

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

Quarter Ended: August 3, 1996

Commission File Number: 0-15898

DESIGNS, INC.

(Exact name of registrant as
specified in its charter)

Delaware

04-2623104

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

66 B Street, Needham, MA

02194

(Address of principal executive offices)

(Zip Code)

(617) 444-7222

(Registrant's telephone number, including area code)

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

Yes X No
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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of August 3, 1996
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Common	15,819,294 shares

DESIGNS, INC.
CONSOLIDATED BALANCE SHEETS

August 3, 1996, July 29, 1995 and February 3, 1996
(In thousands, except share data)
(Unaudited)

	August 3, 1996	July 29, 1995	February 3, 1996
	-----	-----	-----
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 15,771	\$ 8,293	\$ 13,941
Short-term investments	--	--	5,978
Accounts receivable	421	909	473
Inventories	64,610	62,580	58,008
Deferred income taxes	922	1,579	922
Pre-opening costs, net	251	1,286	884
Prepaid income taxes	1,308	0	126
Prepaid expenses	4,056	1,382	3,842
	-----	-----	-----
Total current assets	87,339	76,029	84,174
Property and equipment, net of accumulated depreciation and amortization	41,000	33,049	36,083
Other assets:			
Long-term investments	5,766	12,978	6,050
Deferred income taxes	2,737	1,505	2,698
Intangible assets	2,716	2,563	2,901
Other assets	662	771	743
	-----	-----	-----
Total assets	\$140,220	\$126,895	\$132,649
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$ 12,868	\$ 9,909	\$ 8,185
Accrued expenses and other current liabilities	11,787	8,782	8,346
Accrued rent	2,739	2,986	2,586
Income taxes payable	--	458	--
Current portion of long-term note	1,000	500	500
	-----	-----	-----
Total current liabilities	28,394	22,635	19,617
Long-term note payable	--	500	500
Minority interest (Note 2)	6,371	4,808	6,447
Stockholders' equity:			
Preferred Stock, \$0.01 par value, 1,000,000 shares authorized, none issued			
Common Stock, \$0.01 par value, 50,000,000 shares authorized, 15,819,000, 15,812,000 and 15,818,000 shares issued at August 3, 1996, July 29, 1995 and February 3, 1996 respectively	158	158	158
Additional paid-in capital	52,784	52,650	52,767
Retained earnings	52,513	46,144	53,160
	-----	-----	-----
Total stockholders' equity	105,455	98,952	106,085
	-----	-----	-----
Total liabilities and stockholders' equity	\$140,220	\$126,895	\$132,649
	=====	=====	=====

The accompanying notes are an integral part of the consolidated financial statements

DESIGNS, INC.
 CONSOLIDATED STATEMENTS OF INCOME
 (In thousands, except per share data)
 (Unaudited)

	Three Months Ended	
	August 3, 1996	July 29, 1995
Sales	\$66,524	\$66,993
Cost of goods sold including occupancy	45,959	47,115
Gross profit	20,565	19,878
Expenses:		
Selling, general and administrative	17,177	15,939
Restructuring (income)	--	--
Depreciation and amortization	2,666	2,083
Total expenses	19,843	18,022
Operating income (loss)	722	1,856
Interest expense	44	65
Interest income	262	252
Income (loss) before minority interest and income taxes	940	2,043
Less minority interest	1	16
Income (loss) before income taxes	939	2,027
Provision (benefit) for income taxes	385	834
Net income (loss)	\$ 554 =====	\$ 1,193 =====
Net income (loss) per common and common equivalent share	\$ 0.04	\$ 0.08
Weighted average common and common equivalent shares outstanding	15,817	15,763

The accompanying notes are an integral part of the
 consolidated financial statements.

DESIGNS, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Six Months Ended	
	August 3, 1996	July 29, 1995
Sales	\$125,860	\$124,329
Cost of goods sold including occupancy	89,138	88,255
Gross profit	36,722	36,074
Expenses:		
Selling, general and administrative	33,237	30,115
Restructuring (income)	--	(2,200)
Depreciation and amortization	5,150	3,947
Total expenses	38,387	31,862
Operating income (loss)	(1,665)	4,212
Interest expense	88	87
Interest income	580	723
Income (loss) before minority interest and income taxes	(1,173)	4,848
Less minority interest	(144)	106
Income (loss) before income taxes	(1,029)	4,742
Provision (benefit) for income taxes	(438)	1,952
Net income (loss)	\$ (591)	\$ 2,790
Net income (loss) per common and common equivalent share	\$ (0.04)	\$ 0.18
Weighted average common and common equivalent shares outstanding	15,814	15,760

The accompanying notes are an integral part of the
consolidated financial statements.

DESIGNS, INC.
 CONSOLIDATED STATEMENTS OF INCOME
 (In thousands, except per share data)
 (Unaudited)

	Twelve Months Ended	
	August 3, 1996	July 29, 1995
Sales	\$302,605	\$284,889
Cost of goods sold including occupancy	212,872	195,292
Gross profit	89,733	89,597
Expenses:		
Selling, general and administrative	70,110	58,518
Restructuring (income)	--	(5,400)
Depreciation and amortization	9,955	7,480
Total expenses	80,065	60,598
Operating income (loss)	9,668	28,999
Interest expense	197	114
Interest income	1,448	1,443
Income (loss) before minority interest and income taxes	10,919	30,328
Less minority interest	175	106
Income (loss) before income taxes	10,744	30,222
Provision (benefit) for income taxes	4,352	12,252
Net income (loss)	\$ 6,392	\$ 17,970
Net income (loss) per common and common equivalent share	\$ 0.40	\$ 1.14
Weighted average common and common equivalent shares outstanding	15,793	15,812

The accompanying notes are an integral part of the
 consolidated financial statements.

DESIGNS, INC.
STATEMENTS OF CASH FLOWS
(In thousands-Unaudited)

	Six Months Ended	
	August 3, 1996	July 29, 1995
	-----	-----
Cash flows from operating activities:		
Net (loss) income	\$ (591)	\$ 2,790
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	5,150	3,947
Minority interest	(144)	106
Loss on sale of investments	--	48
Loss from disposal of property and equipment	182	212
Changes in operating assets and liabilities:		
Accounts receivable	52	3,267
Inventories	(6,602)	(6,914)
Prepaid expenses	(214)	(169)
Income taxes payable	(1,182)	458
Accounts payable	4,683	(3,301)
Accrued expenses and other current liabilities	3,995	2,838
Accrued rent	153	(4,704)
Net cash provided by (used for) operating activities	5,482	(1,422)
	-----	-----
Cash flows from investing activities:		
Additions to property and equipment	(9,828)	(9,808)
Incurrence of pre-opening costs	(138)	(1,198)
Proceeds from disposal of property and equipment	13	170
Sale and maturity of investments	6,168	3,501
Reduction in other assets	116	23
Net cash (used in) investing activities	(3,669)	(7,312)
	-----	-----
Cash flows from financing activities:		
Payment for acquisition of a business	--	(5,428)
Issuance of common stock under option program (1)	17	31
Net cash provided by (used for) financing activities	17	(5,397)
	-----	-----
Net increase (decrease) in cash and cash equivalents	1,830	(14,131)
Cash and cash equivalents:		
Beginning of the year	13,941	22,424
End of the quarter	\$15,771	\$ 8,293
	=====	=====
Supplementary Cash Flow Disclosure		
Cash paid, net:		
Interest	\$ 43	\$ 46
Taxes	722	1,592

(1) Including tax related benefit.

The accompanying notes are an integral part of the
consolidated financial statements.

DESIGNS, INC.
Notes to Consolidated Financial Statements

1. Basis of Presentation

In the opinion of management of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the interim consolidated financial statements. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with the notes contained in the Company's audited consolidated financial statements for the fiscal year ended February 3, 1996. The Company's business has historically been seasonal in nature and the results of the interim periods presented are not necessarily indicative of the results to be expected for the full fiscal year.

2. Minority Interest

On January 28, 1995, Designs JV Corp., a wholly-owned subsidiary of the Company, entered into a partnership agreement with LDJV Inc. (the "Partnership Agreement") establishing a joint venture to sell Levi's [Registered Trademark] brand products and jeans-related products in Original Levi's [Registered Trademark] Stores and Levi's [Registered Trademark] Outlet stores. LDJV Inc. is a wholly-owned subsidiary of Levi's Only Stores, Inc., which is a wholly-owned subsidiary of Levi Strauss & Co. The partnership established pursuant to the Partnership Agreement is known as The Designs/OLS Partnership (the "OLS Partnership").

The operating results of the OLS Partnership are consolidated with the financial statements of the Company for the three, six and twelve months ended August 3, 1996. Minority interest at August 3, 1996 represents LDJV Inc.'s 30% interest in the OLS Partnership.

In accordance with the Partnership Agreement, the OLS Partnership distributed \$155,000 to its partners for the six months ended July 29, 1995. This cash distribution represented funds sufficient to pay taxes associated with the earnings of the Partnership for the six month period ended July 29, 1995. There have been no cash distributions made during the first six months of fiscal 1996.

3. Restructuring

In fiscal 1993, the Company recorded a non-recurring pre-tax charge of \$15.0 million which covered the costs associated with the closing of 15 of its poorest performing Designs stores. The costs to close these 15 stores totaled \$9.6 million, comprised of \$6.1 million of cash and \$3.5 million of noncash costs. Total costs of \$9.6 million to close the 15 stores were less than the original pre-tax estimate, primarily due to favorable negotiations with landlords. A portion of the remaining reserve of \$5.4 million was recognized in the first quarter of 1995 and the remaining portion was recognized in the fourth quarter of fiscal 1994 as non-recurring pre-tax income.

DESIGNS, INC.
Notes to Consolidated Financial Statements

4. Boston Trading Ltd., Inc. Acquisition

On May 2, 1995, the Company acquired certain assets of Boston Trading Ltd., Inc. In accordance with the terms of the Asset Purchase Agreement dated April 21, 1995, the Company paid \$5.4 million in cash, financed by operations, and delivered a non-negotiable promissory note in the principal amount of \$1 million payable in two equal annual installments through May 1997 (the "Purchase Note").

In the first quarter of fiscal 1996, the Company asserted certain indemnification rights under the Asset Purchase Agreement. In accordance with the Asset Purchase Agreement the Company, when exercising its indemnification rights, has the right to offset against the payment of principal and interest due and payable under the Purchase Note. Accordingly, the Company did not make the \$500,000 payment of principal on the Purchase Note that was due on May 2, 1996. The Company has paid all interest through May 2, 1996 in accordance with the terms of the Purchase Note.

5. Credit Facility

On July 24, 1996, the Company entered into an amended and restated credit agreement (the "Credit Agreement") with BayBank, N.A. and State Street Bank and Trust Company under which the banks established a credit facility for the Company. This credit facility, which terminates on June 30, 1999, consists of: (i) a revolving line of credit permitting the Company to borrow up to \$15 million, and (ii) a commercial and trade letters of credit facility under which letters of credit, in aggregate amounts up to \$45 million, may be issued for the Company's inventory purchases. Under the revolving line of credit portion of the facility, the Company has the ability to issue standby letters of credit up to \$750,000. Loans made under this portion of the facility bear interest, subject to adjustment, at BayBank, N.A.'s prime rate or LIBOR-based fixed rate. The Company may increase the letters of credit portion of the facility in increments of \$15 million up to a total of \$45 million. The terms of the Credit Agreement require the Company to maintain specific net worth, inventory turnover and cash flow ratios. At August 3, 1996, the Company had outstanding letters of credit totaling approximately \$9.4 million.

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

RESULTS OF OPERATIONS

Sales for the second quarter of fiscal 1996 decreased 1 percent to \$66.5 million from \$67.0 million in the second quarter of fiscal 1995. Sales for the six month year to date and rolling twelve month periods increased 1 percent and 6 percent, respectively, over sales in the prior year. Comparable store sales decreased 7 percent for the second quarter of fiscal 1996 and 7 percent for the year to date period. Comparable stores are retail locations that are open at least 13 months. Of the 153 stores that the Company operated as of August 3, 1996, 140 were comparable stores.

Gross margin rate, including the costs of occupancy, for the second quarter equaled 30.9 percent of sales, compared with 29.7 percent of sales for the second quarter in the prior year. The improvement was due to an increase in the percentage of business generated from higher margin store formats, partially offset by the deleveraging of occupancy expenses on the lower than expected sales base. For the six month periods, gross margin rate remained relatively unchanged at 29.2 percent of sales and 29.0 percent of sales for the periods ending August 3, 1996 and July 29, 1995, respectively. For the rolling twelve month periods, gross margin decreased to 29.7 percent of sales as compared to 31.4 percent of sales in the prior period primarily due to increased occupancy costs.

Selling, general and administrative expenses for the second quarter equaled 25.8 percent of sales, compared with 23.8 percent in the prior year, the increase was primarily attributable to the costs associated with infrastructure expenses associated with the development of the vertically integrated Boston Traders[Registered Trademark] brand and lower than anticipated sales results for the quarter. This increase was partially offset by a decrease in the level of store payroll expense, which equaled 11.6 percent of sales as compared with 12.3 percent in the prior year. Selling, general and administrative expenses for the six months and rolling twelve months equaled 26.4 percent and 23.2 percent of sales, respectively, compared to 24.2 percent and 20.5 percent of sales in comparable periods in the prior year. The increase is similarly attributable to the acquisition and development of the Boston Traders[Registered Trademark] brand.

In fiscal 1993, the Company recorded a non-recurring pre-tax charge of \$15.0 million which covered the costs associated with the closing of 15 of its poorest performing Designs stores. Total costs of \$9.6 million, comprised of \$6.1 million of cash and \$3.5 million of noncash costs, to close the 15 stores were less than the original pre-tax estimate, primarily due to favorable negotiations with landlords. A portion of the remaining reserve of \$5.4 million was recognized in the first quarter of 1995 and the remaining portion was recognized in the fourth quarter of fiscal 1994 as non-recurring pre-tax income.

Depreciation and amortization expense of \$2.6 million, \$5.1 million and \$10.0 million for the three, six and twelve month periods increased by 28.0 percent, 30.0 percent and 33.1 percent, respectively, as compared to the comparable periods in the prior year. Increased depreciation and amortization expense reflected increased capital expenditures associated with new store openings, the Company's new corporate office, and the upgrade of information and technology systems hardware and merchandising management software.

Interest expense was \$44,000 and \$65,000 in the second quarter of fiscal 1996 and fiscal 1995, respectively. This reduction is attributable to the decrease in the average borrowing balance. For the six month year to date period interest expense increased to \$88,000 from \$87,000 in the prior period. On a rolling 12 month basis, interest expense increased to \$197,000 as compared to \$114,000 in the prior period. The increase is attributable to interest payments made in connection with the non-negotiable promissory note issued in conjunction with the acquisition of certain assets of Boston Trading, Ltd., Inc. in May 1995. There were no borrowings under the revolving credit facility during the first six months of fiscal 1996.

Interest income for the second quarter was \$262,000 compared to \$252,000 in the second quarter of fiscal year 1995. The increase in interest income is attributable to higher investment yields as compared to the prior year. For the six month period interest income of \$580,000 decreased compared with

\$723,000 for the same period last year. This decrease was primarily the result of a lower average investment balance as compared to the prior year. For the rolling 12 month period, interest income increased from \$1.1 million in the prior period to \$1.4 million for such period ending August 3, 1996 due to higher investment yields.

Net income for the second quarter of fiscal year 1996 was \$554,000 or \$0.04 per share, compared with net income of \$1.2 million, or \$0.08 per share, for the second quarter in the prior fiscal year. For the six month period ended August 3, 1996 the Company reported a loss of (\$591,000), or (\$0.04) per share compared with \$2.8 million, or \$0.18 per share, for the corresponding period in the prior year. The results for the six months ended July 29, 1995, included the recognition of \$2.2 million, or \$0.08 per share, of non-recurring pretax income related to the fiscal 1993 restructuring program as more fully described above.

Net income, on a rolling 12 month basis, was \$6.4 million, or \$0.40 per share, as compared with \$18 million, or \$1.14 per share in the prior comparable period. Net income for the twelve month period ended July 29, 1995 included the impact of restructuring income of \$5.4 million or \$0.20 per share.

SEASONALITY

The Company's business is seasonal, reflecting increased consumer buying in the "Fall" and "Holiday" seasons. Historically, the second half of each fiscal year provides a greater portion of the Company's annual sales and operating income.

LIQUIDITY AND CAPITAL RESOURCES

The following discussion of the Company's liquidity, capital resources and capital expansion plans includes certain forward-looking information. Such forward-looking information requires management to make certain estimates and assumptions regarding the Company's expected strategic direction and the related effect of such plans on the financial results of the Company. Actual results and strategic directions may differ from those estimates and assumptions. The Company encourages readers of this information to refer to the Company's Current Report on Form 8-K, previously filed with the United States Securities and Exchange Commission on April 30, 1996, which identifies certain risks and uncertainties that may impact the future earnings and direction of the Company.

The Company's primary cash needs are for operating expenses, including cash outlays associated with the development of the Boston Traders[Registered Trademark] branded product line, seasonal inventory purchases and capital expenses for information technology and new and remodeled stores and acquisitions.

WORKING CAPITAL AND CASH FLOWS

To date, the Company has financed its working capital requirements and expansion program with cash flow from operations, borrowings and proceeds from Common Stock offerings. Cash provided by operations for the first six months of fiscal 1996 was \$5.5 million as compared to cash used for operations of \$1.4 million for the comparable six month period in the prior fiscal year.

The Company's working capital at August 3, 1996 was approximately \$58.9 million compared to approximately \$53.4 million on July 29, 1995. This increase was attributable to the maturity of certain long-term investments.

At August 3, 1996 total inventories were \$64.6 million an increase of \$2.0 million from the prior year. This increase is primarily due to new store

openings, offset partially by a reduction in inventory due to closed stores and continued efforts by the Company to manage inventory levels.

The Company's trade payables to Levi Strauss & Co., its principal vendor, generally are due 30 days after the date of invoice. Variations in the amount of trade payables outstanding at the end of different periods relate to the timing of purchases. In the second quarter of fiscal 1995, the Company began sourcing its own merchandise with various off-shore and domestic vendors. To date, payment to these vendors has been through the issuance of letters of credit, which require payment upon shipment of merchandise. The Company anticipates that the use of this payment method will be proportionate to its Boston Traders[Registered Trademark] product purchases.

On July 24, 1996, the Company entered into an amended and restated credit agreement (the "Credit Agreement") with BayBank, N.A. and State Street Bank and Trust Company under which the banks established a credit facility for the Company. This credit facility, which terminates on June 30, 1999, consists of: (i) a revolving line of credit permitting the Company to borrow up to \$15 million, and (ii) a commercial and trade letters of credit facility under which letters of credit, in aggregate amounts up to \$45 million, may be issued for the Company's inventory purchases. Under the revolving line of credit portion of the facility, the Company has the ability to issue standby letters of credit up to \$750,000. Loans made under this portion of the facility bear interest, subject to adjustment, at BayBank, N.A.'s prime rate or LIBOR-based fixed rate. The Company may increase the letters of credit portion of the facility in increments of \$15 million up to a total of \$45 million. The terms of the Credit Agreement require the Company to maintain specific net worth, inventory turnover and cash flow ratios. At August 3, 1996, the Company had outstanding letters of credit totaling approximately \$9.4 million.

On January 28, 1995, Designs JV Corp., a wholly-owned subsidiary of the Company, and a subsidiary of Levi's Only Stores, Inc., a wholly-owned subsidiary of Levi Strauss & Co., entered into a partnership agreement (the "Partnership Agreement") to sell Levi's[Registered Trademark] brand products and jeans-related products. The joint venture that was established by the Partnership Agreement is known as The Designs/OLS Partnership (the "OLS Partnership"). The term of the joint venture is ten years; however, the Partnership Agreement contains certain exit rights that enable either partner to buy the other partner's interest or sell its own interest, in the joint venture after five years. The OLS Partnership may open up to thirty-five to fifty Original Levi's[Registered Trademark] Stores and Levi's[Registered Trademark] Outlet stores throughout eleven Northeast states and the District of Columbia through the end of fiscal 1999. At the end of the second quarter of fiscal 1996 there were eleven Original Levi's[Registered Trademark] Stores and eight Levi's[Registered Trademark] Outlet stores.

In June 1994, Levi Strauss & Co. advised the Company that it did not see any additional growth in the Levi's[Registered Trademark] Outlet by Designs store format, other than additional outlet stores that might be opened by the OLS Partnership. As such, the Company does not currently plan to open any Levi's[Registered Trademark] Outlet by Designs stores during fiscal 1996. In addition, the OLS Partnership is opening its own outlet stores, which may impact the availability of goods to the Levi's[Registered Trademark] Outlet by Designs stores.

It is the intention of the partners in the joint venture that the OLS Partnership's working capital and funds for its future expansion will come from its operations, capital contributions, loans from the partners and borrowings from third parties.

CAPITAL EXPENDITURES

In the second quarter of fiscal 1995, the Company acquired certain assets of Boston Trading Ltd., Inc. This acquisition was completed so that the Company would own the Boston Traders[Registered Trademark] brand name, certain Boston Traders[Registered Trademark] outlet store assets, various trademark licenses and inventory. The Company currently plans to use the Boston Traders[Registered Trademark] brand to transition from being a single vendor retailer to a vertically integrated retailer featuring the Boston Traders[Registered Trademark] brand and select Levi Strauss & Co. brands. In the spring of fiscal 1997, barring unforeseen circumstances, the Company plans to open up to five to seven new specialty stores which will predominantly feature Boston Traders[Registered Trademark] brand product.

During the first six months of fiscal 1996, the Company remodeled five Levi's[Registered Trademark] Outlet by Designs stores and one Boston Traders[Registered Trademark] outlet store. Total cash outlays of \$9.8 million during both the first six months of the fiscal year 1996 and 1995, represent the costs of new and remodeled stores, relocation of corporate facilities as well as other corporate capital spending during the periods. Barring unforeseen circumstances, the OLS Partnership plans to open one Levi's[Registered Trademark] Outlet store during the remainder of fiscal 1996.

The Company continually evaluates discretionary investments in new projects that may complement its existing business. Further, as leases expire, the Company continues to evaluate the performance of its existing stores. As a result of this process, certain store locations could be closed or relocated within a shopping center in the future.

The Company expects that cash flow from operations, short-term borrowings and available cash will enable it to finance its current working capital, remodeling and expansion requirements during the remainder of the fiscal year.

Part II. Other Information

ITEM 1. Legal proceedings

The Company is a party to litigation and claims arising in the normal course of its business. Barring unforeseen circumstances, management does not expect the results of these actions to have a material adverse effect on the Company's business or financial condition.

ITEM 6. Exhibits and Reports on Form 8-K

A. Reports on Form 8-K:

The Company reported under item 5 of Form 8-K, dated July 26, 1996, that Carolyn R. Faulkner was promoted on July 16, 1996, to the additional office of Chief Financial Officer of the Company.

The Company reported under item 5 on Form 8-K, dated August 7, 1996, that on July 24, 1996 the Company entered into an Amended and Restated Credit Agreement among the Company, BayBank, N.A. and State Street Bank and Trust Company.

B. Exhibits:

- | | | |
|------|--|---|
| 3.1 | Restated Certificate of Incorporation of the Company, as amended (included as Exhibit 3.1 to Amendment No. 3 to the Company's Registration Statement on Form S-1 (No. 33-13402), and incorporated herein by reference). | * |
| 3.2 | Certificate of Amendment to Restated Certificate of Incorporation, as amended, dated June 22, 1993 (included as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q dated June 17, 1996, and incorporated herein by reference). | * |
| 3.3 | Certificate of Designations, Preferences and Rights of a Series of Preferred Stock of the Company establishing Series A Junior participating Cumulative Preferred Stock dated May 1, 1995 (included as Exhibit 3.2 to the Company's Annual Report on Form 10-K dated May 1, 1996, and incorporated herein by reference). | * |
| 3.4 | By-Laws of the Company, as amended (included as Exhibit 3.1 to the Company's Quarterly Report on form 10-Q dated December 12, 1995, and incorporated herein by reference). | * |
| 4.1 | Shareholder Rights Agreement dated as of May 1, 1995 between the Company and its transfer agent (included as Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 1, 1995, and incorporated herein by reference). | * |
| 10.1 | 1987 Incentive Stock Option Plan, as amended (included as Exhibit 10.1 to the Company's Annual Report on Form 10-K dated April 29, 1993, and incorporated herein by reference). | * |

- 10.2 1987 Non-Qualified Stock Option Plan, as amended (included as Exhibit 10.2 to the Company's Annual Report on Form 10-K dated April 29, 1993, and incorporated herein by reference). *
- 10.3 1992 Stock Incentive Plan, as amended (included as Exhibit A to the Company's definitive proxy statement dated May 10, 1994, and incorporated herein by reference). *
- 10.4 Senior Executive Incentive Plan effective for the fiscal year ending February 1, 1997.
- 10.5 License Agreement between the Company and Levi Strauss & Co. dated as of April 14, 1992 (included as Exhibit 10.8 to the Company's Annual Report on Form 10-K dated April 29, 1993, and incorporated herein by reference). *
- 10.6 Credit Agreement among the Company, BayBank Boston, N.A., and State Street Bank and Trust Company dated as of November 17, 1994 (included as Exhibit 1 to the Company's current report on Form 8-K dated November 22, 1994, and incorporated herein by reference). *
- 10.7 Amendment dated June 2, 1995 to the Credit Agreement among the Company, BayBank Boston, N.A., and State Street Bank and Trust Company dated as of November 17, 1994 (included as 10.18 to the Company's Quarterly Report on Form 10-Q dated September 12, 1995, and incorporated herein by reference). *
- 10.8 Amendment dated May 8, 1996 to the Credit Agreement among the Company, BayBank Boston, N.A., and State Street Bank and Trust Company dated as of November 17, 1994 (included as 10.1 to the Company's Annual Report on Form 8-K dated June 6, 1996, and incorporated herein by reference). *
- 10.9 Amended and Restated Credit Agreement among the Company, BayBank, N.A., and State Street Bank and Trust Company dated as of July 24, 1996 (included as Exhibit 10.1 to the Company's Current Report on Form 8-K dated August 7, 1996, and incorporated herein by reference). *
- 10.10 Consulting Agreement between the Company and Stanley I. Berger dated December 21, 1994 (included as Exhibit 10.7 to the Company's Annual Report on Form 10-K, dated April 28, 1995, and incorporated herein by reference). *

- 10.11 Participation Agreement among Designs JV Corp. (the "Designs Partner"), the Company, LDJV Inc. (the "LOS Partner"), Levi's Only Stores, Inc. ("LOS"), Levi Strauss & Co. ("LS&CO") and Levi Strauss Associates Inc. ("LSAI") dated January 28, 1995 (included as Exhibit 10.1 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.12 Partnership Agreement of The Designs/OLS Partnership (the "OLS Partnership") between the LOS Partner and the Designs Partner dated January 28, 1995 (included as Exhibit 10.2 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.13 Glossary executed by the Designs Partner, the Company, the LOS Partner, LOS, LS&CO, LSAI and the OLS Partnership dated January 28, 1995 (included as Exhibit 10.3 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.14 Sublicense Agreement between LOS and the LOS Partner dated January 28, 1995 (included as Exhibit 10.4 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.15 Sublicense Agreement between the LOS Partner and the Partnership dated January 28, 1995 (included as Exhibit 10.5 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.16 License Agreement between the Company and the OLS Partnership dated January 28, 1995 (included as Exhibit 10.6 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.17 Administrative Services Agreement between the Company and the OLS Partnership dated January 28, 1995 (included as Exhibit 10.7 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.18 Asset Purchase Agreement between LOS and the Company relating to the stores located in Minneapolis, Minnesota dated January 28, 1995 (included as Exhibit 10.9 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *
- 10.19 Asset Purchase Agreement between LOS and the Company relating to the store located in Cambridge, Massachusetts dated January 28, 1995 (included as Exhibit 10.10 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference). *

- 10.20 Asset Purchase Agreement among Boston Trading Ltd., Inc., Designs Acquisition Corp., the Company and others dated April 21, 1995 (included as 10.16 to the Company's Quarterly Report on Form 10-Q dated September 12, 1995, and incorporated herein by reference). *

- 10.21 Non-Negotiable Promissory Note between the Company and Atlantic Harbor, Inc., formerly known as Boston Trading Ltd., Inc., dated May 2, 1995 (included as 10.17 to the Company's Quarterly Report on Form 10-Q dated September 12, 1995, and incorporated herein by reference). *

- 10.22 Employment Agreement dated as of October 16, 1995 between the Company and Joel H. Reichman (included as Exhibit 10.1 to the Company's Report on Form 8-K dated December 6, 1995, and incorporated herein by reference). *

- 10.23 Employment Agreement dated as of October 16, 1995 between the Company and Scott N. Semel (included as Exhibit 10.2 to the Company's Report on Form 8-K dated December 6, 1995, and incorporated herein by reference). *

- 10.24 Employment Agreement dated as of October 16, 1995 between the Company and Mark S. Lisnow (included as Exhibit 10.3 to the Company's Report on Form 8-K dated December 6, 1995, and incorporated herein by reference). *

- 10.25 Employment Agreement dated as of October 16, 1995 between the Company and William D. Richins (included as Exhibit 10.4 to the Company's Report on Form 8-K dated December 6, 1995, and incorporated herein by reference). *

- 10.26 Employee Separation Agreement dated as August 7, 1996 between the Company and William D. Richins.

- 11. Statement Re: Computation of Per Share Earnings

- 27. Financial Data Schedule

- 99. Report of the Company dated April 30, 1996 concerning certain cautionary statements of the Company to be taken into account in conjunction with the consideration and review of the company's publicly disseminated documents (including oral statements made by others on behalf of the Company) that include forward looking information (included as Exhibit 99 to the Company's Current Report on Form 8-K dated April 30, 1996, and incorporated herein by reference). *

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

DESIGNS, INC.

By: /s/ Carolyn R. Faulkner

Carolyn R. Faulkner,
Chief Financial Officer

Dated: September 17, 1996

SENIOR EXECUTIVE INCENTIVE PLAN

This Senior Executive Incentive Plan (the "EIP") of Designs, Inc. (the "Corporation") has been adopted and approved by the Compensation Committee of the Board of Directors of the Corporation (the "Board") in order to link annual cash bonus payments to senior executive officers of the Corporation to the achievement of annual corporate performance measurements. A senior executive officer of the Corporation may be eligible to receive cash bonus payments under the EIP provided that such officer is designated for a particular fiscal year as a participant ("Participant") in the EIP by the Compensation Committee of the Board, or such other committee of the Board which the Board may so designate to administer the EIP (the "Committee").

DEFINITIONS

"EPS" means, on a consolidated basis, the Net Earnings (as defined below) of the Corporation for the fiscal year divided by the number of shares of the Corporation's common stock outstanding at the end of the fiscal year.

"Net Earnings" means, on a consolidated basis, the Corporation's gross sales for the fiscal year minus the Corporation's expenses for that fiscal year.

"RONA" means, on a consolidated basis, EBIT (as defined below) for the fiscal year divided by the Net Assets (as defined below) of the Corporation at the end of that fiscal year.

"EBIT" means, on a consolidated basis, the Net Earnings of the Corporation for the fiscal year plus interest and taxes for that fiscal year.

"Net Assets" means, on a consolidated basis, the Corporation's inventory (product) plus the Corporation's fixed assets (stores, other buildings, capital equipment and the like), each determined at the end of the fiscal year.

COMPONENTS

The EIP is designed to reward Participants based on the following two (2) measures of corporate performance: EPS and RONA. Each fiscal year, the Committee will establish an EPS corporate performance target and a RONA corporate performance target, each of which is independent of the other and both of which are to be determined without regard to the effect of any non-recurring item of income or expense recorded during the fiscal year. The EPS corporate performance target is subject to equitable adjustment in the event of any stock split, stock dividend, reclassification of shares, issuance of new shares, repurchase or cancellation of shares or other similar event affecting the number of shares of the Corporation's common stock outstanding from fiscal year end to fiscal year end. Each Participant will be paid a cash bonus equal to: (a) up to twenty-five percent (25%) of the Participant's base salary paid for the fiscal year based upon the amount by which EPS for the fiscal year exceeds the EPS target for that fiscal year; plus (b) up to twenty-five percent (25%) of the Participant's base salary paid for the fiscal year based upon the amount by which RONA for that fiscal year exceeds the RONA target for that fiscal year.

PAYMENT OF CASH BONUSES

Any cash bonus payment that is earned in a particular fiscal year will be paid, at the Participant's option, either:

- (a) within thirty (30) days after the Corporation's fiscal year financial results have been audited by the Corporation's independent accountants; or
- (b) prior to the last day of the calendar year to which the payment relates with appropriate adjustments to be made, based on the audited financial results of the Corporation, within thirty (30) days after the Corporation's fiscal year financial results have been audited by the Corporation's independent accountants.

ELIGIBILITY

Those senior executive officers of the Corporation designated as Participants after the beginning of the fiscal year may receive a prorated payment based on the number of months they are employed by the Company during the fiscal year. Any Participant who leaves the employ of the Corporation voluntarily following the end of the end of the fiscal year but before the date on which a payment under the EIP is made forfeits any cash bonus payment which the Participant was eligible to receive. Any Participant who involuntarily leaves the employ of the Corporation during the fiscal year will be paid, if earned, a prorated cash bonus for the portion of the fiscal year the senior executive officer qualified as a Participant through the date the Participant leaves the employ of the Corporation, such payment being made in accordance with the terms of the EIP. Cash bonus payments are based on base salary paid during the fiscal year. No other payments are included for purposes of the cash bonus payment calculation. All interpretations or other decisions concerning the EIP shall be made by the Committee, in its sole discretion.

EMPLOYEE SEPARATION AGREEMENT

THIS AGREEMENT made as of this 7th day of August, 1996 by and between Designs, Inc., a Delaware corporation having a usual place of business in Needham, Massachusetts ("Designs"), and William D. Richins ("Richins") of Wilton, Connecticut.

W I T N E S S E T H T H A T:

WHEREAS, Designs has employed Richins most recently pursuant to an Employment Agreement dated as of October 16, 1995 (the "Agreement"); and

WHEREAS, Designs and Richins desire to set forth the terms of the termination of Richins's employment at Designs;

NOW, THEREFORE, in consideration of the premises and the covenants and agreements set forth herein, Designs and Richins hereby agree as follows:

1. Richins hereby resigns as an employee and officer of Designs and its affiliates, effective July 15, 1996 (the "termination date"). Richins will execute and deliver to Designs a separate instrument embodying such resignation in the form of Exhibit A; shall sign the internal memorandum which is attached hereto as Exhibit B; and shall execute and file with the SEC a "Form 5" in the form attached hereto as Exhibit C. Richins shall not hereafter be considered an officer or employee of Designs and its affiliates.

2. Provided Richins has executed and delivered this Employee Separation Agreement (the "ESA") and has not revoked it in accordance with Section 21 hereof, commencing on the termination date and continuing for a period of twelve months (hereinafter referred to as the "continuation period"), Richins shall be paid an amount equal in rate to the base salary of \$225,000 per year less applicable deductions. Except as expressly set forth in this ESA, he shall not be entitled to benefit from or continue to participate in any bonus, deferred compensation, welfare or benefit plan maintained by Designs. All payments during the continuation period shall be made consistent with Designs' regular pay cycle.

3. (a) Richins acknowledges that his right to health insurance and related coverages under the Consolidated Omnibus Budget Reconciliation Act ("COBRA") becomes effective as of the termination date and will continue for a maximum of eighteen months thereafter. Richins has informed Designs that he wants to continue his coverage during this period and will pay the requisite premiums in accordance with COBRA.

(b) All options which have heretofore been granted to Richins under Designs' 1992 Stock Incentive Plan shall be exercisable in accordance with their terms for thirty (30) days after the termination date.

4. (a) Except as provided above, all other benefits heretofore provided by Designs to Richins have terminated as of the termination date. Richins acknowledges that the payments during the twelve month continuation period, are in lieu of all other benefits and payments which otherwise may have been payable to him as a result of his termination under benefit plans or policies of Designs, including, without limitation, additional salary continuation pay, stock options, bonus payments, separation pay, commission and automobile insurance, fuel and repair costs, and he hereby waives any rights he may have in or to any such other benefits or payments, it being the intention of the parties hereto to convert and merge all such rights into this ESA.

(b) Without limiting the foregoing, Richins specifically waives any rights he might have under the Agreement, which except as set forth below is hereby terminated. Notwithstanding the foregoing, Richins reaffirms his undertakings pursuant to Sections 9(a)(b)(c)(d), 10(a)(b), 11(a)(b) and 12 of the Agreement.

(c) Richins will not hire, and will make every reasonable effort to dissuade any future employer from hiring any current employee of Designs or its affiliates until July 15, 1998.

(d) The parties agree that the "Non-Competitive Period" described in Section 9(a) of the Agreement shall expire on July 15, 1997 and further agree that the money which Richins will receive during the continuation period will be considered to be consideration for Richins' reaffirmation of his obligations under this Section 4, among other considerations which Richins grants Designs in this ESA.

5. Richins shall never apply for employment with Designs or any of its affiliates.

6. The parties shall state that "Richins resigned from Designs because of the personal difficulties with the drawn out relocation from his residence in Connecticut." All requests for references by Richins' prospective employers shall be directed by Richins, and as practical, by Designs, to Joel Reichman. Reichman, or if he is unavailable, his designee shall respond to such requests, in accordance with Designs' policy, by stating the periods of Richins' employment and the positions he held during that employment. Designs shall circulate to its designated recipients Exhibit D hereto. Richins agrees that on and after the termination date, he will have no discussion or written communication with Designs' employees, suppliers, analysts, consultants, customers, financing sources or auditors concerning Designs' business activities. Richins further confirms and agrees that all Designs' financial and personnel data which is not publicly filed or available is proprietary to Designs, and includes valuable trade secrets. Richins further agrees that after the termination date he shall not enter the premises or property of Designs or any of its affiliates, subsidiaries or related companies for any purpose at any time unless he is specifically authorized to do so by the General Counsel of Designs.

7. Richins hereby agrees not to criticize, disparage or otherwise comment negatively about, orally or in writing, directly or indirectly, Designs, its affiliates or any of their respective past, present or future officers, directors, employees, agents, businesses, suppliers or service providers, products or services. He shall make no comment about his employment which shall reflect badly upon Designs, and shall make no comment about his leaving Designs which is inconsistent with the substance of the first sentence of Section 6 hereof. He agrees to use his best efforts to ensure that none of the members of his family so criticize, so disparage or so reflect on any of such persons or entities. Designs agrees that Joel Reichman, Scott Semel, Carolyn Faulkner, Mark Lisnow and Neal Vantosky will not criticize, disparage, or comment negatively about, orally or in writing, directly or indirectly, Richins, that each shall make no comment about Richins' leaving Designs which is inconsistent with the substance of the first sentence of Section 6 and that it will send the memorandum attached hereto as Exhibit D to its listed addressees.

8. (a) Richins, for himself, his heirs, legal representatives, successors and assigns, does hereby waive, remise, release and forever discharge Designs, its past, present, and future directors, officers, stockholders in their capacity as stockholders, employees, affiliates, agents and attorneys and their respective heirs, legal representatives, successors and assigns, of and from any and all claims, debts, demands, actions, causes of action, suits, dues, sum and sums of money, accounts, reckonings, bonds, specialties, covenants, contracts, controversies, agreements, promises, doings, omissions, variances, damages, executions, liabilities and obligations (hereinafter collectively referred to as "Claims") of every kind and nature whatsoever, at law, in equity or otherwise, which he has, or ever had, or which he can, shall or may have, for, upon or by reason of any matter, cause or thing whatsoever, whether known or unknown, from the beginning of the world to and including the date hereof, including, without limitation, all Claims which arise out of or in connection with Richins's employment or the termination of his employment with Designs and all Claims under the common law and the federal Age Discrimination in Employment Act, Chapter 151B of the Massachusetts General Laws, or any such other federal or state statute regulating the employment relationship but excluding all Claims based on a breach of this ESA provided, however, that nothing contained in this Section 8(a) or in this ESA shall diminish or alter any pre-existing rights Richins may have to a defense or indemnification from Designs or any insurance carrier with respect to any claim brought against Richins or Designs by any third party.

(b) Designs, for itself and its successors and assigns, does hereby waive, remise, release and forever discharge Richins, his legal representatives, successors and assigns, of and from any and all Claims of every kind and nature whatsoever, at law, in equity or otherwise, which it has, or ever had, or which it can, shall or may have, for, upon or by reason of any matter, cause or thing whatsoever, whether known or unknown, from the beginning of the world to and including the date hereof, including, without limitation, all Claims which arise out of or in connection with Richins' employment or the termination of his employment with Designs and all Claims under the common law but excluding any Claim of fraud, embezzlement, or any other improper or unlawful receipt or retention of anything of value belonging to Designs, and further excluding all Claims based on a breach of this ESA.

9. Richins and Designs acknowledge that they each may hereafter discover facts in addition to or different from those which he or it now knows or believes to be true with respect to the subject matter of this ESA, that it is their intention hereby fully, finally and forever to waive and release all matters released in Section 8(a) or 8(b) hereof respectively (the "released matters") and that, in furtherance of such intention, the releases given herein shall be and remain in effect notwithstanding the discovery or existence of any such additional or different facts.

10. Richins agrees that the fact and existence of this ESA and amounts paid hereunder shall not be disclosed by Richins to any person, corporation, organization, agency or other entity, except for his wife, his attorney, his tax advisor and to such government authorities as required by law, and in the case of Designs, the fact and the existence of this ESA and the amounts paid hereunder shall not be disclosed except to its officers, stockholders, employees and directors, having a business need to know the contents of this ESA, its attorneys, and its accountants, and to any responsible governmental agency, including but not limiting to the SEC.

11. Richins shall not, directly or indirectly, solicit, participate in or bring any legal claim, action or proceeding against Designs, whether by himself or by any person, agency, organization or entity, and shall not voluntarily become involved or participate or cooperate in, publicly or privately, any legal claim, action or proceeding against Designs except as required to do so by properly issued subpoena and then only after giving Designs a reasonable opportunity to review such subpoena and oppose the giving of such testimony.

12. Richins and Designs agrees that each shall not bring any action or proceeding against the other arising out of or relating to Richins' employment or the termination of his employment with Designs. If either Richins or Designs should bring any action arising out of the subject matter of this ESA and the other party shall prevail concerning any or all of the issues so presented, that party shall pay all of the other party's costs and expenses of the defense of such issue(s). If at any time Richins shall bring an action or proceeding to challenge the validity of this ESA or any of its provisions, he shall first repay to Designs all payments, considerations and benefits provided by Designs to which Richins would not be entitled absent this ESA.

13. Richins warrants and represents to Designs that he has not heretofore assigned, transferred or purported to assign or transfer, and shall not hereafter assign or transfer or purport to assign or transfer, to any person or entity any released matter. Richins shall indemnify and hold harmless Designs from and against all claims, suits, actions, causes of action, liabilities, obligations, losses, costs and expenses (including, without limitation, attorneys' fees whether or not litigation be commenced) based on, resulting from, in connection with, or arising out of, any such assignment or transfer or purported assignment or transfer.

14. Richins confirms and agrees that he has returned to Designs and forever ceased to use all originals and all copies of all notebooks, disks, tapes, computer programs, software, reports, proposals, notes, documents and other materials which contain any confidential or proprietary information of Designs or its vendors or customers or which otherwise are the property of Designs. Richins further confirms and agrees that all Designs' financial and personnel data which is not publicly filed or available constitutes proprietary information, including valuable trade secrets. Richins further confirms and agrees that he has returned to Designs and forever ceased to use his office keys, key cards, printed cards, corporate credit cards and other property which had been in his possession and was owned by Designs or its vendors or customers, including one Jaguar automobile and its accessories.

15. Richins acknowledges that the amounts paid hereunder are not intended to be wages.

16. Neither this ESA nor any provision or part hereof shall constitute, or be construed as, an admission of liability or wrongdoing by either party hereto.

17. This ESA shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns, and shall inure to the benefit of all past, present and future directors, officers, stockholders in their capacity as stockholders, employees, affiliates, agents and attorneys and their respective heirs, legal representatives, successors and assigns.

18. This ESA constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all prior agreements and understandings, oral or written, between them concerning such subject matter, except as specifically set forth herein.

19. This ESA shall be governed by, and construed and enforced in accordance with, the substantive laws of the Commonwealth of Massachusetts without regard to its principles of conflicts of laws.

20. This ESA may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement.

21. Richins further states that he has carefully read this ESA, that he knows and understands the contents hereof and that he is executing this ESA as his own free act and deed and knowingly and voluntarily waives his rights and claims as described above. In signing this ESA, Richins acknowledges that he has not relied on any statements or explanations made by Designs. Richins further represents and agrees that he has consulted with an attorney of his choosing, and that he fully understands the terms, conditions, and final and binding effect of this ESA and the release contained herein to be a full and final release of all Claims with final and binding effect. Richins acknowledges that he has been given a period of at least twenty-one days within which to consider this ESA prior to his execution hereof. Furthermore, Designs and Richins agree that Richins shall have the right to revoke this ESA by written notice to Designs within the seven-day period after he executes it (the "revocation period"), and that this ESA shall not become effective or enforceable until such seven-day revocation period has expired. In the event this ESA is revoked by Richins in accordance with the provisions of this Section 21, notwithstanding the immediately preceding sentence, Richins shall return to Designs all payments, considerations and benefits provided by Designs to which Richins would not be entitled absent this ESA.

22. Any dispute concerning the meaning, application or violation of this ESA (but not about its validity which will be assumed by the arbitrator), shall be submitted to final and binding arbitration as follows:

(a) Arbitration shall be conducted in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association ("Rules") then in effect.

(b) All hearings will be held in Suffolk or Norfolk County in the Commonwealth of Massachusetts.

(c) The arbitrator will be without power to add to, delete from, or amend the provisions of this Agreement.

Statement Re: Computation of Per Share Earnings

	Three Months Ended		Six Months Ended		Twelve Months Ended	
	8/3/96 -----	7/29/95 -----	8/3/96 -----	7/29/95 -----	8/3/96 -----	7/29/95 -----
	(In thousand, except per share data)					
Net income (loss)	\$ 554	\$ 1,193	\$ (591)	\$ 2,790	\$ 6,392	\$17,970
Weighted average shares outstanding during the period	15,817	15,763	15,814	15,760	15,793	15,812
Net income (loss) per common and common equivalent share	\$ 0.04	\$ 0.08	\$ (0.04)	\$ 0.18	\$ 0.40	\$ 1.14

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS OF DESIGNS, INC. AS OF AUGUST 3, 1996, JULY 29, 1995 AND FEBRUARY 3, 1996 AND THE CONSOLIDATED STATEMENTS OF INCOME FOR THE THREE, SIX AND TWELVE MONTHS ENDED AUGUST 3, 1996, JULY 29, 1995 AND FEBRUARY 3, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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6-MOS	FEB-01-1997	FEB-04-1996	AUG-03-1996
			15,771
			0
		421	0
		64,610	
	87,339		69,754
		28,754	
		140,220	
28,394			0
			158
0			0
		105,297	
140,220			125,860
	125,860		89,138
		89,138	
	38,387		
		0	
	88		
	(1,029)		
		(438)	
(591)			
		0	
		0	
			0
		(591)	
		(0.04)	
		0	