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 October 30, 1999   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	02494
(Address of principal executive offices)	(Zip Code)

(781) 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

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 October 30, 1999
Common	16,013,000

DESIGNS, INC.
CONSOLIDATED BALANCE SHEETS
Ocotber 30, 1999, October 31, 1998 and January 30, 1999
(In thousands, except per share data)

ASSETS	October 30, 1999 (Unaudited)	October 31, 1998 (Unaudited)	January 30, 1999
Current assets:			
Cash and cash equivalents	$ -	$ 1,490	$ 153
Short-term restricted investment	2,316	-	-
Accounts receivable	163	3,282	178
Inventories	63,622	58,938	57,925
Deferred income taxes	272	10,196	272
Prepaid expenses	1,081	1,422	911

Total current assets	67,454	75,328	59,439
Property and equipment, net of accumulated depreciation and amortization	17,688	19,897	17,788
Other assets:			
Deferred income taxes	18,951	6,362	18,570
Intangible assets, net	2,435	2,707	2,628
Other assets	795	1,201	892
Total assets	$ 107,323	$ 105,495	$ 99,317
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 10,613	$ 11,610	$ 8,716
Accrued expenses and other current liabilities	8,500	5,879	6,433
Accrued rent	2,313	2,005	2,015
Income tax payable	1,507	-	-
Reserve for severance and store closings	1,222	7,111	4,372
Notes payable	17,147	11,340	13,825
Total current liabilities	41,302	37,945	35,361
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, 16,665,000, 16,160,000, and 16,178,000 shares issued at October 30, 1999, October 31, 1998 and January 30, 1999, respectively	167	161	162
Additional paid-in capital	54,538	53,867	53,908
Retained earnings	13,146	15,503	11,854
Treasury stock at cost, 286,650 shares at October 30, 1999 and January 30, 1999 and 281,000 shares at October 31, 1998	(1,830)	(1,827)	(1,830)
Deferred compensation	-	(154)	(138)
Total stockholders' equity	66,021	67,550	63,956
Total liabilities and stockholders' equity	$ 107,323	$ 105,495	$ 99,317

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

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

	Three Months Ended		Nine Months Ended	
	October 30, 1999	October 31, 1998	October 30, 1999	October 31, 1998
Sales	$ 56,703	$ 58,714	$ 139,445	$ 149,193
Cost of goods sold including occupancy	38,260	45,247	99,397	117,013
Gross profit	18,443	13,467	40,048	32,180
Expenses:				
Selling, general and administrative	11,868	12,699	31,980	36,420
Store closing charge	-	13,407	-	13,407
Depreciation and amortization	1,588	2,632	4,875	7,859
Total expenses	13,456	28,738	36,855	57,686
Operating income (loss)	4,987	(15,271)	3,193	(25,506)
Interest expense, net	390	132	868	399
Income (loss) before minority interest and income taxes	4,597	(15,403)	2,325	(25,905)
Less minority interest	-	(1,278)	-	(1,692)
Income (loss) before income taxes	4,597	(14,125)	2,325	(24,213)
Provision (benefit) for income taxes	1,905	(5,379)	1,031	(9,321)
Net income (loss)	$ 2,692	$(8,746)	$ 1,294	$(14,892)
Earnings (loss) per share- Basic	$ 0.17	$ (0.55)	$ 0.08	$ (0.94)
Earnings (loss) per share- Diluted	$ 0.17	$ (0.55)	$ 0.08	$ (0.94)
Weighted average number of common shares outstanding- Basic	16,018	15,867	15,997	15,789
Weighted average number of common shares outstanding- Diluted	16,100	15,867	16,114	15,789

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

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

	Nine months ended October 30, 1999	Nine months ended October 31, 1998
Cash flows from operating activities:		
Net income (loss)	$ 1,294	$ (14,892)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	4,875	7,859
Minority interest	-	(1,701)
Loss from disposal of property and equipment	-	986
Changes in operating assets and liabilities:		
Accounts receivable	15	(651)
Inventories	(5,697)	(918)
Prepaid expenses	(170)	(407)
Other assets	(61)	(1,052)
Reserve for severance and store closings	1,126	3,661
Accounts payable	1,896	2,789
Accrued expenses and other current liabilities	2,070	(249)
Accrued rent	298	1,176
Net cash provided by operating activities	2,496	8,467
Cash flows from investing activities:		
Additions to property and equipment	(4,496)	(388)
Payment for acquisition of outlet stores	-	(9,737)
Establishment of investment trust (see note 8)	(2,316)	-
Proceeds from disposal of property and equipment	73	102
Net cash used for investing activities	(6,739)	(10,023)
Cash flows from financing activities:		
Net borrowings under credit facility	3,322	1,512
Issuance of common stock	768	61
Net cash provided by financing activities	4,090	1,573
Net increase (decrease) in cash and cash equivalents	(153)	17
Cash and cash equivalents:		
Beginning of the period	153	1,473
End of the period	$ -	$ 1,490

The accompanying notes are an intergral 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 necessary for a fair presentation of the interim 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 to the Company's audited consolidated financial statements for the year ended January 30, 1999 (filed on Form 10-K, as amended, with the Securities and Exchange Commission).

The information reflects all adjustments that, in the opinion of management, are necessary to present fairly the Company's results of operations, financial position and cash flows for the periods indicated. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The Company's business historically has 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 year.

The information set forth in the accompanying financial statements is subject to normal year-end adjustments and to an expected fourth quarter charge related to the Company's preliminary decision to seek to sell or close 10 additional stores. On November 24, 1999, the Company announced that it had reached a preliminary decision to seek to sell or close its five Buffalo Jeans Factory Stores and its five remaining Designs stores by the end of fiscal 1999. At the end of the third quarter of fiscal 1999, the amount of this charge had not yet been determined. Further, the Company previously announced that it had engaged the independent accounting and consulting firm of Deloitte & Touche LLP to review the Company's operations in order to seek to improve operating efficiencies and reduce overhead. Based on information presented to the Company's Board of Directors, the Board is reviewing all operations and assets and may make decisions or dispositions with respect to the Company's operations and assets that could result in an additional charge for the fourth quarter of fiscal 1999. There are no assurances that the Board of Directors will make any such determinations or asset dispositions.

2. Minority Interest

In 1995 Designs JV Corp., a wholly-owned subsidiary of the Company ("Designs JV Subsidiary"), and LDJV Inc., a subsidiary of Levi's Only Stores, Inc. ("LOS"), which is a wholly-owned subsidiary of Levi Strauss & Co., entered into a partnership agreement (the "Partnership Agreement"). The joint venture established under the Partnership Agreement was known as The Designs/OLS Partnership (the "OLS Partnership"). The purpose of the OLS Partnership was to sell Levi's(R) brand jeans and jeans-related products in Original Levi's Stores(TM) and Levi's(R) Outlet stores in a specified territory.

In October 1998, the Company reached an agreement with LOS to dissolve and wind up the OLS Partnership. Pursuant to this agreement, the OLS Partnership distributed to Designs JV Subsidiary 11 Levi's(R) Outlet stores, with a net book value of approximately $6.3 million. In addition, the OLS Partnership distributed three Original Levi's Stores(TM) to LDJV Inc. The net book value of these three Original Levi's Stores(TM) was approximately $5.5 million, which was greater than LDJV Inc.'s equity interest in the OLS Partnership. Consequently, LDJV Inc. made a $2.9 million capital contribution of cash to the OLS Partnership at October 31, 1998.

Additionally, in connection with the plan to dissolve and wind up the OLS Partnership, the OLS Partnership recorded a pre-tax charge of $4.5 million during the third quarter of fiscal 1998, related to the closing of the eight Original Levi's Stores(TM) that it did not distribute. This $4.5 million charge was included in the total $13.4 million charge recorded by the Company discussed in Note 3 below. The total estimated cost to close these stores was $1.3 million less than the original charge, primarily due to favorable lease termination payments. This $1.3 million was part of the total $2.9 million that the Company recognized as restructuring income in the fourth quarter of fiscal 1998. All eight of these stores were closed by the end of fiscal 1998.

The operating results of the OLS Partnership are consolidated with the financial statements of the Company for the three and nine months ended October 31, 1998. Minority interest at October 31, 1998 represents LDJV Inc.'s 30% interest in the OLS Partnership.

3. Charge for Store Closings

During the third quarter of fiscal 1998, the Company announced its plans to close 22 unprofitable Designs and Boston Trading Co.(R)/BTC(TM) stores through lease terminations and expirations. This store closing strategy and the dissolution of the OLS Partnership discussed in Note 2 above resulted in the Company recording a pre-tax charge of $13.4 million, or $0.47 per share after tax. The total revised estimated cost to close these stores is $10.5 million, which is $2.9 million less than the original charge, primarily due to favorable landlord negotiations on lease termination payments. As a result, the Company recognized pre-tax income of $2.9 million in the fourth quarter of fiscal 1998. Total estimated cash costs are expected to be $4.2 million related to lease terminations, employee severance and other related expenses. The remainder of the $10.5 million charge consists of non-cash costs of approximately $6.3 million in store fixed asset write-offs. All of these stores were closed by the end of fiscal 1998. At October 30, 1999, the remaining reserve balance related to these store closings is $169,000 which primarily relates to landlord settlements that the Company anticipates will be paid in fiscal 1999.

During the fourth quarter of fiscal 1998, the Company recorded additional store closing and severance reserves of $5.2 million, or $0.20 per share after tax, related to the decision to close three BTC(TM) stores, one Designs store, and four Boston Traders(R) Outlet stores and to further reduce corporate headcount. This pre-tax charge included cash costs of approximately $2.9 million related to lease terminations and corporate severance, and $2.3 million of non-cash costs related to store fixed asset write-offs and markdowns. At October 30, 1999, the remaining reserve balance related to these store closings is $1.9 million, which primarily relates to landlord settlements and reserves for the write-off of fixed assets.

The combined earnings and cash flow benefits of the third and fourth quarter fiscal 1998 charges are expected, barring unforeseen circumstances, to be approximately $8.5 million and $13.5 million, respectively, for both fiscal 1999 and 2000.

On November 24, 1999, the Company announced that it had reached a preliminary decision to seek to sell or close its five Buffalo Jeans Factory Stores and its five remaining Designs stores by the end of fiscal 1999. At the end of the third quarter of fiscal 1999, the amount of this charge had not yet been determined.

4. Boston Trading Ltd., Inc. Litigation

In 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 original principal amount of $1 million (the "Purchase Note") payable in two equal annual installments through May 2, 1997. In fiscal 1996 the Company asserted rights of indemnification under the Asset Purchase Agreement. In accordance with that Agreement, the Company, when exercising its indemnification rights, has the right, among other courses of action, to offset against the payment of principal and interest due and payable under the Purchase Note, the value of its indemnification claim. Accordingly, based on these indemnification rights, the Company ultimately did not make either of the $500,000 payments of principal due on the Purchase Note on May 2, 1996 and May 2, 1997. Nevertheless, the Company continued to pay interest on the original principal amount of the Purchase Note through May 2, 1996 and continued to pay interest thereafter through November 2, 1997 on $500,000 of principal. In January 1998, Atlantic Harbor, Inc. (formerly known as "Boston Trading Ltd., Inc.") filed a lawsuit against the Company for refusing to pay the purportedly outstanding principal amount of the Purchase Note. Thereafter, the Company filed claims against Atlantic Harbor, Inc. and its stockholders alleging that the Company was damaged in excess of $1 million because of the breach of certain representations and warranties concerning, among other things, the existence and condition of certain foreign trademark registrations and license agreements. Barring unforeseen circumstances, management of the Company does not believe that the result of this litigation will have a material adverse impact on the Company's business or financial condition.

5. Credit Facility

On June 4, 1998 the Company entered into an Amended and Restated Loan and Security Agreement with a subsidiary of BankBoston, N.A., BankBoston Retail Finance Inc., as agent for the lenders named therein (the "Credit Agreement"). This credit facility, which terminates on June 4, 2001, consists of a revolving line of credit permitting the Company to borrow up to $50 million. Under this facility, the Company has the ability to cause the lenders to issue documentary and standby letters of credit up to $5 million. The Company's obligations under the Credit Agreement are secured by a lien on all of the Company's assets. The ability of the Company to borrow under the Credit Agreement is subject to a number of conditions including the accuracy of certain representations and compliance with tangible net worth and fixed charge coverage ratio covenants.

The availability of the unused revolving line of credit is limited to specified percentages of the value of the Company's eligible inventory determined under the Credit Agreement, ranging from 60% to 65%. At the option of the Company, borrowings under this facility bear interest at BankBoston N.A.'s prime rate or at LIBOR-based fixed rates. The Credit Agreement contains certain covenants and events of default customary for credit facilities of this nature, including change of control provisions and limitations on payment of dividends by the Company. The Company is subject to a prepayment penalty of $250,000 if the Credit Agreement terminates prior to June 4, 2000.

In the third quarter of fiscal 1998, the Credit Agreement was amended to, among other things, permit and acknowledge the Company's acquisition of nine Levi's(R) Outlet and 16 Dockers(R) Outlet stores from LOS and to permit and acknowledge the transactions associated with the dissolution and winding up of the OLS Partnership. These amendments included an increase in the minimum tangible net worth that the Company must have, which was adjusted to recognize the value of the assets distributed to the Company by the OLS Partnership. Prior to these amendments, the tangible net worth of the OLS Partnership was excluded from the calculation of the Company's tangible net worth for purposes of these financial covenants. Subject to certain limitations and conditions, the Credit Agreement permits the Company, without the prior permission of the lenders, to consummate certain acquisitions and to repurchase shares of the Company's Common Stock. These amendments, among other things, reduced the amount that the Company may expend for such purposes without obtaining the prior permission of its lenders.

On October 14, 1999 the Company was notified that, by virtue of the recent change in the members of the Company's Board of Directors, a "Change in Control" occurred within the meaning of the Credit Agreement, giving rise to an event of default. On October 28, 1999, the lenders, BankBoston Retail Finance Inc. and the Company entered into an amendment to the Credit Agreement. This amendment waives the event of default arising because of the Change in Control, modifies the definition of "Change in Control," and includes new events of default for material adverse changes in the Company's financial condition or its business relationship with Levi Strauss & Co. compared to the Company's financial condition and its relationship with Levi Strauss & Co., respectively, as of October 8, 1999.

At October 30, 1999 the Company had borrowings of approximately $16.1 million outstanding under this facility and had four outstanding standby letters of credit totaling approximately $3.9 million. Average borrowings outstanding under this credit facility for the first nine months of fiscal 1999 were approximately $16.7 million. The Company was in compliance with all debt covenants under the Credit Agreement at the end of the third quarter.

6. Net Income (Loss) Per Share

Statement of Financial Accounting Standards No. 128, "Earnings per Share" requires the computation of basic and diluted earnings per share. Basic earnings per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share are determined by giving effect to the exercise of stock options using the treasury stock method. The following table provides a reconciliation of the number of shares outstanding for basic and diluted earnings per share.

(In thousands)	For the three months ended 10/30/99	10/31/98	For the nine months ended 10/30/99	10/31/98
Basic weighted average common shares outstanding	16,018	15,867	15,997	15,789
Stock options, excluding anti-dilutive options of 115 shares and 66 shares for the three and nine months ended October 31, 1998, respectively.	82	--	117	--
Diluted weighted average shares Outstanding	16,100	15,867	16,114	15,789

Options to purchase shares of the Company's Common Stock of 1,835,575 and 1,734,450 for the three and nine months ended October 30, 1999, respectively, were excluded from the computation of diluted EPS because the exercise price of the options was greater than the average market price per share of Common Stock for the periods reported. For the three and nine months ended October 31, 1998, 2,012,000 and 1,892,000 options were excluded from the computation of diluted earnings per share, respectively.

7. Segment Disclosures

Through the end of the third quarter of fiscal 1999, the Company operated its business under two reportable store segments: (i) Outlet Store Group and (ii) Specialty Store Group. On November 24, 1999, the Company announced that its Board of Directors had reached a preliminary decision to seek to sell or close its five Buffalo Jeans Factory Stores and its five remaining Designs stores by the end of fiscal 1999. As a result of this decision, the Company expects to operate only one reportable store segment beginning in fiscal 2000, the Outlet Store Group. The Company has included the operations of these ten stores in a segment for "Closed Stores and Other", which includes the operations of all closed stores and stores that are expected to close in fiscal 1999.

Outlet Store Group: At October 30, 1999, this store group included the Company's 58 Levi's(R)/Dockers(R) Outlets by Designs stores, 20 Levi's(R) Outlet by Designs stores, and 17 Dockers(R) Outlet by Designs stores. These outlet stores all operate in outlet parks located throughout the eastern United States and primarily sell close out and end-of-season merchandise from Levi Strauss & Co. and its licensees.

Closed Stores and Other: This group includes the Designs, Boston Trading Co.(R)/BTC(TM) and Boston Traders(R) Outlet stores that were closed as part of prior store closing programs and the 11 Original Levi's Stores(TM) that were distributed to LDJV Inc or closed as part of the dissolution of the OLS Partnership. Also included in this segment are the two BTC(TM) stores that were closed in the third quarter of fiscal 1999 and the five remaining Designs stores and five Buffalo Jeans Factory Stores that are expected to close or be sold by the end of fiscal 1999.

The Company evaluates individual store profitability in terms of a store's "Contribution to Profit" which is defined by the Company as gross margin less occupancy costs and all store specific expenses such as payroll, advertising, insurance and depreciation. The Company may transfer end-of-season merchandise from its Specialty Stores to its Outlet Stores. These transfers represent less than five percent of the Outlet Stores' total receipts. The Company transfers merchandise at the receiving store's retail price with any associated markdowns being recorded by the sending store.

Below is a summary of the results of operations for each of the reportable segments for the three and nine months ended October 30, 1999 and October 31, 1998:

For the three months ended October 30, 1999

(in thousands)	Outlet	Closed and Other	Total
Sales	$53,580	$3,123	$56,703
Merchandise margin	23,972	804	24,776
Occupancy costs	5,639	694	6,333
Gross margin	18,333	110	18,443
Contribution to profit	10,246	(708)	9,538

For the three months ended October 31, 1998

(in thousands)	Outlet	Closed and Other	Total
Sales	$43,893	$14,821	$58,714
Merchandise margin	17,430	4,922	22,352
Occupancy costs	5,288	3,597	8,885
Gross margin	12,142	1,325	13,467
Contribution to profit	5,315	(16,474)	(11,159)

For the nine months ended October 30, 1999

(in thousands)	Outlet	Closed and Other	Total
Sales	$130,287	$9,158	$139,445
Merchandise margin	56,268	2,614	58,882
Occupancy costs	16,192	2,642	18,834
Gross margin	40,076	(28)	40,048
Contribution to profit	17,699	(2,852)	14,847
Segment Assets:			
Inventory	60,555	3,067	63,622
Fixed assets, net	11,573	6,115(1)	17,688

For the nine months ended October 31, 1998

(in thousands)	Outlet	Closed and Other	Total

Sales	$106,706	$42,487	$ 149,193
Merchandise margin	43,652	15,290	58,942
Occupancy costs	13,634	13,128	26,762
Gross margin	30,018	2,162	32,180
Contribution to profit	12,242	(25,106)	(12,864)
Segment Assets:			
Inventory	48,658	10,280	58,938
Fixed assets, net	10,009	9,888(1)	19,897

(1) Fixed assets for the Closed Stores and Other includes fixed assets for the corporate office which were $5.1 million and $7.4 million as of October 30,1999 and October 31, 1998, respectively.

Reconciliation of Contribution to Profit to Operating Loss

For the:	three months		nine months	
(in thousands)	10/30/99	10/31/98	10/30/99	10/31/98
Contribution to Profit:				
Outlet store segment	$10,246	$5,315	$17,699	$12,242
Closed store and other	(708)	(16,474)	(2,852)	(25,106)
General and Administrative Expenses	(4,551)	(4,112)	(12,522)	(12,642)
Total Operating Income (Loss)	$4,987	$(15,271)	$3,193	$(25,506)

8. Establishment of Trust

In May 1999, the Company deposited $2.3 million in a trust established for the purpose of securing pre-existing obligations of the Company to Mr. Joel H. Reichman, Mr. Scott N. Semel and Mrs. Carolyn R. Faulkner under their employment agreements. These funds are being held in a trust to pay the amounts that may become due under their employment agreements following the recent change in the membership of the Company's Board of Directors and also to pay any amounts that may become due to them pursuant to their indemnification agreements and the Company's by-laws.

9. Recently Issued Accounting Standards

The Financial Accounting Standards Board issued SFAS No. 137, Accounting for Derivative Instruments and Hedging Accounting - Deferral of the Effective Date of SFAS No. 133 in July 1999. SFAS No. 133 is now effective for all fiscal quarters of all fiscal years beginning after June 15, 2000; earlier adoption is allowed. SFAS No. 133 requires companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The Company has not yet determined the effect that adoption of SFAS No. 133 will have or when the provisions of the statement will be adopted. However, the Company currently expects that, due to its relatively limited use of derivative instruments, the adoption of SFAS No. 133 will not have material effect on the Company's results of operations or financial position.

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

Results of Operations

Sales

Set forth below are the Company's total sales and comparable store sales for the three and nine months ended October 30, 1999 and October 31, 1998. Of the 112 stores the Company operated as of October 30, 1999, 70 were comparable stores.

(In thousands, except percentage data)	Total Sales 10/30/99	Total Sales 10/31/98	Percentage Change at 10/30/99
For the three months ended:			
Comparable Stores	$42,137	$42,966	(1.9%)
New and Remodeled Stores(1)	14,305	3,900	266.8%
Closed Stores(2)	261	11,848	(97.8%)
Total Sales	$56,703	$58,714	(3.4%)
For the nine months ended:			
Comparable Stores	$103,892	$106,147	(2.1%)
New and Remodeled Stores(1)	32,870	6,649	394.4%
Closed Stores(2)	2,683	36,397	(92.6%)
Total Sales	$139,445	$149,193	(6.5%)

(1) New and Remodeled Stores include stores that have been operating less than 13 months or are currently in the process of being remodeled.

(2) Closed Stores include stores closed in fiscal 1998 and 1999 and those scheduled to close in fiscal 1999 as part of the Company's store closing programs.

The $2 million decline in total sales for the three months ended October 30, 1999 as compared with the same period in the prior year is comprised of a $11.6 million decrease related to the closure of 34 stores and a $0.8 million decrease in comparable store sales. This $12.4 million decrease was substantially offset by sales from new and remodeled stores totaling $10.4 million in fiscal 1999. Similarly, the $9.8 million decrease in total sales for the nine months ended October 30, 1999 as compared with the same period in the prior year is comprised of a $33.7 million decrease related to the closure of 34 stores and a $2.3 million decrease in comparable store sales. This $36 million decrease was substantially offset by sales from new and remodeled stores totaling $26.2 million. The Company's Outlet Store segment, which represents approximately 94 percent of sales, had a comparable store sales decline of 1 percent for the three and nine month periods ended October 30, 1999 as compared to the same periods in the prior year.

Gross Margin

Set forth below are merchandise and gross margin rates and occupancy costs as a percentage of total sales for the three and nine months ended October 30, 1999 and October 31, 1998.

	Gross Margin Rate 10/30/99	Gross Margin Rate 10/31/98	Percentage Change at 10/30/99
For the three months ended:			
Merchandise Margin	43.7%	38.1%	14.7%
Occupancy Costs	11.2%	15.2%	(26.3)
Gross Margin	32.5%	22.9%	41.9%
For the nine months ended:			
Merchandise Margin	42.2%	39.5%	6.8%
Occupancy Costs	13.5%	17.9%	(26.6%)
Gross Margin	28.7%	21.6%	32.9%

The 9.6 percentage point increase in gross margin for the three months ended

October 30, 1999 compared to the same period in the prior year is the result of a 5.6 percentage point increase in merchandise margins and a 4.0 percentage point decrease in occupancy costs as a percentage of sales. The increase in merchandise margin is due to an increase in initial margins which was favorably impacted by an improved availability of tops as well as a result of the Company's shift to a store base comprised of mostly Levi's(R) and Dockers(R) Outlet by Designs stores, which have historically had higher margin rates as compared to the mall-based specialty stores. Similarly, the 7.1 percentage point increase in gross margin for the nine months ended October 30, 1999 as compared to the same period in the prior year is due a 4.4 percentage point decrease in occupancy costs as a percentage of sales and an increase in merchandise margins of 2.7 percentage points. The increase in merchandise margins is similarly due to improved availability of tops and the shift towards a greater proportion of Levi's(R) and Dockers(R) Outlet by Designs stores.

Selling, General and Administrative Expenses

Set forth below is certain information concerning the Company's selling, general and administrative expenses for the three and nine months ended October 30, 1999 and October 31, 1998.

(In thousands, except percentage data)	October 30, 1999 $	% of sales	October 31, 1998 $	% of sales
For the three months ended	$11,868	20.9%	$ 12,699	21.6%
For the nine months ended	31,980	22.9%	36,420	24.4%

Selling, general and administrative expenses decreased by $800,000 or 6.3% for the three months ended October 30, 1999 as compared with the same period in the prior year. Store payroll expense, the largest component of selling, general and administrative expenses, was 9.2 percent of sales in the third quarter, compared with 9.4 percent of sales for the same period in the prior year. Selling, general and administrative expenses for the third quarter included approximately $1.5 million in expenses related the recent annual stockholders meeting and proxy solicitation. These expenses consisted of the Company's proxy expenses, expenses reimbursed to Jewelcor Management, Inc., costs related to the termination of the Company's Shareholder Rights Plan and other costs associated with the recent change in the membership of the Company's Board of Directors. Excluding these costs and expenses, selling, general and administrative expenses were reduced by $2.3 million as a result of the expense reduction actions taken in fiscal 1997 and 1998 as well as ongoing expense reduction programs implemented by the Company. The $4.4 million or 12.2% decrease in selling, general and administrative expenses for the nine months ended October 30, 1999 is similarly due to the expense reduction actions taken by the Company and similarly impacted by the proxy solicitation and other costs related to the recent change in the membership of the Companys' Board of Directors.

Depreciation and Amortization

Set forth below are depreciation and amortization expenses for the Company for the three and nine months ended October 30, 1999 and October 31, 1998.

(In thousands, except percentage data)	October 30, 1999	October 31, 1998	Percentage Change at October 30, 1999
For the three months ended	$1,588	$2,632	(39.7%)
For the nine months ended	4,875	7,859	(38.0%)

The decrease in depreciation and amortization expenses for the three and nine months ended October 30, 1999 as compared to the same periods in the prior year is principally due to the write off of fixed assets in fiscal 1998 as part of the Company's store closing program, offset slightly by increases in depreciation related to new and remodeled stores.

Interest Expense, Net

Interest expense was $390,000 and $132,000 for the three months ended October 30, 1999 and October 31, 1998, respectively. For the nine months ended October 30, 1999 and October 31, 1998 interest expense was $868,000 and $399,000, respectively. These increases in interest expense for the three and nine months ended October 30, 1999 as compared to the prior year are attributable to higher average borrowing levels under the Company's revolving credit facility.

Net Profit/Loss

Set forth below are is the net earnings (losses) for the Company for the three and nine months ended October 30, 1999 and October 31, 1998.

(In thousands, except	October 30, 1999	October 31, 1998

per share data)	$	per share	$	per share
Three months ended	$ 2,692	$ 0.17	$(8,746)	($0.55)
Nine months ended	1,294	0.08	(14,892)	(0.94)

Segment Information

Through the end of the third quarter of fiscal 1999, the Company operated its business under two reportable store segments (i) Outlet Store Group and (ii) Specialty Store Group. On November 24, 1999, the Company announced that its Board of Directors had reached a preliminary decision to seek to sell or close its five Buffalo Jeans Factory Stores and its five remaining Designs stores by the end of fiscal 1999. As a result of this decision, the Company expects to operate only one reportable store segment beginning in fiscal 2000, the Outlet Store Group. The Company has included the operations of these ten stores in a segment for "Closed Stores and Other", which includes the operations of all closed stores and stores that are expected to close in fiscal 1999.

Outlet Store Group: At October 30, 1999, this store group included the Company's 58 Levi's(R)/Dockers(R) Outlets by Designs stores, 20 Levi's(R) Outlet by Designs stores, and 17 Dockers(R) Outlet by Designs stores. These outlet stores all operate in outlet parks located throughout the eastern United States and primarily sell close out and end-of-season merchandise from Levi Strauss & Co. and its licensees.

Closed Stores and Other: This group includes the Designs, Boston Trading Co.(R)/BTC(TM) and Boston Traders(R) Outlet stores that were closed as part of prior store closing programs and the 11 Original Levi's Stores(TM) that were distributed to LDJV Inc or closed as part of the dissolution of the OLS Partnership. Also included in this segment are the two BTC(TM) stores that were closed in the third quarter of fiscal 1999 and the five remaining Designs stores and five Buffalo Jeans Factory Stores that are expected to close or be sold by the end of fiscal 1999.

The Company evaluates individual store profitability in terms of a store's "Contribution to Profit" which is defined by the Company as gross margin less occupancy costs and all store specific expenses such as payroll, advertising, insurance and depreciation. The Company may transfer end-of-season merchandise from its Specialty Stores to its Outlet Stores. These transfers represent less than five percent of the Outlet Stores' total receipts. The Company transfers merchandise at the receiving store's retail price with any associated markdowns being recorded by the sending store.

Below is a summary of the results of operations for each of the reportable segments for the three and nine months ended October 30, 1999 and October 31, 1998:

For the three months ended October 30, 1999

(in thousands)	Outlet	Closed and Other	Total
Sales	$53,580	$3,123	$56,703
Merchandise margin	23,972	804	24,776
Occupancy costs	5,639	694	6,333
Gross margin	18,333	110	18,443
Contribution to profit	10,246	(708)	9,538

For the three months ended October 31, 1998

(in thousands)	Outlet	Closed and Other	Total
Sales	$43,893	$14,821	$58,714
Merchandise margin	17,430	4,922	22,352
Occupancy costs	5,288	3,597	8,885
Gross margin	12,142	1,325	13,467
Contribution to profit	5,315	(16,474)	(11,159)

For the nine months ended October 30, 1999

(in thousands)	Outlet	Closed and Other	Total
Sales	$130,287	$9,158	$139,445
Merchandise margin	56,268	2,614	58,882
Occupancy costs	16,192	2,642	18,834
Gross margin	40,076	(28)	40,048
Contribution to profit	17,699	(2,852)	14,847

Segment Assets:

Inventory	60,555	3,067	63,622
Fixed assets, net	11,573	6,115(1)	17,688

For the nine months ended October 31, 1998

(in thousands)	Outlet	Closed and Other	Total
Sales	$106,706	$42,487	$ 149,193
Merchandise margin	43,652	15,290	58,942
Occupancy costs	13,634	13,128	26,762
Gross margin	30,018	2,162	32,180
Contribution to profit	12,242	(25,106)	(12,864)
Segment Assets:			
Inventory	48,658	10,280	58,938
Fixed assets, net	10,009	9,888(1)	19,897

(1) Fixed assets for the Closed Stores and Other includes fixed assets for the corporate office which were $5.1 million and $7.4 million as of October 30,1999 and October 31, 1998, respectively.

Reconciliation of Contribution to Profit to Operating Loss

For the:	three months		nine months	
(in thousands)	10/30/99	10/31/98	10/30/99	10/31/98
Contribution to Profit:				
Outlet store segment	$10,246	$5,315	$17,699	$12,242
Closed store and other	(708)	(16,474)	(2,852)	(25,106)
General and Administrative Expenses	(4,551)	(4,112)	(12,522)	(12,642)
Total Operating Income (Loss)	$4,987	$(15,271)	$3,193	$(25,506)

STORE CLOSING PROGRAMS

During the third quarter of fiscal 1998, the Company announced its plans to close 22 unprofitable Designs and Boston Trading Co.(R)/BTC(TM) stores through lease terminations and expirations. This store closing strategy resulted in the Company recording a pre-tax charge of $13.4 million, or $0.47 per share after tax, related to the closing of these Designs stores and Boston Trading Co.(R)/BTC(TM) stores and the eight Original Levi's Stores(TM) closed by the joint venture. The total revised estimated cost to close these stores is $10.5 million, which is $2.9 million less than the original charge, primarily due to favorable landlord negotiations on lease termination payments. As a result, the Company recognized pre-tax income of $2.9 million in the fourth quarter of fiscal 1998. Total estimated cash costs are expected to be $4.2 million related to lease terminations, employee severance and other related expenses. The remainder of the $10.5 million charge consists of non-cash costs of approximately $6.3 million in store fixed asset write-offs. All of these stores were closed by the end of fiscal 1998. At October 30, 1999, the remaining reserve balance related to these store closings is $169,000 which primarily relates to landlord settlements that the Company anticipates will be paid in fiscal 1999.

During the fourth quarter of fiscal 1998, the Company recorded additional store closing and severance reserves of $5.2 million, or $0.20 per share, related to the decision to close three BTC(TM) stores, one Designs mall store, and four Boston Traders(R) Outlet stores and to further reduce corporate headcount. This pre-tax charge included cash costs of approximately $2.9 million related to lease terminations and corporate severance, and $2.3 million of non-cash costs related to store fixed asset write-offs and markdowns. At October 30, 1999, the remaining reserve balance related to these store closings is $1.9 million, which primarily relates to landlord settlements and reserves for the write-off of fixed assets.

The combined earnings and cash flow benefits of the third and fourth quarter fiscal 1998 charges are expected, barring unforeseen circumstances, to be approximately $8.5 million and $13.5 million, respectively, for both fiscal 1999 and 2000.

Seasonality

The Company's business historically has been 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. In recent years, the Company's focus has shifted towards its outlet store business. The percentage of the Company's outlet business has increased and is anticipated to continue to increase because of the shift in the Company's store mix towards one consisting exclusively of outlet stores.

Liquidity and Capital Resources

The Company's primary cash needs have been for operating expenses, including cash outlays associated with inventory purchases, capital expenditures for new and remodeled stores, and the purchase of 25 outlet stores from Levi's Only Stores, Inc. in fiscal 1998. During fiscal 1999, the Company expects to incur capital expenditures, net of landlord construction allowances, related to building new outlet stores, outlet store remodels and relocations, and system enhancements of $2.6 million. The Company expects that cash flow from operations, short-term revolving borrowings and trade credit will enable it to finance its current working capital, store remodeling and opening requirements.

Working Capital and Cash Flows

To date, the Company has financed its working capital requirements, store opening and store closing programs and remodeling programs with cash flow from operations, income tax refunds, tax loss carryforwards, and borrowings under the Company's credit facility. Cash provided by operations for the first nine months of fiscal 1999 was $2.5 million as compared to $8.5 million for the same period in the prior year. This $6.0 million change is primarily the result of a federal income tax refund of $12.9 million received in the first quarter of fiscal 1998.

There was no unrestricted cash and investments at October 30, 1999 as compared to $1.5 million at October 31, 1998. At October 30, 1999, the Company had borrowings of $16.1 million outstanding under its revolving credit facility as compared to $10.3 million at October 31, 1998. The increase in the Company's net borrowing position at October 30, 1999 as compared to October 31, 1998 is primarily due to the $12.9 million federal income tax refund received in the first quarter of fiscal 1998. The Company expects that average borrowings for fiscal 1999 will be higher than those in fiscal 1998 as a result of borrowings in the third quarter of fiscal 1998 to fund the acquisition of the 25 outlet stores, increases in fiscal 1999 inventory purchases and the cost of lease terminations associated with the closing of unprofitable stores.

In May 1999, the Company deposited $2.3 million in a trust established for the purpose of securing pre-existing obligations of the Company to Mr. Joel H. Reichman, Mr. Scott N. Semel and Mrs. Carolyn R. Faulkner under their employment agreements. These funds are being held in a trust to pay the amounts that may become due under their employment agreements following the recent change in the membership of the Company's Board of Directors and also to pay any amounts that may become due to them pursuant to their indemnification agreements and the Company's by-laws.

The Company's working capital at October 30, 1999 was approximately $26.2 million, compared to $37.4 million at October 31, 1998. This decrease in working capital was primarily attributable to costs incurred as part of the Company's store closing program in fiscal 1998 and fiscal 1999. At October 30, 1999, total inventory equaled $63.6 million, compared to $58.9 million at October 31, 1998. The increase of 8 percent in the Company's inventory level was primarily due to the addition of outlet stores to the Company's store base offset by store closings in fiscal 1998 and 1999.

The Company stocks its Levi's(R) Outlet by Designs and Dockers(R) Outlet by Designs stores with manufacturing overruns, merchandise specifically manufactured for the outlet stores, discontinued lines and irregulars purchased directly from Levi Strauss & Co., and end-of-season merchandise transferred from the Company's mall-based stores. By its nature, this merchandise, including the most popular Levi Strauss & Co. styles of merchandise and the breadth of the mix of this merchandise, is subject to limited availability. The Company continues to evaluate and, within the discretion of management, act upon opportunities to purchase substantial quantities of Levi's(R), Dockers(R) and Slates(R) brand products for its Levi's(R) and Dockers(R) Outlet by Designs stores.

At October 30, 1999, the accounts payable balance was $10.6 million as compared with a balance of $11.6 million at October 31, 1998. This 8.6 percent decrease was primarily related to the timing of payments to vendors. The Company's trade payables to Levi Strauss & Co., its principal vendor, generally are due 30 days after the date of invoice. The Company expects, barring unforeseen circumstances, that any purchases of branded merchandise from vendors other than Levi Strauss & Co. and its licensees will be limited and will be in accordance with customary industry credit terms.

On June 4, 1998 the Company entered into an Amended and Restated Loan and Security Agreement with a subsidiary of BankBoston, N.A., BankBoston Retail Finance Inc., as agent for the lenders named therein (the "Credit Agreement"). This credit facility, which terminates on June 4, 2001, consists of a revolving line of credit permitting the Company to borrow up to $50 million. Under this facility, the Company has the ability to cause the lenders to issue documentary and standby letters of credit up to $5 million. The Company's obligations under the Credit Agreement are secured by a lien on all of the Company's assets. The ability of the Company to borrow under the Credit Agreement is subject to a number of conditions including the accuracy of certain representations and compliance with tangible net worth and fixed charge coverage ratio covenants. The availability of the unused revolving line of credit is limited to specified percentages of the value of the Company's eligible inventory determined under the Credit Agreement, ranging from 60% to 65%. At the option of the Company, borrowings under this facility bear interest at BankBoston N.A.'s prime rate or at LIBOR-based fixed rates. The Credit Agreement contains certain covenants and events of default customary for credit facilities of this nature, including change of control provisions and restrictions on payment of dividends by the Company. The Company is subject to a prepayment penalty of $250,000 if the Credit Agreement terminates prior to June 4, 2000.

In the third quarter of fiscal 1998, the Credit Agreement was amended to, among other things, permit and acknowledge the Company's acquisition of nine Levi's(R) Outlet and 16 Dockers(R) Outlet stores from Levi's Only Stores, Inc. and to permit and acknowledge the transactions associated with the dissolution and winding up of The Designs/OLS Partnership (the "OLS Partnership"). These amendments include an increase in the minimum tangible net worth that the Company must have, which was adjusted to recognize the value of the assets distributed to the Company by the OLS Partnership. Prior to these amendments, the tangible net worth of the OLS Partnership was excluded from the calculation of the Company's tangible net worth for purposes of these financial covenants. Subject to certain limitations and conditions, the Credit Agreement permits the Company, without the prior permission of the lenders, to consummate certain acquisitions and to repurchase shares of the Company's Common Stock. These amendments, among other things, reduced the amount that the Company may expend for such purposes without obtaining the prior permission of its lenders.

On October 14, 1999 the Company was notified that, by virtue of the recent change in the members of the Company's Board of Directors, a "Change in Control" occurred within the meaning of the Credit Agreement, giving rise to an event of default. On October 28, 1999, the lenders, BankBoston Retail Finance Inc. and the Company entered into an amendment to the Credit Agreement. This amendment waives the event of default arising because of the Change in Control, modifies the definition of "Change in Control," and includes new events of default for material adverse changes in the Company's financial condition or its business relationship with Levi Strauss & Co. compared to the Company's financial condition and its relationship with Levi Strauss & Co., respectively, as of October 8, 1999.

At October 30, 1999, the Company had borrowings of $16.1 million outstanding under this facility and had four outstanding standby letters of credit totaling approximately $3.9 million. Average borrowings under this credit facility for the first nine months of fiscal 1999 were approximately $16.7 million. The Company was in compliance with all debt covenants at the end of the third quarter.

In 1995 the Company acquired certain assets of Boston Trading Ltd., Inc. ("Boston Trading") in accordance with the terms of an 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 original principal amount of $1 million (the "Purchase Note"). The principal amount of the Purchase Note was payable in two equal installments through May 1997. In 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, among other courses of action, to offset against the payment of principal and interest due and payable under the Purchase Note the value of its indemnification claim. Accordingly, based on these indemnification rights, the Company ultimately did not make either of the $500,000 payments of principal on the Purchase Note that were due on May 2, 1996 and May 2, 1997. Nevertheless, the Company continued to pay interest on the original principal amount of the Purchase Note through May 2, 1996 and continued to pay interest thereafter through November 2, 1997 on $500,000 of principal. The portion of the principal amount of the Purchase Note ultimately to be paid by the Company depends upon the result of this litigation. Barring unforeseen circumstances, management of the Company does not believe that the result of this litigation will have a material adverse impact on the Company's business or financial condition.

YEAR 2000 REMEDIATION PROGRAM

I. State of Readiness: Most of the Company's computer and process control systems were designed to use only two digits to represent years. As a result, prior to the implementation of the Company's Year 2000 remediation program, they may not have recognized "00" as representing the year 2000, but rather the year 1900 which could have resulted in errors or system failures. The Company has completed the conversion of all of its business critical technology and information systems to Year 2000 compliant systems.

The Company's primary data processing systems for financial reporting, and merchandise management were upgraded with new releases of year 2000 compliant software and have been operating under fiscal 2000 since January 31, 1999. ADP updated the payroll system to a Year 2000 compliant version in May 1999. A conversion of our electronic point of sales system was completed in June 1999. Non-compliant personal computers and network software were converted by the end of November 1999.

Management reviewed all business critical embedded systems that may be impacted by the year 2000 issue and they have been found to be Year 2000 compliant were upgraded or replaced with Year 2000 compliant components and equipment. In the third quarter of fiscal 1999 the Company was informed by Levi Strauss & Co., the supplier of more than 90 percent of the merchandise sold by the Company, that Levi Strauss & Co. had successfully upgraded and converted its information technology systems to Year 2000 compliant systems. The Company orders a substantial portion of the merchandise purchased from Levi Strauss & Co. through an electronic data interchange system ("EDI"). The Company and Levi Strauss & Co. have both been using Year 2000 compliant EDI systems since July 1999.

II. Cost to Address Year 2000 Issues: The Company has spent an amount not exceeding $600,000 in conversion and upgrade costs, which has been expensed in the Company's financial statements as incurred. The Company spent $300,000 in fiscal year 1998 and expects to expense not more than $300,000 in fiscal 1999. Cash flow from operations, and short-term revolving borrowings have enabled the Company to fund its Year 2000 remediation program.

III. Risks related to the Company's Year 2000 Issues: The Company's ability to operate would be impacted by the lack of electronic transmission of data from Levi Strauss & Co. and would result in the implementation of manual processes to account for receipt of merchandise. The implementation of manual processes would result in a slow down of product shipments to the Company, which could have an adverse impact on sales. In a worst case scenario, telecommunications or electical power interruptions on a regional or national scale would adversely affect all merchants' ability to operate.

IV. Company's Contingency Plan: In the unlikely event of an interruption of shipments from Levi Strauss & Co., the Company's contingency plan involved increased purchases in advance of the beginning of December 31, 1999 to ensure adequate supplies of merchandise would be available. Management currently believes that the Company now has an adequate supply of merchandise in inventory to mitigate the impact of any such interruption through the first quarter of fiscal 2000.

Capital Expenditures

Total cash outlays for capital expenditures for the first nine months of fiscal 1999 were approximately $4.5 million, which excludes landlord construction allowances of approximately $1.6 million. These cash outlays were primarily for new and remodeled stores with the balance expended primarily for information systems enhancements. Total cash outlays for capital expenditures for the first nine months of fiscal 1998 were $391,000, which represents the cost of store and corporate capital expenditures. During the first nine months of fiscal 1999, the Company opened one new Dockers(R) Outlet by Designs store, eight new Levi's(R)/Dockers(R) Outlet by Designs stores (five of which replace older locations), and completed the remodeling of five of its older Levi's(R) Outlet by Designs stores to the new combined Levi's(R)/Dockers(R) Outlet by Designs store format.

The Company's plans for the fourth quarter of fiscal 1999, barring unforeseen circumstances, include the opening of two new Levi's(R)/Dockers(R) Outlet by Designs stores (one of which replaces an older location), opening one new Dockers(R) Outlet by Designs store, and remodeling one older Levi's(R) Outlet location to the new combined Levi's(R)/Dockers(R) Outlet by Designs store format. As previously announced, Levi Strauss & Co. has given the Company tentative approval to open two Levi's(R)/Dockers(R) Outlet by Designs stores in Puerto Rico in fiscal 2000, and the Company continues to negotiate with outlet landlords and developers for suitable real estate lease terms.

On October 31, 1998 the Company and Levi Strauss & Co. amended the trademark license agreement (as amended, the "Outlet License Agreement") that authorizes the Company to use certain Levi Strauss & Co. trademarks in connection with the operation of the Company's Levi's(R) Outlet by Designs and Dockers(R) Outlet by Designs stores in more than 25 states in the eastern portion of the United States. Subject to certain default provisions, the term of the Outlet License Agreement was extended to September 30, 2004, and the license for any particular store is the period co-terminous with the lease term for such store (including extension options). Beginning with the amendment to the Outlet License Agreement effective on October 31, 1998, the Outlet License Agreement provides that the Company has the opportunity to extend the term of the license associated with one or more of the Company's older Levi's(R) Outlet by Designs stores by either renovating the store or replacing the store with a new store with an updated format and fixturing. In order to extend the license associated with each of the Company's 59 older outlet stores, the Company must, subject to certain grace periods, complete these renovations or the construction of replacement stores by December 31, 2004. At October 30, 1999, the average remaining lease term (including extension options) of the Company's Levi's(R) Outlet by Designs and Dockers(R) Outlet by Designs stores was approximately 9.6 years.

The Company, with the approval of Levi Strauss & Co., initiated a program to remodel or replace its 59 oldest Levi's(R) Outlet by Designs stores beginning in fiscal 1999. The Company intends, barring unforeseen circumstances, to continue to move, remodel or replace these the remaining portion of these stores over the next four years. To date, the Company had closed two of its older 59 Levi's(R) Outlet stores, remodeled six of these stores and opened six new Levi's(R)/Dockers(R) Outlet by Designs stores as replacements for these stores.

Recent Developments

On September 3, 1999 Jewelcor Management, Inc., a Nevada corporation ("Jewelcor"), filed with the Securities and Exchange Commission a definitive proxy statement relating to a solicitation by Jewelcor of proxies in connection with the annual meeting of stockholders of the Company. Jewelcor successfully solicited proxies to elect a new slate of directors, in opposition to the members of the Company's then Board of Directors, and to adopt a shareholder proposal recommending termination of the Company's Shareholder Rights Agreement. The results of the vote of the stockholders of the Company at the annual meeting of stockholders held on October 4, 1999 were certified by an independent inspector of elections on October 8, 1999.

On October 20, 1999 the Company announced, among other things, that Joel H. Reichman, its President and Chief Executive Officer, would be leaving the Company in 30 days. The Company also announced that, as a result, John J. Schultz, a member of the Company's Board of Directors, would be assuming the duties of President and CEO on an interim basis. The Company has agreed to compensate Mr. Schultz at the rate of $2,000 per day, payable at his election in cash or in shares of Common Stock, plus reimbursement of reasonable out-of-pocket expenses, for his service as the Company's interim President and CEO. Mr. Schultz' compensation also includes the grant of stock options exercisable for up to 15,000 shares of Common Stock for each year in which Mr. Schultz serves as President and CEO. The per share exercise price of these options will be the closing price of shares of Common Stock on the date of grant.

The Company has agreed to retain Mr. Robert L. Patron, Jr., a member of the Company's Board of Directors, as a consultant to advise the Company with regard to real estate matters. The Company has agreed to compensate Mr. Patron at the rate of $2,000 per day for his services, payable at his election in cash or in shares of Common Stock, plus reimbursement of reasonable out-of-pocket expenses. Mr. Patron's compensation also includes the grant of stock options exercisable for up to 15,000 shares of Common Stock for each year in which Mr. Patron furnishes real estate consulting services to the Company. The per share exercise price of these options will be the closing price of shares of Common Stock on the date of grant.

In a letter dated October 25, 1999, Levi Strauss & Co. stated that, although it believed that the recent change in the membership of the Company's Board of Directors and senior management triggered its right to declare a breach under the Outlet License Agreement, Levi Strauss & Co. was reluctant to exercise its rights until it had an opportunity to hear about the Company's future business and strategic plans. Levi Strauss & Co. requested that the Company prepare and submit a written business and strategic plan, and thereafter meet with Levi Strauss & Co. to discuss that plan. In response, the Company informed Levi Strauss & Co., among other things, that the Company was fully committed to the store improvement and operating initiatives begun in 1999 and that the Company had no plans to change the current Levi's(R) and Dockers(R) Outlet by Designs strategy. The Company said it would promptly submit its business and strategic plan and that it looked forward to meeting with representatives of Levi Strauss & Co. At a meeting held in San Francisco, California on December 8, 1999 John J. Schultz, the Company's President and CEO, and Daniel O. Paulus, the Company's Vice President and General Merchandise Manager, met with representatives of Levi Strauss & Co. and submitted the requested plan. A follow up meeting with senior Levi Strauss & Co. executives is scheduled to take place, barring unforeseen circumstances, in January 2000.

On October 29, 1999 the Company announced, among other things, that its Board of Directors had unanimously voted to increase the size of the Board from five to seven and that that Mr. George T. Porter, formerly President of the Levi's(R) brand at Levi Strauss & Co., San Francisco, California, and Mr. James Mitarotonda, Chief Executive Officer and founder of Barington Capital Group, an investment banking firm located in New York City, had been elected to the Board of Directors. The Company also announced that it would retain Jewelcor, a 9.9% stockholder of the Company, to act as a consultant to assist in developing and implementing a strategic plan for the Company, and for other related consulting services as may be agreed upon on terms prevailing in the market to be determined on the advice of independent consultants and reflected in a definitive agreement. The Company said that Jewelcor had agreed to accept a portion of its compensation for its consulting services in the form of options to purchase Common Stock, up to a maximum of 400,000 shares, exercisable at the closing price on October 28, 1999, as a reduction to cash compensation otherwise due. The Company also announced that Jewelcor had agreed to accept its $400,000 reimbursement for expenses incurred in connection with the recent proxy solicitation in the form of shares of Common Stock, valued at the closing price on October 28, 1999 payable after final termination of the Company's Shareholders Rights Plan. The Board of Directors voted to terminate the Shareholder Rights Plan and, after the Company redeemed the Rights under the Plan outstanding on November 10, 1999, that Plan was no longer in effect.

On October 29, 1999 the Company also announced that it had engaged the independent accounting and consulting firm of Deloitte & Touche LLP to review the Company's operations in order to seek to improve operating efficiencies and reduce overhead. After the end of the third quarter of fiscal 1999, on November 24, 1999, the Company said that based on information presented to the Company's Board of Directors, the Board is reviewing all operations and assets and may make decisions or dispositions with respect to the Company's operations and assets that could result in an additional charge for the fourth quarter of fiscal 1999. Further, the Company anticipates that additional business analyses, consulting and related expenses and other decisions potentially resulting from the ongoing review of operations will additionally impact fourth quarter results. There are no assurances that the Board of Directors will make any such determinations or asset dispositions.

On November 24, 1999, the Company announced that it had made a preliminary decision to seek to sell or close its five Buffalo Jeans Factory Stores and its five remaining Designs stores by the end of fiscal 1999. Such sales and closures are expected to result in an as yet undetermined charge to fourth quarter earnings, which charges are expected, barring unforeseen circumstances, to include, but not be limited to, asset write-downs associated with lease terminations, employee severance payments, mark-downs associated with inventory liquidations and related fees and expenses. At the end of the third quarter of fiscal 1999, the amount of this charge had not yet been determined.

The foregoing discussion 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. Accordingly, actual results and the Company's implementation of its plans and operations may differ materially from forward-looking statements made by the Company. The Company encourages readers of this information to refer to Exhibit 99 of the Company's Annual Report on Form 10-K, previously filed with the United States Securities and Exchange Commission on May 1, 1998, which identifies certain risks and uncertainties that may have an impact on future earnings and the direction of the Company.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Part II. Other Information

ITEM 1. Legal Proceedings

In January 1998 Atlantic Harbor, Inc. (formerly known as "Boston Trading Ltd., Inc.") filed a lawsuit against the Company for failing to pay the outstanding principal amount of the Purchase Note. Thereafter, the Company filed claims against Atlantic Harbor, Inc. and its stockholders alleging that the Company was damaged in excess of $1 million because of the breach of certain representations and warranties concerning the existence and condition of certain foreign trademark registrations and license agreements. Barring unforeseen circumstances, management of the Company does not believe that the result of this litigation will have a material adverse effect on the Company's business or financial condition.

The Company is a party to other 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 2. Changes in Securities and Use of Proceeds

None.

ITEM 3. Default Upon Senior Securities

None.

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

On October 4, 1999, the Company held its 1999 Annual Meeting of Stockholders. At the meeting, stockholders holding 13,473,465 shares of the Company's Common Stock, $0.01 par value ("Common Stock"), were present in person or represented by proxy at the meeting. On October 8, 1999, an independent inspector of elections certified the following results of (a) the election of members of the Company's Board of Directors, and (b) a proposal recommending that the Board of Directors terminate the Company's Shareholders Rights Agreement dated as of May 1, 1995, together with any amendments thereto.

Election of Directors

The following named nominees received the following votes cast "For" and "Withheld" with respect to the election of directors:

Name of Nominee	Number of Votes For	Number of Votes Withheld
Jesse H. Choper	6,962,126	5,655
Jeremiah P. Murphy, Jr.	6,962,126	5,655
Robert L. Patron, Jr.	6,962,126	5,655
Joseph Pennacchio	6,962,126	5,655
John J. Schultz	6,962,126	5,655
James G. Groninger	6,324,099	181,585
Bernard M. Manuel	6,324,230	181,454
Joel H. Reichman	6,321,999	183,685
Melvin I. Shapiro	6,325,899	179,785
Peter L. Thigpen	6,325,530	180,154

Proposal Recommending Termination
of the Company's Shareholder Rights Agreement

The votes cast "For," "Against" and "Abstaining" from voting with respect to this proposal were as follows:

Number of Votes For	Number of Votes Against	Number of Votes Abstaining
7,497,257	5,848,370	127,838

ITEM 5. Other Information

None.

ITEM 6. Exhibits and Reports on Form 8-K

A. Reports on Form 8-K:

The Company reported under item 5 on Form 8-K, dated August 25, 1999, that on August 25, 1999 the Board of Directors of the Company rescheduled the Company's 1999 Annual Meeting of Stockholders to Monday, October 4, 1999 at 11:00 a.m.

B. Exhibits:

3.1	Restated Certificate of Incorporation of the Company, as amended (included as Exhibit 3.1 to Amendment No. 3 of 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 3.4 to the Company's Amendment No. 1 to Annual Report on Form 10-K/A dated May 28, 1999, 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).	*
4.2	First Amendment dated as of October 6, 1997 to the 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 October 9, 1997, and incorporated herein by reference).	*
4.3	Second Amendment dated as of May 19, 1999 to the Shareholder Rights Agreement between the Company and its transfer agent, as amended (included as Exhibit 4.1 to the Company's Current Report on Form 8-K dated May 25, 1999, and incorporated herein by reference).	*
4.4	Third Amendment dated as of July 7, 1999 to the Shareholder Rights Agreement between the Company and its transfer agent, as amended (included as Exhibit 4.1 to the Company's Current Report on Form 8-K dated July 13, 1999, and incorporated herein by reference).	*
10.1	1992 Stock Incentive Plan, as amended (included as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q dated June 16, 1998, and incorporated herein by reference).	*
10.2	Senior Executive Incentive Plan for fiscal year ending January 29, 2000 (included as Exhibit 10.4 to the Company's Annual Report on Form 10-K dated April 30, 1999 and incorporated herein by reference).	*
10.3	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).	*
10.4	Amended and Restated Trademark License Agreement between the Company and Levi Strauss & Co. dated as of October 31, 1998 (included as Exhibit 10.4 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference).	*
10.5	Amended and Restated Loan and Security Agreement dated as of June 4, 1998, between the Company and BankBoston Retail Finance Inc., as agent for the Lender(s) identified therein ("BRBF"), and the Lender(s) (included as Exhibit 10.1 to the Company's Current Report on Form 8-K dated June 11, 1998, and incorporated herein by reference).	*
10.6	Fee letter dated as of June 4, 1998, between the Company and BBRF	

(included as Exhibit 10.2 to the Company's Current Report on Form 8-K dated June 11, 1998, and incorporated herein by reference). *

10.7 First Amendment to Loan and Security Agreement dated as of September 29, 1998 among the Company, BBRF and the Lender(s) identified therein (included as Exhibit 10.5 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference). *

10.8 Second Amendment to Loan and Security Agreement dated as of October 31, 1998 among the Company, BBRF and the Lender(s) identified therein (included as Exhibit 10.6 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference). *

10.9 Third Amendment to Loan and Security Agreement dated as of October 28, 1999 among the Company, BBRF and the Lender(s) identified therein.

10.10 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). *

10.11 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). *

10.12 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). *

10.13 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). *

10.14 Sublicense Agreement between the LOS Partner and the OLS 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). *

10.15 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). *

10.16 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). *

10.17 Amendment and Distribution Agreement dated as of October 31, 1998 among the Designs Partner, the LOS Partner and the OLS Partnership (included as Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference). *

10.18 Guaranty by the Company in favor of LS&CO. of the indemnification obligation of the Designs Partner dated as of October 31, 1998 (included as Exhibit 10.3 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference). *

10.19 Asset Purchase Agreement between LOS and the Company relating to the sale by the Company of 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). *

10.20 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 Asset Purchase Agreement dated as of September 30, 1998 between the

	Company and LOS relating to the purchase by the Company of 16 Dockers(R) Outlet and nine Levi's(R) Outlet stores (included as Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 3, 1998, and incorporated herein by reference).	*
10.23	Employment Agreement dated as of October 16, 1995 between the Company and Joel H. Reichman (included as Exhibit 10.1 to the Company's Current 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 Scott N. Semel (included as Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 6, 1995, and incorporated herein by reference).	*
10.25	Employment Agreement dated as of May 9, 1997 between the Company and Carolyn R. Faulkner (included as Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q dated June 17, 1997, and incorporated herein by reference).	*
10.26	Indemnification Agreement between the Company and James G. Groninger, dated December 10, 1998 (included as Exhibit 10.30 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.27	Indemnification Agreement between the Company and Bernard M. Manuel, dated December 10, 1998 (included as Exhibit 10.31 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.28	Indemnification Agreement between the Company and Peter L. Thigpen, dated December 10, 1998 (included as Exhibit 10.32 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.29	Indemnification Agreement between the Company and Melvin I. Shapiro, dated December 10, 1998 (included as Exhibit 10.33 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.30	Indemnification Agreement between the Company and Joel H. Reichman, dated December 10, 1998 (included as Exhibit 10.34 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.31	Indemnification Agreement between the Company and Scott N. Semel, dated December 10, 1998 (included as Exhibit 10.35 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.32	Indemnification Agreement between the Company and Carolyn R. Faulkner, dated December 10, 1998 (included as Exhibit 10.36 to the Company's Annual Report on Form 10-K dated April 30, 1999, and incorporated herein by reference).	*
10.33	Trust Agreement between the Company and State Street Bank and Trust Company, dated as of May 12, 1999. (included as Exhibit 10.32 to the Company's Quarterly Report on Form 10-Q dated September 14, 1999, and incorporated herein by reference).	*
11	Statement re: computation of per share earnings.	
27	Financial Data Schedule.	
99.1	Report of the Company dated May 1, 1998 concerning certain cautionary statements of the Company to be taken into account in conjunction with 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.	*

* Previously filed with the Securities and Exchange Commission.

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.

December 14, 1999

By: /s/ Carolyn R. Faulkner

Carolyn R. Faulkner, Vice President,
Chief Financial Officer and Treasurer

THIRD AMENDMENT TO AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT

This Third Amendment to Amended and Restated Loan and Security Agreement is made as of the 28th day of October, 1999 by and between

BankBoston Retail Finance Inc. (in such capacity, the "Agent"), as Agent for the Lenders party to a certain Amended and Restated Loan and Security Agreement dated as of June 4, 1998,

the Lenders party thereto, and

Designs, Inc. (the "Borrower"), a Delaware corporation with its principal executive offices at 66 B Street, Needham, Massachusetts 02194

in consideration of the mutual covenants herein contained and benefits to be derived herefrom.

W I T N E S S E T H:

WHEREAS, on June 4, 1998, the Agent, the Lenders and the Borrower entered in a certain Amended and Restated Loan and Security Agreement (as amended and in effect, the "Agreement"); and

WHEREAS, the Agent has notified the Borrower of the occurrence of certain Events of Default under the Agreement; and

WHEREAS, the Agent, the Lenders and the Borrower desire to waive such Events of Default and to modify certain of the provisions of the Agreement as set forth herein.

NOW, THEREFORE, it is hereby agreed among the Agent, the Lenders and the Borrowers as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Agreement.

2. Amendments to Article 1. The provisions of Article 1 of the Agreement are hereby amended by deleting subparagraph (b) of the definition of "Change in Control" in its entirety and substituting the following in its stead:

(b) More than one-third of the persons who were directors of the Borrower on the first day of any period consisting of Twelve (12) consecutive calendar months (the first of which Twelve (12) month periods commences on the first day of November, 1999), cease, for any reason other than death or disability, to be directors of the Borrower.

(c) The persons who are directors of the Borrower as of October 28, 1999 cease, for any reason, to constitute a majority of the board of directors of the Borrower.

3. Amendments to Article 10. The provisions of Article 10 of the Loan Agreement are hereby amended by adding the following new Events of Default at the end thereof:

10-19 Material Adverse Change. An event shall have occurred or failed to occur, which occurrence or failure is or could have a materially adverse effect upon the Borrower's financial condition when compared with such financial condition as of October 8, 1999.

10-20 Levi Strauss Changes. There shall have occurred any material adverse change in or to the Borrower's business relationship with

Levi Strauss & Co. when compared to such relationship as of October 8, 1999.

4. Waiver of Event of Default. The Agent and the Lenders waive any Event of Default which arose as a result of the Change in Control which occurred on or about October 8, 1999. This waiver is a one time waiver and relates only to the events described in this paragraph. This waiver shall not modify any rights of the Agent and the Lenders under the Agreement in the event of any future Change in Control or on account of any other Event of Default.

5. Ratification of Loan Documents. Except as provided herein, all terms and conditions of the Agreement on the other Loan Documents remain in full force and effect.

6. Miscellaneous.

(a) This Third Amendment to Amended and Restated Loan and Security Agreement may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

(b) This Third Amendment to Amended and Restated Loan and Security Agreement expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.

(c) Any determination that any provision of this Third Amendment or any application hereof is invalid, illegal or unenforceable in any respect and in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance, or the validity, legality or enforceability of any other provisions of this Third Amendment to Amended and Restated Loan and Security Agreement.

(d) The Borrower shall pay on demand all costs and expenses of the Agent and each Lender, including, without limitation, reasonable attorneys' fees in connection with the preparation, negotiation, execution and delivery of this Third Amendment to Amended and Restated Loan and Security Agreement.

(e) The Borrower warrants and represents that the Borrower has consulted with independent legal counsel of the Borrower's selection in connection with this Third Amendment and is not relying on any representations or warranties of the Agent or any Lender or their respective counsel in entering into this Third Amendment.

IN WITNESS WHEREOF, the parties have hereunto caused this Third Amendment to be executed and their seals to be hereto affixed as of the date first above written.

AGENT

BANKBOSTON RETAIL FINANCE INC.

By: /s/ James R. Dore

Name: James R. Dore

Title: Vice President

LENDERS

BANKBOSTON RETAIL FINANCE INC.

By: /s/ James R. Dore

Name: James R. Dore

Title: Vice President

NORWEST BUSINESS CREDIT, INC.

By: /s/ Scott Fiore

Name: Scott Fiore

Title: Assistant Vice President

BORROWER

DESIGNS, INC.

By: /s/ Scott N. Semel, as EVP

Name: Scott N. Semel, as

Title: Executive Vice President

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EX-11
EARNINGS PER SHARE

Exhibit 11. Statement Re: Computation of Per Share Earnings

	Three months ended		Nine months ended	
	10/30/99	10/31/98	10/30/99	10/31/98
Basic EPS Computation				
Numerator: Net income (loss)	$ 2,692	$(8,746)	$ 1,294	$(14,892)
Denominator:				
Weighted average common shares outstanding	16,018	15,867	15,997	15,789
Basic EPS	$ 0.17	$ (0.55)	$ 0.08	$ (0.94)
Diluted EPS Computation				
Numerator: Net income (loss)	$ 2,692	$(8,746)	$ 1,294	$(14,892)
Denominator:				
Weighted average common shares outstanding	16,018	15,867	15,997	15,789
Stock options, excluding anti-dilutive options of 115 shares and 66 shares for the three and nine months ended October 31, 1998, respectively	82	--	117	--
Total Shares	16,100	15,867	16,114	15,789
Diluted EPS	$ 0.17	$ (0.55)	$ 0.08	$ (0.94)

This Schedule contains summary financial information extracted from the consolidated Balance Sheets of Designs, Inc. as of October 30, 1999 and the Consolidated Statements of Income for the nine months ending Ocotber 30, 1999 and is qualified in its entirety by reference to such financial statements.

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9-MOS
JAN-29-2000
AUG-01-1999
OCT-30-1999
2,316
0
163
0
63,622
67,454
47,306
29,618
107,323
41,302
0
0
0
167
65,854
107,323
139,445
139,445
99,397
99,397
36,855
0
868
2,325
1,031
1,294
0
0
0
1,294
.08
.08