. Furthermore, the carrying value of all other financial instruments potentially subject to valuation risk (principally consisting of cash, accounts receivable and accounts payable) also approximates fair value.

14. Advertising Costs

The Company expenses advertising costs as incurred. Advertising costs charged to expense were \$2.4 million, \$3.0 million, and \$2.6 million in fiscal 2001, 2000, and 1999, respectively.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE A (continued)

15. Foreign Currency Translation

The financial statements of subsidiaries outside the United States other than Indonesia are measured using the local currency as the functional currency. Assets and liabilities are translated at the rates of exchange at the balance sheet date. The effect of this translation for the periods presented is not significant. Income and expense items are translated at average monthly rates of exchange. Gains and losses from foreign currency transactions of these subsidiaries are included in net earnings.

The financial statements of the Indonesian subsidiary use the U.S. dollar as the functional currency and have certain transactions denominated in a local currency which are remeasured as if the functional currency were the U.S. dollar. The remeasurement of local currencies into U.S. dollars creates translation adjustments which are included in net income. Exchange gains and losses in 2001, 2000, and 1999 resulting from foreign currency transactions, including those resulting from foreign currency translation losses, have not been significant and are included in the respective statements of income.

NOTE B - INVENTORIES

Inventories consist of:

	January 31,	
	2001	2000
	----- (000's) -----	
Finished goods	\$17,605	\$10,990
Work-in-process	1,707	326
Raw materials	23,138	9,859
	-----	-----
	\$42,450	\$21,175
	=====	=====

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE C - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at cost consist of:

	January 31,	
	2001	2000
	----- (000's) -----	
Machinery and equipment	\$ 1,577	\$ 1,398
Leasehold improvements	4,923	5,069
Transportation equipment	140	129
Furniture and fixtures	1,704	1,695
Computer equipment	4,891	4,692
Land and building (net of write-down of Indonesian factory; Note E)	692	609
Property under capital leases (Note E)		
Land	55	55
Building	185	185
Computer equipment		74
	-----	-----
	14,167	13,906
Less accumulated depreciation and amortization (including \$200,000 and \$237,000 on property under capital leases at January 31, 2001 and 2000, respectively)	11,227	10,590
	-----	-----
	\$ 2,940	\$ 3,316
	=====	=====

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE D - NOTES PAYABLE

Notes payable include foreign notes payable by PT BaliHides, the Company's Indonesian subsidiary. The foreign notes payable represent maximum borrowings under a line of credit of approximately \$1.5 million with an Indonesian bank, as of January 31, 2001 and 2000. Subsequent to year-end, the Company reduced this line of credit by \$550,000.

The Company's loan agreement, which expires 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 \$64 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.

All borrowings under the agreement bear interest at the option of the Company at either the prevailing prime rate (7.5% at April 19, 2001) or LIBOR plus 225 basis points (6.77% at April 19, 2001) and are collateralized by the assets of the Company. The loan agreement requires the Company, among other covenants, to maintain certain earnings and tangible net worth levels, and prohibits the payment of cash dividends.

The weighted average interest rates were 9.3% and 8.2% as of January 31, 2001 and 2000, respectively.

At January 31, 2001 and 2000, the Company was contingently liable under letters of credit in the amount of approximately \$10.4 million and \$9.9 million, respectively.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE E - OTHER LIABILITIES

Other long-term liabilities consist of:

January 31,	
2001	2000
-----	-----
----- (000's) -----	

Non-recurring charges	\$131	\$227
Capital lease obligations		64
Other	162	128
	----	----
	\$293	\$419
	=====	=====

Non-recurring Charges

Fiscal Year 1995

During 1995, the Company formulated plans to close its domestic manufacturing facility, to sell or liquidate a factory located in Indonesia, to reduce costs and to streamline and consolidate operations. The domestic factory was closed during 1995 with no loss of revenue. During fiscal 1998, the Company applied approximately \$1.6 million of the reserve as a reduction of the Indonesian property, plant and equipment, since the Company could not assure any recoveries in connection with a disposition of the factory. In December 1997, the Company was approached by an outside third party to manufacture luggage at the Indonesian factory. The Company began producing luggage in February 1998. As a result the Company discontinued its plan to close the factory. In the fourth quarter of fiscal 2000, the Company determined that the local economy in Indonesia had stabilized and the imminent threat of asset impairment relating to its facility was no longer present. As a result, the Company reversed the provision for the uncertainty of the Indonesian assets totaling \$463,000 (see Note P).

Fiscal Years 2000 and 2001

In November 1999, the Company formulated a plan to cease operations of the BET Design Studio joint venture. The joint venture generated approximately \$2.4 million and \$884,000 in revenues for the years ended January 31, 2000 and 1999, respectively. The Company incurred losses from the joint venture of approximately \$2.0 million and \$1.4 million for the years ended January 31, 2000 and 1999, respectively. In connection with the plan, the Company charged \$1.6 million to unusual and non-recurring charges in the year ended January 31, 2000. Following the disposition of the remaining assets and liabilities, the excess amount of \$643,000 was credited to unusual and non-recurring charges in the year ended January 31, 2001.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE E (continued)

Based on current estimates, management believes that existing accruals are adequate to cover the items presented below.

The status of the components of the non-recurring charges was:

	Balance at January 31, 2000	Current period activity	Balance at January 31, 2001
	-----	-----	-----
	----- (000's) -----		
Domestic operating lease obligation	\$ 316	\$ (88)	\$228
Dissolution of BET Design Studio	1,170	(1,170)	-----
	\$1,486	\$ (1,258)	\$228

=====

The financing of one of the Company's properties is treated as a capital lease. The present value of minimum future obligations are calculated based on interest rates at the inception of the lease. This lease expires in October 2001. The future minimum lease payments at January 31, 2001 is \$82,000, of which \$2,000 represents interest and \$80,000 is the present value of the minimum lease payments.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE F - INCOME TAXES

The income tax provision (benefit) is comprised of the following:

	Year ended January 31,		
	2001	2000	1999
	----- ----- (000's) ----- -----		
Current			
Federal	\$ 5,993	\$ 4,256	\$ (52)
State and city	1,230	718	45
Foreign	426	20	14
	-----	-----	-----
	7,649	4,994	7
Deferred expense (benefit)	(213)	(1,060)	(548)
	-----	-----	-----
	\$ 7,436	\$ 3,934	\$ (541)
	=====	=====	=====
Earnings (loss) before income taxes			
United States	\$16,881	\$ 9,557	\$ (1,956)
Non-United States	1,709	157	235

The significant components of the Company's deferred tax asset at January 31, 2001 and 2000 are summarized as follows:

	2001	2000
	----- ----- (000's) ----- -----	
Supplemental employee retirement plan	\$ 90	\$ 60
Officer bonus	440	194
Provision for bad debts and sales allowances	1,604	1,374
Depreciation	1,433	902
Inventory write-downs	942	655
Straight-line lease	(138)	8
Reserve for lease obligations	67	126
Property plant and equipment written off		616
BET reserve on closure		468
Inventory capitalization for tax purposes	242	257
Vacation accrual	99	
Advertising allowance	107	
Other	3	16

-----	-----
\$ 4,889	\$ 4,676
=====	=====

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE F (continued)

The following is a reconciliation of the statutory federal income tax rate to the effective rate reported in the financial statements:

	Year ended January 31, 2001		Year ended January 31, 2000		Year ended January 31, 1999	
	Amount	Percent Of Income	Amount	Percent of income	Amount	Percent of income
	(000's)	-----	(000's)	-----	(000's)	-----
Provision (benefit) for Federal income taxes at the statutory rate	\$ 6,507	35.0%	\$ 3,400	35.0%	\$ (585)	(34.0)%
State and city income taxes before utilization of State NOL carry forwards, net of Federal income tax benefit	774	4.2	624	6.5	30	1.8
Effect of foreign taxable operations	(236)	(1.3)	(35)	(.4)	66	3.8
Effect of permanent differences resulting in Federal taxable income	21	.1	22	.2	35	2.0
Utilization of NOL			(155)	(1.6)		
Other, net	370	2.0	78	.8	(87)	(5.0)
	-----		-----		-----	
Actual provision (benefit) for income taxes	\$ 7,436	40.0%	\$ 3,934	40.5%	\$ (541)	(31.4)%
	=====		=====		=====	

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately \$1.9 million at January 31, 2001. Those earnings are considered to be indefinitely reinvested and, accordingly, no provision for U.S. income taxes has been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries, as applicable.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE G - COMMITMENTS AND CONTINGENCIES

The Company leases warehousing, executive and sales facilities, and transportation equipment under operating leases with options to renew at varying terms. Leases with provisions for increasing rents have been expensed and accrued for on a straight-line basis over the life of the lease. Future minimum rental payments for operating leases having noncancellable lease periods in excess of one year as of January 31, 2001 are:

	Gross	Sublease income	Net
	-----	-----	-----
	----- (000's) -----		
Year ending January 31,			
2002	\$ 1,990	\$ 192	\$ 1,798
2003	1,905	199	1,706
2004	1,822	17	1,805
2005	1,808		1,808
2006	1,129		1,129
Thereafter	7,251		7,251
	-----	-----	-----
	\$15,905	\$ 408	\$15,497
	=====	=====	=====

In April 1988, 345 West 37th Street Corp. ("345 West"), a property owned by two principal stockholders (Note J), received a loan from the New York Job Development Authority ("Authority") to assist 345 West in its renovation of the 345 West property. The loan is for a period of 15 years and is presently repayable in monthly installments of \$11,000, which includes interest at 8.25%. The loan is financed by long-term bonds issued by the Authority. G-III and the two principal stockholders of the Company have signed corporate and personal guarantees for this loan. The outstanding principal of this debt was approximately \$284,000 and \$382,000 as of January 31, 2001 and 2000, respectively. In conjunction with closing this domestic facility (described in Note E), the Company has reflected \$228,000 and \$316,000 of the balance of the loan as an accrued nonrecurring charge at January 31, 2001 and 2000, respectively.

Rent expense on the above operating leases (including amounts leased from 345 West) for the years ended January 31, 2001, 2000, and 1999 was approximately \$1,768,000, \$1,187,000, and \$1,631,000, respectively, net of sublease income of \$289,000, \$984,000, and \$775,000, respectively.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE G (continued)

The Company has entered into license agreements that provide for royalty payments from 5% to 12% of net sales of licensed products. The Company incurred royalty expense (included in cost of goods sold) of approximately \$4,858,000, \$5,228,000, and \$4,689,000 for the years ended January 31, 2001, 2000, and 1999, respectively. Based on minimum sales requirements, future minimum royalty payments required under these agreements are:

Year ending January 31, -----	Amount -----
2002	\$ 5,317,000
2003	3,882,000
2004	2,792,000
2005	2,562,000

	\$14,553,000
	=====

The Company has an employment agreement with its chief executive officer which expires on January 31, 2004. The agreement provides for a base salary and bonus payments that vary between 3% and 6% of pretax income in excess of \$2 million.

In January 2001, the Company purchased certain assets of Gloria Gay Coats, LLC (see Note A). The Company is contractually obligated to make certain contingent payments if the division meets certain performance criteria.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE H - STOCKHOLDERS' EQUITY

Certain agreements entered into by the Company in connection with loans by the Agency and Authority relating to the building located at 345 West 37th Street in New York City and the bank agreements prohibit the payment of cash dividends without consent.

Treasury Stock

On December 20, 1999, the Board of Directors authorized the Company to repurchase up to \$1,000,000 worth of shares of the Company's common stock. As of January 31, 2001, the Company purchased 244,817 shares of its common stock at a total cost of \$970,000. The Company concluded its buyback program in April 2000.

Stock Options

The Company's stock plans authorize the granting of 1,880,000 options to executive and key employees and 81,500 to directors of the Company. It is the Company's policy to grant stock options at prices not less than the fair market value on the date of the grant. Option terms, vesting and exercise periods vary, except that the term of an option may not exceed ten years.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock Based Compensation." Accordingly, no compensation cost has been recognized for the stock options granted to employees and directors. Had compensation cost been determined based on the fair value at the grant date for stock option awards in 2001, 2000 and 1999 consistent with the provisions of SFAS No. 123, the Company's net income (loss) and earnings (loss) per share for the years ended January 31, 2001, 2000, and 1999 would have been as follows:

	2001	2000	1999
	-----	-----	-----
Net income (loss) - as reported	\$ 11,154	\$ 5,780	\$ (1,180)
Net income (loss) - adjusted	\$ 10,900	\$ 5,390	\$ (1,494)
Diluted earnings (loss) per share - as reported	\$ 1.57	\$.84	\$ (.18)
Diluted earnings (loss) per share - adjusted	\$ 1.53	\$.79	\$ (.23)

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE H (continued)

The weighted average fair value at date of grant for options granted during 2001, 2000 and 1999 was \$4.24, \$1.77, and \$2.58 per option, respectively. The fair value of each option at date of grant was estimated using the Black-Scholes option pricing model. Such compensation calculation may not be representative of the future effects of applying SFAS 123. The following weighted average assumptions were used in the Black-Scholes option pricing model for grants in 2001, 2000, and 1999, respectively:

	2001	2000	1999
	-----	-----	-----
Expected stock price volatility	72.9%	71.1%	61.8%
Expected lives of options			
Directors and officers	7 years	7 years	7 years
Employees	6 years	6 years	6 years
Risk-free interest rate	6.0%	6.1%	5.4%
Expected dividend yield	0%	0%	0%

Information regarding these option plans for 2001, 2000, and 1999 is as follows:

	2001		2000		1999	
	-----	-----	-----	-----	-----	-----
	Shares	Weighted average exercise price	Shares	Weighted average exercise price	Shares	Weighted Average Exercise Price
	-----	-----	-----	-----	-----	-----
Options outstanding at beginning of year	1,279,800	\$2.97	1,042,100	\$2.86	1,133,020	\$2.56
Exercised	(110,250)	2.17	(50,000)	2.15	(211,645)	2.08
Granted	81,000	6.07	289,750	2.54	124,150	4.18
Cancelled or forfeited	(7,300)	3.59	(2,050)	2.98	(3,425)	2.00
	-----		-----		-----	
Options outstanding at end of year	1,243,250	\$3.23	1,279,800	\$2.97	1,042,100	\$2.86
	=====		=====		=====	
Exercisable	818,736	\$2.98	817,550	\$2.83	789,140	\$2.47
	=====		=====		=====	

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE H (continued)

The following table summarizes information about stock options outstanding:

Range of exercise prices	Number outstanding as of January 31, 2001	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable as of January 31, 2001	Weighted average exercise price
\$1.62-\$3.00	784,682	4.8 years	\$2.23	576,738	\$2.21
\$3.01-\$6.50	458,568	7.0 years	\$4.95	241,998	\$4.82
	1,243,250			818,736	

Included in the above outstanding options as of January 31, 2001, 2000, and 1999 are 25,000 options with an exercise price of \$6.50 and 25,000 options with an exercise price of \$5.50 for which the fair value at the date of grant was \$3.75. All other options were issued at an amount equal to the fair market value at the date of grant.

NOTE I - MAJOR VENDORS AND CUSTOMERS

For the years ended January 31, 2001, 2000, and 1999, one customer accounted for 21.1%, 24.6%, and 21.6%, respectively, of the Company's net sales, which primarily purchases non-licensed apparel.

The Company estimates an allowance for doubtful accounts based on the creditworthiness of its customers as well as general economic conditions. Consequently, an adverse change in those factors could affect the Company's estimate.

G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE J - RELATED PARTY TRANSACTIONS

During the years ended January 31, 2001, 2000, and 1999, G-III leased space

from 345 West (Note G). Operating expenses paid by G-III to 345 West during the years ended January 31, 2001, 2000, and 1999, amounted to approximately \$233,000, \$280,000, and \$200,000, respectively.

An executive of the Company owns approximately a 14% equity interest on a fully diluted basis in Wilsons the Leather Experts Inc. ("Wilson's"), a customer of the Company. In addition, an outside director of the Company owns approximately a 3% direct and 14% indirect equity interest on a fully diluted basis of Wilson's. During the years ended January 31, 2001, 2000 and 1999, Wilson's accounted for approximately \$13,121,000, \$8,620,000, and \$8,183,000, respectively, of the Company's net sales. At January 31, 2001, the Company owed Wilson's \$253,000. Accounts receivable from Wilson's at January 31, 2000 were approximately \$183,000.

NOTE K - PENSION PLANS

The Company maintains a 401(k) profit-sharing plan and trust for nonunion employees. The Company matches 50% of employee contributions up to 3% of the participant's compensation. The Company's matching contributions amounted to approximately \$157,000, \$122,000, and \$150,000, for the years ended January 31, 2001, 2000, and 1999, respectively.

G-III contributed approximately \$58,000, \$65,000, and \$57,000 for the years ended January 31, 2001, 2000, and 1999, respectively, to a multi-employer pension plan for employees covered by a collective bargaining agreement. This plan is not administered by G-III and contributions are determined in accordance with the provisions of a negotiated labor contract. Information with respect to G-III's proportionate share of the excess, if any, of the actuarial computed value by vested benefits over the total of the pension plan's new assets is not available from the plan's administrator.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE L - 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 fiscal years indicated below:

	2001		2000		1999	
	Licensed	Non-Licensed	Licensed	Non-Licensed	Licensed	Non-Licensed
Net sales	\$70,855	\$116,202	\$61,900	\$87,732	\$45,854	\$75,790
Cost of goods sold	49,738	86,361	44,100	66,610	35,257	60,136
Gross profit	21,117	29,841	17,800	21,122	10,597	15,654
Selling, general and administrative	13,687	16,173	10,113	18,032	7,996	19,702
Unusual or non-recurring charge		(643)		1,200		(463)

Operating profit (loss)	7,430	14,311	7,687	1,890	2,601	(3,585)
Interest expense	1,067	1,772	491	1,366	480	1,635
Income (loss) before minority interest and income taxes	6,363	12,539	7,196	524	2,121	(5,220)
Minority interest		(312)		1,994		1,378
Income (loss) before income taxes	\$6,363	\$12,227	\$7,196	\$2,518	\$2,121	\$(3,842)

Commission fee income was \$6.2 million, \$3.6 million, and \$3.5 million for fiscal 2001, 2000, and 1999, respectively. This fee income is included in non-licensed net sales and gross profit. The Company allocates all expenses to its two reportable segments.

	2001		2000		1999	
	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
Geographic region						
United States	\$181,215	\$ 8,306	\$147,001	\$ 8,294	\$118,976	\$7,482
Non-United States	5,842	2,329	2,631	2,003	2,668	1,476
	\$187,057	\$10,635	\$149,632	\$10,297	\$121,644	\$8,958

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE L (continued)

Included in finished goods inventory at January 31, 2001, 2000, and 1999 are \$8.5 million and \$8.9 million, \$5.8 million, and \$5.2 million, and \$5.2 million, and \$7.8 million, respectively, of licensed and non-licensed inventories, respectively. All other assets are commingled.

NOTE M - QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly financial data in thousands except per share numbers for the fiscal years ended January 31, 2001 and 2000 are as follows:

	Quarter ended			
	April 30, 2000	July 31, 2000	October 31, 2000	January 31, 2001
January 31, 2001				
Net sales	\$10,578	\$47,385	\$87,955	\$41,139
Gross profit	2,180	13,798	25,308	9,672
Net income (loss)	(2,519)	3,447	9,468	758 (a)

Net income (loss) per common share				
Basic	\$ (0.38)	\$0.53	\$1.45	\$0.12
Diluted	(0.38)	0.49	1.31	0.11

	Quarter ended			
	April 30, 1999	July 31, 1999	October 31, 1999	January 31, 2000
January 31, 2000				
Net sales	\$ 8,470	\$33,246	\$74,544	\$33,372
Gross profit	833	9,485	20,535	8,069
Net income (loss)	(3,433)	1,599	6,917 (a)	697 (b)
Net income (loss) per common share				
Basic	\$ (0.51)	\$0.24	\$1.03	\$0.10
Diluted	(0.51)	0.24	1.01	0.10

(a) Includes items associated with the disposition of the BET Design Studio joint venture as follows: January 31, 2001 - \$192,000 income, net of tax, or \$0.03 per diluted share. October 31, 1999 - \$451,000 expense, net of tax, or \$0.07 per diluted share.

(b) Includes \$365,000 income, net of tax, or \$0.05 per diluted share associated with the disposition of the BET Design Studio joint venture and the Indonesia subsidiary.

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G-III Apparel Group, Ltd. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

January 31, 2001, 2000, and 1999

NOTE N - FUTURE EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Derivatives

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 ("SFAS NO. 133"), "Accounting for Derivative Instruments and Hedging Activities," and its amendment statements 137 and 138, in June 1999 and June 2000, respectively, which the Company is required to adopt on February 1, 2001. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Adoption of SFAS No. 133 does not have a material effect on the Company's financial statements.

NOTE O - COMPREHENSIVE INCOME

As of February 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130). The adoption of this Statement had no impact on the Company's net income or stockholders' equity. This pronouncement sets forth requirements for disclosure of the Company's comprehensive income and accumulated other comprehensive items. Comprehensive income is defined as the change in equity during a period from transactions in other events and circumstances unrelated to net income (e.g., foreign currency translation gains and losses). For the years ended January 31, 2001, 2000, and 1999, other comprehensive income was not material.

NOTE P - EFFECT OF INDONESIAN ECONOMY

In 1998, many Asia/Pacific countries, including Indonesia, experienced an economic crisis mainly resulting from currency devaluation in the region, the principal consequences of which have been an extreme lack of liquidity and highly volatile exchange and interest rates. The crisis had also involved declining prices in shares listed on the Indonesian stock exchanges, tightening of available credit, stoppage or postponement of certain construction projects, and a growing oversupply of real property. There were frequent riots and many businesses suffered losses. As a result, in 1998, the Company reserved \$463,000 against certain assets due to the probable threat that the Indonesian government would seize the assets of the Company. In the fourth quarter of fiscal 2000, the economic situation had stabilized and the threat for loss of assets was no longer probable, as a result, the Company reversed its reserve. In fiscal 2001, Indonesia again experienced significant currency devaluation and political instability. The Company remains committed to its Indonesian operations.

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G-III Apparel Group, Ltd. and Subsidiaries

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A -----	Column B -----	Column C -----		Column D -----	Column E -----
Description -----	Balance at beginning of period -----	Additions -----		Deductions (a) -----	Balance at end of period -----
		(1) Charged to costs and expenses -----	(2) Charged to other accounts -----		
Year ended January 31, 2001					
Deducted from asset accounts					
Allowance for doubtful accounts	\$ 806	\$ 30		\$ 370	\$ 466
Allowance for sales discounts	3,086	4,937		4,247	3,776
	-----	-----		-----	-----
	\$3,892	\$4,967		\$4,617	\$4,242
	=====	=====		=====	=====
Year ended January 31, 2000					
Deducted from asset accounts					
Allowance for doubtful accounts	\$ 499	\$ 539		\$ 232	\$ 806
Allowance for sales discounts	1,168	4,914		2,996	3,086
	-----	-----		-----	-----
	\$1,667	\$5,453		\$3,228	\$3,892
	=====	=====		=====	=====
Year ended January 31, 1999					
Deducted from asset accounts					
Allowance for doubtful accounts	\$ 685	\$ 23		\$ 209	\$ 499
Allowance for sales discounts	562	2,146		1,540	1,168
	-----	-----		-----	-----
	\$1,247	\$2,169		\$1,749	\$1,667
	=====	=====		=====	=====

(a) Accounts written off as uncollectible, net of recoveries.

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STATEMENT OF DIFFERENCES

The trademark symbol shall be expressed as.....'TM'
The section symbol shall be expressed as.....'SS'

AMENDMENT NO. 6 TO THE FIFTH
AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 6 TO THE FIFTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of January 10, 2001 (this "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 would like to acquire certain assets of Gloria Gay Coats, L.L.C. pursuant to a certain Asset Purchase Agreement dated as of January 10, 2001 by and among the Borrower, Target, William Hartman and Irwin Lazar (the "Asset Purchase Agreement")

C. The 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 sixth 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 7.4 of the Loan Agreement is hereby amended by deleting sub-clause (a) in its entirety and replacing it with the following:

"(a) Merge or consolidate with any Person (whether or not the Borrower or the Parent or any Subsidiary is the surviving entity), or acquire all or substantially all of the assets or any of the capital stock of any Person, other than the acquisition of certain assets of Gloria Gay Coats, LLC. (the "Target"), provided each of the following conditions has been satisfied:

- (1) the Target is in the textile industry or a substantially similar or related line of business of Borrower;
- (2) the Purchase Price does not exceed the sum of (i)

the Initial Purchase Price plus (ii) the aggregate amounts specified in Section 2.5 of the Asset Purchase Agreement plus (iii) the amounts set forth on Schedule A attached hereto for GGC Division's fabric and finished goods inventory existing as of the Closing Date (as defined in the Asset Purchase Agreement) plus (iv) all closing costs payable by Borrower in connection therewith. The term "Initial Purchase Price" means, with respect to the Target, \$1,000,000 (including the fair market value of any non-cash component thereof, excluding the full value of any earn-out agreements)

(3) such acquisition shall not subject Agent or any Lender to regulatory or third party approvals in connection with the exercise of its rights and remedies under this Agreement or any other Loan Documents;

(4) Borrower and/or the applicable Subsidiary thereof shall have obtained all material third party consents and approvals required in connection with such acquisition;

(5) the business and assets (and, if applicable, all shares of capital stock) so acquired in such acquisition shall be acquired by Borrower or the applicable Subsidiary thereof free and clear of all Liens (other than Permitted Encumbrances) and all Indebtedness and liabilities (other than Indebtedness and liabilities otherwise expressly permitted under this Agreement);

(6) no Indebtedness shall be incurred or assumed to finance such acquisition or as the result of the consummation of such acquisition, other than (i) the incurrence of Loans as permitted hereunder in connection with the acquisition of Target and (ii) the assumption of outstanding Indebtedness of the Target secured by purchase money Liens or incurred with respect to capital leases to the extent expressly permitted under subsection 7.14;

1.3 Section 7.18 of the Loan Agreement is amended by inserting a new paragraph at the end of the paragraph in Section 7.18 to read as follows:

"Notwithstanding anything to the contrary above, Borrower may enter into a Lease at either 500 Seventh Avenue or 512 Seventh Avenue in New York City, in the amount not to exceed \$100,000 annually, after the date of this Amendment."

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1.4 Section 7.9 of the Loan Agreement is amended by inserting a new subclause (g) after subclause (f) and revising the existing subclause (g) to read as a new subclause (h). New subclause (g) shall read as follows:

"(g) Investments in the Qingdao Garments Production Co., Ltd. ("Qingdao") not to exceed \$1,000,000 on a cost basis (excluding the earnings or losses attributed to such investment); provided, that in the event that any amounts advanced for such purpose that are evidenced by promissory note[s], that such promissory note[s] shall be pledged to the Agent on terms and conditions satisfactory to the Agent and there shall be no restriction whatsoever on the ability of Qingdao to repay such amount or amounts.

1.5 Section 7.20 of the Loan Agreement is amended by inserting after the word "Collateral" and before ".", the following:

"other than license agreements for Jones New York and JNY Jones New York women's wool outerwear with Jones Investment Co., on terms and conditions satisfactory to Borrower"

1.6 Article 7 of the Loan Agreement is amended by inserting a new Section 7.21 "Contingent Obligations" to read as follows:

"Section 7.21 Contingent Obligations.

(a) In connection with the acquisition of the Target, allow for any amounts other than the Purchase Price set above to be paid out; provided that upon the occurrence of the following conditions, pay to Target the following amounts (the "Earn-Out"):

Borrower also agrees to pay to Target for each of the one-year periods ending on January 31, 2002 and January 31, 2003 an amount equal to the excess of (1) 50% of the GGC Division's EBIT for each year in which EBIT exceeds \$2,000,000 over (2) \$70,000; provided, however, that (A) if the GGC Division's EBIT for the first year is less than \$2,000,000 and the aggregate EBIT of the GGC Division for both years is at least \$4,000,000, Borrower will pay to Target an amount equal to the excess of (i) 50% of such aggregate EBIT over (ii) \$140,000 and (B) if the GGC Division's EBIT for the first year is more than \$2,000,000 and the aggregate EBIT of the GGC Division for both years is at least \$4,000,000, Borrower will pay to Target an amount equal to the excess of (i) 50% of the GGC Division's EBIT for the second year even though such EBIT is less than \$2,000,000 over (ii) \$70,000. Within 90 days of the end of the one-year period to which such payment relates, Borrower shall deliver to Agent on behalf of the Lenders a notice specifying GGC EBIT for such year (the "Earn-Out Notice"), showing in reasonable detail the computation thereof, to be accompanied by a certification by Borrower's chief financial officer that such computation was accurate, complete and determined in accordance with the definitions and other guidelines contained herein.

"GGC Division" means new division of Borrower formed after the acquisition of Target containing the acquired assets of the Target.

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"EBIT" means the GGC Division's earnings before interest and taxes which shall be equal to the sales of the GGC Division less (i) cost of sales, including royalties and license fees and (ii) the expenses set forth on Schedule 1.6 of the Asset Purchase Agreement, all as determined in accordance with Borrower's accounting and allocation procedures utilized in preparing internal financial statements for Borrower's divisions.

1.7 Schedule 7.9 is hereby amended by deleting "\$714,483" and replacing it with "\$1,000,000".

1.8 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. Representations and Warranties.

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

2.1 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.

2.2 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.

2.3 Borrower shall pay to Agent for the pro-rata benefits of Lender an amendment fee of \$50,000 30 days after the date hereof.

Section 3. Conditions Precedent to Amendments.

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

3.1 The Borrower, shall have duly executed and delivered this Amendment.

3.2 Borrower shall provide Agent with a copy of executed license agreement between Borrower and Jones New York and JNY Jones New York women's wool outerwear with Jones Investment Co.

3.3 The representations and warranties set forth in Section 2 hereof shall be true, correct and complete on and as of the closing date of this Amendment as though made on such date.

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3.4 Each of the conditions precedent set forth in Section 4.1 and Section 4.2 of the Loan Agreement shall have been satisfied or waived in accordance with the terms of the Loan Agreement.

3.5 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 4. Reference to and Effect Upon the Loan Agreement and other Loan Documents.

4.1 Except as specifically amended in Section 1 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.

4.2 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 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 5. Miscellaneous

5.1 This Amendment 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.

5.2 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 (including, without limitation, all reasonable attorneys' fees).

5.3 GOVERNING LAW. THIS AMENDMENT 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.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment 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

THE CHASE MANHATTAN BANK,
as Lender

By: /s/John Mulvey

Name: John Mulvey

Title: Vice President

THE CIT GROUP/COMMERCIAL
SERVICES, NC., 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: First Vice President

-6-

FLEET NATIONAL BANK., as Agent

By: /s/Stephen M. Leavenworth

Name: Stephen M. Leavenworth

Title: Vice President

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AMENDMENT NO. 7 TO THE FIFTH
AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 7 TO THE FIFTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of February 12, 2001 (this "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 Lenders hereto wish to increase their Commitments under the Loan Agreement and update certain financial covenants as a result hereof; and

C. The 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 seventh 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 The definition of "Commitment" in Article 1.1 of the Loan Agreement is amended by deleting the existing definition in its entirety and replacing it with the following:

Commitment Dates	Total Commitment
11/1/00 - 4/30/01	\$45,000,000
5/1/01 - 6/15/01	65,000,000
6/16/01 - 9/15/01	85,000,000
9/16/01 - 10/31/01	75,000,000

11/1/01 - 11/23/01	55,000,000
11/24/01 - Commitment Termination Date	45,000,000

in each case in the aggregate, allocated among each of the Lenders, respectively in the amount set forth opposite such Lender's name on the signature pages hereof under the caption 'Commitment,' as such amount is reduced in accordance with the terms hereof."

1.3 The definition of "Direct Debt Sublimit" in Article 1.1 of the Loan Agreement is amended by deleting the existing definition in its entirety and replacing it with the following:

Direct Debt Sublimit Dates	Total Direct Debt Sublimit
11/30/00 - 4/30/01	\$30,000,000
5/1/01 - 10/31/01	64,000,000
11/1/01-11/16/01	40,000,000
11/17/01 - Commitment Termination Date	30,000,000

1.4 The definition of "Majority Lenders in Article 1.1 of the Loan Agreement is amended by replacing "Lenders having at least 80% of the aggregate amount" in first sentence of the definition with "Lenders having at least 66 2/3% of the aggregate amount".

1.5 The definition of "Overadvance" set forth in Article 1 of the Loan Agreement shall be amended by deleting the existing definition in its entirety and replacing it with the following:

"Overadvance" - the amount set forth below for the period indicated:

PERIOD	AMOUNT
11/30/00 to 2/14/01	\$0
2/15/01 to 2/28/01	\$7,000,000
3/01/01 to 3/31/01	\$20,000,000
4/01/01 to 4/30/01	\$25,000,000
5/01/01 to 7/22/01	\$40,000,000
7/23/01 to 8/26/01	\$38,000,000
8/27/01 to 9/29/01	\$28,000,000
9/30/01 to 10/30/01	\$10,000,000
10/31/01- Commitment Termination Date	\$0

and the respective periods and amounts for each of Fiscal Year 2003 and the Stub Period shall be as preliminarily determined by the Lenders and the Borrower based on the Projections and the business plan (in each case delivered pursuant to Section 5.10(e)) for Fiscal Year 2003, and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2002, but in no event shall the periods be of different durations or the amounts be less than the amounts for the periods corresponding to the periods set forth above unless the Lenders determine (in their reasonable discretion) that such periods and amounts warrant adjustment based upon such Projections, business plan or unaudited financial statements, which preliminary determination shall be made within 60 days of receipt by the Lenders of such Projections, business plan and unaudited financial statements and such preliminary determination shall become effective after receipt and satisfactory review by the Lenders of the Financial Statements for the Fiscal Year 2002; provided, however, that with respect to the Overadvance at all times (x) the then applicable Overadvance amount and all subsequent Overadvance amounts shall be reduced by (i) 50% of all tax refunds paid to the Borrower or the Parent (or paid to the Collection Account, in accordance with the terms hereof), (ii) the proceeds of the sale of any assets other than in the ordinary course of business, and (iii) 50% of the proceeds of any sale-leaseback, all of such reductions to be effective immediately upon the Borrower's receipt (or, if applicable, the Collateral Monitoring Agent's receipt for the account of the Borrower) of such refunds or proceeds; but there shall be no reduction to the then applicable Overadvance amount in the case of any sale-leaseback of newly acquired assets, provided that (A) the sale-leaseback transaction is closed within 90 days of the acquisition of the assets and (B) both the acquisition and the closing of the sale-leaseback are completed during the same fiscal year; and (y) at any time when Outstanding Obligations have exceeded the Borrowing Base as a result of (A) Accounts or Inventory believed to be Eligible Accounts or Eligible Inventory, as the case may be, in fact being or becoming ineligible or (B) the return of uncollected checks or other items applied to reduce Loans, the Collateral Monitoring Agent shall have the discretion to continue to advance Loans and to instruct the Issuing Bank to issue L/Cs, Acceptances, Steamship Guaranties and Airway Releases, as the case may be, up to an amount which would result in the relevant Overadvance amount specified above being exceeded by a factor of 10% (it being understood that the Collateral Monitoring Agent shall advise the Lenders of all such issuances and advances within 24 hours); and (z) the applicable Overadvance amount shall be increased by the amount of (a) any cash collateral held by the Collateral Monitoring Agent for the sole purpose of securing such increases to the applicable Overadvance amount, and (b) any amounts invested in U.S. government securities or money market mutual funds backed by U.S. government securities maintained in an account with Fleet by the Borrower or the Parent and pledged or assigned to the Agent for the benefit of the Lenders by the Borrower or the Parent, as the case may be, as collateral security for the Obligations pursuant to documentation satisfactory to the Lenders.

1.6 Section 2.6(a)(iii) of the Loan Agreement is amended by replacing the entire paragraph with "\$75,000.00 30 days after the date hereof".

1.7 Section 6.9(a) of the Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(a) Have or maintain, with respect to the Parent on a consolidated basis, EBITDA on a cumulative basis from the first day of each fiscal year through the date set

forth below at not less than, or, in the case of a loss, not more than, the respective amounts set forth below opposite each such last day of the fiscal quarter:

Date ----	EBITDA -----
April 30, 2001	(\$6,500,000)
July 31, 2001	(\$1,000,000)
October 31, 2001	\$15,500,000
January 31, 2002	\$15,000,000

and the amount for the Stub Period shall be preliminarily determined by the Lenders and the Borrower based on the Projections and business plan (in each case delivered pursuant to Section 5.10(e)) for Fiscal Year 2003 and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2002, but in no event shall the periods be of different durations or the amounts be less than (if such amount is negative) or greater than (if such amount is positive) the amounts for the periods corresponding to the periods set forth above unless the Lenders determine (in their reasonable discretion) that such periods and amounts warrant adjustment based on the financial condition of the Borrower as set forth in the applicable Projections, business plan or unaudited financial statements, which preliminary determination shall be made within 60 days of receipt by the Lenders of such Projections, business plan and unaudited financial statements, and such determination shall become effective after receipt and satisfactory review by the Lenders of the Financial Statements for Fiscal Year 2002 "

1.8 Section 6.9(b) of this Loan Agreement is amended by deleting such Section in its entirety and replacing it with the following:

"(b) Have or maintain, with respect to the Parent on a consolidated basis, Tangible Net Worth as of the dates set forth below at not less than the respective amounts set forth opposite each such date:

Date ----	Minimum Tangible Net Worth -----
April 30, 2001	\$45,500,000
July 31, 2001	\$47,900,000
October 31, 2001	\$56,850,000
January 31, 2002	\$56,200,000*

The amounts for the Stub Period shall be determined in the sole discretion of the Lenders within 60 days of receipt by the Lenders of the Projections and business plan (in each case delivered

* For the period ending January 31, 2002 the Minimum Tangible Net Worth shall be the greater of (a) \$56,200,000 less the amount of the balance sheet accrual resulting from the Earn-Out payment defined in Amendment No. 6 to the Fifth Amended and Restated Loan Agreement, Section 7.21(a), calculated in accordance with Generally Accepted Accounting Principals consistently applied, or (b) \$54,700,000.

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pursuant to Section 5.10(e)) for Fiscal Year 2003 and the unaudited financial statements (delivered pursuant to Section 5.10(e)) for Fiscal Year 2002, and such determination shall become effective after receipt and satisfactory review by the Lenders of the Financial Statements for Fiscal Year 2002."

1.9 Fleet's signature page of the Loan Agreement is amended by changing (i) Fleet's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$15,374,566, from May 1, 2001 to June 15, 2001 to \$22,207,706, from June 16, 2001 to September 15, 2001 to \$29,040,846 from September 16, 2001 to October 31, 2001 to \$25,624,276 from November 1, 2001 to November 23, 2001 to \$18,791,136 and from November 24, 2001 to the Commitment

Termination Date to \$15,374,566 and (ii) Fleet's Percentage of Revolving Loan Commitment to "34.17%".

1.10 Chase Manhattan's signature page of the Loan Agreement is amended by changing (i) Chase's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$10,485,594, from May 1, 2001 to June 15, 2001 to \$15,145,425 from June 16, 2001 to September 15, 2001 to \$19,805,555 from September 16, 2001 to October 31, 2001 to \$17,475,490 from November 1, 2001 to November 23, 2001 to \$12,815,359 and from November 24, 2001 to the Commitment Termination Date to \$10,485,294 and (ii) Chase's Percentage of Revolving Loan Commitment to "23.3%".

1.11 The CIT's signature page of the Loan Agreement is amended by changing (i) CIT's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$12,527,424 from May 1, 2001 to June 15, 2001 to \$18,095,168 from June 16, 2001 to September 15, 2001 to \$23,662,912 from September 16, 2001 to October 31, 2001 to \$20,879,040 from November 1, 2001 to November 23, 2001 to \$15,311,296 and from November 24, 2001 to the Commitment Termination Date to \$12,527,424 and (ii) CIT's Percentage of Revolving Loan Commitment to "27.84%".

1.12 The Israel Discount Bank of New York's signature page of the Loan Agreement is amended by changing (i) Israel Discount Bank of New York's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$6,612,716 from May 1, 2001 to June 15, 2001 to \$9,551,701 from June 16, 2001 to September 15, 2001 to \$12,490,687 from September 16, 2001 to October 31, 2001 to \$11,021,194 from November 1, 2001 to November 23, 2001 to \$8,082,209 and from November 24, 2001 to the Commitment Termination Date to \$6,612,716 and (ii) Israel Discount Bank of New York's Percentage of Revolving Loan Commitment to "14.70%".

1.13 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. Representations and Warranties.

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

2.1 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.

2.2 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 3. Conditions Precedent to Amendments.

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

3.1 The Borrower, shall have duly executed and delivered this Amendment.

3.2 The representations and warranties set forth in Section 2

hereof shall be true, correct and complete on and as of the closing date of this Amendment as though made on such date.

3.3 Each of the conditions precedent set forth in Section 4.1 and Section 4.2 of the Loan Agreement shall have been satisfied or waived in accordance with the terms of the Loan Agreement.

3.4 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 4. Reference to and Effect Upon the Loan Agreement and other Loan Documents.

4.1 Except as specifically amended in Section 1 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.

4.2 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 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

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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 5. Miscellaneous

5.1 This Amendment 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.

5.2 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 (including, without limitation, all reasonable attorneys' fees).

5.3 GOVERNING LAW. THIS AMENDMENT 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.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment 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

THE CHASE MANHATTAN BANK,
as Lender

By: /s/John Mulvey

Name: John Mulvey

Title: Vice President

THE CIT GROUP/COMMERCIAL
SERVICES, INC., 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: First Vice President

FLEET NATIONAL BANK., as Agent

By: /s/Stephen M. Leavenworth

Name: Stephen M. Leavenworth

Title: Vice President

AMENDMENT NO. 8 AND ASSIGNMENT TO THE FIFTH

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDMENT NO. 8 AND ASSIGNMENT TO THE FIFTH AMENDED AND RESTATED LOAN AGREEMENT, dated as of March 13, 2001 (this "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. Lenders would like to transfer and assign a portion of their rights and interest in and to all the relevant Lender's rights and obligations under the Loan Agreement.

C. The 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 and Assignment shall be deemed to be an eighth 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 Fleet's signature page of the Loan Agreement is amended by changing (i) Fleet's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$11,026,654.41, from May 1, 2001 to June 15, 2001 to \$15,927,389.71, from June 16, 2001 to September 15, 2001 to \$20,828,125.00 from September 16, 2001 to October 31, 2001 to \$18,377,757.35 from November 1, 2001 to November 23, 2001 to \$13,477,022.06 and from

November 24, 2001 to the Commitment Termination Date to \$11,026,654.41 and (ii) Fleet's Percentage of Revolving Loan Commitment to "24.50%".

1.3 Chase Manhattan's signature page of the Loan Agreement is amended by changing (i) Chase's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$9,393,075.85, from May 1, 2001 to June 15, 2001 to \$13,567,776.23 from June 16, 2001 to September 15, 2001 to \$17,742,476.61 from September 16, 2001 to October 31, 2001 to \$15,655,126.42 from November 1, 2001 to November 23, 2001 to \$11,480,426.04 and from November 24, 2001 to the Commitment Termination Date to \$9,393,075.85 and (ii) Chase's Percentage of Revolving Loan Commitment to "20.87%".

1.4 The CIT's signature page of the Loan Agreement is amended by changing (i) CIT's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$8,984,681.50 from May 1, 2001 to June 15, 2001 to \$12,977,873.28 from June 16, 2001 to September 15, 2001 to \$16,971,065.06 from September 16, 2001 to October 31, 2001 to \$14,974,469.17 from November 1, 2001 to November 23, 2001 to \$10,981,277.39 and from November 24, 2001 to the Commitment Termination Date to \$8,984,681.50 and (ii) CIT's Percentage of Revolving Loan Commitment to "19.97%".

1.5 The Israel Discount Bank of New York's signature page of the Loan Agreement is amended by changing (i) Israel Discount Bank of New York's Commitment to make Revolving Loans from November 30, 2000 to April 30, 2001 to \$4,742,647.06 from May 1, 2001 to June 15, 2001 to \$6,850,490.20 from June 16, 2001 to September 15, 2001 to \$8,958,333.33 from September 16, 2001 to October 31, 2001 to \$7,904,411.76 from November 1, 2001 to November 23, 2001 to \$5,796,568.63 and from November 24, 2001 to the Commitment Termination Date to \$4,742,647.06 and (ii) Israel Discount Bank of New York's Percentage of Revolving Loan Commitment to "10.54%".

1.6 A new signature page for each of HSBC Bank USA and Bank Leumi USA shall be inserted with relevant dollar amounts for Commitment to make Revolving Loans and Percentage of Revolving Loan Commitments as specified on Schedule A.

1.7 The provisions of Section 10.13(a) (ii) are hereby waived solely for the purpose of this Amendment and Assignment and shall be in full force and effect otherwise.

1.8 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. Assignment

2.1 Fleet National Bank, The Chase Manhattan Bank, The CIT Group/Commercial Services, Inc., Israel Discount Bank of New York (each, a "Transferor" and together the "Transferors") wish to assign to HSBC Bank USA and Bank Leumi USA (each, a "Transferee" and together the "Transferees") that interest in and to all the relevant Transferor's

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rights and obligations under the Loan Agreement as of the date hereof (the "Assigned Portion") and each Transferee hereby accepts said assignment and obligations established under the Loan Agreement with respect to the Assigned Portion, the resulting Revolving Commitments from said assignments are set forth in Schedule A.

2.2 In connection with the assignment affected hereby by each Transferor to each Transferee:

- (a) From and after the date hereof, (a) each Transferee shall (i) be a Lender party to the Loan Agreement for all purposes of the Loan

Agreement and the other Loan Documents; (ii) be subject to the terms and conditions thereof; and (iii) have all of the rights, interests, liabilities, duties and obligations of the Transferors under the Loan Agreement and other Loan Documents to the extent of the Assigned Portion; and (b) the Transferors shall to the extent provided in this Amendment and Assignment relinquish such rights and interest and be released from such liabilities, duties and obligations under the Loan Agreement and other Loan Documents as shall have been assigned to each Transferee hereunder.

(b) From and after the date hereof, the Agent shall make all payments under the Loan Agreement in respect of the Assigned Portion (including, without limitation, all payments of principal, interest and fees, if applicable, with respect thereto) to the Transferees.

2.3. Each of the parties to this Amendment and Assignment agrees that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and perform such further acts as such other party may reasonably request in order to effect the purposes of this Amendment and Assignment, provided neither this Amendment and Assignment nor any term hereof may be changed, waived, discharged or terminated except by an instrument in writing signed by the party (including, if applicable, any party required to evidence its consent to or acceptance of this Amendment and Assignment) against whom enforcement of such change, waiver, discharge or termination is sought.

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 and Assignment: (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 and Assignment.

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

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B. Transferors hereby represent and warrant to the Agent, Transferees, and Borrower that:

3.3 By executing and delivering this Amendment and Assignment each Transferor, for itself, (a) represents and warrants that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim; (b) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Loan Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Agreement or any other Loan Document, or any other instrument or document furnished pursuant thereto; (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or any of its respective Subsidiaries, or the performance or observance by Borrower or any of its respective Subsidiaries of any of its obligations under the Loan Agreement or any other Loan Document or any other instrument or document furnished pursuant hereto.

C. Each Transferee hereby represents and warrants to the Agent, Transferors and Borrower that:

3.4 By executing and delivering this Amendment and Assignment, each Transferee, for itself: (a) confirms that it has received a copy of the Loan Agreement, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Amendment and Assignment; (b) will independently and without reliance upon the Agent, any Transferor, or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Agreement; (c) appoints and authorizes the Agent to take such action as the Agent on its behalf and to exercise such powers under the Loan Agreement and the other Loan Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; and (d) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Agreement and the other Loan Documents are required to be performed by it as a Lender.

3.5. Each Transferor and each Transferee represents and warrants, for itself, to the Borrower and the Agent that after giving effect to the assignment of the Assigned Portion affected hereby, each of the Transferor and each Transferee is in compliance with the provisions of Section 10.13 of the Loan Agreement.

Section 4. Conditions Precedent to Amendments.

The effectiveness of the amendments and assignments contained in Section 1 and Section 2 of this Amendment, 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, each Transferor and each Transferee shall have duly executed and delivered this Amendment.

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4.2 Each of the conditions precedent set forth in Section 4.1 and Section 4.2 of the Loan Agreement shall have been satisfied or waived in accordance with the terms of the Loan Agreement.

4.3 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.

4.4 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 and Assignment 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 and Assignment, 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 Assignment 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 (including, without limitation, all reasonable attorneys' fees).

6.3 GOVERNING LAW. THIS AMENDMENT AND ASSIGNMENT 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.

[SIGNATURE PAGE FOLLOWS]

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 BANK, N.A., as Lender and Transferor

By: /s/ Stephen M. Leavenworth

Name: Stephen M. Leavenworth

Title: Vice President

THE CHASE MANHATTAN BANK,
as Lender and Transferor

By: /s/ John Mulvey

Name: John Mulvey

Title: Vice President

THE CIT GROUP/COMMERCIAL
SERVICES, NC., as Lender and Transferor

By: /s/ Lisa Murakami

Name: Lisa Murakami

Title: Vice President

ISRAEL DISCOUNT BANK OF NEW YORK
as Transferee

By: /s/ Matilde Reyes

Name: Matilde Reyes

Title: Vice President

By: /s/ Howard Weinberg

Name: Howard Weinberg

Title: First Vice President

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HSBC Bank USA, as Transferee

By: /s/ Thomas DeGeorge

Name: Thomas DeGeorge

Title: First Vice President

BANK LEUMI USA
as Transferee

By: /s/ John Koenigsberg

Name: John Koenigsberg

Title: First Vice President

By: /s/ Phyllis Rosenfeld

Name: Phyllis Rosenfeld

Title: Vice President

FLEET BANK, N.A., as Agent

By: /s/ Stephen M. Leavenworth

Name: Stephen M. Leavenworth

Title: Vice President

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SCHEDULE A
TO THE ASSIGNMENT AGREEMENT

TOTAL COMMITMENTS

Bank	Commitments for closing through 4/30/01; and 11/24/01 through Commitment Termination Date	Commitments for 5/1/01 through 6/15/01	Commitments for 6/16/01 through 9/15/01	Commitments for 9/16/01 through 10/31/01	Commitments for 11/01/01 through 11/23/01	% of Commitments
Fleet	\$11,026,654.41	\$15,927,389.71	\$20,828,125.00	\$18,377,757.35	\$13,477,022.06	24.50%
Chase Manhattan	9,393,075.85	13,567,776.23	17,742,476.61	15,655,126.42	11,480,426.04	20.87%
CIT Group	8,984,681.50	12,977,873.28	16,971,065.06	14,974,469.17	10,981,277.39	19.97%
IDB	4,742,647.06	6,850,490.20	8,958,333.33	7,904,411.76	5,796,568.63	10.54%
HSBC	6,882,352.94	9,941,176.47	13,000,000.00	11,470,588.24	8,411,764.71	15.29%
Bank Leumi	3,970,588.24	5,735,294.12	7,500,000.00	6,617,647.06	4,852,941.18	8.82%
TOTAL	\$45,000,000.00	\$65,000,000.00	\$85,000,000.00	\$75,000,000.00	\$55,000,000.00	

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May 27, 1999

VIA HAND DELIVERY

Hartz Mountain Associates
400 Plaza Drive
Secaucus, New Jersey 07094-3688
Attn: General Counsel

Re: Lease Renewal - G-III Leather Fashions, Inc. and Hartz Mountain Associates

Dear Sir:

In accordance with our lease dated September 21st, 1993, for 1000 Secaucus Road, Secaucus, New Jersey, G-III Leather Fashions, Inc. is exercising its option to extend the term for the five year period March 1, 2000 to February 28, 2005 (the First Extended Period).

In accordance with the discussion between Ernie Christoph, of your office, and Sam Deutscher (V.P. Operations of G-III) the new fixed rent will be as follows:

PERIOD -----	AMOUNT -----
March 1, 2000 - February 28, 2001	\$5.50 sq. ft.
March 1, 2001 - February 28, 2002	\$5.50 sq. ft.
March 1, 2002 - February 28, 2003	\$5.75 sq. ft.
March 1, 2003 - February 28, 2004	\$6.00 sq. ft.
March 1, 2004 - February 28, 2005	\$6.00 sq. ft.

Very truly yours,

G-III Leather Fashions, Inc.

By: /s/ Wayne S. Miller

Wayne S. Miller
Chief Financial Officer

Accepted by: /s/ Ernie Christoph

Ernie Christoph
Senior Vice President Leasing
Hartz Mountain Associates

cc: Controller, Hartz Mountain Associates
Neil Gold, Fulbright & Jaworski
Doug Danzig, Fulbright & Jaworski
Sam Deutscher
Phil Litwinoff

=====

EXHIBIT 10.7(a)

FIRST AMENDMENT TO LEASE

between

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, Landlord

and

G-III LEATHER FASHIONS, INC., Tenant

Premises:

Entire 34th and 35th Floors
512 Seventh Avenue
New York, New York

=====

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") made as of the 1st day of July, 2000, by and between 500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, a New York limited partnership, having an office c/o Newmark & Company Real Estate, Inc. ("Landlord"), and G-III LEATHER FASHIONS, INC., a New York corporation, having an office at 512 Seventh Avenue, New York, New York ("Tenant").

W I T N E S S E T H:

WHEREAS, by Agreement of Lease dated as of June, 1993 (such lease, as the same may have been or may hereafter be amended, is hereinafter called the "Lease"), Landlord's predecessor-in-interest, did demise and let unto Tenant and Tenant did hire and take from Landlord's predecessor-in-interest the entire thirty-fourth (34th) and thirty-fifth (35th) floors (collectively, the "demised premises") as more particularly described in the Lease in the building (the "Building") known by the street address 512 Seventh Avenue, New York, New York;

WHEREAS, the term of the Lease currently expires on January 31, 2003;

WHEREAS, Tenant desires to extend the term of the Lease and Landlord is agreeable thereto on the terms and conditions hereinafter set forth; and

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Lease unless otherwise specifically set forth herein to the contrary.

2. The term of the Lease is hereby extended for an additional term (the "Extended Term") of ten (10) years and nine (9) months commencing on July 1, 2000 (the "Extended Term Commencement Date") and ending on March 31, 2011 (the "Expiration Date"), as if the Expiration Date was originally set forth in the Lease as the expiration date thereof, instead of January 31, 2003.

3. Effective as of the first day of the Extended Term:

(a) The fixed annual rent to be paid by Tenant to Landlord under the Lease during the Extended Term shall be abated during the period commencing on the Extended Term Commencement Date and ending on December 31, 2000, and thereafter shall be payable as follows:

(i) For the period commencing on January 1, 2001 and ending on December 31, 2001, the fixed annual rent shall be Five Hundred Fifty Two Thousand Four Hundred Forty-Eight and 00/100 Dollars (\$552,448.00) per year, or Forty Six Thousand Thirty-Seven and 33/100 Dollars (\$46,037.33) per month;

(ii) For the period commencing on January 1, 2002 and ending on December 31, 2002, the fixed annual rent shall be Five Hundred Sixty-Nine Thousand Twenty-One and 44/100 Dollars (\$569,021.44) per year, or Forty-Seven Thousand Four Hundred Eighteen and 45/100 Dollars (\$47,418.45) per month;

(iii) For the period commencing on January 1, 2003 and ending on December 31, 2003, the fixed annual rent shall be Five Hundred Eighty-Six Thousand Ninety-Two and 08/100 Dollars (\$586,092.08) per year, or Forty-Eight Thousand Eight Hundred Forty-One and 01/100 Dollars (\$48,841.01) per month;

(iv) For the period commencing on January 1, 2004 and ending on December 31, 2004, the fixed annual rent shall be Six Hundred Three Thousand Six Hundred Seventy-Four and 85/100 Dollars (\$603,674.85) per year, or Fifty Thousand Three Hundred Six and 24/100 Dollars (\$50,306.24) per month;

(v) For the period commencing on January 1, 2005 and ending on December 31, 2005, the fixed annual rent shall be Six Hundred Twenty-One Thousand Seven Hundred Eighty Five and 09/100 Dollars (\$621,785.09) per year, or Fifty-One Thousand Eight Hundred Fifteen and 42/100 Dollars (\$51,815.42) per month;

(vi) For the period commencing on January 1, 2006 and ending on December 31, 2006, the fixed annual rent shall be Seven Hundred Twenty-Five Thousand Three Hundred Fifty-Nine and 97/100 Dollars (\$725,359.97) per year, or Sixty Thousand Four Hundred Forty-Six and 66/100 Dollars (\$60,446.66) per month;

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(vii) Notwithstanding anything to the contrary contained herein, for the period commencing on January 1, 2006 and ending on March 31, 2006, the fixed annual rent shall be abated;

(viii) For the period commencing on January 1, 2007 and ending on December 31, 2007, the fixed annual rent shall be Seven Hundred Forty-Four Thousand Five Hundred Seventy One and 01/100 Dollars (\$744,571.01) per year, or Sixty-Two Thousand Forty-Seven and 58/100 Dollars (\$62,047.58) per month;

(ix) For the period commencing on January 1, 2008 and ending on December 31, 2008, the fixed annual rent shall be Seven Hundred Sixty-Four Thousand Three Hundred Fifty-Eight and 38/100 Dollars (\$764,358.38) per year, or Sixty-Three Thousand Six Hundred Ninety-Six and 53/100 Dollars (\$63,696.53) per month;

(x) For the period commencing on January 1, 2009 and ending on December 31, 2009, the fixed annual rent shall be Seven Hundred Eighty-Four Thousand Seven Hundred Thirty-Nine and 38/100 Dollars (\$784,739.38) per year, or Sixty Five Thousand Three Hundred Ninety-Four and 95/100 (\$65,394.95) per month; and

(xi) For the period commencing on January 1, 2010 and ending on December 31, 2010, the fixed annual rent shall be Eight Hundred Five Thousand Seven Hundred Thirty-One and 80/100 Dollars (\$805,731.80) per year, or Sixty-Seven Thousand One Hundred Forty-Four and 32/100 Dollars (\$67,144.32) per month; and

(xii) For the period commencing on January 1, 2011 and ending on March 31, 2011, the fixed annual rent shall be Eight Hundred Twenty-Seven Thousand One Hundred Eighty-Four and 64/100 Dollars (\$827,184.64) per year, or Sixty-Eight Thousand Nine Hundred Thirty-Two and 05/100 Dollars (\$68,932.05) per month.

Except as set forth above, the fixed annual rent shall be paid by Tenant to Landlord in equal monthly installments in advance on the first day of each and every month without any set-off or deduction whatsoever in the manner provided in the Lease.

(b) The Fourth Article of the Lease is hereby deleted and the following is substituted therefor:

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"Tenant shall use and occupy the demised premises for showroom, design, general offices and sales offices for sale at wholesale and not retail, of all apparel and accessories."

(c) The Tenth Article of the Lease is hereby deleted and the following is substituted therefor:

"TENTH: - (i) Tenant shall not (A) assign or otherwise transfer this Lease or the term and estate hereby granted, (B) sublet the demised premises or any part thereof or allow the same to be used or occupied by others or in violation of Fourth Article hereof, (C) mortgage, pledge or encumber this Lease or the demised premises or any part thereof in any manner or permit any lien to be filed against this Lease, the demised premises or the Building by reason of any act or omission on the part of Tenant or enter into any agreement which would permit the filing of a lien by any broker (except for a broker's agreement in connection with a proposed assignment by Tenant of its rights and obligations under the Lease or a sublease of all or a portion of the demised premises), or (D) advertise, or authorize a broker to advertise, for a subtenant or an assignee at a specified rental rate, without, in each instance, obtaining the prior consent of Landlord, except as otherwise expressly provided in this Article 10. For purposes of this Article 10, (w) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, or subtenant, shall be deemed not to include the sale of such stock by persons or parties, through the "over-the-counter market" or through any recognized stock exchange, other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934 as amended (provided, however, that any transfer of stock of Tenant or any affiliate of Tenant by Morris Goldfarb to members of his immediate family for estate planning purposes shall not be deemed to effect an assignment of the Lease), (x) a takeover agreement shall be deemed a transfer of this Lease, (y) any person or legal representative of Tenant, to whom Tenant's interest under this Lease passes by

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operation of law, or otherwise, shall be bound by the provisions of this Article 10, and (z) a modification, amendment or extension of a sublease shall be deemed a sublease.

(ii) The provisions of subparagraph (i) hereof shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or with an entity to which substantially all of Tenant's assets are transferred or, if Tenant is a partnership, with a successor partnership (provided such merger or transfer of assets is for a good business purpose and not principally for the purpose of transferring the leasehold estate created hereby, and provided further, that either the (x) the assignee has a net worth at least equal to or in excess of the net worth of Tenant immediately prior to such merger or transfer, or (y) such assignee delivers a letter of credit, in the form annexed hereto as Exhibit A, in the amount equal to the product of (A) twelve (12) and (B) the then prevailing monthly fixed rent).

(iii) Any assignment or transfer, whether made with Landlord's consent as required by subparagraph (i) or without Landlord's consent pursuant to subparagraph (ii) hereof, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord a recordable agreement (unless the assignment shall be a "deemed" assignment by reason of a transfer of a majority interest in Tenant), in form and substance reasonably satisfactory to Landlord, whereby the assignee shall assume the obligations and performance of this Lease and agree to be personally bound by and upon all of the covenants, agreements, terms, provisions and conditions hereof on the part of Tenant to be performed or observed and whereby the assignee shall agree that the provisions of subparagraph (i) hereof shall, notwithstanding such an assignment or transfer, continue to be binding upon it in the future. Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of fixed annual rent by Landlord from an assignee or transferee or any other party, Tenant shall remain fully and primarily liable for the payment of the fixed annual rent and additional rent due and to become due under this Lease and for the performance of all of the covenants, agreements, terms, provisions and conditions of this Lease on the part of Tenant to be performed or observed.

(iv) The liability of Tenant, and the due performance by Tenant of the obligations on its part to be performed under this Lease, shall not

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be discharged, released or impaired in any respect by an agreement or stipulation made by Landlord or any grantee or assignee of Landlord, by way of mortgage, or otherwise, extending the time of, or modifying any of the obligations contained in this Lease, or by any waiver or failure of Landlord to enforce any of the obligations on Tenant's part to be performed under this Lease, and Tenant shall continue to be liable hereunder. If any such agreement or modification operates to increase the obligations of a tenant under this Lease, the liability under this subparagraph (iv) of the tenant named in the Lease or any of its successors in interest, (unless such party shall have expressly consented in writing to such agreement or modification) shall continue to be no greater than if such agreement or modification had not been made. To charge Tenant named in this Lease and its successors in interest after this Lease shall be assigned, no demand or notice of any default to the named Tenant shall be required. Tenant and each of its successors in interest hereby expressly waive any such demand or notice.

(v) (A) Should Tenant determine, subject to the provisions of this Lease, to assign this Lease, other than by an assignment contemplated by subparagraph (ii) hereof, Tenant shall not less than forty-five (45) days

prior to the effective date of the contemplated assignment, deliver to Landlord a term sheet setting forth the terms and the effective date of the contemplated assignment transaction, the identify of the proposed assignee and information (including, without limitation, current financial information regarding net worth, credit and financial responsibility) with respect to the nature and character of the proposed assignee's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease, as of such effective date as if it were the Expiration Date set forth in this Lease or (y) accept an assignment of this Lease from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's counsel, an assignment which shall be effective as of such effective date.

(B) In the event that this Lease shall be assigned to Landlord or Landlord's designee or if the demised premises shall be sublet to Landlord or Landlord's designee pursuant to this subparagraph (v), the provisions of any such sublease or assignment and the obligations of Landlord and the rights of Tenant with respect thereto shall not be binding upon or otherwise affect the rights of any holder of a superior

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mortgage or of a lessor under a superior lease unless such holder or lessor shall elect by written notice to Tenant to succeed to the position of Landlord or its designee, as the case may be, thereunder.

(C) Should Tenant determine subject to the provisions of this Lease to sublet the demised premises or any portion thereof, other than by a sublease contemplated by subparagraph (ii) hereof, Tenant shall, not less than forty-five (45) days prior to the effective date of the contemplated sublease, deliver to Landlord, a term sheet setting forth the terms of the contemplated sublease transaction, the effective date therefor, the identify of the proposed subtenant, and information with respect to the nature and character of the proposed subtenant's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease as to the portion of the demised premises affected by such subletting or as to the entire demised premises in the case of a subletting thereof, as of such effective date, (y) in the case of a proposed subletting of the entire demised premises accept an assignment of this Lease to Landlord from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's and Tenant's counsel, an assignment which shall be effective as of such effective date, (z) accept a sublease from Tenant of the portion of the demised premises affected by such proposed subletting or the entire demised premises in the case of a proposed subletting thereof, and Tenant shall then promptly execute and deliver a sublease to Landlord, or Landlord's designee if so elected by Landlord, for the term provided in the aforementioned term sheet, commencing with such effective date, at (1) the rental terms reflected in such term sheet or (2) the rental terms contained in this Lease on a per rentable square foot basis, as elected by Landlord in such notice.

(D) If Landlord should elect to have Tenant execute and deliver a sublease to Landlord or its designee pursuant to any of the provisions of this subparagraph (v), said sublease shall be in a form reasonably satisfactory to Landlord's counsel and on all the terms contained in this Lease, except that:

(1) The rental terms, if elected by Landlord, may be either as provided in item (1) or item (2) of subparagraph (v) (C) hereof,

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(2) Except as provided in this subparagraph (v)(D), the terms of the sublease shall be on the same terms set forth in the term sheet delivered to Landlord (as described in subparagraph (v)(C) hereof),

(3) The subtenant thereunder shall have the right to underlet the subleased premises, in whole or in part, without Tenant's consent,

(4) The subtenant thereunder shall have the right to make, or cause to be made, any changes, alterations, decorations, additions and improvements that such subtenant may desire or authorize,

(5) Such sublease shall expressly negate any intention that any estate created by or under such sublease be merged with any other estate held by either of the parties thereto,

(6) Any consent required of Tenant, as lessor under that sublease, shall be deemed granted if consent with respect thereto is granted by Landlord,

(7) There shall be no limitation as to the use of the sublet premises by the subtenant thereunder,

(8) Any failure of the subtenant thereunder to comply with the provisions of said sublease, other than with respect to the payment of rent to Tenant, shall not constitute a default thereunder or hereunder if Landlord has consented to such non-compliance,

(9) Such sublease shall provide that Tenant's obligations with respect to vacating the demised premises and removing any changes, alterations, decorations, additions or improvements made in the subleased premises shall be limited to those which accrued and related to such as were made prior to the effective date of the sublease, and

(10) If subtenant shall fail to pay the rent under the sublease to Tenant within ten (10) days after such installment of rent shall have become due, then Tenant may give subtenant notice thereof and if subtenant shall continue to fail to make any

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such payment within thirty (30) days after the giving of such notice, then Tenant shall be entitled to offset the amount not paid against the next rent coming due under the Lease. Notwithstanding anything herein to the contrary, such offset right shall not be binding upon nor inure to any mortgagee or superior lessor.

(E) If pursuant to the exercise of any of Landlord's options pursuant to this subparagraph (v) this Lease is terminated as to only a portion of the demised premises, then the fixed annual rent payable hereunder and the additional rent payable pursuant to the terms of this Lease shall be adjusted in proportion to the portion of the demised premises affected by such termination.

(vi) In the event that Landlord does not exercise any of the options available to it pursuant to subparagraph (v) hereof, Landlord shall not unreasonably withhold or delay its consent to an assignment of this Lease or a subletting of the whole or any part of the demised premises for substantially the remainder of the term of this Lease, provided:

(A) Tenant shall furnish Landlord with the name and business address

of the proposed subtenant or assignee and information with respect to the nature and character of the proposed subtenant's or assignee's business, or activities, such references and current financial information with respect to net worth, credit and financial responsibility as are reasonably satisfactory to Landlord, and an executed counterpart of the sublease or assignment agreement;

(B) The proposed subtenant or assignee is a party whose financial net worth, credit and financial responsibility is, considering the responsibilities involved, reasonably satisfactory to Landlord;

(C) The nature and character of the proposed subtenant or assignee, its business or activities and intended use of the demised premises is, in Landlord's reasonable judgment, in keeping with the standards of the Building and the floor or floors on which the demised premises are located;

(D) The proposed subtenant or assignee is not then an occupant of any part of the Building or a party who dealt with Landlord or Landlord's agent (directly or through a broker) with respect

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to space in the Building during the six (6) months immediately preceding Tenant's request for Landlord's consent;

(E) All costs incurred with respect to providing reasonably appropriate means of ingress and egress from the sublet space or to separate the sublet space from the remainder of the demised premises shall, subject to the provisions of this Lease with respect to alterations, installations, additions or improvements be borne by Tenant;

(F) Each sublease shall specifically state that (x) it is subject to all of the applicable terms, covenants, agreements, provisions, and conditions of this Lease, (y) the subtenant will not have the right to a further sublease thereunder (except the subtenant of an entire floor of the demised premises shall have all the rights to assign and sublease afforded to the named Tenant herein (i.e., G-III Leather Fashions, Inc.); provided, notwithstanding the provisions of subparagraph (vii)(B) of this Article 10, such subtenant shall pay to Landlord any and all rents, additional charge or other consideration payable under such sub-sublease or otherwise to subtenant by the sub-subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of such sub-sublease in respect of the sub-subleased space (at the rate per square foot payable by subtenant thereunder) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of subtenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of subtenant's federal income tax returns), and less the reasonable costs of effecting such transaction, including, without limitation, brokerage commissions, legal fees and build out costs, or to allow the demised premises to be used by others, without the consent of Landlord in each instance, and (z) a consent by Landlord thereto shall not be deemed or construed to modify, amend or affect the terms and provisions of this Lease, or Tenant's obligations hereunder, which shall continue to apply to the premises involved, and the occupants thereof, as if the sublease had not been made;

(G) Tenant shall together with requesting Landlord's consent hereunder, have paid Landlord any reasonable out-of-pocket costs incurred by Landlord to review the requested consent including any attorneys fees incurred by Landlord;

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(H) The proposed subtenant or assignee is not (w) a retail branch of a bank trust company, safe deposit business, savings and loan association or loan company; (x) an employment or recruitment agency; (y) school, college, university or educational institution whether or not for profit; (z) a government or any subdivision or agency thereof;

(I) In the case of a subletting of a portion of the demised premises, the layout of the portion so sublet shall be commercially reasonable and suitable for normal renting purposes and such subletting will not result in more than two (2) occupants (including Tenant) occupying the demised premises; and

(J) Tenant shall not have advertised or listed with any brokers the proposed assignment or subletting at a rental rate less than the rental rates then being charged under leases being entered into by Landlord for comparable space in the Building.

(vii) If Tenant shall assign this Lease or sublease all or any part of the demised premises, Tenant shall pay to Landlord, as additional rent:

(A) in the case of an assignment, an amount equal to one-quarter (1/4) of all sums and other considerations paid to Tenant by the assignee for or by reason of such assignment or otherwise (including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns); and

(B) in the case of a sublease, one-quarter (1/4) of the amount equal to any and all rents, additional charge or other consideration payable under the sublease or otherwise to Tenant by the subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns).

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The sums payable under this subparagraph (vii) shall be paid to Landlord as and when paid by the subtenant or assignee, as the case may be, to Tenant.

(viii) If Tenant defaults in the payment of any rent, Landlord is authorized to collect any rents due or accruing from any assignee, subtenant or other occupant of the demised premises and to apply the net amounts collected to the fixed annual rent and additional rent reserved herein. The receipt by Landlord of any amounts from an assignee or subtenant, or other occupant of any part of the demised premises shall not be deemed or construed as releasing Tenant from Tenant's obligations hereunder or the acceptance of that party as a direct tenant."

(d) The Twelfth Article of the Lease is hereby supplemented with the following:

"(c) Notwithstanding anything to the contrary, Landlord shall have the right and privilege to serve at any time up to six (6) months prior to the expiration of the term of this Lease, a notice upon Tenant that any 'nonstandard alterations' shall be removed and, in the event of service of

such notice, Tenant will, at Tenant's cost and expense, remove the same in accordance with such request and repair any damage to the demised premises caused by such removal; provided that Landlord shall have advised Tenant at the time it consented to any such nonstandard alteration that Landlord may require its removal at the end of the Lease term, if and to the extent that Tenant shall have requested in writing such advice from Landlord when it requested Landlord's consent to such alteration. For the purposes of this Article 12, a 'nonstandard alteration' shall mean auditoriums or similar type special use areas, vaults, atriums, kitchen equipment and installations, internal stairways, slab reinforcements, raised floors or other alterations which impede the installation of duct work or other normal installations above the finished ceiling or which are not suitable for normal office occupancy or which would be unusually difficult or costly to remove in comparison to usual alterations required for general office purposes. Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to July 1, 2000, shall be deemed to be standard alterations which Landlord may not require Tenant to remove."

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(e) The Twenty-Second Article of the Lease is hereby deleted and the following is substituted therefor:

"(i) Tenant agrees that Landlord shall furnish electricity to Tenant on a 'submetering' basis. Landlord shall install any submeters reasonably required in Landlord's judgment in the demised premises for the purposes of this Article, at Tenant's sole cost and expense. Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including, but not limited to, services which facilitate the distribution of service.

(ii) Tenant covenants and agrees to purchase electricity from Landlord or Landlord's designated agent at charges, terms and rates, including, without limitation, fuel adjustments and taxes, equal to those specified in the Con Edison SC#4-1 rate schedule effective on the date Landlord first provides electricity to the demised premises on a submetering basis (the "effective" date), or any successor rate schedule or service classification, plus five percent (5%) for transmission line loss and other redistribution costs. Where more than one (1) meter measures the service of Tenant in the Building, then the service registered by each meter shall be aggregated and billed at the applicable rate as if there were only one (1) sub-meter measuring Tenant's aggregate use in the entire demised premises. Bills therefore shall be rendered at such times as Landlord may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, Additional Charges. If any tax is imposed by any Federal, State or Municipal authority upon Landlord's receipts from the sale or resale of electrical energy to Tenant hereunder, Tenant covenants and agrees that where permitted by law, Tenant's pro-rata share of such taxes shall be included in the amount of Additional Charges to be paid by Tenant to Landlord hereunder.

(iii) If all or part of the submetering additional rent payable in accordance with this Article 22 becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Landlord's option, in lieu of submetering Additional Charges, and in consideration of Tenant's use of the Building's electrical distribution system and receipt of redistributed electricity and payment by Landlord of consultant's fees and other redistribution costs, the fixed annual rent to be paid under this Lease shall be increased by an "alternative charge" which shall be the

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average per rentable square foot rate payable by Tenant for electricity during the prior twelve (12) month period pursuant to this Article.

(iv) Landlord shall not be liable for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the Building or wiring installation. Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole cost and expense of Tenant, if, in Landlord's reasonable judgment, the same are reasonably necessary and will not cause permanent damage or injury to the Building or demised premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expenses or otherwise interfere with or disturb other tenants or occupants of the Building, except to a de minimis extent. In addition to the installation of such riser or risers, Landlord will also at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, electricity purchases and the redistribution thereof, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes. Anything hereinabove to the contrary notwithstanding, in no event is the submetering additional rent or any "alternative charge", to be less than an amount equal to the total of Landlord's payment to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus five percent (5%) for transmission line loss and other redistribution costs. Landlord reserves the right to terminate the furnishing of electricity upon sixty (60) days' prior written notice to Tenant; provided Landlord terminates the furnishing of electricity to at least fifty percent (50%) of the tenants of the Building (not including those retail tenants on the ground floor of the Building) to whom Landlord is furnishing electricity on a submetered basis, in which event the Tenant may make application directly to the public utility and/or other providers for the Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then

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authorized load. Any meters, risers, or other equipment or connections reasonably necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed at Tenant's sole cost and expense. Only rigid conduit or electrical metal tubing (EMT) will be allowed. Landlord, upon the expiration of the aforesaid sixty (60) days' prior written notice period may discontinue furnishing the electric current but this Lease shall otherwise remain in full force and effect.

(v) Tenant's use of electric energy in the demised premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the demised premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's distribution of electricity via the Building's electric system, Tenant shall not, without Landlord's prior consent in each instance (which consent shall not be unreasonably withheld or delayed), connect any fixtures, appliances or equipment (other than normal business machines and personal computers, which do not materially increase Tenant's electrical consumption) to the Building's electric

system or make any alterations or additions to the electric system of the demised premises existing on the Extended Term Commencement Date. Landlord shall continue to make electrical energy available to the demised premises in accordance with current practice.

(vi) (1) Upon Tenant's request therefor, Landlord shall provide Tenant with utility invoices and other reasonable documentation supporting its computation of Additional Charges hereunder.

(2) At Landlord's option, Tenant shall purchase from Landlord or Landlord's agent all lighting tubes, lamps, bulbs and ballasts used in the demised premises and Tenant shall pay Landlord's reasonable charges for providing and installing same, on demand, as additional rent."

(f) Tenant shall simultaneously upon execution of the First Amendment of Lease dated as of July 1, 2000 (the "Amendment") deliver to Landlord additional cash security in the amount of Thirty Thousand, Thirty and 83/100 Dollars (\$30,030.83). With Tenant's delivery of this additional cash security, the amount of security provided for in the Thirty-Eighth Article of the

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Lease is hereby amended to be the aggregate amount of Fifty-Six Thousand Five Hundred Ninety and 83/100 Dollars (\$56,590.83).

(g) The Thirty-Ninth Article of the Lease is hereby amended as follows:

(i) All references to "five (5) days" in subparagraph (a) thereof are hereby deleted and "fifteen (15) days" is substituted therefor.

(ii) Subparagraph (b) thereof is hereby amended by deleting proviso (1) therefrom and substituting the following therefor:

"(1) if Tenant shall make default in the payment of the rent reserved herein for a period of five (5) days after receipt of written notice from Landlord that same is past due or default in the payment of additional rent due herein for a period of fifteen (15) days after receipt of written notice from Landlord that same is past due..."

(h) The Forty-Eighth Article of the Lease is hereby amended such that notices sent by Tenant to Landlord shall be sent as set forth in the Lease to c/o Newmark & Company Real Estate, Inc., 125 Park Avenue, New York, New York 10017. A copy of any default or any other notices shall be sent to Arent Fox Kintner Plotkin & Kahn, PLLC, 1675 Broadway, New York, New York 10019, Attention: Jill Hayman, Esq. The Forty-Eighth Article of the Lease is hereby further amended such that a copy of notices sent by Landlord to Tenant shall also be sent to Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103, Attention: Douglas J. Danzig, Esq.

(i) The Fifty-Seventh Article of the Lease is hereby deleted.

(j) The term "base tax year" as set forth in the Fifty-Eighth Article of the Lease is hereby amended to mean "the New York City real estate tax year commencing July 1, 2000 and ending June 30, 2001".

(k) The Sixty-Fifth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-FIFTH: - Within fifteen (15) days after the Amendment has been fully executed, Landlord shall pay Tenant, as a contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of One Hundred Six Thousand Two Hundred Forty and 00/100 (\$106,240.00) Dollars. On February 1, 2006,

Landlord shall pay Tenant, as a second (2nd) contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of Three Hundred Eighteen Thousand Seven Hundred Twenty and 00/100 (\$318,720.00) Dollars."

(l) The Sixty-Sixth Article of the Lease is hereby deleted and the following is substituted thereof:

"SIXTY-SIXTH: - (i) If Tenant shall fail to pay any installment of fixed annual rent for more than five (5) days after the same becomes due and payable or any amount of additional rent for more than fifteen (15) days after the same becomes due and payable (collectively, the "Default Periods"), Tenant shall pay Landlord a late charge of ten cents (\$0.10) for each dollar of such fixed annual rent or additional rent as shall not have been paid to Landlord within said respective Default Periods. Such late charge shall be without prejudice to any of Landlord's rights and remedies hereunder or at law for nonpayment of rent, shall be in addition thereto and shall be deemed to be additional rent. Notwithstanding anything to the contrary contained herein, Tenant shall be permitted to pay an installment of fixed annual rent late once per calendar year without incurring a late charge, provided such payment is received no later than the tenth (10th) day of the month in which such payment is due. Further, notwithstanding anything to the contrary contained herein, Landlord shall waive the late charge for one (1) late payment of additional rent by Tenant per calendar year, provided such payment is received no later than thirty (30) days after the date such payment was due.

(ii) If in accordance with the Thirty-Ninth Article of the Lease, Tenant shall be in default in the payment of (A) any installment of fixed annual rent or any amount of additional rent or (B) any other sum of money which shall become due and payable by Tenant to Landlord pursuant to the terms of this Lease or by reason of Tenant's occupancy of the demised premises, in addition to (and not in lieu of) the late charge provided for in subparagraph (i) above, Tenant shall pay interest thereon at a rate equal to the lesser of four percent (4%) above the prime rate per annum from time to time set forth in The Wall Street Journal, calculated on the basis of the actual days elapsed, based on a 360-day year, or the minimum rate of interest allowed by applicable law(s), if any, then prevailing, from the date on which such installment or payment is due to the date of payment thereof, and such interest shall be deemed to be additional rent.

(iii) Except as required by statute and under the laws, nothing contained in Article 39 or in this Article 66 shall be deemed to require Landlord to give the notices therein or herein (if any) provided for prior to the commencement of a summary proceeding for nonpayment of rent or a plenary action for the recovery of rent on account of any default in the payment of the same, it being intended that such notices are for the sole purpose of creating a conditional limitation hereunder pursuant to which this Lease shall terminate and if Tenant thereafter remains in possession or occupancy, it shall become a holdover tenant."

(m) The Sixty-Seventh Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-SEVENTH: - (i) This Lease shall be governed in all respects by the laws of the State of New York.

(ii) If, in connection with obtaining financing for the Building, a bank, insurance company or other lending institution shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, decrease the obligations of Landlord hereunder, except to a de minimis extent, or otherwise materially or adversely affect Tenant's leasehold interest hereby created.

(iii) Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease (if any) at any time when Tenant is in monetary default, after applicable notice, grace and/or cure periods, in the performance or observance of any of the covenants, terms, provisions or conditions on its part to be performed or observed under this Lease.

(iv) Tenant shall not occupy any space in the Building (by assignment, sublease or otherwise) other than the demised premises or other premises leased to Tenant directly by Landlord (except if the named Tenant herein is subsequently purchased by a third party which leases space in the Building), except with the prior written consent of Landlord in each instance.

(v) Tenant acknowledges that it has no rights to any development rights, "air rights" or comparable rights appurtenant to the land or building, and consents, without further consideration, to any utilization

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of such rights by Landlord and agrees to promptly execute and deliver any instruments which may be requested by Landlord, including instruments which may be reasonably requested by Landlord, including instruments merging zoning lots, evidencing acknowledgment and consent. The provisions of this paragraph shall be deemed to be and shall be construed as an express waiver by Tenant of any interest Tenant may have as a "party in interest" (as such quoted term is defined in Section 12 Zoning Lot of the Zoning Resolution of the City of New York) in the building or the land.

(vi) Any and all payments and charges to be paid by Tenant hereunder other than the annual rent payable pursuant to this Lease shall be additional rent hereunder for non-payment of which Landlord shall have all of the remedies provided herein or at law.

(vii) If this Lease be a renewal of an existing lease between the parties or their predecessors in interest, then any obligation of Tenant for the payment of rent or additional rent or the performance of any obligation under such existing lease which accrues prior to the expiration thereof shall constitute an obligation under this Lease, except as modified by the Amendment (as that term is defined in Article 38 of this Lease), for non-payment or non-performance for which Landlord shall have all of the remedies provided herein."

(n) The Sixty-Eighth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-EIGHTH: - As a material inducement to Landlord for entering into this Lease, Tenant covenants and agrees that except for the inside surfaces of all walls, windows and doors bounding the demised premises, all of the remainder of the Building is exclusively reserved to Landlord, subject to Tenant's right to use the common areas of the Building in accordance with the applicable provisions of this Lease (including, without limitation, the lobby, elevators and core bathrooms, as opposed to private bathrooms, on the thirty-fourth (34th) and thirty-fifth (35th) floors of the Building). Notwithstanding anything to the contrary contained herein, Tenant shall have the right to use in accordance with the Lease, the electric and telephone closets and so-called "slop" sinks on the thirty-fourth (34th) and thirty-fifth (35th) floors of the Building."

(o) The Sixty-Ninth Article of the Lease is hereby deleted.

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(p) The second sentence of the Twenty-First Article of the Lease shall be amended to read as follows:

"Landlord or Landlord's agents shall have the right to enter the demised premises at reasonable times after notice (which may be oral) to Tenant to examine the same..."

4. Each party hereto covenants, warrants and represents to the other party that it has had no dealings, conversations or negotiations with any broker other than Newmark & Company Real Estate, Inc., concerning the execution and delivery of this Amendment. Each party hereto agrees to defend, indemnify and hold harmless the other party against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements, arising out of its respective representations and warranties contained in this Paragraph 4 being untrue. Landlord shall pay any brokerage fees which may be due to Newmark & Company Real Estate, Inc. in connection with this Amendment pursuant to a separate agreement.

5. Except as expressly set forth in this Amendment, the terms and conditions of the Lease shall continue in full force and effect without any change or modification and shall apply for the balance of the term of the Lease as hereby extended. In the event of a conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

6. This Amendment shall not be altered, amended, changed, waived, terminated or otherwise modified in any respect or particular, and no consent or approval required pursuant to this Amendment shall be effective, unless the same shall be in writing and signed by or on behalf of the party to be charged.

7. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and permitted assigns.

8. All prior statements, understandings, representations and agreements between the parties, oral or written, are superseded by and merged in this Amendment, which alone fully and completely expresses the agreement between them in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Amendment relating to the demised premises. Landlord acknowledges that Tenant occupies

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other space in the Building pursuant to separate agreements between Landlord and Tenant which may be renewed and amended from time to time.

9. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10. This Amendment shall be interpreted and enforced in accordance with the laws of the state in which the demised premises are located without reference to principles of conflicts of laws.

11. If any provision of this Amendment shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Amendment and to this end the provisions of this Amendment are intended to be and shall be severable. Notwithstanding the foregoing sentence, if (i) any provision of this Amendment is finally determined by a court of competent jurisdiction to be unenforceable or invalid in whole or in part, (ii) the opportunity for all appeals of such determination have expired, and (iii) such unenforceability or invalidity alters the substance of this Amendment (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Amendment within thirty (30) days after the final determination by notice to the other. If such party so elects to terminate this Amendment, then this Amendment shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except those obligations which expressly survive the termination of this Amendment.

12. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT EACH MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AMENDMENT OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY EITHER PARTY IN CONNECTION HERewith (INCLUDING ANY ACTION TO RESCIND OR CANCEL THIS AMENDMENT ON THE GROUNDS THAT THIS AMENDMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE).

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13. This Amendment may be executed in any number of counterparts. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for this Amendment to be effective.

14. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

* * * * *

[The remainder of this page is left intentionally blank;
the signature page follows]

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: 500-512 ArCap LLC, its General Partner

By: Archon Capital, L.P., its sole Member

By: WH MezzCo GP, L.L.C., its General Partner

By: /s/ Alan S. Kava

Name: Alan S. Kava
Title: Vice President

By: GS MezzCo GP, L.L.C., its General
Partner

By: _____
Name:
Title:

TENANT:

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: Wayne S. Miller
Title: CFO

=====

EXHIBIT 10.8(a)

FIRST AMENDMENT TO LEASE

between

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, Landlord

and

G-III LEATHER FASHIONS, INC., Tenant

Premises:

Entire 33rd Floor
512 Seventh Avenue
New York, New York

=====

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") made as of the 1st day of July, 2000, by and between 500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, a New York limited partnership, having an office c/o Newmark & Company Real Estate, Inc. ("Landlord"), and G-III LEATHER FASHIONS, INC., a New York corporation, having an office at 512 Seventh Avenue, New York, New York ("Tenant").

W I T N E S S E T H:

WHEREAS, by Agreement of Lease dated as of January 31, 1994 (such lease, as the same may have been or may hereafter be amended, is hereinafter called the "Lease"), Landlord's predecessor-in-interest, did demise and let unto Tenant and Tenant did hire and take from Landlord's predecessor-in-interest the entire thirty-third (33rd) floor (the "demised premises") as more particularly described in the Lease in the building (the "Building") known by the street address 512 Seventh Avenue, New York, New York;

WHEREAS, the term of the Lease currently expires on January 31, 2003;

WHEREAS, Tenant desires to extend the term of the Lease and Landlord is agreeable thereto on the terms and conditions hereinafter set forth; and

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Lease unless otherwise specifically set forth herein to the contrary.

2. The term of the Lease is hereby extended for an additional term (the "Extended Term") of ten (10) years and nine (9) months commencing on July 1, 2000 (the "Extended Term Commencement Date") and ending on March 31, 2011 (the "Expiration Date"), as if the Expiration Date was originally set forth in the Lease as the expiration date thereof, instead of January 31, 2003.

3. Effective as of the first day of the Extended Term:

(a) The fixed annual rent to be paid by Tenant to Landlord under the Lease during the Extended Term shall be abated during the period commencing on the Extended Term Commencement Date and ending on December 31, 2000, and thereafter shall be payable as follows:

(i) For the period commencing on January 1, 2001 and ending on December 31, 2001, the fixed annual rent shall be Two Hundred Seventy-Six Thousand Two Hundred Twenty-Four and 00/100 Dollars (\$276,224.00) per year, or Twenty-Three Thousand Eighteen and 67/100 Dollars (\$23,018.67) per month;

(ii) For the period commencing on January 1, 2002 and ending on December 31, 2002, the fixed annual rent shall be Two Hundred Eighty-Four Thousand Five Hundred Ten and 72/100 Dollars (\$284,510.72) per year, or Twenty-Three Thousand Seven Hundred Nine and 23/100 Dollars (\$23,709.23) per month;

(iii) For the period commencing on January 1, 2003 and ending on December 31, 2003, the fixed annual rent shall be Two Hundred Ninety-Three Thousand Forty-Six and 04/100 Dollars (\$293,046.04) per year, or Twenty-Four Thousand Four Hundred Twenty and 50/100 Dollars (\$24,420.50) per month;

(iv) For the period commencing on January 1, 2004 and ending on December 31, 2004, the fixed annual rent shall be Three Hundred One Thousand Eight Hundred Thirty-Seven and 42/100 Dollars (\$301,837.42) per year, or Twenty-Five Thousand One Hundred Fifty-Three and 12/100 Dollars (\$25,153.12) per month;

(v) For the period commencing on January 1, 2005 and ending on December 31, 2005, the fixed annual rent shall be Three Hundred Ten Thousand Eight Hundred Ninety-Two and 55/100 Dollars (\$310,892.55) per year, or Twenty-Five Thousand Nine Hundred Seven and 71/100 Dollars (\$25,907.71) per month;

(vi) For the period commencing on January 1, 2006 and ending on December 31, 2006, the fixed annual rent shall be Three Hundred Sixty-Two Thousand Six Hundred Seventy-Nine and 99/100 Dollars (\$362,679.99) per year, or Thirty Thousand Two Hundred Twenty-Three and 33/100 Dollars (\$30,223.33) per month;

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(vii) Notwithstanding anything to the contrary contained herein, for the period commencing on January 1, 2006 and ending on March 31, 2006, the fixed annual rent shall be abated;

(viii) For the period commencing on January 1, 2007 and ending on December 31, 2007, the fixed annual rent shall be Three Hundred Seventy-Two Thousand Two Hundred Eighty-Five and 51/100 Dollars (\$372,285.51) per year, or Thirty-One Thousand Twenty-Three and 79/100 Dollars (\$31,023.79) per month;

(ix) For the period commencing on January 1, 2008 and ending on December 31, 2008, the fixed annual rent shall be Three Hundred Eighty-Two Thousand One Hundred Seventy-Nine and 19/100 Dollars (\$382,179.19) per year, or Thirty-One Thousand Eight Hundred Forty-Eight and 27/100 Dollars (\$31,848.27) per month;

(x) For the period commencing on January 1, 2009 and ending on December 31, 2009, the fixed annual rent shall be Three Hundred Ninety-Two

Thousand Three Hundred Sixty-Nine and 69/100 Dollars (\$392,369.69) per year, or Thirty-Two Thousand Six Hundred Ninety-Seven and 47/100 Dollars (\$32,697.47) per month;

(xi) For the period commencing on January 1, 2010 and ending on December 31, 2010, the fixed annual rent shall be Four Hundred Two Thousand Eight Hundred Sixty-Five and 90/100 Dollars (\$402,865.90) per year, or Thirty-Three Thousand Five Hundred Seventy-Two and 16/100 Dollars (\$33,572.16) per month; and

(xii) For the period commencing on January 1, 2011 and ending on March 31, 2011, the fixed annual rent shall be Four Hundred Thirteen Thousand Five Hundred Ninety-Two and 32/100 Dollars (\$413,592.32) per year, or Thirty-Four Thousand Four Hundred Sixty-Six and 03/100 Dollars (\$34,466.03) per month.

Except as set forth above, the fixed annual rent shall be paid by Tenant to Landlord in equal monthly installments in advance on the first day of each and every month without any set-off or deduction whatsoever in the manner provided in the Lease.

(b) The Fourth Article of the Lease is hereby deleted and the following is substituted therefor:

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"Tenant shall use and occupy the demised premises for showroom, design, general offices and sales offices for sale at wholesale and not retail, of all apparel and accessories.

(c) The Tenth Article of the Lease is hereby deleted and the following is substituted therefor:

"TENTH: - (i) Tenant shall not (A) assign or otherwise transfer this Lease or the term and estate hereby granted, (B) sublet the demised premises or any part thereof or allow the same to be used or occupied by others or in violation of Fourth Article hereof, (C) mortgage, pledge or encumber this Lease or the demised premises or any part thereof in any manner or permit any lien to be filed against this Lease, the demised premises or the Building by reason of any act or omission on the part of Tenant or enter into any agreement which would permit the filing of a lien by any broker (except for a broker's agreement in connection with a proposed assignment by Tenant of its rights and obligations under the Lease or a sublease of all or a portion of the demised premises), or (D) advertise, or authorize a broker to advertise, for a subtenant or an assignee at a specified rental rate without, in each instance, obtaining the prior consent of Landlord, except as otherwise expressly provided in this Article 10. For purposes of this Article 10, (w) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, or subtenant, shall be deemed not to include the sale of such stock by persons or parties, through the "over-the-counter market" or through any recognized stock exchange, other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934 as amended (provided, however, that any transfer of stock of Tenant or any affiliate of Tenant by Morris Goldfarb to members of his immediate family for estate planning purposes shall not be deemed to effect an assignment of the Lease), (x) a takeover agreement shall be deemed a transfer of this Lease, (y) any person or legal representative of Tenant, to whom Tenant's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this

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Article 10, and (z) a modification, amendment or extension of a sublease shall be deemed a sublease.

(ii) The provisions of subparagraph (i) hereof shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or with an entity to which substantially all of Tenant's assets are transferred or, if Tenant is a partnership, with a successor partnership (provided such merger or transfer of assets is for a good business purpose and not principally for the purpose of transferring the leasehold estate created hereby, and provided further, that either the (x) the assignee has a net worth at least equal to or in excess of the net worth of Tenant immediately prior to such merger or transfer, or (y) such assignee delivers a letter of credit, in the form annexed hereto as Exhibit A, in the amount equal to the product of (A) twelve (12) and (B) the then prevailing monthly fixed rent).

(iii) Any assignment or transfer, whether made with Landlord's consent as required by subparagraph (i) or without Landlord's consent pursuant to subparagraph (ii) hereof, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord a recordable agreement (unless the assignment shall be a "deemed" assignment by reason of a transfer of a majority interest in Tenant), in form and substance reasonably satisfactory to Landlord, whereby the assignee shall assume the obligations and performance of this Lease and agree to be personally bound by and upon all of the covenants, agreements, terms, provisions and conditions hereof on the part of Tenant to be performed or observed and whereby the assignee shall agree that the provisions of subparagraph (i) hereof shall, notwithstanding such an assignment or transfer, continue to be binding upon it in the future. Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of fixed annual rent by Landlord from an assignee or transferee or any other party, Tenant shall remain fully and primarily liable for the payment of the fixed annual rent and additional rent due and to become due under this Lease and for the performance of all of the covenants, agreements, terms, provisions and conditions of this Lease on the part of Tenant to be performed or observed.

(iv) The liability of Tenant, and the due performance by Tenant of the obligations on its part to be performed under this Lease, shall not be discharged, released or impaired in any respect by an agreement or

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stipulation made by Landlord or any grantee or assignee of Landlord, by way of mortgage, or otherwise, extending the time of, or modifying any of the obligations contained in this Lease, or by any waiver or failure of Landlord to enforce any of the obligations on Tenant's part to be performed under this Lease, and Tenant shall continue to be liable hereunder. If any such agreement or modification operates to increase the obligations of a tenant under this Lease, the liability under this subparagraph (iv) of the tenant named in the Lease or any of its successors in interest, (unless such party shall have expressly consented in writing to such agreement or modification) shall continue to be no greater than if such agreement or modification had not been made. To charge Tenant named in this Lease and its successors in interest after this Lease shall be assigned, no demand or notice of any default to the named Tenant shall be required. Tenant and each of its successors in interest hereby expressly waive any such demand or notice.

(v) (A) Should Tenant determine, subject to the provisions of this Lease, to assign this Lease, other than by an assignment contemplated by subparagraph (ii) hereof, Tenant shall not less than forty-five (45) days prior to the effective date of the contemplated assignment, deliver to Landlord a term sheet setting

forth the terms and the effective date of the contemplated assignment transaction, the identity of the proposed assignee and information (including, without limitation, current financial information regarding net worth, credit and financial responsibility) with respect to the nature and character of the proposed assignee's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease, as of such effective date as if it were the Expiration Date set forth in this Lease or (y) accept an assignment of this Lease from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's counsel, an assignment which shall be effective as of such effective date.

(B) In the event that this Lease shall be assigned to Landlord or Landlord's designee or if the demised premises shall be sublet to Landlord or Landlord's designee pursuant to this subparagraph (v), the provisions of any such sublease or assignment and the obligations of Landlord and the rights of Tenant with respect thereto shall not be binding upon or otherwise affect the rights of any holder of a superior mortgage or of a lessor under a superior lease unless such holder or

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lessor shall elect by written notice to Tenant to succeed to the position of Landlord or its designee, as the case may be, thereunder.

(C) Should Tenant determine subject to the provisions of this Lease, to sublet the demised premises or any portion thereof, other than by a sublease contemplated by subparagraph (ii) hereof, Tenant shall, not less than forty-five (45) days prior to the effective date of the contemplated sublease, deliver to Landlord, a term sheet setting forth the terms of the contemplated sublease transaction, the effective date therefor, the identity of the proposed subtenant, and information with respect to the nature and character of the proposed subtenant's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease as to the portion of the demised premises affected by such subletting or as to the entire demised premises, in the case of a subletting thereof, as of such effective date, (y) in the case of a proposed subletting of the entire demised premises, accept an assignment of this Lease to Landlord from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's and Tenant's counsel, an assignment which shall be effective as of such effective date, (z) accept a sublease from Tenant of the portion of the demised premises affected by such proposed subletting or the entire demised premises in the case of a proposed subletting thereof, and Tenant shall then promptly execute and deliver a sublease to Landlord, or Landlord's designee if so elected by Landlord, for the term provided in the aforementioned term sheet, commencing with such effective date, at (1) the rental terms reflected in such term sheet or (2) the rental terms contained in this Lease on a per rentable square foot basis, as elected by Landlord in such notice.

(D) If Landlord should elect to have Tenant execute and deliver a sublease to Landlord or its designee pursuant to any of the provisions of this subparagraph (v), said sublease shall be in a form reasonably satisfactory to Landlord's counsel and on all the terms contained in this Lease, except that:

(1) The rental terms, if elected by Landlord, may be either as provided in item (1) or item (2) of subparagraph (v)(C) hereof,

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(2) Except as provided in this subparagraph (v) (D), the terms of the sublease shall be on the same terms set forth in the term sheet delivered to Landlord (as described in subparagraph (v) (C) hereof),

(3) The subtenant thereunder shall have the right to underlet the subleased premises, in whole or in part, without Tenant's consent,

(4) The subtenant thereunder shall have the right to make, or cause to be made, any changes, alterations, decorations, additions and improvements that such subtenant may desire or authorize,

(5) Such sublease shall expressly negate any intention that any estate created by or under such sublease be merged with any other estate held by either of the parties thereto,

(6) Any consent required of Tenant, as lessor under that sublease, shall be deemed granted if consent with respect thereto is granted by Landlord,

(7) There shall be no limitation as to the use of the sublet premises by the subtenant thereunder,

(8) Any failure of the subtenant thereunder to comply with the provisions of said sublease, other than with respect to the payment of rent to Tenant, shall not constitute a default thereunder or hereunder if Landlord has consented to such non-compliance,

(9) Such sublease shall provide that Tenant's obligations with respect to vacating the demised premises and removing any changes, alterations, decorations, additions or improvements made in the subleased premises shall be limited to those which accrued and related to such as were made prior to the effective date of the sublease, and

(10) If subtenant shall fail to pay the rent under the sublease to Tenant within ten (10) days after such installment of rent shall have become due, then Tenant may give subtenant notice thereof and if subtenant shall continue to fail to make any

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such payment within thirty (30) days after the giving of such notice, then Tenant shall be entitled to offset the amount not paid against the next rent coming due under the Lease. Notwithstanding anything herein to the contrary, such offset right shall not be binding upon nor inure to any mortgagee or superior lessor.

(E) If pursuant to the exercise of any of Landlord's options pursuant to this subparagraph (v) this Lease is terminated as to only a portion of the demised premises, then the fixed annual rent payable hereunder and the additional rent payable pursuant to the terms of this Lease shall be adjusted in proportion to the portion of the demised premises affected by such termination.

(vi) In the event that Landlord does not exercise any of the options available to it pursuant to subparagraph (v) hereof, Landlord shall not unreasonably withhold or delay its consent to an assignment of this Lease or a subletting of the whole or any part of the demised premises for substantially the remainder of the term of this Lease, provided:

(A) Tenant shall furnish Landlord with the name and business address of the proposed subtenant or assignee and information with respect to the nature and character of the proposed subtenant's or assignee's business, or activities, such references and current financial information with respect to net worth, credit and financial responsibility as are reasonably satisfactory to Landlord, and an executed counterpart of the sublease or assignment agreement;

(B) The proposed subtenant or assignee is a party whose financial net

worth, credit and financial responsibility is, considering the responsibilities involved, reasonably satisfactory to Landlord;

(C) The nature and character of the proposed subtenant or assignee, its business or activities and intended use of the demised premises is, in Landlord's reasonable judgment, in keeping with the standards of the Building and the floor or floors on which the demised premises are located;

(D) The proposed subtenant or assignee is not then an occupant of any part of the Building or a party who dealt with Landlord or Landlord's agent (directly or through a broker) with respect

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to space in the Building during the six (6) months immediately preceding Tenant's request for Landlord's consent;

(E) All costs incurred with respect to providing reasonably appropriate means of ingress and egress from the sublet space or to separate the sublet space from the remainder of the demised premises shall, subject to the provisions of this Lease with respect to alterations, installations, additions or improvements, be borne by Tenant;

(F) Each sublease shall specifically state that (x) it is subject to all of the applicable terms, covenants, agreements, provisions, and conditions of this Lease, (y) the subtenant will not have the right to a further sublease thereunder (except the subtenant of an entire floor of the demised premises shall have all the rights to assign and sublease afforded to the named Tenant herein (i.e., G-III Leather Fashions, Inc.); provided, notwithstanding the provisions of subparagraph (vii)(B) of this Article 10, such subtenant shall pay to Landlord any and all rents, additional charge or other consideration payable under such sub-sublease or otherwise to subtenant by the sub-subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of such sub-sublease in respect of the sub-subleased space (at the rate per square foot payable by subtenant thereunder) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of subtenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of subtenant's federal income tax returns), and less the reasonable costs of effecting such transaction, including, without limitation, brokerage commissions, legal fees and build out costs, or to allow the demised premises to be used by others, without the consent of Landlord in each instance, and (z) a consent by Landlord thereto shall not be deemed or construed to modify, amend or affect the terms and provisions of this Lease, or Tenant's obligations hereunder, which shall continue to apply to the premises involved, and the occupants thereof, as if the sublease had not been made;

(G) Tenant shall, together with requesting Landlord's consent hereunder, have paid Landlord any reasonable out-of-pocket costs incurred by Landlord to review the requested consent including any attorneys fees incurred by Landlord;

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(H) The proposed subtenant or assignee is not (w) a retail branch of a bank trust company, safe deposit business, savings and loan association or loan company; (x) an employment or recruitment agency; (y) a school, college, university or educational institution, whether or not for profit; (z) a government or any subdivision or agency thereof;

(I) In the case of a subletting of a portion of the demised premises, the

layout of the portion so sublet shall be commercially reasonable and suitable for normal renting purposes and such subletting will not result in more than two (2) occupants (including Tenant) occupying the demised premises; and

(J) Tenant shall not have advertised or listed with any brokers the proposed assignment or subletting at a rental rate less than the rental rates then being charged under leases being entered into by Landlord for comparable space in the Building.

(vii) If Tenant shall assign this Lease or sublease all or any part of the demised premises, Tenant shall pay to Landlord, as additional rent:

(A) in the case of an assignment, an amount equal to one-quarter (1/4) of all sums and other considerations paid to Tenant by the assignee for or by reason of such assignment or otherwise (including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns); and

(B) in the case of a sublease, one-quarter (1/4) of the amount equal to any and all rents, additional charge or other consideration payable under the sublease or otherwise to Tenant by the subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns).

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The sums payable under this subparagraph (vii) shall be paid to Landlord as and when paid by the subtenant or assignee, as the case may be, to Tenant.

(viii) If Tenant defaults in the payment of any rent, Landlord is authorized to collect any rents due or accruing from any assignee, subtenant or other occupant of the demised premises and to apply the net amounts collected to the fixed annual rent and additional rent reserved herein. The receipt by Landlord of any amounts from an assignee or subtenant, or other occupant of any part of the demised premises shall not be deemed or construed as releasing Tenant from Tenant's obligations hereunder or the acceptance of that party as a direct tenant."

(d) The Twelfth Article of the Lease is hereby supplemented with the following:

"(c) Notwithstanding anything to the contrary, Landlord shall have the right and privilege to serve at any time up to six (6) months prior to the expiration of the term of this Lease, a notice upon Tenant that any 'nonstandard alterations' shall be removed and, in the event of service of such notice, Tenant will, at Tenant's cost and expense, remove the same in accordance with such request and repair any damage to the demised premises caused by such removal; provided that Landlord shall have advised Tenant at the time it consented to any such nonstandard alteration that Landlord may require its removal at the end of the Lease term, if and to the extent that Tenant shall have requested in writing such advice from Landlord when it requested Landlord's consent to such alteration. For the purposes of this Article 12, a 'nonstandard alteration' shall mean auditoriums or similar type special use areas, vaults, atriums, kitchen equipment and installations, internal stairways, slab reinforcements, raised floors or other alterations which impede the installation of duct work or other normal installations above the finished ceiling or which are not suitable for normal office occupancy or which would be unusually difficult or costly to remove in comparison to usual alterations required for general office purposes. Notwithstanding the foregoing, it is understood and

agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to July 1, 2000, shall be deemed to be standard alterations which Landlord may not require Tenant to remove."

(e) The Twenty-Second Article of the Lease is hereby deleted and the following is substituted therefor:

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(i) Tenant agrees that Landlord shall furnish electricity to Tenant on a 'submetering' basis. Landlord shall install any submeters reasonably required, in Landlord's judgment, in the demised premises for the purposes of this Article, at Tenant's sole cost and expense. Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including, but not limited to, services which facilitate the distribution of service.

(ii) Tenant covenants and agrees to purchase electricity from Landlord or Landlord's designated agent at charges, terms and rates, including, without limitation, fuel adjustments and taxes, equal to those specified in the Con Edison SC#4-I rate schedule effective on the date Landlord first provides electricity to the demised premises on a submetering basis (the "effective" date), or any successor rate schedule or service classification, plus five percent (5%) for transmission line loss and other redistribution costs. Where more than one (1) meter measures the service of Tenant in the Building, then the service registered by each meter shall be aggregated and billed at the applicable rate as if there were only one (1) sub-meter measuring Tenant's aggregate use in the entire demised premises. Bills therefore shall be rendered at such times as Landlord may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, Additional Charges. If any tax is imposed by any Federal, State or Municipal authority upon Landlord's receipts from the sale or resale of electrical energy to Tenant hereunder, Tenant covenants and agrees that where permitted by law, Tenant's pro-rata share of such taxes shall be included in the amount of Additional Charges to be paid by Tenant to Landlord hereunder.

(iii) If all or part of the submetering additional rent payable in accordance with this Article 22 becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Landlord's option, in lieu of submetering Additional Charges, and in consideration of Tenant's use of the Building's electrical distribution system and receipt of redistributed electricity and payment by Landlord of consultant's fees and other redistribution costs, the fixed annual rent to be paid under this Lease shall be increased by an "alternative charge" which shall be the average per rentable square foot rate payable by Tenant for electricity during the prior twelve (12) month period pursuant to this Article.

(iv) Landlord shall not be liable for any loss or damage or expense which Tenant may sustain or incur if either the quantity or

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character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the Building or wiring installation. Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole cost and expense of Tenant, if, in Landlord's reasonable judgment, the same are reasonably necessary and will not cause permanent damage or injury to the Building or demised premises or cause or create a dangerous or

hazardous condition or entail excessive or unreasonable alterations, repairs or expenses or otherwise interfere with or disturb other tenants or occupants of the Building except to a de minimis extent. In addition to the installation of such riser or risers, Landlord will also, at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, electricity purchases and the redistribution thereof, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes. Anything hereinabove to the contrary notwithstanding, in no event is the submetering, additional rent or any "alternative charge" to be less than an amount equal to the total of Landlord's payment to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus five percent (5%) for transmission line loss and other redistribution costs. Landlord reserves the right to terminate the furnishing of electricity upon sixty (60) days' prior written notice to Tenant; provided Landlord terminates the furnishing of electricity to at least fifty percent (50%) of the tenants of the Building (not including those retail tenants on the ground floor of the Building) to whom Landlord is furnishing electricity on a submetered basis, in which event the Tenant may make application directly to the public utility and/or other providers for the Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then authorized load. Any meters, risers, or other equipment or connections reasonably necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed at Tenant's sole cost and expense. Only rigid conduit or electrical metal tubing (EMT) will be allowed. Landlord, upon the expiration of the aforesaid sixty (60) days' prior written notice period may discontinue furnishing the electric current but this Lease shall otherwise remain in full force and effect.

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(v) Tenant's use of electric energy in the demised premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the demised premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's distribution of electricity via the Building's electric system, Tenant shall not, without Landlord's prior consent in each instance (which consent shall not be unreasonably withheld or delayed), connect any fixtures, appliances or equipment (other than normal business machines and personal computers, which do not materially increase Tenant's electrical consumption) to the Building's electric system or make any alterations or additions to the electric system of the demised premises existing on the Extended Term Commencement Date. Landlord shall continue to make electrical energy available to the demised premises in accordance with current practice.

(vi) (1) Upon Tenant's request therefor, Landlord shall provide Tenant with utility invoices and other reasonable documentation supporting its computation of Additional Charges hereunder.

(2) At Landlord's option, Tenant shall purchase from Landlord or Landlord's agent all lighting tubes, lamps, bulbs and ballasts used in the demised premises and Tenant shall pay Landlord's reasonable charges for providing and installing same, on demand, as additional rent."

(f) Tenant shall simultaneously upon execution of the First Amendment of Lease dated as of July 1, 2000 (the "Amendment") deliver to Landlord additional cash security in the amount of Fourteen Thousand Seven Hundred Fifty-Nine and 42/100 Dollars (\$14,759.42). With Tenant's delivery of this additional cash security, the amount of security provided for in the Thirty-Eighth Article of the Lease is hereby amended to be the aggregate amount of Twenty-Eight Thousand Two Hundred Ninety-Five and 42/100 Dollars (\$28,295.42).

(g) The Thirty-Ninth Article of the Lease is hereby amended as follows:

(i) All references to "five (5) days" in subparagraph (a) thereof are hereby deleted and "fifteen (15) days" is substituted therefor.

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(ii) Subparagraph (b) thereof is hereby amended by deleting proviso (1) therefrom and substituting the following therefor:

"(1) if Tenant shall make default in the payment of the rent reserved herein for a period of five (5) days after receipt of written notice from Landlord that same is past due or default in the payment of additional rent due herein for a period of fifteen (15) days after receipt of written notice from Landlord that same is past due..."

(h) The Forty-Eighth Article of the Lease is hereby amended such that notices sent by Tenant to Landlord shall be sent as set forth in the Lease to c/o Newmark & Company Real Estate, Inc., 125 Park Avenue, New York, New York 10017. A copy of any default or any other notices shall be sent to Arent Fox Kintner Plotkin & Kahn, PLLC, 1675 Broadway, New York, New York 10019, Attention: Jill Hayman, Esq. The Forty-Eighth Article of the Lease is hereby further amended such that a copy of notices sent by Landlord to Tenant shall also be sent to Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103, Attention: Douglas J. Danzig, Esq.

(i) The Fifty-Seventh Article of the Lease is hereby deleted.

(j) The term "base tax year" as set forth in the Fifty-Eighth Article of the Lease is hereby amended to mean "the New York City real estate tax year commencing July 1, 2000 and ending June 30, 2001".

(k) The Sixty-Fifth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-FIFTH: - Within fifteen (15) days after the Amendment has been fully executed, Landlord shall pay Tenant, as a contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of Fifty-Three Thousand One Hundred Twenty and 00/100 (\$53,120.00) Dollars. On February 1, 2006, Landlord shall pay Tenant, as a second (2nd) contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of One Hundred Fifty-Nine Thousand Three Hundred Sixty and 00/100 (\$159,360.00) Dollars."

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(l) The Sixty-Seventh Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-SEVENTH: - (i) If Tenant shall fail to pay any installment of fixed annual rent for more than five (5) days after the same becomes due and payable or any amount of additional rent for more than fifteen (15) days after the same becomes due and payable (collectively, the "Default Periods"), Tenant shall pay Landlord a late charge of ten cents (\$0.10) for each dollar of such fixed annual rent or additional rent as shall not have been paid to Landlord within said respective Default Periods. Such late charge shall be without prejudice to any of Landlord's rights and remedies hereunder or at law for nonpayment of rent, shall be in addition thereto and shall be deemed to be additional rent. Notwithstanding

anything to the contrary contained herein, Tenant shall be permitted to pay an installment of fixed annual rent late once per calendar year without incurring a late charge, provided such payment is received no later than the tenth (10th) day of the month in which such payment is due. Further, notwithstanding anything to the contrary contained herein, Landlord shall waive the late charge for one (1) late payment of additional rent by Tenant per calendar year, provided such payment is received no later than thirty (30) days after the date such payment was due.

(ii) If in accordance with the Thirty-Ninth Article of the Lease, Tenant shall be in default in the payment of (A) any installment of fixed annual rent or any amount of additional rent or (B) any other sum of money which shall become due and payable by Tenant to Landlord pursuant to the terms of this Lease or by reason of Tenant's occupancy of the demised premises, in addition to (and not in lieu of) the late charge provided for in subparagraph (i) above, Tenant shall pay interest thereon at a rate equal to the lesser of four percent (4%) above the prime rate per annum from time to time set forth in The Wall Street Journal, calculated on the basis of the actual days elapsed, based on a 360-day year, or the minimum rate of interest allowed by applicable law(s), if any, then prevailing, from the date on which such installment or payment is due to the date of payment thereof, and such interest shall be deemed to be additional rent.

(iii) Except as required by statute and under the laws, nothing contained in Article 39 or in this Article 67 shall be deemed to require Landlord to give the notices therein or herein (if any) provided for prior to the commencement of a summary proceeding for nonpayment of rent or a plenary action for the recovery of rent on account of any

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default in the payment of the same, it being intended that such notices are for the sole purpose of creating a conditional limitation hereunder pursuant to which this Lease shall terminate and if Tenant thereafter remains in possession or occupancy, it shall become a holdover tenant."

(m) The Sixty-Eighth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-EIGHTH: - (i) This Lease shall be governed in all respects by the laws of the State of New York.

(ii) If, in connection with obtaining financing for the Building, a bank, insurance company or other lending institution shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, decrease the obligations of Landlord hereunder, except to a de minimis extent, or otherwise materially or adversely affect Tenant's leasehold interest hereby created.

(iii) Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease (if any) at any time when Tenant is in monetary default, after applicable notice, grace and/or cure periods, in the performance or observance of any of the covenants, terms, provisions or conditions on its part to be performed or observed under this Lease.

(iv) Tenant shall not occupy any space in the Building (by assignment, sublease or otherwise) other than the demised premises or other premises leased to Tenant directly by Landlord (except if the named Tenant herein is subsequently purchased by a third party which leases space in the Building), except with the prior written consent of Landlord in each instance.

(v) Tenant acknowledges that it has no rights to any development rights, "air rights" or comparable rights appurtenant to the land or building, and

consents, without further consideration, to any utilization of such rights by Landlord and agrees to promptly execute and deliver any instruments which may be requested by Landlord, including instruments which may be reasonably requested by Landlord, including instruments merging zoning lots, evidencing acknowledgment and

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consent. The provisions of this paragraph shall be deemed to be and shall be construed as an express waiver by Tenant of any interest Tenant may have as a "party in interest" (as such quoted term is defined in Section 12 Zoning Lot of the Zoning Resolution of the City of New York) in the building or the land.

(vi) Any and all payments and charges to be paid by Tenant hereunder other than the annual rent payable pursuant to this Lease shall be additional rent hereunder for non-payment of which Landlord shall have all of the remedies provided herein or at law.

(vii) If this Lease be a renewal of an existing lease between the parties or their predecessors in interest, then any obligation of Tenant for the payment of rent or additional rent or the performance of any obligation under such existing lease which accrues prior to the expiration thereof shall constitute an obligation under this Lease, except as modified by the Amendment (as that term is defined in Article 38 of this Lease), for non-payment or non-performance for which Landlord shall have all of the remedies provided herein."

(n) The Sixty-Ninth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-NINTH: - As a material inducement to Landlord for entering into this Lease, Tenant covenants and agrees that except for the inside surfaces of all walls, windows and doors bounding the demised premises, all of the remainder of the Building is exclusively reserved to Landlord, subject to Tenant's right to use the common areas of the Building in accordance with the applicable provisions of this Lease (including, without limitation, the lobby, elevators and core bathrooms, as opposed to private bathrooms, on the thirty-third (33rd) floor of the Building). Notwithstanding anything to the contrary contained herein, Tenant shall have the right to use in accordance with the Lease, the electric and telephone closets and so-called "slop" sinks on the thirty-third (33rd) floor of the Building."

(o) The second sentence of the Twenty-First Article of the Lease shall be amended to read as follows:

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"Landlord or Landlord's agents shall have the right to enter the demised premises at reasonable times after notice (which may be oral) to Tenant to examine the same..."

4. Each party hereto covenants, warrants and represents to the other party that it has had no dealings, conversations or negotiations with any broker other than Newmark & Company Real Estate, Inc., concerning the execution and delivery of this Amendment. Each party hereto agrees to defend, indemnify and hold harmless the other party against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements, arising out of its respective representations and warranties contained in this

Paragraph 4 being untrue. Landlord shall pay any brokerage fees which may be due to Newmark & Company Real Estate, Inc. in connection with this Amendment pursuant to a separate agreement.

5. Except as expressly set forth in this Amendment, the terms and conditions of the Lease shall continue in full force and effect without any change or modification and shall apply for the balance of the term of the Lease as hereby extended. In the event of a conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

6. This Amendment shall not be altered, amended, changed, waived, terminated or otherwise modified in any respect or particular, and no consent or approval required pursuant to this Amendment shall be effective, unless the same shall be in writing and signed by or on behalf of the party to be charged.

7. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and permitted assigns.

8. All prior statements, understandings, representations and agreements between the parties, oral or written, are superseded by and merged in this Amendment, which alone fully and completely expresses the agreement between them in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Amendment relating to the demised premises. Landlord acknowledges that Tenant occupies other space in the Building pursuant to separate agreements between Landlord and Tenant which may be renewed and amended from time to time.

9. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition

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hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10. This Amendment shall be interpreted and enforced in accordance with the laws of the state in which the demised premises are located without reference to principles of conflicts of laws.

11. If any provision of this Amendment shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Amendment and to this end the provisions of this Amendment are intended to be and shall be severable. Notwithstanding the foregoing sentence, if (i) any provision of this Amendment is finally determined by a court of competent jurisdiction to be unenforceable or invalid in whole or in part, (ii) the opportunity for all appeals of such determination have expired, and (iii) such unenforceability or invalidity alters the substance of this Amendment (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Amendment within thirty (30) days after the final determination by notice to the other. If such party so elects to terminate this Amendment, then this Amendment shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except those obligations which expressly survive the termination of this Amendment.

12. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT EACH MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AMENDMENT OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY EITHER PARTY IN CONNECTION HERewith (INCLUDING ANY ACTION TO RESCIND OR CANCEL THIS AMENDMENT ON THE GROUNDS THAT THIS AMENDMENT WAS FRAUDULENTLY INDUCED OR IS

OTHERWISE VOID OR VOIDABLE).

13. This Amendment may be executed in any number of counterparts. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for this Amendment to be effective.

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14. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

* * * * *

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the signature page follows]

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: 500-512 ArCap LLC, its General Partner

By: Archon Capital, L.P., its sole Member

By: WH MezzCo GP, L.L.C., its General Partner

By: /s/ Alan S. Kava

Name: Alan S. Kava
Title: Vice President

By: GS MezzCo GP, L.L.C., its General Partner

By: _____

Name:
Title:

TENANT:

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: Wayne S. Miller
Title: CFO

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ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") dated as of the 1st day of July, 2000, between BET STUDIO LLC, a Delaware limited liability company, having an office at 512 Seventh Avenue, New York, New York ("Assignor"), and G-III LEATHER FASHIONS, INC., a New York corporation, having an office at 512 Seventh Avenue, New York, New York ("Assignee").

W I T N E S S E T H:

WHEREAS, by Agreement of Lease (the "Lease") dated as of April 23, 1997 (the "Effective Date"), 500/512 Seventh Avenue Associates, the predecessor-in-interest to 500-512 Seventh Avenue Limited Partnership ("Landlord"), did demise and let unto Assignor and Assignor did hire and take from Landlord's predecessor-in-interest, the entire forty-fourth (44th) and a portion of the forty-third (43rd) floors (collectively, the "Demised Premises"), as more particularly described in the Lease, in the building known by the street address 512 Seventh Avenue, New York, New York; and

WHEREAS, Assignor desires to assign all of its right, title and interest in, to and under the Lease to Assignee as of the Effective Date (as defined herein); and

WHEREAS, Assignee desires to accept such assignment and assume all of Assignor's rights, obligations and liabilities under the Lease accruing from and after the Effective Date (collectively, the "Lease Obligations").

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

1. Assignor's Representations and Warranties. Assignor hereby represents and warrants to Assignee as follows:

(a) The copy of the Lease annexed hereto as Exhibit A is a true, correct and complete copy of the Lease, including all amendments, supplements and modifications thereto. The Lease is in full force and effect.

(b) No default or event that with the passage of time or notice would constitute a default ("Default") on the part of Assignor exists under the

Lease in the performance of the terms, covenants and conditions of the Lease required to be performed on the part of Assignor. No Default on the part of Landlord exists under the Lease in the performance of the terms, covenants and conditions of the Lease required to be performed on the part of Landlord.

(c) Assignor has not assigned, sublet, transferred, hypothecated or otherwise disposed of or encumbered its interest in the Lease and/or the Demised Premises, or any part thereof. Assignor is the holder of the tenant's interest under the Lease, same is not subject to any lien or encumbrance, and no other person, firm or entity has any interest as tenant, licensee or concessionaire in or to the Lease or the Demised Premises.

(d) There are no notices or violation of law, ordinances, orders, regulations or other governmental directives affecting the Demised Premises, which violation remains uncured.

(e) No work has been performed, or caused to be performed, by Assignor or any affiliate of Assignor at the Demised Premises which is not (i)

in accordance with Assignor's obligations under, or restrictions set forth in, the Lease, or (ii) in compliance with all laws, ordinances, orders, regulations or other governmental directives applicable to the Demised Premises. No work has been performed, or caused to be performed, by Assignor or any affiliate of Assignor at the Demised Premises which might give rise to mechanic's, materialmen's or other liens against the Demised Premises.

(f) There are no brokerage commissions or finder's fees owed by Assignor or any affiliate of Assignor with respect to the Lease or the Demised Premises.

2. Assignment. Assignor hereby transfers, assigns and sets over to Assignee, its successors and assigns, all of Assignor's right, title and interest in, to and under the Lease from and after the Effective Date for all the rest, residue and remainder of the term of the Lease to come thereafter (the "Assignment").

3. Assumption. Assignee hereby accepts the Assignment and assumes and agrees to be bound by and perform the Lease Obligations from and after the Effective Date (the "Assumption").

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4. Condition of Demised Premises. Assignee agrees to accept the Demised Premises in its "as is" condition on the Effective Date, except as specifically set forth in this Agreement.

5. Indemnification. Assignor hereby agrees to indemnify, defend and hold Assignee harmless from and against any and all liability, obligations, losses, costs, claims, damages and expenses (including reasonable attorneys' fees) arising from the breach of any of Assignor's representations and warranties set forth in Paragraph 1 hereof.

6. Subordinate. This Agreement shall be subject and subordinate, at all times, to the Lease and all of its provisions. In case of any conflict between the provisions of the Lease and the provisions of this Agreement, the provisions of the Lease shall prevail unaffected by this Agreement.

7. Assignor Remains Liable. Assignor agrees that this Agreement shall not operate to release Assignor from any of its obligations or liabilities under the Lease.

8. Use. Assignee covenants to use and occupy the Demised Premises in accordance with the terms and conditions set forth in the Lease, as the same may be amended from time to time.

9. Continuing Obligation to Obtain Landlord's Consent. Assignee agrees that any other or further assignment of the Lease or any sublease of all or any portion of the Demised Premises shall be made strictly in accordance with the terms of the Lease, as the same may be amended from time to time.

10. Conditions to Effectiveness. This Agreement shall not be binding on Assignor or Assignee, unless and until Landlord executes and delivers its consent to this Agreement.

11. Payment of Sums Due Assignor. The parties hereto agree that any sum which may be payable or returnable to Assignor by Landlord pursuant to the Lease, which has not, as of the date hereof, been paid or returned to Assignor, shall be paid or returned to Assignee.

12. Broker. Each party hereto covenants, warrants and represents to the other party that it has had no dealings, conversations or negotiations with any broker other than Newmark & Company Real Estate, Inc. concerning the execution and delivery of this Agreement. Each party hereto agrees to defend, indemnify and hold harmless the other party against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and

disbursements, arising out of a breach of its respective representations and warranties contained in this Paragraph 11.

13. Miscellaneous. This Agreement may be executed in multiple counterparts, all of which taken together constitute one and the same instrument; may not be canceled, modified or amended except by written instrument executed by all parties hereto; contains the entire agreement between the parties hereto and shall apply to and bind the successors and assigns of the respective parties. If any term or provision of this Agreement shall, to any extent, be determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected and each term or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York without giving effect to principles of conflicts of law.

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the signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

Assignor:

BET STUDIO LLC

By: Morris Goldfarb

Name: MORRIS GOLDFARB
Title: President

Assignee:

G-III LEATHER FASHIONS, INC.

By: Wayne S. Miller

Name: WAYNE S. MILLER
Title: CFO

EXHIBIT A

Agreement of Lease

(Attached)

Agreement of Lease, made as of this 23RD day of APRIL, 1997, between 500/512 SEVENTH AVENUE ASSOCIATES, a partnership having offices in care of Helmsley-Spear, Inc., 500/512 SEVENTH AVE. party of the first part, hereinafter referred to as "Landlord" or "Lessor", and

BET STUDIO LLC, a domestic corporation having offices at New York City, party of the second part, hereinafter referred to as "Tenant" or "Lessee".

Witnesseth: Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the space on the 43RD & 44TH FLOORS, as more particularly shown on the plan annexed hereto and made a part hereof, 43-B & 44-01, in the building known as 512 SEVENTH AVENUE in the Borough of Manhattan, City of New York, for the term of 5YRS. 9 MOS (or until such term shall sooner cease and expire as hereinafter provided) to commence on the 1ST day of MAY, 1997 and to end on the 31ST day of JANUARY, 2003, both dates inclusive, at an annual rent of \$122,160.00

which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues public and private, at the time of payment, in equal monthly installments of \$10,180.00 in advance on the first day of each month during said term, at the office of Landlord or such other place as Landlord may designate, without any set off or deduction whatsoever, except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

The parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant and agree as follows:

RENT

FIRST:-Tenant shall pay the rent and additional rent as above and as hereinafter provided.

ADDITIONAL RENT

SECOND:-(a) Tenant shall pay to Landlord, as additional rent hereunder, in advance, on the first day of each and every month during the term hereof, all sums expended by Landlord and/or which become due to Landlord under this lease and under any collateral agreements relating to the premises. Tenant's use and occupancy thereof, the supplying by Landlord to Tenant of any services in connection therewith, together with any fines or penalties imposed or assessed by any governmental authority by reason of failure to comply with its requirements.

(b) If Tenant shall default in the observance or performance of any term or covenant on Tenant's part to be observed or performed under or by virtue of any of the terms or provisions in any paragraph of this lease, Landlord may immediately or at any time thereafter and without notice perform the same for the account of Tenant, and if Landlord makes any expenditures or incurs any obligations for the payment of money in connection therewith including, but not limited to, attorneys' fees in instituting, prosecuting or defending any action or proceeding, such sums paid or obligations incurred with interest and costs shall be deemed to be additional rent hereunder.

(c) The receipt by Landlord at any time of any installment of the regular stipulated rent hereunder or of any additional rent shall not be deemed to be a waiver of any other additional rent then due. For the nonpayment of any additional rent, Landlord shall have all the rights and remedies which it would have in the case of a default in the payment of the regular stipulated rent hereunder or any installment thereof.

RENT DUE UNDER OTHER LEASE AS ADDITIONAL RENT

THIRD:-In the event that, at the commencement of the term of this lease, or thereafter, Tenant shall be in default in the payment of rent to Landlord pursuant to the terms of another lease with Landlord or with Landlord's predecessor in interest, Landlord may, at Landlord's option and without notice to Tenant, add the amount of such arrearages to any monthly installment of rent payable hereunder, and the same shall be payable to Landlord as additional rent.

USE

FOURTH:-Tenant shall use and occupy the demised premises for SHOWROOM, OFFICE, DESIGN AT WHOLESALE AND NOT RETAIL OF ALL APPAREL AND ACCESSORIES. and for no other purpose, Tenant shall not suffer or permit the demised premises or any part thereof to be used by others for any purpose whatsoever, without the prior written consent of Landlord in each instance.

REQUIREMENTS OF LAW

FIFTH:-Tenant at its sole expense shall comply with all laws, orders and regulations of Federal, State, County and Municipal Authorities, and with any direction of any public officer or officers, pursuant to law, which shall impose any violation, order or duty upon Landlord or Tenant with respect to demised premises, or the use or occupation thereof. Tenant shall not do, or permit to be done, any act or thing upon said premises which shall or might subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon said premises or for any other reason.

CERTIFICATE OF OCCUPANCY

SIXTH:-Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy or certificate of compliance issued for the building of which the demised premises form a part, and in the event that any department of the City or State of New York shall hereafter at any time contend and/or declare by notice, violation, order or in any other manner whatsoever that the premises hereby demised are used for a purpose which is a violation of such certificate of occupancy. Tenant shall, upon five (5) days' written notice from Landlord, immediately discontinue said use of such premises. Failure by Tenant to discontinue such use after such notice shall be considered a default in the fulfillment of a covenant of this lease, and Landlord shall have the right to terminate this lease immediately, and in addition thereto shall have the right to exercise any and all rights and privileges and remedies given to Landlord by and pursuant to the provisions of Paragraph 40 hereof. The statement in this lease of the nature of the business to be conducted by Tenant in demised premises shall not be deemed or construed to constitute a representation or guaranty by Landlord that such business may continue to be conducted in the premises for the entire period of the lease or is lawful or permissible under the certificate of occupancy in effect for the building of which the demised premises form a part, or otherwise permitted by law. If alterations or additions, including but not limited to a sprinkler system, are needed to permit lawful conduct of Tenant's business or to comply with the certificate of occupancy, the same shall be made by and at the sole expense of Tenant.

NON-HAZARDOUS USES

SEVENTH:-Tenant shall not suffer any act to be done or any condition to exist on the demised premises or any part thereof or any article to be brought thereon, which may be dangerous, unless safeguarded as required by law, or by any insurance carrier having any interest in such conduct or condition or which may, in law, constitute a nuisance, public or private, and as not to make void or voidable any insurance applicable to the building, under penalty of damages and forfeiture.

SAFETY PRECAUTIONS

EIGHTH:-Tenant shall not at any time allow smoking on any part of the premises where stock is stored. Tenant shall store all silk and other textiles in steel bins or shelving, the bottoms of which shall be at least six inches above the floor, and the tops of which shall extend at least three inches and shall have drip points so as to shed water from the goods. No shelving bins shall be installed without Landlord's prior written consent. Tenant shall make all floors water-tight by painting or covering them with linoleum or other water-tight floor covering. Where cleaning fluid is used, it shall be non-inflammable. Tenant shall use no cleaning fluid not approved in writing by Landlord. Tenant will not permit the accumulation of waste or refuse matter on the premises.

TENANT TO KEEP INSURANCE RATE LOW

NINTH:-Tenant will conduct its business in such a manner as to enable Landlord or other tenants in the building to obtain the lowest possible insurance rate upon the entire building in which the demised premises are located, and will, at its sole expense, comply with all rules, orders, regulations or requirements of all public liability, fire and insurance policies in force at any time with respect to the demised premises, as well as all rules, orders, regulations or requirements of the New York Board of Fire Underwriters or any other similar body, and shall not do or permit anything to be done in or upon said premises or bring or keep anything therein, except as now or hereafter permitted by the Fire Department, Board of Fire Underwriters, Fire Insurance Rating Organization, or other authority having jurisdiction and then only in such quantity and manner of storage as not to increase the rate for fire insurance applicable to the building, or use the premises in a manner which shall increase the rate of fire insurance on the building of which demised premises form a part, or on property located therein, over that in effect prior to this lease. If by reason of failure of Tenant to comply with the provisions of this paragraph including, but not limited to, the mere use to which Tenant puts the premises, the fire insurance rate shall at the beginning of this lease or at any time thereafter be higher than it otherwise would be, then Tenant shall reimburse Landlord, as additional rent hereunder, for that part of all fire insurance premiums thereafter paid by Landlord, which shall have been charged because of such failure or use by Tenant, and shall make such reimbursement upon the first day of the month following such outlay by Landlord. In any action or proceeding wherein Landlord and Tenant are parties, a schedule or "make up" of rate for the building or demised premises issued by the New York Fire Insurance Exchange, or other body making fire insurance rates for said premises, shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rate then applicable to said premises. Tenant shall not bring or

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permit to be brought or kept in or on the demised premises, any inflammable, combustible or explosive fluid, chemical, substance or material other than silk or other textiles, or cause or permit any odors of cooking or other processes, or any unusual or other objectionable odors to permeate from the demised premises. That the premises are being used for the purpose set forth herein shall not relieve Tenant from the foregoing duties, obligation and expenses.

ASSIGNMENT, MORTGAGE AND SUBLEASING

TENTH:-a Tenant shall not assign, mortgage or encumber this agreement nor underlet the demised premises or any part thereof or permit the demised premises or any part thereof to be occupied by anybody other than Tenant, without the prior written consent of Landlord in each instance. The transfer of a majority of the issued and outstanding capital stock of any corporate Lessee of this lease or a majority of the total interest in any partnership Lessee, however accomplished, and whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this lease. If this lease be assigned, or if the demised premises or any part thereof be underlet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, under-tenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, under-tenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Landlord to an assignment or underletting shall not in any wise be construed to relieve Tenant from obtaining the express consent in writing of Landlord to any further assignment or underletting.

(b) If the demised premises shall be underlet in whole or in part by Tenant or its heirs, executors, administrators, legal representatives, successors or assigns. such party shall, within three (3) days of such underletting, furnish Landlord with a duplicate original of such underlease and

shall, on demand of Landlord, supply Landlord within three (3) days of such demand, a written list of all such under-tenants, the terms, including expiration dates of their under-tenancies, the rents payable thereunder, and any additional information requested by Landlord. This provision or compliance therewith, however, shall in no event be construed to be a consent to any underletting or a waiver of the covenant against underletting contained herein. Non-compliance by Tenant with the provisions of this paragraph shall be deemed to be a breach of this lease.

(c) Tenant assumes and shall be responsible for and liable to Landlord, for all acts and omissions on the part of any present or future under-tenant, their agents, employees, servants or licensees, and any breach or violation of any of the terms, covenants, agreements, provisions, conditions and limitations of this lease, whether by act or omission, by any under-tenant shall constitute a breach or violation of this lease by Tenant.

WASTE

ELEVENTH:-Throughout the term of this lease, Tenant will take good care of the demised premises and appurtenances and suffer no waste, damage, disfigurement or injury thereto or any part thereof.

ALTERATIONS

TWELFTH:-(a) Tenant shall make no alterations, decorations, installations, additions or improvements in or to the demised premises, including, but not limited to, an air-conditioning or cooling system, unit or part thereof or other apparatus of like or other nature, nor bring materials in connection therewith on the demised premises, without Landlord's prior written consent, and then only by contractors or mechanics approved by Landlord, and subject to plans and specifications approved by Landlord. All such work, alterations, decorations, installations, additions or improvements shall be done at Tenant's sole expense and at such times and in such manner as Landlord may from time to time designate. All alterations, decorations, installations, additions or improvements upon demised premises, made by either party, including all paneling, decorations, partitions, railings, mezzanine floors, galleries, steam, water, and air conditioning systems and units, shelving, electric fixtures and the like, shall, unless Landlord elects otherwise (which election shall be made by giving a notice pursuant to the provisions hereof not less than thirty (30) days prior to the expiration or other termination of this lease or any renewal or extension thereof) become the property of Landlord, and shall remain upon, and be surrendered with, said premises, as a part thereof, at the end of the term or renewal term, as the case may be. In the event Landlord shall elect otherwise, then such alterations, installations, additions or improvements made by Tenant upon the demised premises as the Landlord shall select, shall be removed by Tenant at Tenant's sole cost and expense. All alterations, decorations, installation, additions or improvements installed by Tenant may be used by Tenant without additional charge for such use, and without any right in the Landlord to remove the same in the absence of any default under this lease during the term hereof.

(b) Tenant, at its own expense, will promptly repair all damage and injury resulting from such removal and restore the space theretofore occupied by such fixtures and installations to good order and condition and to character and appearance equal to that of the area adjacent thereto, in default of any of which Landlord may at its option cause the same to be done at Tenant's expense.

REPAIRS

THIRTEENTH:-Tenant shall take good care of the demised premises and the fixtures and appurtenances therein, and at its sole cost and expense make all repairs thereto as and when needed to preserve them in good working order and condition. All damage or injury to the demised premises and to its fixtures, appurtenances and equipment or to the building of which the same form a part or to its fixtures, appurtenances and equipment caused by Tenant's moving property in or out of the building or by installation or removal of furniture, fixtures

or other property, or resulting from fire, explosion, air-conditioning unit or system, short circuits, flow or leakage of water, steam, illuminating gas, sewer gas, sewerage or odors or by frost or by bursting or leaking of pipes or plumbing works or gas, or from any other cause of any other kind or nature whatsoever due to carelessness, omission, neglect, improper conduct or other cause of Tenant, its servants, employees, agents, visitors or licensees shall be repaired, restored or replaced promptly by Tenant at its sole cost and expense to the satisfaction of Landlord. All aforesaid repairs, restorations and replacements shall be in quality and class equal to the original work or installations. If Tenant fails to make such repairs, restorations or replacements within a reasonable time same may be made by Landlord at expense of Tenant and collectible as additional rent.

LANDLORD'S LIABILITY, ALTERATIONS OR REPAIRS

FOURTEENTH:- (a) Except where otherwise provided in this lease. there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant or others making any repairs, alterations, additions or improvements in or to any portion of the building or demised premises, or in or to fixtures, appurtenances, or equipment thereof, and no liability upon Landlord for failure of Landlord or others to make any repairs, alterations, additions or improvements in or to any portion of the building or of demised premises, or in or to the fixtures, appurtenances or equipment thereof.

(b) Landlord reserves the right to stop service of the electric, water, sprinkler, steam, air conditioning, elevator, heating and plumbing systems, when necessary, by reason of accident, or emergency, or for repairs, alterations, replacements or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations, replacements or improvements shall have been completed.

EMPLOYMENT OF UNION LABOR TO MAKE ALTERATIONS AND REPAIRS

FIFTEENTH:- Tenant agrees that whenever any alterations, additions, improvements, changes or repairs to the said premises are consented to by Landlord, or in the moving of merchandise, fixtures or equipment into the said building, or moving the same therefrom, only such labor under agreement with the Building Trades Employers' Association of New York City, or which shall not cause strikes or concerted labor action by other employees of the building, and which have the same or similar labor union affiliations as those employed by Landlord or Landlord's contractors, shall be employed.

DISCHARGE OF LIENS, ETC.

SIXTEENTH:- (a) Any mechanic's lien filed against the demised premises, or the building of which the same form a part, for work claimed to have been done for, or materials claimed to have been furnished to Tenant, shall be discharged by Tenant within ten (10) days thereafter, by payment in full or at Tenant's expense, by filing the bond required by law. If Tenant fails to so pay or file any bond, Landlord may pay the amount of said lien or discharge the same by deposit, or otherwise, billing Tenant for all expenses in connection therewith as additional rent.

(b) Nothing in this lease contained shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied by inference or otherwise, to any contractor, sub-contractor, laborer or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration to, or repair of the demised premises, or any part thereof, or for the demolition or replacement of the demised premises or any part thereof.

(c) Tenant agrees to obtain and deliver to Landlord, written and unconditional waivers of liens (and agreement that its filed plans may be replaced), for all plans, specifications and drawings for work or materials to be furnished to Tenant at the premises, signed by all architects, engineers and designers to become involved in such work for Tenant: with respect to contractors, subcontractors, materialmen and laborers, and all work or materials to be furnished to Tenant at the premises. Tenant agrees to obtain and deliver to Landlord written and unconditional waiver of mechanics liens upon the premises or the building after payments to the contractors, and subject to any applicable provisions of the Lien Law.

SIGNS

SEVENTEENTH:-Tenant will not, without Landlord's written consent, place, affix or paint any signs, awnings, projections or advertising material of any kind upon the exterior of the premises or of the building, not upon the windows, nor in any location that may be visible from any of the lobbies or passageways. If Tenant shall cause or permit any sign or other object, similar or dissimilar, to be placed on or affixed to any

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part of the building not inside the space specifically demised hereunder, Landlord shall have the right, without notice or liability to Tenant, to remove and dispose of the same and to make any repairs necessitated by such removal, all at Tenant's sole expense and risk. Landlord's expenses in so doing shall be deemed additional rent hereunder and collectible as such.

MISCELLANEOUS PROHIBITED ACTIONS OF TENANT

EIGHTEENTH:-(a) Tenant will not cause or permit any connection to be made to the wiring on the electrical panel boards of the building without the prior written consent and supervision of Landlord.

(b) Tenant agrees that it will not drive nails in, drill in, disfigure or deface any part of the building nor suffer the same to be done, nor cause or permit the floors, walls, doors or ceilings of the demised premises to be drilled, hammered, pounded or otherwise dealt with in a noisy or disturbing manner at any time during customary business hours (i.e., between 9:00 A.M. and 5:00 P.M.) whether or not such activities are incidental to or part of work to which Landlord has consented.

(c) Tenant shall not install any pressing equipment, whether connected to Tenant's gas-fired boiler or to the building steam system, without first having plans and specifications approved by Landlord.

The vacuum used by pressing machines for the drying of garments shall be created by an electrically driven vacuum pump. Tenant shall not use any vacuum created by the use of steam from a gas-fired boiler or from the building steam system.

(d) Tenant shall not permit any connection to be made at the demised premises with any high pressure steam lines, electric current lines or water lines without Landlord's prior written consent.

(e) Tenant shall not make any electrical or plumbing installation without Landlord's prior written consent. All water lines must be installed in red brass.

(f) Window air-conditioning units shall in no event be installed without Landlord's prior written approval or be mounted so as to extend outward beyond the line of the window frame.

(g) Tenant shall install no linoleum, rubber, mastic or vinyl tile floor covering, unless it is laid over a layer of felt, double cemented in the manner approved by Landlord.

(h) Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which such floor was designed to carry and which is allowed by law. Landlord reserves the right to prescribe the weight and position of all safes which must be placed so as to distribute the weight. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's judgment to absorb and prevent vibration, noise and annoyance. Tenant agrees that upon the written request of Landlord, Tenant will, within fifteen (15) days of the mailing of such request, provide rubber or other approved settings for absorbing, preventing and decreasing noise and/or vibration from any or all machines or machinery, such insulation or other devices for the prevention, decrease or elimination of noise satisfactory to Landlord shall be made in such manner and of such material as Landlord may direct. In the event that Tenant

fails to comply with the aforesaid request within the fifteen (15) days aforementioned, Landlord may, at its option, by notice in writing to Tenant, cause the term of this lease to expire. Landlord in such event shall have the right to re-enter the premises by summary proceedings or otherwise without liability. Landlord shall not give less than thirty (30) days' notice of its election to terminate the lease as above provided. Landlord shall have the right to enter the demised premises with workmen and materials and to insulate the machinery as above provided, collecting from Tenant the cost of such work as additional rent in the event that Tenant fails to comply with the written request aforementioned after the expiration of fifteen (15) days from the receipt thereof.

(i) Tenant shall not move any safe, heavy machinery, heavy equipment, freight, bulky matter, or fixtures into or out of the building without Landlord's prior written consent and the filing with Landlord of a Rigger's Liability Insurance Certificate satisfactory of Landlord. If such safe, machinery, equipment, freight, bulks matter or fixtures require special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with the Administrative Code of the City of New York.

(j) If the demised premises be or become infested with vermin, Tenant shall, at Tenant's expense, cause the same to be exterminated from time to time to the satisfaction of Landlord, and shall employ such exterminators and such exterminating company or companies as shall be approved by Landlord.

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(k) The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were designed or constructed, and no sweepings, rubbish, rags, acids or other substances shall be deposited therein.

(l) Tenant agrees to provide proper receptacles as called for by the Fire Department, Board of Fire Underwriters, Fire Insurance Rating Organization or of the authority having jurisdiction. Tenant hereby agrees to cause its rubbish or waste to be disposed of at its own cost and expense, subject to all the rules and regulations that from time to time may be made in connection therewith by Landlord, including a regulation that Tenant shall use a single rubbish or waste remover designated by Landlord for the removal of the rubbish or waste of the tenants in the building. Tenant further agrees that it shall not at any time store any of its rubbish or waste in the lobbies, foyers, passage-ways or other spaces adjacent to the premises herein demised, nor shall Tenant place the rubbish (which is to be taken by the waste remover) in the said areas prior to 5:00 P.M.

(m) If Tenant is a lessee of any store in said building, the said Tenant hereby agrees to keep the sidewalk, entrance and passageways unencumbered and unobstructed, and agrees, further, to remove all ice and snow from the sidewalks immediately in front of the demised premises.

(n) Tenant will not suffer, permit or allow unusual or objectionable odors to be produced upon or permeate from the demised premises.

WINDOW CLEANING

NINETEENTH:-Tenant will not clean, nor require, permit, suffer or allow any window in the demised premises to be cleaned, from the outside in violation of Section 202 of the Labor Law or of the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

NOTICE OF DAMAGE TO PIPES, OF FIRE

TWENTIETH:-Tenant shall give prompt notice to Landlord of any accidents to or defects in the pipes and apparatus in the building or of any fire that may occur.

LANDLORD'S ACCESS TO PREMISES

TWENTY-FIRST:-Tenant shall permit Landlord to erect, use and maintain, pipes and conduits in and through the demised premises. Landlord or Landlord's agents shall have the right to enter the demised premises at all times to examine the same, and to show them to prospective purchasers or lessees of the building, and to make such decorations, repairs, alterations, improvements or additions as Landlord may deem necessary or desirable, and Landlord and its representatives shall be allowed to take and store all material into and upon said premises that may be required therefor without the same constituting an eviction of Tenant in whole or in part and the rent reserved shall in no wise abate while said decorations, repairs, alterations, improvements, or additions are being made, be reason of loss or interruption of business of Tenant, or otherwise. During the six months prior to the expiration of the term of this lease, or any renewal-term, Landlord may exhibit the premises to prospective tenants or purchasers, and place upon said premises, or the exterior thereof the usual notice "To Let" or "For Sale", which notices Tenant shall permit to remain thereon without molestation. If, during the last month of the term, Tenant shall have removed all or substantially all of Tenant's property therefrom, Landlord may immediately enter and alter, renovate and redecorate the demised premises, without elimination or abatement of rent, or incurring liability to Tenant for any compensation, and such acts shall have no effect upon this lease. If Tenant shall not be personally present to open and permit an entry into said premises, at any time, when for any reason an entry therein shall be necessary or permissible, Landlord or Landlord's agents may enter the same by a master key, or may forcibly enter the same, without rendering Landlord or such agents liable therefor (if during such entry Landlord or Landlord's agents shall accord reasonable care to Tenant's property), and without in any manner affecting the obligations and covenants of this lease. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair, of the building or any part thereof, other than as herein provided. Landlord shall also have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, to change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other public parts of the building and to change the name, number or designation by which the building is commonly known.

ELECTRICITY

TWENTY-SECOND:-Tenant agrees that Landlord may furnish electricity to Tenant on a "submetering" basis or on a "rent inclusion" basis". Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including but not limited to services which facilitate the distribution of service.

(a) Submetering: If and so long as Landlord provides electricity to the demised premises on a submetering basis, Tenant covenants and agrees to purchase the same from Landlord or Landlord's designated agent at charges, terms and rates set, from time to time, during the term of this lease by Landlord but not more than those specified in the service classification in effect on January 1, 1970 pursuant to which Landlord then purchased electric current from the public utility corporation serving the part of the city where the building is located, provided however, said charges shall be increased in the same percentage as any percentage increase in the billing to Landlord for electricity for the entire building, by reason of increase in Landlord's electric rates or service classifications, subsequent to January 1, 1970, and so as to reflect any increase in Landlord's electric charge including changes in market prices for electricity from utilities and/or other providers, in fuel adjustment, or by taxes or charges of any kind imposed on Landlord's electricity purchases or redistribution, or by any other such reason, subsequent to said date. Any such percentage increase in Landlord's billing for electricity due to changes in rates, service classifications, or market prices, shall be computed by the application of the average consumption (energy and demand) of electricity for the entire building for the twelve (12) full months immediately prior to the

rate and/or service classification change, or any changed methods of or rules on billing for same, applied on a consistent basis to the new rate and/or service classification or market price, and to the service classification and rate in effect on January 1, 1970. If the average consumption of electricity for the entire building for said prior twelve (12) months cannot reasonably be applied and used with respect to changed methods of or rules on billing, then the percentage shall be computed by the use of the average consumption (energy and demand) for the entire building for the first three (3) months after such change, projected to a full twelve (12) months, so as to reflect the different seasons, and that same consumption, so projected, shall be applied to the service classification and rate in effect on January 1, 1970. Where more than one meter measures the service of Tenant in the building, the service rendered through each meter may be computed and billed separately in accordance with the rates herein specified. Bills therefore shall be rendered at such times as Landlord may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, additional rent. In the event that such bills are not paid within five (5) days after the same are rendered, Landlord may, without further notice, discontinue the service of electric current to the demised premises without releasing Tenant from any liability under this lease and without Landlord or Landlord's agent incurring any liability for any damage or loss sustained by lessee by such discontinuance of service. If any tax is imposed upon Landlord's receipt from the sale, resale or redistribution of electricity or gas or telephone service to Tenant by any Federal, State, or Municipal authority, Tenant covenants and agrees that where permitted by law, Tenant's pro-rata share of such taxes shall be passed on to and included in the bill of, and paid by, Tenant to Landlord.

(b) Rent Inclusion: If and so long as Landlord provides electricity to the demised premises on a rent inclusion basis, Tenant agrees that the fixed annual rent shall be increased by the amount of the Electricity Rent Inclusion Factor ("ERIF"), as hereinafter defined. Tenant acknowledges and agrees (i) that the the fixed annual rent hereinabove set forth in this lease does not yet, but is to include an ERIF of \$2.95 per rentable square foot to compensate Landlord for electrical wiring and other installations necessary for, and for its obtaining and making available to Tenant the redistribution of electric current as an additional service; and (ii) that said ERIF, which shall be subject to periodic adjustments as hereinafter provided, has been partially based upon an estimate of the Tenant's connected electrical load, in whatever manner delivered to Tenant, which shall be deemed to be the demand (KW), and hours of use thereof, which shall be deemed to be the energy (KWH), for ordinary lighting and light office equipment and the operation of the usual small business machines, including Xerox or other copying machines (such lighting and equipment are hereinafter called "Ordinary Equipment") during ordinary business hours ("ordinary business hours" shall be deemed to mean 50 hours per week), with Landlord providing an average connected load of 4 1/2 watts of electricity for all purposes per rentable square foot. Any installation and use of equipment other than Ordinary Equipment and/or any connected load and/or energy usage by Tenant in excess of the foregoing shall result in adjustment of the ERIF as hereinafter provided. For purposes of this lease the rentable square foot area of the presently demised premises shall be deemed to be 8,144 square feet.

If the cost to Landlord of electricity shall have been, or shall be, increased or decreased subsequent to May 1, 1996 (whether such change occurs prior to or during the term of this Lease), by change in Landlord's electric rates or service classifications, or electricity charges, including changes in market prices, or by any increase, subsequent to the last such electric rate or service classification change or market price change, in fuel adjustments or charges of any kind, or by taxes, imposed on Landlord's electricity purchases or on Landlord's electricity redistribution, or for any other such reason, then the aforesaid ERIF portion of the fixed annual rent shall be changed in the same percentage as any such change in cost due to changes in electric rates, service classifications or market prices, and, also Tenant's payment obligation for electricity redistribution, shall change from time to time so as to reflect any such increase in fuel adjustments or charges, and such taxes. Any such percentage change in Landlord's cost due to change in Landlord's electric rates or service classifications or market prices shall be computed on the basis of the average consumption of electricity for the building for the twelve full

months immediately prior to the rate change or other such changes in cost, energy and demand, and any changed methods of or rules on billing for same, applied on a consistent basis to the new electric rate or service classification or market price and to the immediately prior existing electric rate or service classification or market price. If the average consumption (energy and demand) for the entire building for said prior (12) months cannot reasonably be applied and used with respect to changed methods for rules on billing, then the percentage increase shall be computed by the use of the average consumption (energy and demand) for the entire building for the first three (3) months after such change, projected to a full twelve (12) months, so as to reflect the different seasons, and that same consumption, so projected, shall be applied to the rate and/or service classification or market price which existed immediately prior to the change. The parties agree that a reputable, independent electrical consultant firm, selected by Landlord, ("Landlord's electrical consultant"), shall determine the percentage change for the changes in ERIF due to Landlord's changed costs, and that Landlord's electrical consultant may from time to time make surveys in the demised premises of the electrical equipment and fixtures and use of current (i) If such survey shall reflect a connected electrical load in the demised premises in excess of 4 1/2 watts of electricity for all purposes per rentable square foot and/or energy usage in excess of ordinary business hours (each such excess hereinafter called "excess electricity") then the connected electrical load and/or the hours of use portion(s) of the then existing ERIF shall be increased by an amount which is equal to a fraction of the then existing ERIF, the numerator of which is the excess electricity (i.e. excess connected load and/or excess usage) and the denominator of which is the connected load and/or the energy usage which was the basis of the then existing ERIF. Such fractions shall be determined by Landlord's electrical consultant. The fixed annual rent shall then be appropriately adjusted, effective as of the date of any such change in connected load and/or usage, as disclosed by said survey. (ii) If such survey shall disclose installation and use of other than Ordinary Equipment, then effective as of the date of said survey, there shall be added to the ERIF portion of fixed annual rent (computed and fixed as hereinbefore described) an additional amount equal to what would be paid under the SC-4 Rate 1 Service Classification in effect on May 1, 1996 (and not the time-of-day rate schedule) for such load and usage of electricity, with the, connected electrical load deemed to be the demand (KW) and the hours of use thereof deemed to be the energy (KWH), as hereinbefore provided (which addition to the ERIF shall be increased or decreased by all electricity cost changes of Landlord, as hereinabove provided, from May 1, 1996 through the date of billing).

In no event, whether because of surveys, rates or cost changes, or for any other reason, is the originally specified \$2.95 per per rentable square foot ERIF portion of the fixed annual rent (plus any net increase thereof. but not decrease, by virtue of all electricity rate, service classification or market price changes of Landlord subsequent to May 1, 1996) to be reduced.

(c) General Conditions: The determinations by Landlord's electrical consultant shall be binding and conclusive on Landlord and Tenant from and after the delivery of copies of such determinations to Landlord and Tenant, unless, within fifteen (15) days after delivery thereof, Tenant disputes such determination. If Tenant so disputes the determination, it shall, at its own expense, obtain from a reputable, independent electrical consultant its own determinations in accordance with the provisions of this Article. Tenant's consultant and Landlord's consultant then shall seek to agree. If they cannot agree within thirty (30) days they shall choose a third reputable electrical consultant, whose cost shall be shared equally by the parties, to make similar determinations which shall be controlling. (If they cannot agree on such third consultant within ten (10) days, than either party may apply to the Supreme Court in the County of New York for such appointment.) However, pending such controlling determinations, Tenant shall pay to Landlord the amount of additional rent or ERIF in accordance with the determinations of Landlord's electrical consultant. If the controlling determinations differ from Landlord's electrical consultant, then the parties shall promptly make adjustment for any deficiency owed by Tenant or overage paid by Tenant.

At the option of Landlord, Tenant agrees to purchase from Landlord or its agents all lamps and bulbs used in the demised premises and to pay for the cost of installation thereof. Supplementing Article 53 hereof, if all or part of the submetering additional rent or the ERIF payable in accordance with subdivision (a) or (b) of this Article becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Landlord's option, in lieu of submetering additional rent or ERIF, and in consideration of Tenant's use of the building's electrical distribution system

and receipt of redistributed electricity and payment by Landlord of consultant's fees and other redistribution costs, the fixed annual rental rate(s) to be paid under this lease shall be increased by an "alternative charge" which shall be a sum equal to \$2.95 per year per rentable square foot of the demised premises, changed in the same percentage as any increases in the cost to Landlord for electricity for the entire building subsequent to May 1, 1996, because of electric rate, service classification or market price changes, such percentage change to be computed as in subdivision (b) provided.

Landlord shall not be liable to Tenant for any loss or damage or expense which Tenant may sustain or

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incur if either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the building or wiring installation. Tenant agrees not to connect any additional electrical equipment to the building electric distribution system, other than lamps, typewriters and other small office machines which consume comparable amounts of electricity, without Landlord's prior written consent, which consent shall not be unreasonably withheld. Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole cost and expense of Tenant, if, in Landlord's sole judgment, the same are necessary and will not cause permanent damage or injury to the building or demised premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expense or interfere with or disturb other tenants or occupants. In addition to the installation of such riser or risers, Landlord will also at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or changes in other methods of billing, and/or electricity purchases and the redistribution thereof, and fluctuation in the market price of electricity, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes, Anything hereinabove to the contrary notwithstanding, in no event is the submetering additional rent or ERIF, or any "alternative charge", to be less than an amount equal to the total of Landlord's payments to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus 5% thereof for transmission line loss, plus 15% thereof for other redistribution costs. The Landlord reserves the right, at any time upon thirty (30) days' written notice, to change its furnishing of electricity to Tenant from a rent inclusion basis to a submetering basis, or vice versa, or to change to the distribution of less than all the components of the existing service to Tenant. The Landlord reserves the right to terminate the furnishing of electricity on a rent inclusion, submetering, or any other basis at any time, upon thirty "30" days' written notice to the Tenant, in which event the Tenant may make application directly to the public utility and/or other providers for the Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then authorized load. Any meters, risers, or other equipment or connections necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed at Tenant's sole cost and expense. Only rigid conduit or electricity metal tubing (EMT) will be allowed. The Landlord, upon the expiration of the aforesaid thirty (30) days' written notice to the Tenant may discontinue furnishing the electric current but this lease shall otherwise remain in full force and effect. If Tenant was provided electricity on a rent inclusion basis when it was so discontinued, then commencing when Tenant receives such direct service and as long as Tenant shall continue to receive such service, the fixed annual rent payable under this lease shall be reduced by the amount of the ERIF which was payable immediately prior to such discontinuance of electricity on a rent inclusion basis.

WATER SEWER RENTS

TWENTY-THIRD: - (a) If Landlord installs a water meter to measure Tenant's water consumption for all purposes, Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of Tenant's occupancy Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from Tenant. Tenant agrees to pay for water consumed, as shown on said meter as and when bills are rendered, and on default in making such payment Landlord may pay such charges and collect the same from Tenant. Landlord may inspect such water meter at any time and shall have access thereto at all times for the purpose of such inspection

(b) In addition to the foregoing, Tenant agrees to pay its proportionate share of the water consumed in the toilets and other portions of the premises over which Landlord may reserve control, irrespective of the fact that the same shall be located outside of the demised premises.

(c) Tenant covenants and agrees to pay its pro-rata share of the sewer rent, charge or any other tax, rent levy or charge which now or hereafter is assessed, imposed or a lien upon the demised premises or the realty of which they are part pursuant to law, order or regulation made or issued in connection with the use, consumption, maintenance or supply of water, water system or sewage or sewage connection or system.

(d) The bill rendered by Landlord for metered water, sewer or any other charges provided for in this paragraph "23" shall be based upon Tenant's consumption and shall be payable by Tenant as additional rent. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes hereinabove stated, shall be deemed to be additional rent payable by Tenant and collectible by Landlord as such. If the building or the demised premises or any part thereof be supplied with water through a meter through which water is also supplied

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to other premises, Tenant shall pay to Landlord as additional rent, on the first day of each month, \$102.00 as Tenant's portion. Independently of and in addition to any of the remedies reserved to Landlord hereinabove or elsewhere in this lease, Landlord may sue for and collect any monies to be paid by Tenant or paid by Landlord for any of the reasons or purposes hereinabove set forth.

SPRINKLER

TWENTY-FOURTH: - If the sprinkler system or any of its appliances shall be damaged or injured or not in proper working order by reason of any act or omission of Tenant, Tenant's agents, servants, employees, licensees or visitors, Tenant shall forthwith restore the same in good working condition at its own expense; and if the New York Board of Fire Underwriters or the New York Fire Insurance Rating Organization or any bureau, department or official of the State or City Government, require or recommend that any changes, modifications, alterations or additional sprinkler heads or other equipment be made or supplied by reason of Tenant's business, or the location of partitions, trade fixtures, or other contents of the demised premises, or for any other reason, or if any such changes, modifications, alterations, additional sprinkler heads or other equipment, become necessary to prevent the imposition of a penalty or charge against the full allowance for a sprinkler system in the fire insurance rate as fixed by said Rating Organization, or by any Fire Insurance Company, Tenant shall, at Tenant's expense, promptly make and supply such changes, modifications, alterations, additional sprinkler heads or other equipment. Tenant shall pay to Landlord as additional rent the sum of \$102.00 on the first day of each month during the term of this lease, as Tenant's portion of the contract price for sprinkler supervisory service.

AIR CONDITIONING

TWENTY-FIFTH: - Tenant shall have the privilege of using the air conditioning system which affects the whole or a portion of the demised

premises, and shall, at its own cost and expense, maintain and operate said system in compliance with all present and future laws and governmental requirements, and shall obtain all governmental licenses and permits now or hereafter required. Tenant shall pay for all electric current, water and refrigerants used in connection with said system. Tenant, at its own cost and expense, shall make or cause to be made, all repairs, alterations, changes, additions or improvements in and to said system which may be necessary or which may be required or recommended by Landlord or by any governmental authority, and shall furnish all parts and supplies necessary or desirable in connection therewith, but no alterations, changes, additions or improvements shall be made by Tenant without the advance written consent of Landlord. Landlord's charges for electric current, water and refrigerants and for such parts, supplies, repairs, alterations, changes, additions or improvements as are caused to be furnished or made by Landlord shall be payable by Tenant as additional rent upon presentation of Landlord's bill for same. If Tenant shall default in paying any such bill for five (5) day's, Landlord shall have the right, in addition to any other rights under this lease to terminate the operation of said air conditioning system without notice to Tenant, and if such default shall continue for sixty (60) days, Landlord shall have the right to remove the whole or any part of said system from the demised premises without notice to Tenant. The non-functioning or defective functioning of said air conditioning system, or Tenant's inability to operate or maintain the same in compliance with lawful requirements, or Landlord's removal thereof or termination of the operation thereof as provided in this paragraph, or any delay, discomfort or inconvenience suffered by Tenant in connection therewith, or, without limitation of or by the foregoing, any other matter or thing related to such system, shall not give rise to any obligation or liability on the part of Landlord and shall not affect this lease or be deemed to release or discharge Tenant of any of Tenant's obligations or liabilities under this lease or otherwise. Title to said system and all present and future parts thereof is and shall be vested in Landlord.

ELEVATOR

TWENTY-SIXTH: - (a) As long as Tenant is not in default under any of the covenants of this lease, Landlord shall provide necessary elevator facilities on business days from 8:00 A.M. to 6:00 P.M., and on Saturdays from 8:00 A.M. to 1:00 P.M. On Sundays, holidays and nights, Landlord will furnish at least one (1) elevator.

(b) If the building of which the demised premises are a part supplies manually operated elevator service, Landlord may proceed with alterations necessary to substitute automatic control elevator service upon ten (10) days' written notice to Tenant without in any way affecting the obligations of Tenant hereunder, provided that the same shall be done with the minimum amount of inconvenience to Tenant, and Landlord pursues with due diligence the completion of the alterations. Where automatic control elevator service is now, or hereafter furnished, and the demised premises contain an entire floor or floors, Tenant will provide, at its own cost and expense, locks for all entrances to such floor or floors from the elevators.

(c) Tenant agrees it will not permit its employees other than office help to use the passenger elevator in said building, nor will it permit them to use the stairs leading to and from the passenger entrance to said

building. Landlord may prescribe and regulate which elevator and entrance shall be used by Tenant's employees and for Tenants shipping.

HEAT, CLEANING, PUBLIC AREAS

TWENTY-SEVENTH: -- Landlord will:

(a) Furnish heat to the demised premises, when and as required by law, on business days during regular business hours.

(b) Cause to be kept clean the public halls and public portions of the building, which are used in common by all tenants.

REQUIRED ALTERATIONS, MACHINERY

TWENTY-EIGHTH: -- It is expressly agreed that if in consequence of the use of the demised premises for manufacturing purposes any Municipal or State Authority requires alterations and additions to such premises or the building of which they are a part. Landlord, in addition to other remedies provided for in this lease, shall have the option of terminating this lease on sixty (60) days' written notice to Tenant. Upon expiration of said sixty (60) days, the term of this lease shall terminate, and Tenant shall immediately vacate the premises. In such event, Landlord shall refund to Tenant the unearned pro rata portion of any rent paid in advance. Landlord reserves the privilege of complying with any order, rule or regulation as aforementioned in order to remove such violation, if any. In such event, Tenant waives any and all claims for damages growing out of the work in the building or on the premises in connection therewith. In the event that the violation can be removed by Tenant's limiting the number of employees in the demised premises. Tenant shall so limit the number of employees immediately and no claim for damages or any loss may be made against Landlord therefor.

FIXTURES & PARTITIONS INSTALLED BY LANDLORD

TWENTY-NINTH: -- Tenant shall have the use of the partitions existing in the premises demised herein and of all other equipment, fixtures and appurtenances installed by Landlord prior to or during the term hereof. The ownership of all such property shall at all times be vested in Landlord and possession thereof shall revert to Landlord upon the expiration of the lease.

VAULTS

THIRTIETH: -- If any vault space is adjacent to the demised premises, the same shall not be or be deemed to be part of the demised premises or its appurtenances. Landlord may permit Tenant to use such vault space gratuitously, but such permission may be revoked by Landlord at any time on two (2) days, notice. Landlord shall have the right at any time to cause a wall to be erected for the purpose of sealing off such vault space from the demised premises. Said wall may be erected wholly or partly on that portion of the demised premises which abuts such vault space. Landlord and its designees shall have the right from time to time to enter and remain upon the demised premises, with men and materials, for the purpose of erecting such wall. Tenant shall not be entitled to any compensation, abatement of rent, or other claim by reason of any action taken under this paragraph by or on behalf of Landlord. Any fee or license charge or tax of municipal authorities for such vault shall be paid by Tenant.

LIABILITY OF LANDLORD, PROPERTY, LOSS, DAMAGE

THIRTY-FIRST: -- Landlord or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for the loss of or damage to any property of Tenant by theft or otherwise. Landlord or its agents shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling ceilings, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of said building or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by any other cause of whatsoever nature, including but not limited to the making of repairs and improvements, unless caused by or due to the negligence of Landlord, its agents, servants or employees: nor shall Landlord or its agents be liable for any such damage caused by other tenants or persons in said building or caused by operations in construction of any private, public or quasi public work; nor shall Landlord be liable for any latent defect in the demised premises or in the building of which they form a part. Tenant shall give immediate notice to Landlord in case of fire or accidents in the demised premises or in the building or of defects therein or in any fixtures or equipment.

INDEMNITY

THIRTY-SECOND: -- Tenant shall, throughout the term and thereafter, indemnify Landlord and save it harmless and free from damages, liabilities, penalties, losses, expenses, causes of action, claims, suits and judgments, as well as all expenses and attorneys' fees, arising from injury during said term to person or property of any nature, and also for any matter or thing growing out of the occupation of the demised premises or the streets, sidewalks, or vaults adjacent thereto occasioned in whole or part by any act or acts, omission or omissions of Tenant, its employees, guests, agents, assigns or undertenants.

LIABILITY OF LANDLORD, SERVICE INTERRUPTION ACTS BEYOND CONTROL

THIRTY-THIRD: -- Neither this lease nor any obligation hereunder on Tenant's part to be performed (including, but not limited to, Tenant's obligation to pay the rents provided for hereunder) shall in any wise be

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released, discharged, impaired, excused or otherwise affected because of Landlord's inability to supply, furnish or make such services, fixtures, equipment, repairs, additions, improvements, alterations and/or decorations, if any, as Landlord may be required to supply, furnish or make hereunder or in connection herewith, or because of any delay in supplying, furnishing or making any of the foregoing, if such inability or delay directly or indirectly results from or is caused by or attributable to any cause or thing whatsoever beyond Landlord's control, including, but not limited to, any law or ordinance or any governmental order, rule, regulation or requirement, or any shortages in supplies, materials or labor, or any acts of God, or any labor difficulties, disasters or acts of public enemies, and in any such event Landlord shall be relieved of any liability to Tenant which it might otherwise have had by reason of any such requirement. Lessee agrees to look solely to Lessor's estate and interest in the land and building, or the lease of the building or of the land and building, and the demised premises, for the satisfaction of any right or remedy of Lessee for the collection of a judgment (or other judicial process) requiring the payment of money by Lessor, in the event of any liability by Lessor, and no other property or assets of Lessor shall be subject to levy, execution or other enforcement procedure for the satisfaction of Lessee's remedies under or with respect to this lease, the relationship of landlord and tenant hereunder, or Lessee's use and occupancy of the demised premises or any other liability of Lessor to Lessee (except for negligence).

SUBORDINATION

THIRTY-FOURTH: -- This lease is and shall be subject and subordinate at all times to all present or future leases and subleases of the entire building or of the land and entire building of which the demised premises form a part, and to all mortgages which now affect or may hereafter affect or be made in respect of such leases and subleases or the real property of which the demised premises form a part (whether or not such leases or mortgages also affect any other or additional real property), and to all renewals, modifications, consolidations, replacements and extensions thereof and to all advances made or hereafter to be made upon the security thereof. This clause shall be self-operative and no further instrument in writing to effectuate such subordination shall be necessary. In confirmation of such subordination, however, Tenant shall, on demand, promptly execute, acknowledge and deliver such further instruments or certificates that Landlord may request. Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute, acknowledge and deliver any such instrument or certificate for or on behalf of Tenant. In the event that any Master Lease or any other ground or underlying lease is terminated, or any mortgage foreclosed, this lease shall not terminate or be terminable by Lessee unless Lessee was specifically named in any termination or foreclosure judgment or final order. In the event that the Master Lease or any other ground or underlying lease is terminated as aforesaid, Lessee agrees to enter into a new lease covering the within premises, for the remaining term of this lease and otherwise on the same terms, conditions and rentals as herein provided, with and at the election of the holder of any superior lease, or if there is no superior lease in existence, then with and at the election of the holder of the fee title to the premises. If the current term of the Master Lease shall expire prior to the date set forth herein for the expiration of this lease, then, unless Lessor, at its sole option, shall have elected to extend or renew the term of the Master Lease, the term of this lease shall expire on the date of expiration of the Master Lease, notwithstanding the later expiration date hereinabove set forth. If the Master Lease is renewed, then the term of this lease shall expire as hereinabove set forth. From time to time, Lessee, on at least ten (10) days' prior written request by Lessor, will deliver to Lessor a statement in writing certifying that this lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates

to which the rent and other charges have been paid and stating whether or not the Lessor is in default in performance of any covenant, agreement or condition contained in this lease and, if so, specifying each such default of which Lessee may have knowledge. This paragraph shall not be deemed modified in whole or in part by any provision of this lease or any rider thereto during the term hereof, unless such provisions or rider shall by its terms expressly so modify it.

FIRE

THIRTY-FIFTH: -- Provided the damage be not caused by the fault or neglect of Tenant or of its employees, agents, visitors or licensees, in the event of damage by fire, or other action of the elements, to the demised premises not rendering all of them unfit for occupancy. Landlord shall repair the same with reasonable dispatch after notice of such damage, and the rent accrued or accruing shall not cease: but if the damage be so extensive as to render all of the demised premises untenable, the rent shall cease until they be repaired, provided the damage be not caused by the carelessness or negligence of Tenant or of the agents or servants of Tenant. No penalty shall accrue for reasonable delay which may arise by reason of adjustment of insurance on the part of Landlord and/or Tenant, and for reasonable delay on account of "labor troubles" or any other cause beyond Landlord's control. If the demised premises are totally damaged or are rendered wholly untenable by fire or other cause, and if Landlord shall decide not to restore or not to rebuild the same, or if the building shall be so damaged that Landlord shall decide to demolish it or to rebuild it, or if the cost of restoration of the

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building of which the demised premises are a part, resulting from the aforesaid fire or other casualty shall exceed the sum of \$3,000,000, then or in any of such events Landlord may, within ninety (90) days after such fire or other cause, give Tenant a notice in writing of termination, which notice shall be given as provided in this lease, and thereupon the term of this lease shall expire by lapse of time upon the third day after such notice is given, and Tenant shall vacate the demised premises and surrender the same to Landlord. If Tenant shall not be in default under this lease then, upon the termination of this lease under the conditions provided for in the sentence immediately preceding, Tenant's liability for rent shall cease as of the day following the casualty. Tenant hereby expressly waives the provisions of Section 227 of the Real Property Law and agrees that the foregoing provisions of this paragraph shall govern and control in lieu thereof. If the damage or destruction be due to the fault or neglect of Tenant, the debris shall be removed by and at the expense of Tenant.

CONDEMNATION

THIRTY-SIXTH: -- If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi public use or purpose, then and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding. If any part of the land or the building of which the demised premises are a part shall be so acquired or condemned, then and in that event the term of this lease, at the option of Landlord, shall cease and terminate on ten (10) days' notice by Landlord to Tenant. In neither event shall Tenant have any claim for the value of any unexpired term of said lease.

BANKRUPTCY

THIRTY-SEVENTH: -- If, when and to the extent permitted by law, the parties agree that the following provisions shall apply to this lease and tenancy (and that the provisions of 11 U.S.C. 'SS' 365(b) shall be applied): (a) If at any time prior to the date herein fixed as the commencement of the term of this lease there shall be filed against Tenant thereof or if such filing is made by Tenant in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, and within thirty (30) days thereof Tenant fails to secure a discharge thereof, or if Tenant makes an assignment for the benefit of creditors, or

petition for or enter into an arrangement, this lease shall ipso facto be cancelled and terminated, and in which event, neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of an order of any court shall be entitled to possession of the demised premises and Landlord, in addition to the other rights and remedies given by (C) hereof and by virtue of any other provision herein or elsewhere in this lease contained or by virtue of any statute or rule of law, may retain as liquidated damages any rent, security, deposit or monies, received by him from Tenant or others in behalf of Tenant upon the execution hereof.

(b) If at the date fixed as the commencement of the term of this lease or if at any time during the term hereby demised, there shall be filed against Tenant thereof or if such filing is made by Tenant in any court pursuant to any statute of the United States or any State a petition of bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, and within thirty (30) days thereof Tenant fails to secure a discharge thereof, or if Tenant makes an assignment for the benefit of creditors or petition for or enter into an arrangement, this lease, at the option of Landlord, exercised within a reasonable time after notice of the happening of any one or more of such events, may be cancelled and terminated, and in which event neither Tenant nor any person claiming through or under Tenant by virtue of any statute or of an order of any court shall be entitled to possession or to remain in possession of the premises demised, but shall forthwith quit and surrender the premises, and Landlord, in addition to the other rights and remedies Landlord has by virtue of any other provision herein or elsewhere in this lease contained or by virtue of any statute or rule of law, may retain as liquidated damages any rent, security, deposit or monies received by him from Tenant or others in behalf of Tenant.

(c) It is stipulated and agreed that in the event of the termination of this lease pursuant to (a) or (b) hereof, Landlord shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant as and for liquidated damages an amount equal to the difference between the rent reserved hereunder for the unexpired portion of the term demised and the then fair and reasonable rental value of the demised premises for the same period. In the computation of such damages, the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the demised premises for the period for which such installment was payable shall be discounted to the date of termination at the rate of four per cent (4%) per annum. If such premises or any part thereof be re-let by Landlord for the unexpired term of said lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such re-letting shall be prima facie to be the fair and reasonable rental value for the part or the whole of the premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of Landlord to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum

allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

SECURITY

THIRTY-EIGHTH: -- Tenant has deposited with Landlord the sum of \$ NONE, as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease: it is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this lease, including, but not limited to, the payment of rent and additional rent, Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease, including but not

limited to, any damages or deficiency in the re-letting of the premises, whether such damage or deficiency accrued before or after summary proceedings or other re-entry by Landlord, Tenant shall, upon demand, deposit with Landlord the full amount so used, in order that Landlord shall have the full security deposit on hand at all times. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this lease, the security shall be returned to Tenant after the date fixed as the end of the lease and after delivery of entire possession of the demised premises to Landlord. In the event of any transfer or conveyance by Landlord of its lease to the building of which the demised premises form a part, hereinafter referred to, Landlord shall have the right to transfer the security to the transferee or grantee, and Landlord shall thereupon be released by Tenant from all liability for the return of such security: and Tenant agrees to look to the new Landlord solely for the return of said security: and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

DEFAULT

THIRTY-NINTH: -- (a) If Tenant defaults in fulfilling any of the covenants of this lease other than the covenants for the payment of rent or additional rent, or of any ancillary agreement, or if the demised premises become vacant or deserted, then, in any one or more of such events, upon Landlord serving a written five (5) days' notice upon Tenant specifying the nature of said default and upon the expiration of said five (5) days, if Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of such a nature that the same cannot be completely cured or remedied within said five (5) day period, and if Tenant shall not have diligently commenced during such default within such five (5) day period, and shall not thereafter with reasonable diligence and in good faith proceed to remedy or cure such default, then Landlord may serve a written three (3) days' notice of cancellation of this lease upon Tenant, and upon the expiration of said three (3) days, this lease and the term thereunder shall end and expire as fully and completely as if the date of expiration of such three (3) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof, and Tenant shall then quit and surrender the demised premises to Landlord, but Tenant shall remain liable as hereinafter provided.

(b) If the notice provided for in (a) hereof shall have been given, and the term shall expire as aforesaid: or (1) if Tenant shall make default in the payment of the rent reserved herein or any item of additional rent herein mentioned or any part of either or in making any other payment herein provided: or (2) if any execution or attachment shall be issued against Tenant or any of Tenants property whereupon the demised premises shall be taken or occupied or attempted to be taken or occupied by someone other than Tenant: or (3) if Tenant shall make default with respect to any other lease between Landlord and Tenant: or (4) if Tenant shall fail to move into or take possession of the premises within fifteen (15) days after commencement of the term of this lease, of which fact Landlord shall be the sole judge: then and in any of such events Landlord may without notice, reenter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise: and the legal representative of Tenant or other occupant of demised premises and remove their effects and hold the premises as if this lease had not been made, and Tenant hereby waives the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to the date fixed as the commencement of any renewal or extension of this lease, Landlord may cancel and terminate such renewal or extension agreement by written notice.

(c) If Tenant is presently in possession of the demised premises pursuant to a lease in writing heretofore made and if, before the commencement of the term herein provided the aforesaid lease shall be terminated or Tenant shall be dispossessed or shall voluntarily or involuntarily vacate, surrender or remove from the

demised premises, then this lease shall, at the option of Landlord, be terminated, but Tenant shall nevertheless remain liable as hereinbefore provided.

REMEDIES OF LANDLORD

FORTIETH: -- In case of any such default, re-entry, expiration and/or dispossession by summary proceedings or otherwise, (a) the rent and additional rent shall become due thereupon and be paid up to the time of such reentry, dispossession and/or expiration, together with such expenses as Landlord may incur for legal expenses, attorneys fees, brokerage, and/or putting the demised premises in good order, or for preparing the same for re-rental; (b) Landlord may re-let the premises or any part or parts thereof, either in the name of Landlord or otherwise, for a term or terms, which may at Landlord's option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease and may grant concessions or free rent: and/or (c) Tenant or the legal representatives of Tenant shall also pay Landlord as liquidated damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the rent hereby reserved and/or covenanted to be paid and the net amount, if any, of the rents collected on account of the lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this lease. The rent received from any re-letting or re-lettings, but only for the unexpired portion of this lease, shall be applied first to the payment of Landlord's expenses in resuming possession and re-letting the premises, which expenses shall include but not be limited to attorneys' fees, brokerage commissions, cleaning, repairs, painting and decoration. The balance, if any, shall be applied in payment of all unpaid rent, additional rent and other charges due from Tenant hereunder, irrespective of whether the liability therefor arose prior or subsequent to the date of the expiration of the term hereof. Tenant hereby covenants and agrees to pay to Landlord, within a reasonable time after demand therefor shall be made, the balance, if any, remaining unpaid. In the event that any re-letting hereunder results in Landlord's receiving from Tenant in any month an amount in excess of the amount due for such month, then and in that event Tenant shall not be obligated to make any payment to Landlord for rent due in such month, nor shall Landlord at any time be obligated to make any refund or apply any credit to Tenant with respect to such rent, and Tenant shall have no claim by way of defense to a suit or otherwise that Landlord has received for any prior month or that any new tenant has agreed to pay for any subsequent month a greater amount than that hereinabove reserved to be paid as rent for that month. The failure or refusal of Landlord to re-let the premises or any part or parts thereof shall not release or affect Tenant's liability for damages. Any security in Landlord's possession not retained by it as liquidated damages may be applied by it for any or all of the aforesaid purposes. Any such liquidated damages shall be paid as additional rent hereunder in monthly installments by Tenant on the rent day specified in this lease and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Landlord to collect the deficiency for any subsequent month by a similar proceeding. Landlord, at Landlord's option, may make such alterations, repairs, replacements and/or decorations in the demised premises as Landlord's sole judgment considers advisable and necessary for the purpose of re-letting the demised premises: and the making of such alterations and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid, Landlord shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof, Landlord shall have the right of injunction and the right to invoke any remedy allowed at law or inequity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Landlord from any other remedy, in law or in equity.

COURT ORDER RELATING TO RENT

FORTY-FIRST: -- Notwithstanding anything elsewhere contained in this lease, if by reason of any present or future cause or thing whatsoever (including, without limitation, by reason of any statute, ordinance, judgment, decree, court order or governmental rule or regulation). Tenant will not or shall not be required to pay to Landlord the full amount of rent and additional rent reserved hereunder, then Landlord, at its unrestricted option, may give Tenant not less than five (5) days' notice of intention to end this lease and the term hereof, and thereupon, on the date specified in said notice, this lease

and the term hereof shall expire as fully and completely as if that date were the date, herein originally fixed for the expiration of this lease and the term hereof.

WAIVER OF TRIAL BY JURY

FORTY-SECOND: -- It is mutually agreed by and between Landlord and Tenant that the respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this lease, the relationship of landlord and tenant. Tenant's use or occupancy of said premises, except for personal injury or property damage, or involving the right to any statutory relief or remedy. Tenant will not

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interpose any counterclaim of any nature in any summary proceeding. The provisions of this paragraph shall be binding upon the respective heirs, distributees, executors, administrators, successors and assigns of the parties hereto and all subtenants hereunder.

WAIVER OF REDEMPTION

FORTY-THIRD: -- Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Landlord obtaining possession of demised premises, by reason of the violation by Tenant of any of the covenants and conditions of this lease, or otherwise.

NO WAIVER

FORTY-FOURTH: -- (a) If there be any agreement between Landlord and Tenant providing for the cancellation of this lease upon certain provisions or contingencies, and/or an agreement for the renewal hereof at the expiration of the term first above mentioned, the right to such renewal or the execution of a renewal agreement between Landlord and Tenant prior to the expiration of such first mentioned term shall not be considered an extension thereof or a vested right in Tenant to such further term, so as to prevent Landlord from cancelling this lease and any such extension thereof during the remainder of the original term hereby granted: such privilege, if and when so exercised by Landlord, shall cancel and terminate this lease and any such renewal or extension previously entered into between said Landlord and Tenant or the right of Tenant to any such renewal or extension: any right herein contained on the part of Landlord to cancel this lease shall continue during any extension or renewal hereof: any option on the part of Tenant herein contained for an extension or renewal hereof shall not be deemed to give Tenant any option for a further extension beyond the first renewal or extended term.

(b) No act or thing done by Landlord or Landlord's agents during the term hereby demised shall constitute an actual or constructive eviction by Landlord, nor shall be deemed an acceptance of a surrender of said demised premises, and no agreement to accept such surrender shall be valid unless in writing signed by Landlord. In the event that any payment herein provided for by Tenant to Landlord shall become overdue for a period in excess of ten (10) days, then at Landlord's option a "late charge" for such period and for each additional period of twenty (20) days or any part thereof shall become immediately due and owing to Landlord, as additional rent by reason of the failure of Tenant to make prompt payment, at the following rates: for individual and partnership tenants, said late charge shall be computed at the maximum legal rate of interest: for corporate or governmental entity tenants the late charge shall be computed at two percent per month unless there is an applicable maximum legal rate of interest which then shall be used. No employee of Landlord or Landlord's agents shall have any power to accept the keys of said premises prior to the termination of the lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of the lease or a surrender of the premises. In the event of Tenant at any time desiring to have Landlord sublet the premises for Tenant's account, Landlord or Landlord's agents are authorized to receive said keys for such purposes without releasing Tenant from

any of the obligations under this lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such subletting.

(c) The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease, or any of the Rules and Regulations set forth or hereafter adopted by Landlord, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach.

(d) The failure of Landlord to enforce any of the Rules and Regulations set forth, or hereafter adopted, against Tenant and/or any other tenant in the building shall not be deemed a waiver of any such Rules and Regulations. No provision of this lease shall be deemed to have been waived by Landlord, unless such waiver be in writing signed by Landlord.

(e) No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this lease provided.

LICENSE

FORTY-FIFTH: -- Tenant covenants that Tenant will not, without the consent of Landlord first obtained in each case, make or grant any license in respect of the demised premises or any part thereof, or in respect of the use thereof and will not permit any such license to be made or granted.

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GLASS AND GLASS INSURANCE

FORTY-SIXTH: -- Landlord shall replace, at the expense of Tenant, any and all plate and other glass damaged or broken from any cause whatsoever in and about the demised premises. Landlord may insure, and keep insured, at Tenant's expense, all plate and other glass in the demised premises for and in the name of Landlord. Bills for the premiums therefor shall be rendered by Landlord to Tenant at such times as Landlord may elect, and shall be due from, and payable by, Tenant when rendered, and the amount thereof shall be deemed to be, and be paid as, additional rent.

ADJACENT EXCAVATION--SHORING

FORTY-SEVENTH: -- If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter upon the demised premises for the purpose of doing such work as said person shall deem necessary to preserve the wall or the building of which demised premises form a part from injury or damage and to support the same by proper foundations without any claim for damages or indemnity against Landlord, or diminution or abatement of rent.

BILLS AND NOTICES

FORTY-EIGHTH: -- Except as otherwise in this lease provided, a bill, statement, notice or communication which Landlord may desire or be required to give to Tenant, shall be deemed sufficiently given or rendered if in writing delivered to Tenant personally or sent by registered or certified mail addressed to Tenant at the building of which the demised premises form a part or at the last known residence address or business address of Tenant or left at any of the aforesaid premises addressed to Tenant, and the time of the rendition of such bill or statement and of the giving of such notice or communication shall be deemed to be the time when the same is delivered to Tenant, mailed, or left at

the premises as herein provided. Any notice by Tenant to Landlord must be served by registered or certified mail addressed to Landlord at the address first hereinabove given or at such other address as Landlord shall designate by written notice.

QUIET ENJOYMENT

FORTY-NINTH: -- If and so long as Tenant pays the rent and additional rent reserved hereby and performs and observes the covenants and provisions hereof, Tenant shall quietly enjoy the demised premises, subject, however, to the terms, conditions, exceptions and reservations of this lease, and to the ground, underlying and overriding leases and mortgages hereinbefore mentioned.

QUIT AND SURRENDER

FIFTIETH: -- Upon the expiration or other termination of the term of this lease, Tenant shall quit and surrender to Landlord the demised premises, broom clean, in good order and condition, ordinary wear excepted. Lessee acknowledges that possession of the demised premises must be surrendered to the Lessor at the expiration or sooner termination of the term of this Lease. Lessee agrees it shall indemnify and save Lessor harmless against costs, claims, loss or liability resulting from delay by Lessee in so surrendering the demised premises, including, without limitation, any claims made by any succeeding tenant, founded on such delay. The parties recognize and agree that the damage to Lessor resulting from any failure by Lessee timely to surrender possession of the demised premises as aforesaid will be extremely substantial, will exceed the amount of monthly rent theretofore payable hereunder, and will be impossible of accurate measurement. Lessee therefore agrees that if possession of the demised premises is not surrendered to Lessor within seven (7) days after the date of the expiration or termination of the term of this Lease, then Lessee agrees to pay Lessor as liquidated damages for each month and for each portion of any month during which Lessee holds over in the premises after expiration or termination of the term of this Lease, a sum equal to three times the average rent and additional rent which was payable per month under this Lease during the last six months of the term thereof. The aforesaid provisions of this article shall survive the expiration or sooner termination of the term of this Lease. If the last day of the term of this lease or any renewal thereof falls on Sunday, this lease shall expire on the business day immediately preceding.

FAILURE TO GIVE POSSESSION

FIFTY-FIRST--If Landlord shall be unable to give possession of the demised premises on the date of the commencement of the term hereof for any reason, Landlord shall not be subject to any liability. Under such circumstances, the rent reserved and covenanted to be paid herein shall not commence until the possession of demised premises is given or the premises are available for occupancy by Tenant, and no such failure to give possession on the date of commencement of the term shall in any wise affect the validity of this lease or the obligations of Tenant hereunder, nor shall same be construed in any wise to extend the term of this lease. If Landlord is unable to give possession of the demised premises on the date of the commencement of the term hereof by reason of the holding over or retention of possession of any tenant, tenants or occupants or for any other reason, or if repairs, improvements or decorations of the demised premises or of the building of which said premises form a part, are not completed, no abatement or diminution of the rent to be paid hereunder shall be allowed to Tenant nor shall the validity of the lease be impaired under such circumstances. If permission is given to Tenant to enter into the possession of the demised premises or to occupy premises other

than the demised premises prior to the date specified as the commencement of the term of this lease. Tenant covenants and agrees that such occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except as to the covenant to pay rent. In either case rent shall commence on the date specified in this lease.

REPRESENTATIONS

FIFTY-SECOND: -- Landlord or Landlord's agents have made no representations or promises with respect to the said building or demised premises except as herein expressly set forth. The taking possession of the demised premises by Tenant shall be conclusive evidence, as against Tenant, that Tenant accepts same "as is" and that said premises and the building of which the same form a part were in good and satisfactory condition at the time such possession was so taken.

RENT CONTROL

FIFTY -THIRD: -- In the event the fixed annual rent or additional rent or any part thereof provided to be paid by Lessee under the provisions of this lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any Federal, State, County or City law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code, or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private, then Lessor, at its option, may at any time thereafter terminate this lease, by not less than thirty (30) days' written notice to Lessee, on a date set forth in said notice, in which event this lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the date originally fixed herein for the termination of the demised term. Lessor shall not have the right so to terminate this lease if Lessee within such period of thirty (30) days shall in writing lawfully agree that the rentals herein reserved are reasonable rentals and agree to continue to pay said rentals and if such agreement by Lessee shall be legally enforceable by Lessor.

COVENANTS BINDING SUCCESSORS

FIFTY-FOURTH: -- The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, distributees, executors, administrators, successors, and, except as otherwise provided in this lease, their assigns.

LEASE EMBODIES UNDERSTANDING OF PARTIES

FIFTY-FIFTH: -- Except as may be otherwise contained in a written instrument or instruments duly executed and delivered by and between the parties hereto, this lease contains the entire agreement and understanding of the parties with respect to the demised premises and the respective rights and duties of the parties in relation thereto and in relation to each other. There are no oral understandings or agreements between the parties of any kind. Landlord has made no representations or warranties to Tenant of any kind. All oral representations, warranties and promises prior to or contemporaneous with this written lease (if any be claimed) are and shall be deemed merged into this lease. This lease cannot be changed or supplemented orally. All promises and agreements made by or between the parties subsequent to the execution and delivery of this lease shall be and be deemed to be null, void and unenforceable unless contained in a writing duly executed and delivered by and between the parties hereto, whether or not the same relate in any way to this lease or any master covered hereby.

DEFINITIONS

FIFTY-SIXTH: -- (a) The term "Landlord" as used in this lease means only the owner or the mortgagee in possession for the time being, of the land and building (or the owner of a lease of the entire building or of the land and entire building) of which the demised premises form a part so that in the event of any sale or sales of said land and entire building or of any transfer or conveyance of said lease or in the event of a lease of said entire building or of the land and entire building, the said Landlord shall be and hereby is entirely freed and relieved of all liability for the performance of all covenants and obligations on the part of Landlord to be performed hereunder, and it shall be deemed and considered without further agreement between the parties or other successors in interest or between the parties and the purchaser at any such sale or any transferee or mortgagee or any lessee of the entire building or of the land and entire building that the purchaser, lessee, transferee or grantee has assumed and agreed to carry out any and all covenants and obligations of Landlord hereunder. Tenant acknowledges that it has been informed and understands that Landlord is a lessee of the land and entire building of which the demised premises form a part. The term "lease of the entire building or of the land and entire building" shall be deemed to include a sublease thereof, and the term "lessee of the entire building or of the land and entire

building" shall be deemed to include a sublessee thereof.

(b) The words "re-entry" as used in this lease are not restricted to their technical legal meaning.

(c) The term "business days" as used in this lease shall exclude Saturdays (except such portion thereof as is covered by the insertion of specific hours herein), Sundays and all days observed by the State or Federal Government as legal holidays.

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(d) From time to time, Tenant, on at least ten (10) days' prior written request by Landlord, will deliver to Landlord a statement in writing certifying that this lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which the rent and other charges have been paid and stating whether or not Landlord is in default in performance of and covenant, agreement or condition contained in this lease and if so, specifying each such default of which Tenant may have knowledge.

COST OF LIVING ADJUSTMENTS

FIFTY-SEVENTH: -- The fixed annual rent reserved in this lease and payable hereunder shall be adjusted, as of the times and in the manner set forth in this Article:

(a) Definitions: For the purposes of this Article, the following definitions shall apply:

(i) The term "Base Year" shall mean the full calendar year during which the term of this lease commences. 1997

(ii) The term "Price Index" shall mean the "Consumer Price Index" published by the Bureau of Labor Statistics of the U.S. Department of Labor. All Items, New York, N.Y.--Northeastern, N.J., all urban consumers (presently denominated "CPI-U") or a successor or substitute index appropriately adjusted.

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(iii) the term "Price Index for the Base Year" shall mean the average of the monthly All Items Price Indexes for each of the 12 months of the Base Year.

(b) Effective as of each January and July subsequent to the Base Year, there shall be made a cost of living adjustment of the fixed annual rental rate payable hereunder. The July adjustment shall be based on the percentage difference between the Price Index for the preceding month of June and the Price Index for the Base Year. The January adjustment shall be based on such percentage difference between the Price Index for the preceding month of December and the Price Index for the Base Year.

(i) In the event the Price Index for June in any calendar year during the term of this lease reflects an increase over the Price Index for the Base Year, then the fixed annual rent herein provided to be paid as of the July 1st following such month of June (unchanged by and adjustments under this Article) shall be multiplied by the percentage difference between the Price Index for June and the Price Index for the Base Year, and the resulting sum shall be added to such fixed annual rent, effective as of such July 1st. Said adjusted fixed annual rent shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

(ii) In the event the Price Index for December in any calendar year during the term of this lease reflects an increase over the Price Index for the Base Year, then the fixed annual rent herein provided to be paid as of the January 1st following such month of December (unchanged by any adjustments under this Article) shall be multiplied by the percentage difference between the Price Index for December and the Price Index for the Base Year, and the resulting sum

shall be added to such fixed annual rent effective as of such January 1st. Said adjusted fixed annual rent shall thereafter be payable hereunder, in equal monthly installments, until it is readjusted pursuant to the terms of this lease.

The following illustrates the intentions of the parties hereto as to the computation of the aforementioned cost of living adjustment in the annual rent payable hereunder

Assuming that said fixed annual rent is \$10,000, that the Price Index for the Base Year was 102.0 and that the Price Index for the month of June in a calendar year following the Base Year was 105.0, then the percentage increase thus reflected, i.e., 2.941% (3.0/102.0) would be multiplied by \$10,000, and said fixed annual rent would be increased by \$294.10 effective as of July 1st of said calendar year.

In the event that the Price Index ceases to use 1982-84=100 as the basis of calculation, or if a substantial change is made in the terms or number of items contained in the Price Index, then the Price Index shall be adjusted to the figure that would have been arrived at had the manner of computing the Price Index in effect at the date of this lease not been altered. In the event such Price Index (or a successor or substitute index) is not available, a reliable governmental or other non-partisan publication evaluating the information theretofore used in determining the Price Index shall be used.

(c) Landlord will cause statements of the cost of living adjustments provided for in subdivision (b) to be prepared in reasonable detail and delivered to Tenant.

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(d) In no event shall the fixed annual rent originally provided to be paid under this lease (exclusive of the adjustments under this Article) be reduced by virtue of this Article.

(e) Any delay or failure of Landlord, beyond July or January of any year, computing or billing for the rent adjustments hereinabove provided, shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such rent adjustments hereunder.

(f) Notwithstanding any expiration or termination of this lease prior to the lease expiration date (except in the case of a cancellation by mutual agreement) Tenant's obligation to pay rent as adjusted under this Article shall continue and shall cover all periods up to the lease expiration date, and shall survive any expiration or termination of this lease.

TAX ESCALATION

FIFTY-EIGHTH: -- Tenant shall pay to Landlord, as additional rent, tax escalation in accordance with this Article:

(a) For purposes of this lease the rentable square foot area of the presently demised premises shall be deemed to be 8,144 square feet.

(b) Definitions: For the purpose of this Article, the following definitions shall apply:

(i) The term "base tax year" as hereinafter set forth for the determination of real estate tax escalation, shall mean the New York City real estate tax year commencing July 1, 1997 and ending June 30, 1998.

(ii) The term "The Percentage", for purposes of computing tax escalation, shall mean ONE AND SIXTY-ONE HUNDREDTHS OF ONE percent (1.61%). The Percentage has been computed on the basis of a fraction, the numerator of which is the rentable square foot area of the demised premises and the denominator of which is the total rentable square foot area of the office and commercial space in the building project. The parties acknowledge and agree that the total rentable square foot area of the office and commercial space in the building project

shall be deemed to be 505,591 sq. ft.

(iii) The term "the building project" shall mean the aggregate combined parcel of land on a portion of which are the improvements of which the demised premises form a part, with all the improvements thereon, said improvements being a part of the block and lot for tax purposes which are applicable to the aforesaid land.

(iv) The term "comparative year" shall mean the twelve (12) months following the base tax year, and each subsequent-Period of twelve (12) months (or such other Period of twelve (12) months occurring during the term of this lease as hereafter may be duly adopted as the tax year for real estate tax purposes by the City of New York).

(v) The term "real estate taxes" shall mean the total of all taxes and special or other assessments levied, assessed or imposed at any time by any governmental authority upon or against the building project, and also any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from said building project to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments, or additions or increases thereof, upon or against said building project. If, due to a future change in the method of taxation or in the taxing authority, or for any other reason, a franchise, income, transit, profit or other tax or governmental imposition, however designated, shall be levied against Landlord in substitution in whole or in part for the real estate taxes, or in lieu of additions to or increases of said real estate taxes, then such franchise, income, transit, profit or other tax or governmental imposition shall be deemed to be included within the definition of "real estate taxes" for the purposes hereof. As to special assessments which are payable over a period of time extending beyond the term of this lease, only a pro rata portion thereof covering the portion of the term of this lease unexpired at the time of the imposition of such assessment, shall be included in "real estate taxes". If by law, any assessment may be paid in installments, then, for the purposes hereof (a) such assessment shall be deemed to have been payable in the maximum number of installments permitted by law and (b) there shall be included in real estate taxes, for each comparative year in which such installments may be paid, the installments of such assessment so becoming payable during such comparative year, together with interest payable during such comparative year.

(vi) Where more than one assessment is imposed by the City of New York for any tax year, whether denominated an "actual assessment" or a "transitional assessment" or otherwise, then the phrases herein "assessed value" and "assessments" shall mean whichever of the actual, transitional or other assessment is designated by the City of New York as the taxable assessment for that tax year.

(vii) The phrase "real estate taxes payable during the base tax year" shall mean that amount obtained by multiplying

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the assessed value of the land and buildings of the building project for the base tax year by the tax rate for the base tax year for each \$100 of such assessed value.

(C) 1. In the event that the real estate taxes payable for any comparative year shall exceed the amount of the real estate taxes payable during the base tax year, Tenant shall pay to Landlord, as additional rent for such comparative year, an amount equal to The Percentage of the excess. Before or after the start of each comparative year, Landlord shall furnish to Tenant a statement of the real estate taxes payable for such comparative year, and a statement of the real estate taxes payable during the base tax year. If the real estate taxes payable for such comparative year exceed the real estate taxes payable during the base tax year, additional rent for such comparative year, in an amount equal to The Percentage of the excess, shall be due from Tenant to Landlord, and such additional rent shall be payable by Tenant to Landlord within ten (10) days after receipt of the aforesaid statement. The benefit of any discount for any

earlier payment or prepayment of real estate taxes shall accrue solely to the benefit of Landlord, and such discount shall not be subtracted from the real estate taxes payable for any comparative year.

Additionally, Tenant shall pay to Landlord, on demand, a sum equal to The Percentage of any business improvement district assessment payable by the building project.

2. Should the real estate taxes payable during the base tax year be reduced by final determination of legal proceedings, settlement or otherwise, then, the real estate taxes payable during the base tax year shall be correspondingly revised, the additional rent theretofore paid or payable hereunder for all comparative years shall be recomputed on the basis of such reduction, and Tenant shall pay to Landlord as additional rent, within ten (10) days after being billed therefor, any deficiency between the amount of such additional rent as theretofore computed and the amount thereof due as the result of such recomputations. Should the real estate taxes payable during the base tax year be increased by such final determination of legal proceedings, settlement or otherwise, then appropriate recomputation and adjustment also shall be made.

3. If after Tenant shall have made a payment of additional rent under this subdivision (c), Landlord shall receive a refund of any portion of the real estate taxes payable for any comparative year after the base tax year on which such payment of additional rent shall have been based, as a result of a reduction of such real estate taxes by final determination of legal proceedings, settlement or otherwise, Landlord shall within ten (10) days after receiving the refund pay to Tenant The Percentage of the refund less The Percentage of expenses (including attorneys' and appraisers' fees) incurred by Landlord in connection with any such application or proceeding. If prior to the payment of taxes for any comparative year, Landlord shall have obtained a reduction of that comparative year's assessed valuation of the building project, and therefore of said taxes, then the term "real estate taxes" for that comparative year shall be deemed to include the amount of Landlord's expenses in obtaining such reduction in assessed valuation, including attorneys' and appraisers' fees.

4. The statements of the real estate taxes to be furnished by Landlord as provided above shall be certified by Landlord and shall constitute a final determination as between Landlord and Tenant of the real estate taxes for the Periods represented thereby, unless Tenant within thirty (30) days after they are furnished shall give a written notice to Landlord that it disputes their accuracy or their appropriateness, which notice shall specify the particular respects in which the statement is inaccurate or inappropriate. If Tenant shall so dispute said statement then, pending the resolution of such dispute, Tenant shall pay the additional rent to Landlord in accordance with the statement furnished by Landlord.

5. In no event shall the fixed annual rent under this lease (exclusive of the additional rents under this Article) be reduced by virtue of this Article.

6. If the commencement date of the term of this lease is not the first day of the first comparative year, then the additional rent due hereunder for such first comparative year shall be a proportionate share of said additional rent for the entire comparative year, said proportionate share to be based upon the length of time that the lease term will be in existence during such first comparative year. Upon the date of any expiration or termination of this lease except termination because of Tenant's default) whether the same be the date hereinabove set forth for the expiration of the term or any prior or subsequent date, a proportionate share of said additional rent for the comparative year during which such expiration or termination occurs shall immediately become due and payable by Tenant to Landlord, if it was not theretofore already billed and paid. The said proportionate share shall be based upon the length of time that this lease shall have been in existence during such comparative year. Landlord shall promptly cause statements of said additional rent for that comparative year to be prepared and furnished to Tenant. Landlord and Tenant shall thereupon

7. Landlord's and Tenant's obligations to make the adjustments referred to in subdivision (6) above shall survive any expiration or termination of this lease.

8. Any delay or failure of Landlord in billing any tax escalation hereinabove provided shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such tax escalation hereunder.

OCCUPANCY AND USE BY TENANT

FIFTY-NINTH: -- (A) Tenant acknowledges that its continued occupancy of the demised premises and the regular conduct of its business therein, are of utmost importance to the Landlord in the renewal of other leases in the building, in the renting of vacant space in the building, in the providing of electricity, air conditioning, steam and other services to the tenants in the building, and in the maintenance of the character and quality of the tenants in the building. Tenant therefore covenants and agrees that it will occupy the entire demised premises and will conduct its business therein in the regular and usual manner, throughout the term of this lease, Tenant acknowledges that Landlord is executing this lease in reliance upon these covenants and that these covenants are a material element of consideration inducing Landlord to execute this lease. Tenant further agrees that if it vacates the demised premises or fails to so conduct its business therein at any time during the term of this lease, without the prior written consent of the Landlord, then all rent and additional rent reserved in this lease from the date of such breach to the expiration date of this lease shall become immediately due and payable to Landlord.

(B). The parties recognize and agree that the damage to Landlord resulting from any breach of the covenants in subdivision (A) hereof will be extremely substantial, will be far greater than the rent payable for the balance of the term of this lease, and will be impossible of accurate measurement. The parties therefore agree that in the event of a breach or threatened breach of the said covenants, in addition to all of Landlord's other rights and remedies, at law, or in equity or otherwise, Landlord shall have the right of injunction to preserve Tenant's occupancy and use. The words "become vacant or deserted" as used elsewhere in this lease shall include Tenant's failure to occupy or use as by this Article required.

(C). If Tenant breaches either of the covenants in subdivision (A) above, and this lease be terminated because of such default, then, in addition to Landlord's rights of re-entry, restoration, preparation for and rere rental, and anything elsewhere in this lease to the contrary notwithstanding, Landlord shall retain its right to judgment on and collection of Tenant's aforesaid obligation to make a single payment to Landlord of a sum equal to the total of all rent and additional rent reserved for the remainder of the original term of this lease, subject to future credit or repayment to Tenant in the event of any rere rental of the premises by Landlord, after first deducting from rere rental income all expenses incurred by Landlord in reducing to judgment or otherwise collecting Tenant's aforesaid obligation, and in obtaining possession of, restoring, preparing for and re-letting the premises. In no event shall Tenant be entitled to a credit or repayment for rere rental income which exceeds the sums payable by Tenant hereunder or which covers a period after the original term of this lease.

(D). If any provision of this Article of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Article and of this lease shall be valid and be enforced to the fullest extent permitted by law.

SIXTIETH: -- The Landlord shall be under no obligation to provide access between the "A" Wing and the "B" Wing on the floor of the premises demised herein, and any passageways which may now or hereafter exist between said wings may be discontinued at any time at the discretion of the Landlord.

CAPTIONS

SIXTY-FIRST: -- The captions are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this lease nor the intent of any provision thereof.

RULES AND REGULATIONS

SIXTY-SECOND: -- Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe faithfully, and comply strictly with, the Rules and Regulations and such other and further reasonable Rules and Regulations as Landlord or Landlord's agents may from time to time adopt. Notice of any additional rules or regulations shall be given in such manner as Landlord may elect. In case Tenant disputes the reasonableness of any additional Rule or Regulation hereafter made or adopted by Landlord or Landlord's agents, the parties hereto agree to submit the question of the reasonableness of such Rule or Regulation for decision to the

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Chairman of the Board of Directors of the Management Division of The Real Estate Board of New York, Inc., or to such impartial person or persons as he may designate, whose determination shall be final and conclusive upon the parties hereto. The right to dispute the reasonableness of any additional Rule or Regulation upon Tenant's part shall be deemed waived unless the same shall be asserted by service of a notice in writing upon Landlord within ten (10) days after the adoption of any such additional Rule or Regulation. Nothing in this lease contained shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees.

The use in the demised premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating, is prohibited.

SIXTY-THIRD: -- It is understood and agreed that this lease is submitted to Tenant on the understanding that it shall not be considered an offer and shall not bind Landlord in any way until (i) Tenant has duly executed and delivered duplicate originals to Landlord and (ii) Landlord has executed and delivered one of said originals to Tenant.

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ADDITIONAL CLAUSES attached to and forming a part of lease dated April 23, 1997 between 500/512 SEVENTH AVENUE ASSOCIATES and BET STUDIO LLC.

SIXTY-FOURTH: It is understood and agreed Tenant shall be permitted to list its firm name or divisions of its firm but no more than THREE (3) listing in the lobby board of the building. The charge to Tenant shall be \$75.00 per listing plus tax, per side of building or the charge then in effect.

SIXTY-FIFTH: Landlord and Tenant hereby agree that upon the execution of this lease, Tenant shall receive possession of the demised premises and may occupy it free of base rent for the period from May 1, 1997 through January 31, 1998, subject however to all of the other terms, conditions, set forth in this lease other than the payment of base rent. Miscellaneous charges and electric begin May 1, 1997.

(a) Notwithstanding any of the foregoing it is expressly understood and agreed that the monthly rent and additional rent payments for the demised premises shall begin on February 1, 1998 whether or not Tenant has completed its Initial Alteration Work.

SIXTY-SIXTH: Anything in Article FIFTY-SEVENTH to the contrary notwithstanding, the cost of living adjustment of the fixed annual rental rate computed as provided in said article FIFTY-SEVENTH, which shall be

payable for any single calendar year, or for any portion thereof, shall not exceed an amount equal to four percent (4%) of the fixed annual rental rate payable under this lease as of December 1st or of the immediately preceding calendar year (including any adjustments under article FIFTY-SEVENTH.)

Please note that this limitation is intended to operate as follows: If the Base Year fixed annual rental rate is \$10,000, and the percentage limitation is, say 4% then the maximum escalation for the first calendar year following the Base Year is 4% x \$10,000, or \$400 (for a maximum rental of \$10,400); the maximum escalation for the second calendar year following the Base Year is 4% x \$10,410, or \$416 (for a maximum rental of \$10,816); for the third year, the maximum, escalation is 4% x \$10,816, or \$432.64 (for a maximum rental of \$11,248.64), etc.

SIXTY-SEVENTH: Tenant shall perform all initial alteration work to make the demised premises suitable and ready for Tenant's occupancy and use (the "Initial Alteration Work"). Tenant shall, within sixty (60) days after the execution of this Lease by Tenant, furnish Landlord for its approval a complete set of architectural and engineering plans and specifications for such work including air conditioning. Landlord, promptly upon receipt of same, shall approve such plans and specifications, or return them with advice as to what changes are required for its approval to be forthcoming.

Tenant, at its own cost and expense (except as herein provided), will cause the Initial Alteration Work to be effected in accordance with Tenant's approved plans and specifications, pursuant to the provisions of Article Twelfth and Fifteenth, as supplemented by Article Sixteenth, hereof, and in accordance with all applicable laws, rules and regulation.

Tenant as part of its Initial Alteration Work will install an air conditioning unit or units sufficient to air condition all or part of the demised premises. In connection therewith Tenant agrees to pay as Additional Rent an Electric Riser Charge of \$5.00 per ton, per month for each unit.

/s/ I.S.

/s/ A.L.F.

LANDLORD

TENANT

ADDITIONAL CLAUSES attached to and forming a part of lease dated April 23, 1997 between 500/512 SEVENTH AVENUE ASSOCIATES and BET STUDIO LLC.

SIXTY-EIGHTH: Provided Tenant is not then in material default under this Lease beyond any grace period, Landlord will pay up to the first \$163,000.00 ("Landlord's Work Contribution") of the costs of construction labor and materials, excluding the costs of Tenant's personal property, in effecting the Initial Alteration Work. If such costs are lower than \$163,000.00, the Landlord's aforescribed contribution obligation shall be satisfied by its paying such amount lower than \$163,000.00. Any such costs in excess of \$163,000.00 shall be paid promptly by Tenant.

In connection with the Initial Alternation Work, Tenant shall provided Landlord with true copies of paid construction bills, showing the cost of the items of the Initial Alteration Work to be included in the aforesaid total up to \$163,000.00 and Landlord shall reimburse Tenant for the amount set forth in said bills in accordance with Landlord's obligation hereunder within twenty (20) days unless Landlord requests further verification of payment.

SIXTY-NINTH: Anything to the contrary contained in Article THIRTY-FIFTH notwithstanding, should Landlord elect not to give such notice of termination and the demised premises are not restored so that Tenant may resume its regular course of business operations within 180 days after such fire or other cause, Tenant shall have the right to give Landlord a notice in writing of termination, which notice shall be given as provided in this lease and thereupon the term of this Lease shall expire by lapse of time of the third day after such notice is given, and Tenant shall vacate the demised premises and surrender same to Landlord

SEVENTIETH: It is understood and agreed that the Landlord at its own

cost and expense will do the following work for Tenant in the demised premises:

- (1) Bathrooms will be cosmetically renovated in building standard manner.
- (2) All leaks are to be fixed.

/s/ I.S.

/s/ A.L.F.

LANDLORD

TENANT

In Witness Whereof, Landlord and Tenant have respectively signed and sealed this lease as of the day and year first above written.

500/512 SEVENTH AVENUE ASSOCIATES
HELMSLEY-SPEAR, INC., AGENTS

Witness for Landlord:

BY: /s/ IRVING SCHNEIDER

EXECUTIVE VICE PRESIDENT

BET STUDIO LLC

Witness for Tenant:

TENANT

PLEASE PRINT NAME AND HOME ADDRESS OF PRINCIPAL WHO WILL EXECUTE THIS LEASE BELOW:

Alan Feller

BY: /s/ ALAN FELLER

TITLE: SECRETARY/TREASURER

-----ACKNOWLEDGEMENTS.

LANDLORD

State of New York)
County of New York) ss:

On this day of , 19 , before me personally came , to me known and known to me to be a partner of , a co-partnership, mentioned and described in, and which executed the foregoing instrument, and the said duly acknowledged to me that he executed the said instrument for and on behalf of and with the authority of said for the uses and purposes therein mentioned.

INDIVIDUAL TENANT

State of New York)
County of New York) ss:

On this day of , 19 , before me personally came , to me known and known to me to be the individual who executed, the foregoing instrument, and acknowledged to me that he executed the same.

PARTNERSHIP TENANT

State of New York)
County of New York) ss:

On this day of , 19 , before me personally came , to me known and known to me to be a partner of , a co-partnership, mentioned and described in, and which executed the foregoing instrument, and the said duly acknowledged to me that he executed the said instrument for and on behalf of and with the authority of said for the uses and purposes therein mentioned.

CORPORATE TENANT

State of New York)
County of New York) ss:

On this day of , 19 , before me personally came , to me known, who being by me duly sworn, did depose and say that he resides at , that he is the of the corporation described in and which executed the foregoing instrument, and that he signed his name thereto by order of the Board of Directors of said corporation.

GUARANTY.

For Value Received, and in consideration for, and as an inducement to Landlord making the foregoing lease with Tenant, the undersigned guarantees to Landlord, its successors and assigns, the full performance and observance of all the covenants, conditions and agreements, including the "Rules and Regulations", therein provided to be performed and observed by Tenant, without requiring any notice or proof of non-payment, non-performance, or non-observance, and without demand, to charge the undersigned therefor, all of which the undersigned hereby expressly waives.

The undersigned further covenants and agrees: (a) that the validity of this agreement and its obligations hereunder shall in no wise be terminated, affected or impaired by reason of the assertion by Landlord against Tenant of any of the rights or remedies reserved to Landlord pursuant to the provisions of the within lease: (b) that this guaranty shall remain and continue in full force and effect as to any renewal, modification or extension of the within lease.

As a further inducement to Landlord to make the within lease and in consideration thereof, Landlord and the undersigned covenant and agree that in any action or proceeding or counterclaim brought by either against the other on any matters whatsoever arising out of, under, or in any way connected with said lease or this guaranty, or by virtue of the terms thereof, Landlord and the undersigned shall and do hereby waive trial by jury.

Dated, New York City _____, 19__

Witness

Address

State of New York)

noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them whether by the use of any instrument, radio, talking machine, musical noise, whistling, singing or in any other way.

9. No Tenant, nor any of Tenant's servants, employees, agents, visitors, or licensees, shall at any time bring or keep upon the demised premises any inflammable, combustible or explosive fluid, chemical and substance, or cause or permit any unusual or objectionable odors to be produced upon or permeate from the demised premises. No animals or birds shall be kept by Tenant in or about the building.

10. Landlord reserves the right to inspect all freight to be brought into the building and to exclude from the building all freight which violates any of these Rules and Regulations or the lease of which these Rules and Regulations are a part.

11. Landlord shall have the right to prohibit any advertising by any Tenant which, in its opinion, tends to impair the reputation of the building or its desirability and, upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

12. Canvassing, soliciting and peddling in the building is prohibited and each Tenant shall co-operate to prevent the same.

13. There shall not be used in any space, or in the public halls of any building, either by any Tenant or by jobbers or others, in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

14. No Tenant shall purchase spring water, ice, towels, or other like service, from any company or persons not approved by Landlord.

15. The use in the demised premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating, is prohibited.

EXHIBIT 10.9(a)

FIRST AMENDMENT TO LEASE

between

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, Landlord

and

G-III LEATHER FASHIONS, INC., Tenant

Premises:

A portion of the 43rd
and the entire 44th floors
512 Seventh Avenue
New York, New York

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") made as of the 1st day of July, 2000, by and between 500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, a New York limited partnership, having an office c/o Newmark & Company Real Estate, Inc. ("Landlord"), and G-III LEATHER FASHIONS, INC., a New York corporation, having an office at 512 Seventh Avenue, New York, New York ("Tenant").

W I T N E S S E T H:

WHEREAS, by Agreement of Lease dated as of April 23, 1997 (such lease, as the same may have been or may hereafter be amended, is hereinafter called the "Lease"), Landlord's predecessor-in-interest, did demise and let unto Tenant's predecessor-in-interest and Tenant's predecessor-in-interest did hire and take from Landlord's predecessor-in-interest the entire forty-fourth (44th) and a portion of the forty-third (43rd) floors (collectively, the "demised premises") as more particularly described in the Lease in the building (the "Building") known by the street address 512 Seventh Avenue, New York, New York;

WHEREAS, the term of the Lease currently expires on January 31, 2003;

WHEREAS, Tenant desires to extend the term of the Lease and Landlord is agreeable thereto on the terms and conditions hereinafter set forth; and

WHEREAS, Landlord and Tenant desire to modify and amend the Lease as hereinafter provided.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Lease unless otherwise specifically set forth herein to the contrary.

2. The term of the Lease is hereby extended for an additional term (the "Extended Term") of ten (10) years and nine (9) months commencing on July 1, 2000 (the "Extended Term Commencement Date") and ending on March 31, 2011 (the "Expiration Date"), as if the Expiration Date was originally set forth in the Lease as the expiration date thereof, instead of January 31, 2003.

3. Effective as of the first day of the Extended Term:

(a) The fixed annual rent to be paid by Tenant to Landlord under the Lease during the Extended Term shall be abated during the period commencing on the Extended Term Commencement Date and ending on December 31, 2000, and thereafter shall be payable as follows:

(i) For the period commencing on January 1, 2001 and ending on December 31, 2001, the fixed annual rent shall be Two Hundred Eleven Thousand Seven Hundred Forty-Four and 00/100 Dollars (\$211,744.00) per year, or Seventeen Thousand Six Hundred Forty-Five and 33/100 Dollars (\$17,645.33) per month;

(ii) For the period commencing on January 1, 2002 and ending on December 31, 2002, the fixed annual rent shall be Two Hundred Eighteen Thousand Ninety-Six and 32/100 Dollars (\$218,096.32) per year, or Eighteen Thousand One Hundred Seventy-Four and 69/100 Dollars (\$18,174.69) per month;

(iii) For the period commencing on January 1, 2003 and ending on December 31, 2003, the fixed annual rent shall be Two Hundred Twenty-Four Thousand Six Hundred Thirty-Nine and 21/100 Dollars (\$224,639.21) per year, or Eighteen Thousand Seven Hundred Nineteen and 93/100 Dollars (\$18,719.93) per month;

(iv) For the period commencing on January 1, 2004 and ending on December 31, 2004, the fixed annual rent shall be Two Hundred Thirty-One Thousand Three Hundred Seventy-Eight and 39/100 Dollars (\$231,378.39) per year, or Nineteen Thousand Two Hundred Eighty-One and 53/100 Dollars (\$19,281.53) per month;

(v) For the period commencing on January 1, 2005 and ending on December 31, 2005, the fixed annual rent shall be Two Hundred Thirty-Eight Thousand Three Hundred Nineteen and 74/100 Dollars (\$238,319.74) per year, or Nineteen Thousand Eight Hundred Fifty-Nine and 98/100 (\$19,859.98) per month;

(vi) For the period commencing on January 1, 2006 and ending on December 31, 2006, the fixed annual rent shall be Two Hundred Seventy-Eight Thousand Eighteen and 24/100 Dollars (\$278,018.24) per year, or Twenty-Three Thousand One Hundred Sixty-Eight and 19/100 Dollars (\$23,168.19) per month;

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(vii) Notwithstanding anything to the contrary contained herein, for the period commencing on January 1, 2006 and ending on March 31, 2006, the fixed annual rent shall be abated;

(viii) For the period commencing on January 1, 2007 and ending on December 31, 2007, the fixed annual rent shall be Two Hundred Eighty-Five Thousand Three Hundred Eighty One and 51/100 Dollars (\$285,381.51) per year, or Twenty-Three Thousand Seven Hundred Eighty-One and 79/100 Dollars (\$23,781.79) per month;

(ix) For the period commencing on January 1, 2008 and ending on December 31, 2008, the fixed annual rent shall be Two Hundred Ninety-Two Thousand Nine Hundred Sixty-Five and 68/100 Dollars (\$292,965.68) per year, or Twenty-Four Thousand Four Hundred Thirteen and 81/100 (\$24,413.81) per month;

(x) For the period commencing on January 1, 2009 and ending on December 31, 2009, the fixed annual rent shall be Three Hundred Thousand Seven Hundred Seventy-Seven and 37/100 Dollars (\$300,777.37) per year, or Twenty-Five Thousand Sixty-Four and 78/100 Dollars (\$25,064.78) per month;

(xi) For the period commencing on January 1, 2010 and ending on December 31, 2010, the fixed annual rent shall be Three Hundred Eight Thousand Eight Hundred Twenty-Three and 41/100 Dollars (\$308,823.41) per year, or Twenty-Five Thousand Seven Hundred Thirty-Five and 28/100 Dollars (\$25,735.28) per month; and

(xii) For the period commencing on January 1, 2011 and ending on March 31, 2011, the fixed annual rent shall be Three Hundred Seventeen Thousand Forty-Five and 92/100 Dollars (\$317,045.92) per year, or Twenty-Six Thousand Four Hundred Twenty and 49/100 Dollars (\$26,420.49) per month.

Except as set forth above, the fixed annual rent shall be paid by Tenant to Landlord in equal monthly installments in advance on the first day of each and every month without any set-off or deduction whatsoever in the manner provided in the Lease.

(b) The Fourth Article of the Lease is hereby deleted and the following is substituted therefor:

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"Tenant shall use and occupy the demised premises for showroom, design, general offices and sales offices for sale at wholesale and not retail, of all apparel and accessories."

(c) The Tenth Article of the Lease is hereby deleted and the following is substituted therefor:

"TENTH: - (i) Tenant shall not (A) assign or otherwise transfer this Lease or the term and estate hereby granted, (B) sublet the demised premises or any part thereof or allow the same to be used or occupied by others or in violation of Fourth Article hereof, (C) mortgage, pledge or encumber this Lease or the demised premises or any part thereof in any manner or permit any lien to be filed against this Lease, the demised premises or the Building by reason of any act or omission on the part of Tenant or enter into any agreement which would permit the filing of a lien by any broker (except for a broker's agreement in connection with a proposed assignment by Tenant of its rights and obligations under the Lease or a sublease of all or a portion of the demised premises), or (D) advertise, or authorize a broker to advertise for a subtenant or an assignee at a specified rental rate without, in each instance, obtaining the prior consent of Landlord, except as otherwise expressly provided in this Article 10. For purposes of this Article 10, (w) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, or subtenant, shall be deemed not to include the sale of such stock by persons or parties, through the "over-the-counter market" or through any recognized stock exchange, other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934 as amended (provided, however, that any transfer of stock of Tenant or any affiliate of Tenant by Morris Goldfarb to members of his immediate family for estate planning purposes shall not be deemed to effect an assignment of the Lease), (x) a takeover agreement shall be deemed a transfer of this Lease, (y) any person or legal representative of Tenant, to whom Tenant's interest under this Lease passes by

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operation of law, or otherwise, shall be bound by the provisions of this Article 10, and (z) a modification, amendment or extension of a sublease shall be deemed a sublease.

(ii) The provisions of subparagraph (i) hereof shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or with an entity to which substantially all of Tenant's assets are transferred or, if Tenant is a partnership, with a successor partnership (provided such merger or transfer of assets is for a good business purpose and not principally for the purpose of transferring the leasehold estate created hereby, and provided further, that either the (x) the assignee has a net worth at least equal to or in excess of the net worth of Tenant immediately prior to such merger or transfer, or (y) such assignee delivers a letter of credit, in the form annexed hereto as Exhibit A, in the amount equal to the product of (i) twelve (12) and (ii) the then prevailing monthly fixed rent).

(iii) Any assignment or transfer, whether made with Landlord's consent as required by subparagraph (i) or without Landlord's consent pursuant to subparagraph (ii) hereof, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord a recordable agreement (unless the assignment shall be a "deemed" assignment by reason of a transfer of a majority interest in Tenant), in form and substance reasonably satisfactory to Landlord, whereby the assignee shall assume the obligations and performance of this Lease and agree to be personally bound by and upon all of the covenants, agreements, terms, provisions and conditions hereof on the part of Tenant to be performed or observed and whereby the assignee shall agree that the provisions of subparagraph (i) hereof shall, notwithstanding such an assignment or transfer, continue to be binding upon it in the future. Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of fixed annual rent by Landlord from an assignee or transferee or any other party, Tenant shall remain fully and primarily liable for the payment of the fixed annual rent and additional rent due and to become due under this Lease and for the performance of all of the covenants, agreements, terms, provisions and conditions of this Lease on the part of Tenant to be performed or observed.

(iv) The liability of Tenant, and the due performance by Tenant of the obligations on its part to be performed under this Lease, shall not

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be discharged, released or impaired in any respect by an agreement or stipulation made by Landlord or any grantee or assignee of Landlord, by way of mortgage, or otherwise, extending the time of, or modifying any of the obligations contained in this Lease, or by any waiver or failure of Landlord to enforce any of the obligations on Tenant's part to be performed under this Lease, and Tenant shall continue to be liable hereunder. If any such agreement or modification operates to increase the obligations of a tenant under this Lease, the liability under this subparagraph (iv) of the tenant named in the Lease or any of its successors in interest, (unless such party shall have expressly consented in writing to such agreement or modification) shall continue to be no greater than if such agreement or modification had not been made. To charge Tenant named in this Lease and its successors in interest after this Lease shall be assigned, no demand or notice of any default to the named Tenant shall be required. Tenant and each of its successors in interest hereby expressly waive any such demand or notice.

(v) (A) Should Tenant determine, subject to the provisions of this Lease, to assign this Lease, other than by an assignment contemplated by subparagraph (ii) hereof, Tenant shall not less than forty-five (45) days prior to the effective date of the contemplated assignment, deliver to Landlord a term sheet setting forth the terms and the effective date of the contemplated assignment transaction, the identity of the proposed

assignee and information (including, without limitation, current financial information regarding net worth, credit and financial responsibility) with respect to the nature and character of the proposed assignee's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease, as of such effective date as if it were the Expiration Date set forth in this Lease or (y) accept an assignment of this Lease from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's counsel, an assignment which shall be effective as of such effective date.

(B) In the event that this Lease shall be assigned to Landlord or Landlord's designee or if the demised premises shall be sublet to Landlord or Landlord's designee pursuant to this subparagraph (v), the provisions of any such sublease or assignment and the obligations of Landlord and the rights of Tenant with respect thereto shall not be binding upon or otherwise affect the rights of any holder of a superior

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mortgage or of a lessor under a superior lease unless such holder or lessor shall elect by written notice to Tenant to succeed to the position of Landlord or its designee, as the case may be, thereunder.

(C) Should Tenant determine subject to the provisions of this Lease, to sublet the demised premises or any portion thereof, other than by a sublease contemplated by subparagraph (ii) hereof, Tenant shall, not less than forty-five (45) days prior to the effective date of the contemplated sublease, deliver to Landlord, a term sheet setting forth the terms of the contemplated sublease transaction, the effective date therefor, the identity of the proposed subtenant, and information with respect to the nature and character of the proposed subtenant's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease as to the portion of the demised premises affected by such subletting or as to the entire demised premises, in the case of a subletting thereof, as of such effective date, (y) in the case of a proposed subletting of the entire demised premises, accept an assignment of this Lease to Landlord from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's and Tenant's counsel, an assignment which shall be effective as of such effective date, (z) accept a sublease from Tenant of the portion of the demised premises affected by such proposed subletting or the entire demised premises in the case of a proposed subletting thereof, and Tenant shall then promptly execute and deliver a sublease to Landlord, or Landlord's designee if so elected by Landlord, for the term provided in the aforementioned term sheet, commencing with such effective date, at (1) the rental terms reflected in such term sheet or (2) the rental terms contained in this Lease on a per rentable square foot basis, as elected by Landlord in such notice.

(D) If Landlord should elect to have Tenant execute and deliver a sublease to Landlord or its designee pursuant to any of the provisions of this subparagraph (v), said sublease shall be in a form reasonably satisfactory to Landlord's counsel and on all the terms contained in this Lease, except that:

(1) The rental terms, if elected by Landlord, may be either as provided in item (1) or item (2) of subparagraph (v)(C) hereof,

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(2) Except as provided in this subparagraph (v)(D), the terms of the sublease shall be on the same terms set forth in the term sheet delivered to Landlord (as described in subparagraph (v)(C) hereof),

(3) The subtenant thereunder shall have the right to underlet the subleased premises, in whole or in part, without Tenant's consent,

(4) The subtenant thereunder shall have the right to make, or cause to be made, any changes, alterations, decorations, additions and improvements that such subtenant may desire or authorize,

(5) Such sublease shall expressly negate any intention that any estate created by or under such sublease be merged with any other estate held by either of the parties thereto,

(6) Any consent required of Tenant, as lessor under that sublease, shall be deemed granted if consent with respect thereto is granted by Landlord,

(7) There shall be no limitation as to the use of the sublet premises by the subtenant thereunder,

(8) Any failure of the subtenant thereunder to comply with the provisions of said sublease, other than with respect to the payment of rent to Tenant, shall not constitute a default thereunder or hereunder if Landlord has consented to such non-compliance,

(9) Such sublease shall provide that Tenant's obligations with respect to vacating the demised premises and removing any changes, alterations, decorations, additions or improvements made in the subleased premises shall be limited to those which accrued and related to such as were made prior to the effective date of the sublease, and

(10) If subtenant shall fail to pay the rent under the sublease to Tenant within ten (10) days after such installment of rent shall have become due, then Tenant may give subtenant notice thereof and if subtenant shall continue to fail to make any

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such payment within thirty (30) days after the giving of such notice, then Tenant shall be entitled to offset the amount not paid against the next rent coming due under the Lease. Notwithstanding anything herein to the contrary, such offset right shall not be binding upon nor inure to any mortgagee or superior lessor.

(E) If pursuant to the exercise of any of Landlord's options pursuant to this subparagraph (v) this Lease is terminated as to only a portion of the demised premises, then the fixed annual rent payable hereunder and the additional rent payable pursuant to the terms of this Lease shall be adjusted in proportion to the portion of the demised premises affected by such termination.

(vi) In the event that Landlord does not exercise any of the options available to it pursuant to subparagraph (v) hereof, Landlord shall not unreasonably withhold or delay its consent to an assignment of this Lease or a subletting of the whole or any part of the demised premises for substantially the remainder of the term of this Lease, provided:

(A) Tenant shall furnish Landlord with the name and business address of the proposed subtenant or assignee and information with respect to the nature and character of the proposed subtenant's or assignee's business, or activities, such references and current financial information with respect to net worth, credit and financial responsibility as are

reasonably satisfactory to Landlord, and an executed counterpart of the sublease or assignment agreement;

(B) The proposed subtenant or assignee is a party whose financial net worth, credit and financial responsibility is, considering the responsibilities involved, reasonably satisfactory to Landlord;

(C) The nature and character of the proposed subtenant or assignee, its business or activities and intended use of the demised premises is, in Landlord's reasonable judgment, in keeping with the standards of the Building and the floor or floors on which the demised premises are located;

(D) The proposed subtenant or assignee is not then an occupant of any part of the Building or a party who dealt with Landlord or Landlord's agent (directly or through a broker) with respect

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to space in the Building during the six (6) months immediately preceding Tenant's request for Landlord's consent;

(E) All costs incurred with respect to providing reasonably appropriate means of ingress and egress from the sublet space or to separate the sublet space from the remainder of the demised premises shall, subject to the provisions of this Lease with respect to alterations, installations, additions or improvements be borne by Tenant;

(F) Each sublease shall specifically state that (x) it is subject to all of the applicable terms, covenants, agreements, provisions, and conditions of this Lease, (y) the subtenant will not have the right to a further sublease thereunder (except the subtenant of an entire floor of the demised premises shall have all the rights to assign and sublease afforded to the named Tenant herein (i.e., G-III Leather Fashions, Inc.); provided, notwithstanding the provisions of subparagraph (vii)(B) of this Article 10, such subtenant shall pay to Landlord any and all rents, additional charge or other consideration payable under such sub-sublease or otherwise to subtenant by the sub-subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of such sub-sublease in respect of the sub-subleased space (at the rate per square foot payable by subtenant thereunder) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of subtenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of subtenant's federal income tax returns), and less the reasonable costs of effecting such transaction, including, without limitation, brokerage commissions, legal fees and build out costs, or to allow the demised premises to be used by others, without the consent of Landlord in each instance, and (z) a consent by Landlord thereto shall not be deemed or construed to modify, amend or affect the terms and provisions of this Lease, or Tenant's obligations hereunder, which shall continue to apply to the premises involved, and the occupants thereof, as if the sublease had not been made;

(G) Tenant shall, together with requesting Landlord's consent hereunder, have paid Landlord any reasonable out-of-pocket costs incurred by Landlord to review the requested consent including any attorneys fees incurred by Landlord;

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(H) The proposed subtenant or assignee is not (w) a retail branch of a bank trust company, safe deposit business, savings and loan association or loan company; (x) an employment or recruitment agency; (y) a school, college, university or educational institution, whether or not for profit; (z) a government or any subdivision or agency thereof;

(I) In the case of a subletting of a portion of the demised premises, the layout of the portion so sublet shall be commercially reasonable and suitable for normal renting purposes and such subletting will not result in more than two (2) occupants (including Tenant) per floor occupying the demised premises; and

(J) Tenant shall not have advertised or listed with any brokers the proposed assignment or subletting at a rental rate less than the rental rates then being charged under leases being entered into by Landlord for comparable space in the Building.

(vii) If Tenant shall assign this Lease or sublease all or any part of the demised premises, Tenant shall pay to Landlord, as additional rent:

(A) in the case of an assignment, an amount equal to one-quarter (1/4) of all sums and other considerations paid to Tenant by the assignee for or by reason of such assignment or otherwise (including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns); and

(B) in the case of a sublease, one-quarter (1/4) of the amount equal to any and all rents, additional charge or other consideration payable under the sublease or otherwise to Tenant by the subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns).

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The sums payable under this subparagraph (vii) shall be paid to Landlord as and when paid by the subtenant or assignee, as the case may be, to Tenant.

(viii) If Tenant defaults in the payment of any rent, Landlord is authorized to collect any rents due or accruing from any assignee, subtenant or other occupant of the demised premises and to apply the net amounts collected to the fixed annual rent and additional rent reserved herein. The receipt by Landlord of any amounts from an assignee or subtenant, or other occupant of any part of the demised premises shall not be deemed or construed as releasing Tenant from Tenant's obligations hereunder or the acceptance of that party as a direct tenant."

(d) The Twelfth Article of the Lease is hereby supplemented with the following:

"(c) Notwithstanding anything to the contrary, Landlord shall have the right and privilege to serve at any time up to six (6) months prior to the expiration of the term of this Lease, a notice upon Tenant that any 'nonstandard alterations' shall be removed and, in the event of service of such notice, Tenant will, at Tenant's cost and expense, remove the same in accordance with such request and repair any damage to the demised premises caused by such removal; provided that Landlord shall have advised Tenant at the time it consented to any such nonstandard alteration that Landlord

may require its removal at the end of the Lease term, if and to the extent that Tenant shall have requested in writing such advice from Landlord when it requested Landlord's consent to such alteration. For the purposes of this Article 12, a 'nonstandard alteration' shall mean auditoriums or similar type special use areas, vaults, atriums, kitchen equipment and installations, internal stairways, slab reinforcements, raised floors or other alterations which impede the installation of duct work or other normal installations above the finished ceiling or which are not suitable for normal office occupancy or which would be unusually difficult or costly to remove in comparison to usual alterations required for general office purposes. Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to July 1, 2000, shall be deemed to be standard alterations which Landlord may not require Tenant to remove."

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(e) The Twenty-Second Article of the Lease is hereby deleted and the following is substituted therefor:

"(i) Tenant agrees that Landlord shall furnish electricity to Tenant on a 'submetering' basis. Landlord shall install any submeters reasonably required, in Landlord's judgment, in the demised premises for the purposes of this Article, at Tenant's sole cost and expense. Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including, but not limited to, services which facilitate the distribution of service.

(ii) Tenant covenants and agrees to purchase electricity from Landlord or Landlord's designated agent at charges, terms and rates, including, without limitation, fuel adjustments and taxes, equal to those specified in the Con Edison SC#4-I rate schedule effective on the date Landlord first provides electricity to the demised premises on a submetering basis (the "effective" date), or any successor rate schedule or service classification, plus five percent (5%) for transmission line loss and other redistribution costs. Where more than one (1) meter measures the service of Tenant in the Building, then the service registered by each meter shall be aggregated and billed at the applicable rate as if there were only one (1) sub-meter measuring Tenant's aggregate use in the entire demised premises. Bills therefore shall be rendered at such times as Landlord may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, Additional Charges. If any tax is imposed by any Federal, State or Municipal authority upon Landlord's receipts from the sale or resale of electrical energy to Tenant hereunder, Tenant covenants and agrees that where permitted by law, Tenant's pro-rata share of such taxes shall be included in the amount of Additional Charges to be paid by Tenant to Landlord hereunder.

(iii) If all or part of the submetering additional rent payable in accordance with this Article 22 becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Landlord's option, in lieu of submetering Additional Charges, and in consideration of Tenant's use of the Building's electrical distribution system and receipt of redistributed electricity and payment by Landlord of consultant's fees and other redistribution costs, the fixed annual rent to be paid under this Lease shall be increased by an "alternative charge" which shall be the

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average per rentable square foot rate payable by Tenant for electricity during the prior twelve (12) month period pursuant to this Article.

(iv) Landlord shall not be liable for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the Building or wiring installation. Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole cost and expense of Tenant, if, in Landlord's reasonable judgment, the same are reasonably necessary and will not cause permanent damage or injury to the Building or demised premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expenses or otherwise interfere with or disturb other tenants or occupants of the Building, except to a de minimis extent. In addition to the installation of such riser or risers, Landlord will also, at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, electricity purchases and the redistribution thereof, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes. Anything hereinabove to the contrary notwithstanding, in no event is the submetering, additional rent or any "alternative charge" to be less than an amount equal to the total of Landlord's payment to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus five percent (5%) for transmission line loss and other redistribution costs. Landlord reserves the right to terminate the furnishing of electricity upon sixty (60) days' prior written notice to Tenant; provided Landlord terminates the furnishing of electricity to at least fifty percent (50%) of the tenants of the Building (not including those retail tenants on the ground floor of the Building) to whom Landlord is furnishing electricity on a submetered basis, in which event the Tenant may make application directly to the public utility and/or other providers for the Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then authorized load. Any meters,

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risers, or other equipment or connections reasonably necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed at Tenant's sole cost and expense. Only rigid conduit or electrical metal tubing (EMT) will be allowed. Landlord, upon the expiration of the aforesaid sixty (60) days' prior written notice period may discontinue furnishing the electric current but this Lease shall otherwise remain in full force and effect.

(v) Tenant's use of electric energy in the demised premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the demised premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's distribution of electricity via the Building's electric system, Tenant shall not, without Landlord's prior consent in each instance (which consent shall not be unreasonably withheld or delayed), connect any fixtures, appliances or equipment (other than normal business machines and personal computers, which do not materially increase Tenant's electrical consumption) to the Building's electric system or make any alterations or additions to the electric system of the demised premises existing on the Extended Term Commencement Date. Landlord shall continue to make electrical energy available to the demised premises

in accordance with current practice.

(vi) (1) Upon Tenant's request therefor, Landlord shall provide Tenant with utility invoices and other reasonable documentation supporting its computation of Additional Charges hereunder.

(2) At Landlord's option, Tenant shall purchase from Landlord or Landlord's agent all lighting tubes, lamps, bulbs and ballasts used in the demised premises and Tenant shall pay Landlord's reasonable charges for providing and installing same, on demand, as additional rent."

(f) Tenant shall simultaneously upon execution of the First Amendment of Lease dated as of July 1, 2000 (the "Amendment") deliver to Landlord cash security in the amount of Twenty-One Thousand Six Hundred Ninety and 31/100 Dollars (\$21,690.31) to be held in accordance with the provisions of the Thirty-Eighth Article of the Lease.

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(g) The Thirty-Ninth Article of the Lease is hereby amended as follows:

(i) All references to "five (5) days" in subparagraph (a) thereof are hereby deleted and "fifteen (15) days" is substituted therefor.

(ii) Subparagraph (b) thereof is hereby amended by deleting proviso (1) therefrom and substituting the following therefor:

"(1) if Tenant shall make default in the payment of the rent reserved herein for a period of five (5) days after receipt of written notice from Landlord that same is past due or default in the payment of additional rent due herein for a period of fifteen (15) days after receipt of written notice from Landlord that same is past due..."

(h) The Forty-Eighth Article of the Lease is hereby amended such that notices sent by Tenant to Landlord shall be sent as set forth in the Lease to c/o Newmark & Company Real Estate, Inc., 125 Park Avenue, New York, New York 10017. A copy of any default or any other notices shall be sent to Arent Fox Kintner Plotkin & Kahn, PLLC, 1675 Broadway, New York, New York 10019, Attention: Jill Hayman, Esq. The Forty-Eighth Article of the Lease is hereby further amended such that a copy of notices sent by Landlord to Tenant shall also be sent to Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103, Attention: Douglas J. Danzig, Esq.

(i) The Fifty-Seventh Article of the Lease is hereby deleted and the following is substituted therefor:

"FIFTY-SEVENTH: - (i) (A) For purposes of this Lease, the term "First Offering Space" shall mean the rentable portion of the forty-third (43rd) floor of the Building not currently occupied by Tenant. For the purposes of this Article 57, the aggregate rentable area of the First Offering Space shall be deemed to be 7,100 rentable square feet.

(B) Provided Tenant is not in default under the terms and conditions of this Lease beyond any notice and cure periods provided for under Article 39 hereof or any other provisions of this Lease, either as of the date of the giving of "Tenant's First Notice" or the "First Offering Space Inclusion Date" (as such terms are hereinafter defined), if at any time during the term of this Lease the First Offering Space shall become available for lease, Landlord shall first offer to Tenant, subject to the provisions of this Article 57, the

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right to include the entire (and not less than the entire) First Offering Space within the demised premises upon all the terms and conditions of this Lease, except that:

(1) the fixed annual rent to be paid with respect to the First Offering Space under this Article 57 shall be:

(a) For the period commencing on January 1, 2001 and ending on December 31, 2001, the fixed annual rent shall be One Hundred Eighty-Four Thousand Six Hundred and 00/100 Dollars (\$184,600.00) per year, or Fifteen Thousand Three Hundred Eighty-Three and 33/100 Dollars (\$15,383.33) per month;

(b) For the period commencing on January 1, 2002 and ending on December 31, 2002, the fixed annual rent shall be One Hundred Ninety Thousand One Hundred Thirty-Eight and 00/100 Dollars (\$190,138.00) per year, or Fifteen Thousand Eight Hundred Forty-Four and 83/100 Dollars (\$15,844.83) per month;

(c) For the period commencing on January 1, 2003 and ending on December 31, 2003, the fixed annual rent shall be One Hundred Ninety-Five Thousand Eight Hundred Forty-Two and 14/100 Dollars (\$195,842.14) per year, or Sixteen Thousand Three Hundred Twenty and 18/100 Dollars (\$16,320.18) per month;

(d) For the period commencing on January 1, 2004 and ending on December 31, 2004, the fixed annual rent shall be Two Hundred One Thousand Seven Hundred Seventeen and 40/100 Dollars (\$201,717.40) per year, or Sixteen Thousand Eight Hundred Nine and 78/100 Dollars (\$16,809.78) per month;

(e) For the period commencing on January 1, 2005 and ending on December 31, 2005, the fixed annual rent shall be Two Hundred Seven Thousand Seven Hundred Sixty Eight and 93/100 Dollars (\$207,768.93) per year, or Seventeen Thousand Three Hundred Fourteen and 08/100 Dollars (\$17,314.08) per month;

(f) For the period commencing on January 1, 2006 and ending on December 31, 2006, the fixed annual rent shall be Two Hundred Fourteen Thousand Two and 00/100 Dollars (\$214,002.00) per year, or Seventeen Thousand Eight Hundred Thirty-Three and 50/100 Dollars (\$17,833.50) per month;

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(g) Notwithstanding anything to the contrary contained herein, for the period commencing on January 1, 2006 and ending on March 31, 2006, the fixed annual rent shall be abated;

(h) For the period commencing on January 1, 2007 and ending on December 31, 2007, the fixed annual rent shall be Two Hundred Twenty Thousand Four Hundred Twenty-Two and 05/100 Dollars (\$220,422.05) per year, or Eighteen Thousand Three Hundred Sixty-Eight and 50/100 Dollars (\$18,368.50) per month;

(i) For the period commencing on January 1, 2008 and ending on December 31, 2008, the fixed annual rent shall be Two Hundred Twenty-Seven Thousand Thirty-Four and 72/100 Dollars (\$227,034.72) per year, or Eighteen Thousand Nine Hundred Nineteen and 56/100 Dollars (\$18,919.56) per month;

(j) For the period commencing on January 1, 2009 and ending on December 31, 2009, the fixed annual rent shall be Two Hundred Thirty-Three Thousand Eight Hundred Forty-Five and 76/100 Dollars

(\$233,845.76) per year, or Nineteen Thousand Four Hundred Eighty Seven and 15/100 Dollars (\$19,487.15) per month; and

(k) For the period commencing on January 1, 2010 and ending on December 31, 2010, the fixed annual rent shall be Two Hundred Forty Thousand Eight Hundred Sixty-One Thousand and 13/100 Dollars (\$240,861.13) per year, or Twenty-Thousand Seventy-One and 76/100 Dollars (\$20,071.76) per month; and

(l) For the period commencing on January 1, 2011 and ending on March 31, 2011, the fixed annual rent shall be Two Hundred Forty-Eight Thousand Eighty-Six and 96/100 Dollars (\$248,086.96) per year, or Twenty Thousand Six Hundred Seventy-Three and 91/100 Dollars (\$20,673.91) per month.

(2) Effective as of the First Offering Space Inclusion Date for purposes of calculating the additional rent payable under the Lease allocable to the First Offering Space, Tenant's Proportionate Share shall be increased by 1.39%;

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(3) The security required to be maintained pursuant to Article 38 hereof shall be increased by Eighteen Thousand Nine Hundred Nine and 77/100 Dollars (\$18,909.77); and

(4) The fixed annual rent with respect to the First Offering Space shall abate commencing on the First Offering Space Inclusion Date (as hereinafter defined) and such abatement shall extend for three (3) months thereafter.

(C) Such offer shall be made by Landlord to Tenant in a written notice (hereinafter called the "First Offer Notice").

(D) Tenant may accept the offer set forth in the First Offer Notice by delivering to Landlord an unconditional acceptance (hereinafter called "Tenant's First Notice") of such offer within twenty (20) days after delivery by Landlord of the First Offer Notice to Tenant. Such First Offering Space shall be added to and included in the demised premises on the later to occur (herein called the "First Offering Space Inclusion Date") of (i) the day that Tenant exercises its option as aforesaid, or (ii) the date such First Offering Space, demolished by Landlord in accordance with its obligations hereunder, shall become available for Tenant's possession. Time shall be of the essence with respect to the giving of Tenant's First Notice.

(E) If Tenant does not accept (or fails to timely accept) an offer made by Landlord pursuant to the provisions of this Article 57 with respect to the First Offering Space, (i) Tenant shall have no further right under this Article 57 to lease the First Offering Space, and (ii) Landlord shall have no further obligations under this Article 57, which shall be deemed null and void.

(F) The provisions of this Article 57 shall be effective only if, on the date on which Tenant accepts possession of the First Offering Space, the Tenant named herein or its successor as permitted pursuant to Article 10(ii) hereof, is in actual occupancy of the entire demised premises.

(ii) Notwithstanding any language to the contrary contained in this Lease, only the Tenant named herein (i.e., G-III Leather Fashions, Inc.) and such other entity becoming an occupant herewith pursuant to Article 10(ii) hereof shall have the right to lease additional space pursuant to this Article 57.

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(iii) It is understood and agreed that Landlord shall, at its sole cost and expense, demolish the First Offering Space prior to Tenant's occupancy thereof. In the event Landlord fails to perform its obligations pursuant to the preceding sentence on or before August 1, 2001, Tenant has the right, at no cost or expense to Tenant, to withdraw Tenant's First Notice by written notice to Landlord, whereupon the First Offering Space shall not be included in the demised premises and the terms and provisions of the Lease shall remain in full force and effect, except that the First Offering Space shall not be part of the demised premises and Tenant shall have no further rights to the First Offering Space. Notwithstanding the previous sentence, in the event such failure to demolish the First Offering Space is by reason of the prior tenant's holding over in the First Offering Space, Landlord shall have an additional ninety (90) days, after Tenant's written notice to Landlord of its intent to withdraw Tenant's First Notice, to complete the eviction of such holdover tenant and the demolition of the First Offering Space.

(j) The term "base tax year" as set forth in the Fifty-Eighth Article of the Lease is hereby amended to mean "the New York City real estate tax year commencing July 1, 2000 and ending June 30, 2001".

(k) The Sixty-Fifth Article of the Lease is hereby deleted and the following is substituted therefor:

"SIXTY-FIFTH: - Within fifteen (15) days after the Amendment has been fully executed, Landlord shall pay Tenant as a contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of Forty Thousand Seven Hundred Twenty and 00/100 (\$40,720.00) Dollars. On February 1, 2006, Landlord shall pay Tenant as a second (2nd) contribution to the cost of Tenant's work to prepare the demised premises for Tenant's occupancy, the amount of One Hundred Twenty-Two Thousand One Hundred Sixty and 00/100 (\$122,160.00) Dollars."

(l) The Sixty-Sixth Article of the Lease is hereby deleted and the following is substituted thereof:

"SIXTY-SIXTH: - (i) If Tenant shall fail to pay any installment of fixed annual rent for more than five (5) days after the same becomes due and payable or any amount of additional rent for more than fifteen (15) days after the same becomes due and payable (collectively, the "Default Periods"), Tenant shall pay Landlord a late charge of ten cents (\$0.10) for each dollar of such fixed annual rent or additional rent as shall not

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have been paid to Landlord within said respective Default Periods. Such late charge shall be without prejudice to any of Landlord's rights and remedies hereunder or at law for nonpayment of rent, shall be in addition thereto and shall be deemed to be additional rent. Notwithstanding anything to the contrary contained herein, Tenant shall be permitted to pay an installment of fixed annual rent late once per calendar year without incurring a late charge, provided such payment is received no later than the tenth (10th) day of the month in which such payment is due. Further, notwithstanding anything to the contrary contained herein, Landlord shall waive the late charge for one (1) late payment of additional rent by Tenant per calendar year, provided such payment is received no later than thirty (30) days after the date such payment was due.

(ii) If in accordance with the Thirty-Ninth Article of the Lease, Tenant shall be in default in the payment of (A) any installment of fixed annual rent or any amount of additional rent or (B) any other sum of money which shall become due and payable by Tenant to Landlord pursuant to the terms of this Lease or by reason of Tenant's occupancy of the demised premises, in addition to (and not in lieu of) the late charge provided for in subparagraph (i) above, Tenant shall pay interest thereon at a rate equal to the lesser of four percent (4%) above the prime rate per annum from

time to time set forth in The Wall Street Journal, calculated on the basis of the actual days elapsed, based on a 360-day year, or the minimum rate of interest allowed by applicable law(s), if any, then prevailing, from the date on which such installment or payment is due to the date of payment thereof, and such interest shall be deemed to be additional rent.

(iii) Except as required by statute and under the laws, nothing contained in Article 39 or in this Article 66 shall be deemed to require Landlord to give the notices therein or herein (if any) provided for prior to the commencement of a summary proceeding for nonpayment of rent or a plenary action for the recovery of rent on account of any default in the payment of the same, it being intended that such notices are for the sole purpose of creating a conditional limitation hereunder pursuant to which this Lease shall terminate and if Tenant thereafter remains in possession or occupancy, it shall become a holdover tenant."

(m) The Sixty-Eighth Article of the Lease is hereby deleted and the following is substituted therefor:

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"SIXTY-EIGHTH: - (i) This Lease shall be governed in all respects by the laws of the State of New York.

(ii) If, in connection with obtaining financing for the Building, a bank, insurance company or other lending institution shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, decrease the obligations of Landlord hereunder, except to a de minimis extent, or otherwise materially or adversely affect Tenant's leasehold interest hereby created.

(iii) Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease (if any) at any time when Tenant is in monetary default, after applicable notice, grace and/or cure periods, in the performance or observance of any of the covenants, terms, provisions or conditions on its part to be performed or observed under this Lease.

(iv) Tenant shall not occupy any space in the Building (by assignment, sublease or otherwise) other than the demised premises or other premises leased to Tenant directly by Landlord (except if the named Tenant herein is subsequently purchased by a third party which leases space in the Building), except with the prior written consent of Landlord in each instance.

(v) Tenant acknowledges that it has no rights to any development rights, "air rights" or comparable rights appurtenant to the land or building, and consents, without further consideration, to any utilization of such rights by Landlord and agrees to promptly execute and deliver any instruments which may be requested by Landlord, including instruments which may be reasonably requested by Landlord, including instruments merging zoning lots, evidencing acknowledgment and consent. The provisions of this paragraph shall be deemed to be and shall be construed as an express waiver by Tenant of any interest Tenant may have as a "party in interest" (as such quoted term is defined in Section 12 Zoning Lot of the Zoning Resolution of the City of New York) in the building or the land.

(vi) Any and all payments and charges to be paid by Tenant hereunder other than the annual rent payable pursuant to this Lease shall be additional rent hereunder for non-payment of which Landlord shall have all of the remedies provided herein or at law.

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(vii) If this Lease be a renewal of an existing lease between the parties or their predecessors in interest, then any obligation of Tenant for the payment of rent or additional rent or the performance of any obligation under such existing lease which accrues prior to the expiration thereof shall constitute an obligation under this Lease, except as modified by the Amendment (as that term is defined in Article 38 of this Lease), for nonpayment or non-performance for which Landlord shall have all of the remedies provided herein."

(n) The Seventieth Article of the Lease is hereby deleted and the following is substituted therefor:

"SEVENTIETH: - As a material inducement to Landlord for entering into this Lease, Tenant covenants and agrees that except for the inside surfaces of all walls, windows and doors bounding the demised premises, all of the remainder of the Building is exclusively reserved to Landlord, subject to Tenant's right to use the common areas of the Building in accordance with the applicable provisions of this Lease (including, without limitation, the lobby, elevators and core bathrooms, as opposed to private bathrooms, on the forty-third (43rd) and forty-fourth (44th) floors of the Building). Notwithstanding anything to the contrary contained herein, Tenant shall have the right to use in accordance with the Lease, the electric and telephone closets and so-called "slop" sinks on the forty-third (43rd) and forty-fourth (44th) floors of the Building."

(o) (i) The second (2nd) sentence of the Twenty-First Article of the Lease shall be amended to read as follows:

"Landlord or Landlord's agents shall have the right to enter the demised premises at reasonable times after notice (which may be oral) to Tenant to examine the same..."

(ii) The fourth (4th) sentence of the Twenty-Fifth Article of the Lease is hereby deleted. The phrase "or Landlord's removal thereof or termination of the operation thereof as provided in this paragraph," in the fifth (5th) sentence of the Twenty-Fifth Article is hereby deleted.

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(iii) The phrase "person or property" on the third (3rd) line of the Thirty-Second Article of the Lease shall be replaced by the phrase "the premises".

4. Each party hereto covenants, warrants and represents to the other party that it has had no dealings, conversations or negotiations with any broker other than Newmark & Company Real Estate, Inc., concerning the execution and delivery of this Amendment. Each party hereto agrees to defend, indemnify and hold harmless the other party against and from any claims for any brokerage commissions and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and disbursements, arising out of its respective representations and warranties contained in this Paragraph 4 being untrue. Landlord shall pay any brokerage fees which may be due to Newmark & Company Real Estate, Inc. in connection with this Amendment pursuant to a separate agreement.

5. Except as expressly set forth in this Amendment, the terms and conditions of the Lease shall continue in full force and effect without any change or modification and shall apply for the balance of the term of the Lease as hereby extended. In the event of a conflict between the terms of the Lease and the terms of this Amendment, the terms of this Amendment shall govern.

6. This Amendment shall not be altered, amended, changed, waived, terminated or otherwise modified in any respect or particular, and no consent or

approval required pursuant to this Agreement shall be effective, unless the same shall be in writing and signed by or on behalf of the party to be charged.

7. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and permitted assigns.

8. All prior statements, understandings, representations and agreements between the parties, oral or written, are superseded by and merged in this Amendment, which alone fully and completely expresses the agreement between them in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Amendment relating to the demised premises. Landlord acknowledges that Tenant has other space in the Building pursuant to separate agreements between Landlord and Tenant which may be renewed and amended from time to time.

9. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has

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expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10. This Amendment shall be interpreted and enforced in accordance with the laws of the state in which the demised premises are located without reference to principles of conflicts of laws.

11. If any provision of this Amendment shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Amendment and to this end the provisions of this Amendment are intended to be and shall be severable. Notwithstanding the foregoing sentence, if (i) any provision of this Amendment is finally determined by a court of competent jurisdiction to be unenforceable or invalid in whole or in part, (ii) the opportunity for all appeals of such determination have expired, and (iii) such unenforceability or invalidity alters the substance of this Amendment (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Amendment within thirty (30) days after the final determination by notice to the other. If such party so elects to terminate this Amendment, then this Amendment shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except those obligations which expressly survive the termination of this Amendment.

12. LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT EACH MAY HAVE TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AMENDMENT OR ANY OTHER DOCUMENT EXECUTED AND DELIVERED BY EITHER PARTY IN CONNECTION HERewith (INCLUDING ANY ACTION TO RESCIND OR CANCEL THIS AMENDMENT ON THE GROUNDS THAT THIS AMENDMENT WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE).

13. This Amendment may be executed in any number of counterparts. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for this Amendment to be effective.

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14. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

* * * * *

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the signature page follows]

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the date and year first above written.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: 500-512 ArCap LLC, its General Partner

By: Archon Capital, L.P., its sole Member

By: WH MezzCo GP, L.L.C., its General Partner

By: /s/ Alan S. Kava

Name: Alan S. Kava
Title: Vice President

By: GS MezzCo GP, L.L.C., its General Partner

By:

Name:
Title:

TENANT:

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller

Name: Wayne S. Miller
Title: CFO

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EXHIBIT 21

G-III APPAREL GROUP, LTD.
SUBSIDIARIES OF THE COMPANY
(as of January 31, 2001)

G-III Leather Fashions, Inc., a New York corporation
G-III Retail Outlets, Inc., a Delaware corporation
Siena Leather Ltd., a New York corporation
Global International Trading Company, A Korean corporation
G-III Hong Kong Ltd., a Hong Kong corporation
Indawa Holding Corp., a Delaware corporation
P.T. Balihides, an Indonesian corporation
Global Apparel Sourcing, Ltd., a Delaware corporation
G-III Apparel Manufacturing, Inc., a Tennessee corporation

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Registration Nos. 33-45460, 33-45461, 33-81066, 333-51765, 333-80937, and 333-39298) of our report dated March 22, 2001, with respect to the consolidated financial statements and schedule of G-III Apparel Group, Ltd. and subsidiaries included in the Annual Report (Form 10-K) for the year ended January 31, 2001.

/s/ Ernst & Young LLP

New York, New York
April 27, 2001

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
G-III Apparel Group, Ltd.

We have issued our report dated March 31, 2000, accompanying the consolidated financial statements included in the Annual Report of G-III Apparel Group, Ltd. on Form 10-K for the years ended January 31, 2000 and 1999. We hereby consent to the incorporation by reference of said report in the Registration Statements of G-III Apparel Group, Ltd. on Form S-8 (Registration Nos. 33-45460; 33-45461; 333-81066; 333-51765; 333-80937 and 333-39298).

/s/ GRANT THORNTON LLP

New York, New York
April 25, 2001