

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 28, 1995      Commission File Number      0-15898  
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DESIGNS, INC.  
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(Exact name of registrant as  
specified in its charter)

Delaware  
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04-2623104  
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(State or other jurisdiction of  
incorporation or organization)

(IRS Employer Identification No.)

1244 Boylston Street, Chestnut Hill, MA  
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02167  
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(Address of principal executive offices)

(Zip Code)

(617) 739-6722  
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(Registrant's telephone  
number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 October 28, 1995 -----
Common	15,766,234 shares

DESIGNS, INC.  
CONSOLIDATED BALANCE SHEETS  
October 28, 1995, October 29, 1994 and January 28, 1995  
(In thousands, except share data)  
(Unaudited)

October      October      January

	28, 1995	29, 1994	28, 1995
ASSETS			
Current Assets:			
Cash and cash equivalents	\$18,367	\$19,711	\$22,424
Accounts receivable	970	1,038	4,223
Inventories	63,801	48,015	52,649
Deferred income taxes	1,579	4,741	1,579
Prepaid expenses	1,092	1,291	1,213
	-----	-----	-----
Total current assets	85,809	74,796	82,088
Property and equipment, net of accumulated depreciation and amortization	34,473	25,835	26,503
Other assets:			
Long-term investments	11,514	18,539	15,831
Deferred income taxes	1,542	1,888	1,771
Pre-opening costs, net	1,236	458	481
Intangible assets (Note 4)	2,709	-	-
Other assets	757	794	621
	-----	-----	-----
Total assets	<u>\$138,040</u>	<u>\$122,310</u>	<u>\$127,295</u>
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$11,811	\$14,171	\$13,210
Accrued expenses and other current liabilities	9,224	5,033	5,944
Restructuring reserve (Note 3)	-	4,959	-
Accrued rent	3,058	7,512	7,690
Income taxes payable	2,484	2,817	-
Current portion of note payable (Note 4)	500	-	-
	-----	-----	-----
Total current liabilities	27,077	34,492	26,844
Commitments and contingencies			
Long term portion of note payable (Note 4)	500	-	-
Minority interest (Note 2)	6,526	-	4,749
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, 15,766,000, 15,746,000 and 15,755,000 shares issued at October 28, 1995, October 29, 1994 and January 28, 1995, respectively	158	157	157
Additional paid-in capital	52,656	52,760	52,619
Retained earnings	51,123	34,901	42,926
	-----	-----	-----
Total stockholders' equity	103,937	87,818	95,702
Total liabilities and stockholders' equity	<u>\$138,040</u>	<u>\$122,310</u>	<u>\$127,295</u>
	=====	=====	=====

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	
	October 28, 1995	October 29, 1994
Sales	\$89,217	\$80,755
Cost of goods sold including occupancy	59,903	53,739
	-----	-----
Gross profit	29,314	27,016
Expenses:		
Selling, general and administrative	18,453	14,297
Restructuring charges	---	---
Depreciation and amortization	2,347	1,717
	-----	-----
Total expenses	20,800	16,014
	-----	-----
Operating income	8,514	11,002
Interest expense	67	8
Interest income	393	301
	-----	-----
Income before minority interest and income taxes	8,840	11,295
Less minority interest	289	-
	-----	-----
Income before income taxes	8,551	11,295
Provision for income taxes	3,517	4,634
	-----	-----
Net income	\$5,034	\$6,661
	=====	=====
Net income per common and common equivalent share	\$ 0.32	\$ 0.42
Weighted average common and common equivalent shares outstanding	15,765	15,940

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)

	Nine Months Ended	
	October 28, 1995	October 29, 1994
Sales	\$213,546	\$186,106
Cost of goods sold including occupancy	148,159	128,486
	-----	-----
Gross profit	65,387	57,620
Expenses:		
Selling, general and administrative	48,569	38,810
Restructuring charges	(2,200)	-
Depreciation and amortization	6,294	5,064
	-----	-----
Total expenses	52,663	43,874
	-----	-----
Operating income	12,724	13,746
Interest expense	154	590
Interest income	1,116	1,058
	-----	-----
Income before minority interest and income taxes	13,686	14,214
Less minority interest	395	-
	-----	-----
Income before income taxes	13,291	14,214
Provision for income taxes	5,469	5,830
	-----	-----
Net income	\$7,822	\$8,384
	=====	=====
Net income per common and common equivalent share	\$ 0.50	\$ 0.53
Weighted average common and common equivalent shares outstanding	15,760	15,966

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consolidated financial statements.

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

	Twelve Months Ended	
	October 28, 1995	October 29, 1994
Sales	\$293,350	\$258,205
Cost of goods sold including occupancy	201,457	177,256
Gross profit	91,893	80,949
Expenses:		
Selling, general and administrative	62,675	51,270
Restructuring charges	(5,400)	15,000
Depreciation and amortization	8,109	6,781
Total expenses	65,384	73,051
Operating income	26,509	7,898
Interest expense	173	937
Interest income	1,535	1,401
Income before minority interest and income taxes	27,871	8,362
Less minority interest	395	-
Income before income taxes	27,476	8,362
Provision for income taxes	11,135	3,560
Net income	\$16,341	\$4,802
Net income per common and common equivalent share	\$ 1.04	\$ 0.30
Weighted average common and common equivalent shares outstanding	15,755	15,963

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

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

	Nine Months Ended	
	October 28, 1995	October 29, 1994
Cash flows from operating activities:		
Net income	\$7,822	\$8,384
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	6,294	5,064
Deferred income taxes	-	(354)
Minority interest	395	-
Loss from the sale of investments	71	380
Loss from disposal of property and equipment	1,065	313
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable	3,253	(217)
Inventories	(8,131)	(2,853)
Prepaid expenses	(121)	(89)
Prepaid income taxes	-	1,015
Income taxes payable	2,484	1,443
Accounts payable	(1,399)	7,463
Restructuring reserve	-	(2,432)
Accrued expenses and other current liabilities	3,280	2,478
Accrued rent	(4,632)	(165)
Net cash provided by operating activities	10,381	20,430
Cash flows from investing activities:		
Additions to property and equipment	(13,786)	(8,956)
Incurrence of pre-opening costs	(1,508)	(592)
Proceeds from disposal of property and equipment	170	69
Sale and maturity of investments	4,852	7,158
Increase in other assets	(157)	(249)
Net cash used in investing activities	(10,429)	(2,570)
Cash flows from financing activities:		
Payment for acquisition of a business	(5,428)	-
Proceeds from minority shareholder	1,560	-
Distributions to minority shareholder	(178)	-
Repayments of long-term debt	-	(10,000)
Repurchase of common stock	-	(2,050)
Issuance of common stock under option program (1)	37	300
Net cash used in financing activities	(4,009)	(11,750)
Net decrease (increase) in cash and cash equivalents	(4,057)	6,110
Cash and cash equivalents:		
Beginning of the year	22,424	13,601
End of the quarter	\$18,367	\$19,711
Supplementary Cash Flow Disclosure		
Cash paid, net:		
Interest	\$ 70	\$ 748
Taxes	3,139	3,602

(1) Including related tax 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 Designs, Inc. (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 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 year ended January 28, 1995. Historically, the Company's business 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.

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(R) brand jeans and jeans-related products in Original Levi's(R) Stores and Levi's(R) Outlets. LDJV Inc. is a wholly-owned subsidiary of Levi's(R) Only Stores, Inc., which is a wholly-owned subsidiary of Levi Strauss & Co. This partnership is known as The Designs/OLS Partnership (the "Partnership").

The operating results of the Partnership are consolidated with the financial statements of the Company for the three, nine and twelve months ended October 28, 1995. Minority interest at October 28, 1995 represents LDJV Inc.'s 30% interest in the Partnership.

During the third quarter of fiscal year 1996, the Partners made an additional capital contribution of cash totalling \$5.2 million to the Partnership. In accordance with the Partnership Agreement, the Partnership made capital distributions of \$592,000 to its partners for the nine months ended October 28, 1995. These capital distributions represented funds sufficient for each of the partners to pay taxes associated with the earnings of the Partnership for the nine month period ended October 28, 1995.

3. Restructuring

During fiscal 1994, the Company recorded a nonrecurring pre-tax charge of \$15 million or \$0.56 per share to cover the expected costs associated with the closing of fifteen of its poorest performing Designs stores. The \$15 million is reflected in the consolidated statement of income as a restructuring charge for the twelve month period ended October 29, 1994.

As of the end of fiscal 1995, the estimated cost to close these fifteen stores was \$11.8 million. This estimated amount included an accrual of \$4.1 million for future lease obligations. In the fourth quarter of fiscal 1995, the Company recognized pre-tax income of \$3.2 million which represented the Company's estimated excess restructuring reserve at January 28, 1995.

During the first quarter of fiscal 1996, the Company reached final agreements with certain landlords for \$1.9 million. The remaining accrual of \$2.2 million or \$0.08 per share was recognized as pre-tax income for the nine month period ended October 28, 1995.

#### 4. Acquisition

On May 2, 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 among Boston Trading, Designs Acquisition Corp., the Company and others (the "Purchase Agreement"). The Company paid \$5,428,000 million in cash, financed by operations, and delivered a non-negotiable promissory note in the principal amount of \$1,000,000. The principal amount of the promissory note is payable in two equal annual installments through May 1997. The note bears interest at the published prime rate and is payable semi-annually from the date of acquisition. The purchase price has been allocated to the assets acquired, including certain intangible assets, principally trademarks and licensing agreements, based on their respective fair values. Trademarks and licensing agreements are being amortized on a straight-line basis over 15 years and 4 years, respectively. Other assets acquired included all inventory and fixed assets associated with 33 Boston Traders(R) outlet stores.

The following pro forma summary presents the consolidated results of operation of the Company as if the acquisition had occurred as of the beginning of the periods presented, after giving effect to certain adjustments, including amortization of intangibles, decreased interest income related to cash used to finance the acquisition and related income tax effects. Pro forma results of operations for the nine months ended October 28, 1995 and October 29, 1994 include Boston Trading results of operations for the period January 29, 1995 through May 1, 1995 and January 30, 1994 through October 29, 1994, respectively. Pro forma results of operations for the twelve month period ended October 28, 1995 and October 29, 1994 assume that the acquisition occurred at October 30, 1994 and October 31, 1993, respectively.

	Nine Months Ended		Twelve Months Ended	
	October 28, 1995	October 29, 1994	October 28, 1995	October 29, 1994
Revenue	\$215,334	\$195,118	\$299,737	\$271,779
Net income	6,912	5,971	14,806	1,819
Net income per share \$	0.44	\$ 0.37	\$ 0.94	\$ 0.11

## 5. Amendment to Credit Agreement

During the second quarter of fiscal 1996, the Company signed an amendment to the \$20.0 million revolving credit agreement dated as of November 17, 1994 among the Company, BayBank Boston, N.A. and State Street Bank and Trust Company. This amendment provides that \$5.0 million of the \$20.0 million line of credit can be used as a letter of credit facility. The Company expects to use this letter of credit facility for purchases of inventory related to the development and growth of the Company's Boston Traders(R) product line. At October 28, 1995, \$3.5 million of the \$5.0 million was available for the issuance of letters of credit.

## 6. Adoption of a Shareholders Rights Plan

On May 1, 1995, the Board of Directors of the Company adopted a Shareholder Rights Plan. Pursuant to the Plan, the Company entered into a Shareholder Rights Agreement ("Rights Agreement") between the Company and its transfer agent, The First National Bank of Boston. Pursuant to the Rights Agreement, the Board of Directors declared a dividend distribution of one preferred stock purchase right (the "Right(s)") for each outstanding share of the Company's \$0.01 par value Common Stock ("Common Stock") to stockholders of record as of the close of business on May 15, 1995. Initially, these Rights will not be exercisable and will trade with the shares of the Company's Common Stock. In the event that a person becomes an "acquiring person" or is declared an "adverse person" as each such term is defined in the Rights Agreement, each holder of a Right (other than the acquiring person or the adverse person) would be entitled to acquire such number of shares of preferred stock which are equivalent to the Company's Common Stock having a value of twice the then-current exercise price of the Right. If the Company is acquired in a merger or other business combination transaction after any such event, each holder of a Right would then be entitled to purchase, at the then-current exercise price, shares of the acquiring company's common stock having a value of twice the exercise price of the Right.

RESULTS OF OPERATIONS

Sales for the third quarter of fiscal 1996 increased 10% to \$89.2 million from \$80.8 million in the third quarter of 1995. Comparable store sales decreased 3% for the three month period. Of the 158 stores that Designs, Inc. (the "Company") operates, 99 are comparable stores. Comparable store sales decreased primarily due to an decrease in unit sales of 4% offset by 1% increase in average unit price for the three month period. Comparable Outlet store sales increased 1% for the three month period as compared to the prior year, principally due to an increase in the availability and mix of goods. Comparable Designs store sales decreased by 10% for the three month period as compared to the same period in the preceding year. Comparable Original Levi's(R) Stores sales decreased 4% for the three month period as compared to the same period in the prior year. For the nine month period, sales rose 15% to \$213.5 million in the current year as compared to \$186.1 million in the prior year. Comparable store sales increased 2% for the nine month period. On a rolling 12 month basis, sales increased 14% to \$293.4 million for the twelve month period ended October 28, 1995 compared to \$258.2 million for the twelve month period ended October 29, 1994.

Gross margin rate (including the costs of occupancy) decreased to 32.9% as compared to 33.5% in the third quarter of 1995 principally due to the deleveraging of occupancy costs on the lower than anticipated sales base. The increased total sales at this gross margin rate resulted in a 8.5% increase in gross margin dollars to \$29.3 million for the third quarter of fiscal 1996 as compared with \$27.0 million in fiscal 1995. For the nine month period, gross margin rate decreased to 30.6% as compared to 30.9% in the prior period. For the rolling twelve month period, gross margin rate decreased to 31.3% as compared to 31.4% in the prior year.

For the quarter, selling, general and administrative expenses of \$18.5 million increased to 20.7% of sales as compared with 17.7% in the corresponding period in the prior year. This increase was primarily attributable to increased infrastructure costs associated with the development of the Company's Boston Traders(R) brand. For the nine month period, selling, general and administrative expenses increased to 22.7% of sales as compared with 20.9% in the prior year period. For the rolling 12 month period, selling, general and administrative expenses increased to 21.4% of sales compared with 19.9% in the prior period principally due to increased advertising, infrastructure associated with the Boston Trading(R) brand and healthcare costs.

During fiscal 1994, the Company recorded a non-recurring pre-tax charge of \$15.0 million to cover the expected costs associated with the closing of up to ten of its poorest performing Designs stores. In November 1994, in connection with the Company's ongoing review of Designs store performance, the Company decided to close up to five more of the poorest performing Designs stores during fiscal 1995. The \$15.0 million is reflected in the consolidated statement of income as a restructuring charge for the twelve month period ended October 29, 1994.

As of the end of fiscal 1995, the estimated costs to close these fifteen stores was an estimated \$11.8 million. This estimated amount included an accrual of \$4.1 million for future lease obligations. For the fiscal year ended January 28, 1995, the Company recognized pre-tax income of \$3.2 million which represented the Company's estimated excess accrual at January 28, 1995.

During the first quarter of fiscal 1996, the Company reached final agreements with certain landlords for \$1.9 million. The remaining accrual of \$2.2 million was recognized as pre-tax income for the nine month period ended October 28, 1995.

Depreciation and amortization expense of \$2.3 million and \$6.3 million for the three and nine month periods increased 36.7% and 24.3%, respectively, as compared with the same periods in fiscal 1995 due to the cost of new store openings, remodeled Designs stores and the acquisition of 33 Boston Traders(R) outlet stores. For the rolling 12 month period, depreciation and amortization increased 19.6%, primarily due to the timing of store openings.

Interest expense for the third quarter of fiscal year 1996 increased to \$67,000 as compared to \$8,000 in the same period in fiscal year 1995 principally due to interest expense incurred on the \$1 million acquisition promissory note outstanding. Interest expense for the nine months decreased to \$154,000 or 73.9% as compared to \$590,000 in the prior year due to interest cost savings and a prepayment penalty of \$290,000 associated with

the retirement of the Company's Senior Notes in the second quarter of fiscal 1995. On a rolling 12 month basis, interest expense decreased to \$173,000 or 81.5% as compared to \$937,000 in the prior period.

Interest income for the third quarter increased to \$393,000 in fiscal year 1996 from \$301,000 in fiscal year 1995 due to increased interest rates as compared to the same period in the prior year. For the nine month period, interest income of \$1,116,000 increased 5.5% as compared to \$1,058,000 for the same period in the prior year. Interest income for fiscal 1995 also includes losses associated with the sale of certain long term investments in the amount of \$178,000 and \$380,000 for the three months and nine months ended October 29, 1994, respectively. For the rolling 12 months, interest income of \$1.5 million increased 9.6% as compared to the prior period. See Liquidity and Capital Resources - Working Capital and Cash Flows.

Net income for the third quarter of fiscal year 1996 was \$5.0 million or \$0.32 per share, as compared with \$6.7 million or \$0.42 per share in the third quarter of fiscal 1995. For the nine month period, the Company recorded net income of \$7.8 million, or \$0.50 per share in the current year as compared to \$8.4 million, or \$0.53 per share in the prior year. Net income for the nine month period ended October 28, 1995 includes pre-tax income of \$2.2 million or \$0.08 per share related to the Company's previously discussed restructuring program.

Net income, on a rolling 12 month basis, was \$16.3 million or \$1.04 per share in the twelve month period, as compared with \$4.8 million, or \$0.30 per share in the prior comparable period. Net income includes the impact of a restructuring income (charge) of \$5.4 million or \$0.20 per share for the twelve month period ended October 28, 1995 and (\$15.0) million or (\$0.56) per share for the twelve month period ended October 29, 1994.

#### SEASONALITY

The Company's business is seasonal, reflecting increased consumer buying in the "Back to School" 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 Company's primary cash needs are for operating expenses, seasonal inventory purchases, capital expenses for new and remodeled stores, cash outlays associated with restructuring, and the development of the Boston Traders(R) branded product line.

#### 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 from operations for the first nine months of fiscal 1996 was \$11.8 million as compared to \$20.4 million for the same period in the prior period. The decrease in cash from operations is due to increased purchases of inventory for new stores, increased infrastructure costs associated with the acquisition of certain assets of Boston Trading Ltd., Inc. ("Boston Trading"), timing of payments of accounts payable and \$1.9 million paid to landlords in connection with lease terminations associated with the Company's restructuring program.

The Company's working capital at October 28, 1995 was approximately \$58.7 million as compared to \$40.3 million at October 29, 1994. The increase is attributable to the completion of the Company's restructuring program and a reduction in the average maturity of the Company's investment portfolio.

Inventory in dollars in comparable stores increased 13.9% and units increased 18.0% from October 29, 1994 to October 28, 1995 due principally to an increase in availability and mix of merchandise for the Levi's(R) Outlets stores. Total inventory at October 28, 1995 increased \$15.8 million or 32.9% from October 29, 1994. This increase was due primarily to purchases made for the Levi's(R) Outlets as the availability of outlet inventory increased at the end of the third quarter of fiscal 1996 as compared with fiscal 1995, and reflects the fair value of the inventory purchased as part of the Boston Trading acquisition.

The Company stocks its Levi's(R) Outlet stores exclusively with manufacturing overruns, discontinued lines and irregulars purchased by the Company directly from Levi Strauss & Co. and end-of-season merchandise transferred from Designs stores and Original Levi's(R) Stores. By its nature, this merchandise is subject to limited availability.

In August 1995, Levi Strauss & Co., the Company's principal vendor, changed its payment terms with the Company to payment due within 30 days of

invoice from payment within 10 days after the end of the month in which goods are received. The Company has been current with its payments to Levi Strauss & Co. from fiscal 1987 to date. Trade payables with other vendors are generally payable within 30 days 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 1996, the Company began sourcing its own merchandise with various off-shore vendors. To date, payment to these vendors have been through the issuance of letters of credit, which require payment upon shipment of merchandise. The Company anticipates that these payment methods will continue during the remainder of fiscal 1996.

During the second quarter of fiscal 1996, the Company signed an amendment to the \$20.0 million revolving credit agreement dated November 17, 1994 among the Company, BayBank Boston, N.A. and State Street Bank and Trust Company. This amendment provides that \$5.0 million of the \$20.0 million line of credit will be used as a letter of credit facility. The Company expects to use this letter of credit facility for purchases of inventory related to the development and growth of the Company's Boston Traders(R) product line. At October 28, 1995, \$3.5 million of the \$5.0 million was available for the issuance of letters of credit.

At October 28, 1995, there were no short-term or long-term borrowings outstanding, with the exception of a \$1.0 million promissory note which was issued in connection with the acquisition of assets of Boston Trading, as discussed below. The Company had no outstanding borrowings, excluding the \$1.0 million promissory note, during the quarter ended October 28, 1995.

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. (the "Partners"), entered into a partnership agreement (the "Partnership Agreement") establishing a joint venture (the "Partnership") to sell Levi's(R) brand jeans and jeans-related products. The Partnership plans to open and operate a total of 35 to 50 Original Levi's(R) Stores and Levi's(R) Outlet stores throughout 11 Northeast states and the District of Columbia over the next three to five fiscal years. This number of stores includes the 11 Original Levi's(R) Stores and 3 Levi's(R) Outlet stores which were open at October 28, 1995. The Levi's(R) Outlet stores in the Partnership will sell only Levi's(R) brand products and service the close-out products of the Original Levi's(R) Stores.

In connection with the formation of the joint venture, Designs JV Corp. contributed, in exchange for a 70% interest in the joint venture, eight of the Company's then existing Original Levi's(R) Stores and three leases for then unopened stores in New York City, Nanuet, New York, and White Plains, New York. These stores are included in the 35 to 50 stores described above. At the same time, LDJV Inc., the joint venture subsidiary of Levi's Only Stores, Inc., contributed approximately \$4.7 million in cash to the joint venture in exchange for a 30% interest.

During October 1995, the Partners agreed to provide an additional capital contribution of cash totalling \$5.2 million to the Partnership to fund the Partnership capital expenditure needs. Designs JV Corp. and LDJV Inc. contributed \$3,640,000 and \$1,560,000, respectively.

Under the terms of the Partnership Agreement the Partners are to fund the joint venture's working capital and funds for its expansion from the Partnership's operations and borrowings from third parties. However, the Partners may also decide that they or their affiliates will contribute or loan additional funds to the joint venture or guaranty third-party debt. Neither Partner is required to make any future contribution to the capital of the joint venture, any loan to the joint venture or any such guaranty unless both Partners agree. Excess cash (as defined in the Partnership Agreement) is to be distributed in accordance with the terms of the Partnership Agreement. No assurance can be given as to whether the Company will make any additional capital contributions, loans or guaranties or that cash will be distributed to the Company out of the Partnership.

In June 1994, Levi Strauss & Co. informed the Company that it wanted to focus the future relationship between the two companies on the Original Levi's(R) Stores joint venture and to reduce the Company's dependency on Levi Strauss & Co. Levi Strauss & Co. informed the Company that it did not see a growth opportunity for the Company's Designs stores in the exclusively Levi's(R) format. However, Levi Strauss & Co. informed the Company that it did see an opportunity for growth of the Company's Designs stores if the format was changed to a multi-brand format. Levi Strauss & Co. advised the Company that it believes that this would avoid consumer confusion between the Original Levi's(R) Stores and Designs stores. According to Levi Strauss & Co., this would require that not more than 70% of the product mix in the stores be Levi Strauss & Co. product, that the format and presentation of the stores be "supportive" of its marketing and brand objectives and that Levi

Strauss & Co. approve that format beforehand. The Company has received favorable Levi Strauss & Co. comment regarding the appearance of the multi-brand Designs stores and believes that the format will be acceptable to Levi Strauss & Co. for Designs store expansion throughout the United States. Levi Strauss & Co. would apply the new branch opening policies and practices to Designs stores that are applicable to other multi-brand retailers of Levi Strauss & Co. products. Levi Strauss & Co. advised the Company that if the Company does not decide to expand the Designs store chain, Levi Strauss & Co. would not require change to a multi-brand format. If the Company does change the format and expand the Designs store chain, Levi Strauss & Co. has said that it will require that the Company's existing Designs stores be converted to the new multi-brand format over a mutually agreeable period of time.

During fiscal year 1995, the Company introduced private label and Timberland(R) brand products into the merchandise mix in certain of its Designs stores. This was primarily due to the Company's desire to offset decreased gross profit margins in Designs stores caused by increased price competition with other retailers that sell Levi Strauss & Co. merchandise in and around regional malls, the absence of certain key products in the Levi Strauss & Co. line and increased opportunities for expansion of the Designs store chain throughout the United States. The Company has added Timberland(R) products to the merchandise mix in the remodeled Designs stores and some of the Boston Traders(R) outlet stores.

On May 2, 1995, the Company acquired certain assets of Boston Trading in accordance with the terms of an Asset Purchase Agreement dated April 21, 1995 among Boston Trading, Designs Acquisition Corp., the Company and others (the "Purchase Agreement"). The Company paid \$5,428,000 million in cash, financed by operations, and delivered a non-negotiable promissory note in the principal amount of \$1,000,000. The principal amount of the promissory note is payable in two equal annual installments through May 1997. The purchase price has been allocated to the assets acquired, including certain intangible assets, such as trademarks and licensing agreements, based on their respective fair values. Other assets acquired included all inventory and fixed assets associated with 33 existing Boston Traders(R) outlet stores.

This acquisition has expanded the Company's current operations to include the design, off-shore sourcing and retailing of Boston Traders(R) products. Among other things, the retail distribution of Boston Traders(R) products has required the Company to expend resources for a design and sourcing staff, and storage and distribution facilities in order to assure timely delivery and restocking of merchandise. The Company anticipates that the additional expenses associated with the acquisition and development of the Boston Traders(R) product line will total \$4 to \$5 million over the next 12 to 18 months following the acquisition date. During the second quarter of fiscal 1995, the Company contracted with a third-party warehouse to facilitate the receiving, storage and distribution of the Boston Traders(R) products. The Boston Traders(R) outlet stores, which have no geographic restrictions, provide the Company with the opportunity to expand these stores as management deems appropriate.

The Boston Traders(R) product line replaced the "Exclusively for Designs" product line which was introduced in certain Design stores in fiscal 1995. The Company began introducing the Boston Traders(R) products into its Designs stores in June 1995. The Company does not expect that the percentage of Boston Traders(R) inventory or sales will be significant until the fall of fiscal 1997. The Company has no plans to continue the wholesale trade business of the Boston Traders(R) product lines.

#### Capital Expenditures

During the first nine months of fiscal 1996, the Company remodeled eight Designs stores and seven Levi's(R) Outlet stores and the joint venture partnership opened three Original Levi's(R) Stores and two Levi's(R) Outlets. During the first nine months of fiscal 1995, the Company opened thirteen Levi's(R) Outlet stores, three Original Levi's(R) Stores, one Designs store and remodeled three Designs stores. Total cash outlays of \$13.8 million and \$8.9 million during the first nine months of fiscal year 1996 and 1995, respectively, represent the costs of new and remodeled stores and all other corporate capital spending during such periods.

Subsequent to the end of the quarter, the Company opened two Boston Traders(R) Outlet stores. Subsequent to the end of the quarter, as part of the joint venture, the Company opened one Levi's(R) Outlet store.

The Company expects that cash flow from operations, short-term borrowings and available cash will enable it to finance its current working capital, remodeling, Boston Traders(R) product development 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 4. Submission of Matters to a Vote of Security Holders

ITEM 6. Exhibits and Reports on Form 8-K

A. Reports on Form 8-K:

None.

B. Exhibits:

- 3.1 By-Laws of the Company, as amended through December 11, 1995.
- 4.1 Shareholder Rights Agreement dated as of May 1, 1995 between the Company 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 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). \*
- 10.5 Executive Incentive Plan effective through the fiscal year ended January 28, 1995 (included as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended January 28, 1994, 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 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 26, 1995, and incorporated herein by reference). \*
- 10.8 Employee Separation Agreement between the Company and Geoffrey M. Holczer dated December 27, 1994 (included as Exhibit 10.8 to the Company's Annual Report on Form 10-K, dated April 26, 1995, and incorporated herein by reference). \*
- 10.9 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).

\*

10.10 Partnership Agreement of The Designs/OLS Partnership (the "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).

\*

10.11 Glossary executed by the Designs Partner, the Company, the LOS Partner, LOS, LS&CO, LSAI and the 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).

\*

10.12 Sublicense Agreement between LOS and the LOS Partner (included as Exhibit 10.4 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference).

\*

10.13 Sublicense Agreement between the LOS Partner and the Partnership (included as Exhibit 10.5 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference).

\*

10.14 License Agreement between the Company and the Partnership (included as Exhibit 10.6 to the Company's Current Report on Form 8-K dated April 24, 1995, and incorporated herein by reference).

\*

10.15 Administrative Services Agreement between the Company and the 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).

\*

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

\*

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

\*

10.18 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 Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q dated September 12, 1995, and incorporated herein by reference).

\*

10.19 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).

\*

10.20 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).

\*

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

\*

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

\*

11 Schedule re: computation of per share earnings

\* Previously filed with the Securities and Exchange Commission.



Exhibit 11. Statement Re: Computation of Per Share Earnings

	Three Months Ended	
	10/28/95	10/29/94
	-----	-----
	(In thousands, except per share data)	
Net income	\$ 5,034	\$ 6,661
Weighted average shares outstanding during the period	15,765	15,940
Common equivalent shares	---	---
	-----	-----
Number of shares for purpose of calculating net income per common and common equivalent share	15,765	15,940
	=====	=====
Incremental shares to reflect full dilution	N/A	N/A
Total shares for purposes of calculating fully diluted net income per share	N/A	N/A
Net income per common share	\$0.32	\$0.42
	=====	=====

Exhibit 11. Statement Re: Computation of Per Share Earnings

	Nine Months Ended	
	10/28/95	10/29/94
	-----	-----
	(In thousands, except per share data)	
Net income	\$ 7,822	\$ 8,384
Weighted average shares outstanding during the period	15,760	15,966
Common equivalent shares	---	---
	-----	-----
Number of shares for purpose of calculating net income per common and common equivalent share	15,760	15,966
	=====	=====
Incremental shares to reflect full dilution	N/A	N/A
Total shares for purposes of calculating fully diluted net income per share	N/A	N/A
Net income per common share	\$0.50	\$0.53
	=====	=====

Exhibit 11. Statement Re: Computation of Per Share Earnings

	Twelve Months Ended	
	10/28/95	10/29/94
	-----	-----
	(In thousands, except per share data)	

Net income	\$ 16,341	\$ 4,802
Weighted average shares outstanding during the period	15,755	15,963
Common equivalent shares	---	---
	-----	-----
Number of shares for purpose of calculating net income per common and common equivalent share	15,755	15,963
	=====	=====
Incremental shares to reflect full dilution	N/A	N/A
Total shares for purposes of calculating fully diluted net income per share	N/A	N/A
Net income per common share	\$1.04	\$0.30
	=====	=====

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/ William D. Richins  
-----  
William D. Richins  
Chief Financial Officer

Date: December 12, 1995

BY-LAWS  
OF  
DESIGNS, INC.

Section 1. CERTIFICATE OF INCORPORATION AND BY-LAWS

1.1 These By-Laws are subject to the Certificate of Incorporation of the Corporation. In these By-Laws, references to the Certificate of Incorporation and By-Laws mean the provisions of the Certificate of Incorporation and the By-Laws as are from time to time in effect.

Section 2. OFFICES

2.1 Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

2.2 Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 3. STOCKHOLDERS

3.1 Location of Meetings. All meetings of the stockholders shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors. Any adjourned session of any meeting shall be held at the place designated in the vote of adjournment.

3.2 Annual Meeting. The annual meeting of stockholders shall be held for the election of directors on the second Tuesday in June in each year, unless that day be a legal holiday at the place where the meeting is to be held, in which case the meeting shall be held at the same hour on the next succeeding day not a legal holiday, or at such other date and time as shall be designated from time to time by the Board of Directors. Any other business as may be required or permitted by law or these By-Laws may properly come before the annual meeting.

3.3 Special Meeting in Place of Annual Meeting. If the election for directors shall not be held on the day designated by these By-Laws, the directors shall cause the election to be held as soon thereafter as convenient, and to that end, if the annual meeting is omitted on the day herein provided therefor or if the election of directors shall not be held thereat, a special meeting of the stockholders may be held in place of such omitted meeting or election, and any business transacted or election held at such special meeting shall have the same effect as if transacted or held at the annual meeting, and in such case all references in these By-Laws to the annual meeting of the stockholders, or to the annual election of directors, shall be deemed to refer to or include such special meeting. Any such special meeting shall be called and the purposes thereof shall be specified in the call, as provided in Section 3.4.

3.4 Notice of Annual Meeting. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting. Such notice may specify the business to be transacted and actions to be taken at such meeting. No action shall be taken at such meeting unless such notice is given, or unless waiver of such notice is given by the holders of outstanding stock having not less than the minimum number of votes necessary to take such action at a meeting at which all shares entitled to vote thereon were voted. Prompt notice of all action taken in connection with such waiver of notice shall be given to all stockholders not present or represented at such meeting.

3.5 Special Meetings. Except as otherwise required by law and subject to the rights, if any, of the holders of any series of preferred stock, special meetings of the stockholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by the affirmative vote of a majority of the directors then in office.

3.6 Notice of Special Meeting. Written notice of a special meeting of stockholders stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. No action shall be taken at such meeting unless such notice is given, or unless waiver of such notice is given by the holders of outstanding stock having not less than the minimum number of votes necessary to take such action at a meeting at which all shares entitled to vote thereon were voted. Prompt notice of all action taken in connection with such waiver of notice shall be given to all stockholders not present or

represented at such meeting.

3.7 Stockholder List. The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

3.8 Quorum of Stockholders. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise required by law, or by the Certificate of Incorporation or by these By-Laws. Except as otherwise provided by law, no stockholder present at a meeting may withhold his shares from the quorum count by declaring his shares absent from the meeting.

3.9 Adjournment. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these By-Laws, which time and place shall be announced at the meeting, by a majority of votes cast upon the question, whether or not a quorum is present. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

3.10 Proxy Representation. Every stockholder may authorize another person or persons to act for him by proxy in all matters in which a stockholder is entitled to participate, whether by waiving notice of any meeting, objecting to or voting or participating at a meeting, or expressing consent or dissent without a meeting. Every proxy must be signed by the stockholder or by his attorney-in-fact. No proxy shall be voted or acted upon after three years from its date unless such proxy provides for a longer period. Except as otherwise provided by law, a stockholder may revoke any proxy which is not irrevocable by attending the meeting for which the proxy was given and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. A duly executed proxy shall be irrevocable if it states that it is irrevocable and, if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. The authorization of a proxy may but need not be limited to specified action, provided, however, that if a proxy limits its authorization to a meeting or meetings of stockholders, unless otherwise specifically provided such proxy shall entitle the holder thereof to vote at any adjourned session but shall not be valid after the final adjournment thereof.

3.11 Inspectors. The directors or the person presiding at the meeting may, but need not, appoint one or more inspectors of election and any substitute inspectors to act at the meeting or any adjournment thereof. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them.

3.12 Action by Vote. When a quorum is present at any meeting, whether the same be an original or an adjourned session, a plurality of the votes properly cast for election to any office shall elect to such office and a majority of the votes properly cast upon any question other than an election to an office shall decide the question, except when a larger vote is

required by law, by the Certificate of Incorporation or by these By-Laws. No ballot shall be required for any election unless requested by a stockholder present or represented at the meeting and entitled to vote in the election.

3.13 Action Without Meetings. Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

3.14 Matters to be Considered at Annual Meetings. At any annual meeting of stockholders or any special meeting in lieu of annual meeting of stockholders (for purposes of this Section 3.14 and Section 4.16 hereof, hereinafter referred to as an "Annual Meeting"), only such business shall be conducted, and only such proposals shall be acted upon, as shall have been properly brought before such Annual Meeting. To be considered as properly brought before an Annual Meeting, business must be: (a) specified in the notice of the Annual Meeting, (b) otherwise properly brought before the annual meeting by, or at the direction of, the Board of Directors, or (c) otherwise properly brought before the Annual Meeting by any holder of record (both as of the time notice of such proposal is given by the stockholder as set forth below and as of the record date for the Annual Meeting in question) of any shares of capital stock of the Corporation entitled to vote at such Annual Meeting who complies with the requirements set forth in this Section 3.14.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder of record of any shares of capital stock entitled to vote at such Annual Meeting, such stockholder shall: (i) give timely notice as required by this Section 3.14 to the Secretary of the Corporation and (ii) be present at such Annual Meeting, either in person or by a representative. A stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not less than seventy-five days nor more than one hundred twenty days prior to the anniversary date of the immediately preceding Annual Meeting (for purposes of this Section 3.14 and Section 4.16 hereof, hereinafter referred to as the "Anniversary Date"); provided, however, that in the event the Annual Meeting is scheduled to be held on a date more than thirty days before the Anniversary Date or more than sixty days after the Anniversary Date, a stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not later than the close of business on the later of (A) the seventy-fifth day prior to the scheduled date of such Annual Meeting or (B) the fifteenth day following the day on which public announcement of the date of such Annual Meeting is first made by the Corporation.

For purposes of these By-Laws, "public announcement" shall mean: (i) disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service, (ii) a report or other document filed publicly with the Securities and Exchange Commission (including, without limitation, a Form 8-K), or (iii) a letter or report sent to all stockholders of record of the Corporation at the time of the mailing of such letter or report.

A stockholder's notice to the Secretary shall set forth as to each matter proposed to be brought before an Annual Meeting: (i) a brief description of the business the stockholder desires to bring before such Annual Meeting and the reasons for conducting such business at such Annual Meeting, (ii) the name and address, as they appear on the Corporation's stock transfer books, of the stockholder proposing such business, (iii) the class and number of shares of the Corporation's capital stock beneficially owned by the stockholder proposing such business, (iv) the names and addresses of the beneficial owners, if any, of any capital stock of the Corporation registered in such stockholder's name on such books, and the class and number of shares of the Corporation's capital stock beneficially owned by such beneficial owners, (v) the names and addresses of other stockholders known by the stockholder proposing such business to support such proposal, and the class and number of shares of the Corporation's capital stock beneficially owned by such other stockholders, and (vi) any material interest of the stockholder proposing to bring such business before such meeting (or any other stockholders known to be supporting such proposal) in such proposal.

If the Board of Directors or a designated committee thereof determines

that any stockholder proposal was not made in a timely fashion in accordance with the provisions of this Section 3.14 or that the information provided in a stockholder's notice does not satisfy the information requirements of this Section 3.14 in any material respect, such proposal shall not be presented for action at the Annual Meeting in question. If neither the Board of Directors nor such committee makes a determination as to the validity of any stockholder proposal in the manner set forth above, the presiding officer of the Annual Meeting shall determine whether the stockholder proposal was made in accordance with the terms of this Section 3.14. If the presiding officer determines that any stockholder proposal was not made in a timely fashion in accordance with the provisions of this Section 3.14 or that the information provided in a stockholders notice does not satisfy the information requirements of this Section 3.14 in any material respect, such proposal shall not be presented for action at the Annual Meeting in question. If the Board of Directors, a designated committee thereof or the presiding officer determines that a stockholder proposal was made in accordance with the requirements of this Section 3.14, the presiding officer shall so declare at the Annual Meeting and ballots shall be provided for use at the Annual Meeting with respect to such proposal.

Notwithstanding the foregoing provisions of this Section 3.14, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder with respect to the matters set forth in this Section 3.14, and nothing in this Section 3.14 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

#### Section 4. DIRECTORS

4.1 Number; Qualifications. The Board of Directors shall consist of one or more members, the number thereof to be determined from time to time by resolution of the Board of Directors. Directors need not be stockholders.

4.2 Election; Vacancies. The Board of Directors shall initially consist of persons elected as such by the incorporator. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors to replace those directors whose terms then expire. Vacancies and any newly created directorships resulting from any increase in the number of directors may be filled by vote of the stockholders at a meeting called for the purpose, or by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. When one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have resigned, shall have power to fill such vacancy or vacancies, the vote or action by writing thereon to take effect when such resignation or resignations shall become effective. The directors shall have and may exercise all their powers notwithstanding the existence of one or more vacancies in their number, subject to any requirements of law or of the Certificate of Incorporation or of these By-Laws as to the number of directors required for a quorum or for any vote or other actions.

4.3 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, each director shall hold office until the next annual meeting and until his successor is elected and qualified, or until he sooner dies, resigns, is removed or becomes disqualified.

4.4 Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors which shall have and may exercise all the powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation or these By-Laws directed or required to be exercised or done by the stockholders.

4.5 Committees. The Board of Directors may, by vote of a majority of the whole Board, (a) designate, change the membership of or terminate the existence of any committee or committees, each committee to consist of one or more of the directors; (b) designate one or more directors as alternate members of any such committee who may replace any absent or disqualified member at any meeting of the committee; and (c) determine the extent to which each such committee shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, including the power to authorize the seal of the Corporation to be affixed to all papers which require it and the power and authority to declare dividends or to authorize the issuance of stock; excepting, however, such powers which by law, by the Certificate of Incorporation or by these By-Laws they are prohibited from so delegating. In the absence or disqualification of any member of such committee and his alternate, if any, the member or members thereof present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Except as

the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the Board or such rules, its business shall be conducted as nearly as may be in the same manner as is provided by these By-Laws for the conduct of business by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors upon request.

4.6 Regular Meeting. Regular meetings of the Board of Directors may be held without call or notice at such place within or without the State of Delaware and at such times as the Board may from time to time determine, provided that notice of the first regular meeting following any such determination shall be given to absent directors. A regular meeting of the directors may be held without call or notice immediately after and at the same place as the annual meeting of the stockholders.

4.7 Special Meetings. Special meetings of the Board of Directors may be held at any time and at any place within or without the State of Delaware designated in the notice of the meeting, when called by the Chairman, the President or the Secretary, or by one-third or more in number of the directors, reasonable notice thereof being given to each director by the Secretary, the President or the Chairman or by any one of the directors calling the meeting.

4.8 Notice. It shall be reasonable and sufficient notice to a director to send notice by mail at least forty-eight hours or by telegram at least twenty-four hours before the meeting, addressed to him at his usual or last known business or residence address or to give notice to him in person or by telephone at least twenty-four hours before the meeting. Notice of a meeting need not be given to any director if a written waiver of notice, executed by him before or after the meeting, is filed with the records of the meeting, or to any director who attends the meeting without protesting prior thereto or at its commencement the lack of notice to him. Neither notice of a meeting nor a waiver of a notice need specify the purposes of the meeting.

4.9 Quorum. Except as may be otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, at any meeting of the directors a majority of the directors then in office shall constitute a quorum; a quorum shall not in any case be less than one-third of the total number of directors constituting the whole Board. Any meeting may be adjourned from time to time by a majority of the votes cast upon the question, whether or not a quorum is present, and the meeting may be held as adjourned without further notice.

4.10 Action by Vote. Except as may be otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, when a quorum is present at any meeting the vote of a majority of the directors present shall be the act of the Board of Directors.

4.11 Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all the members of the Board or of such committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the records of the meetings of the Board or of such committee. Such consent shall be treated for all purposes as the act of the Board or of such committee, as the case may be.

4.12 Participation in Meetings by Conference Telephone. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, members of the Board of Directors or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Such participation shall constitute presence in person at such meeting.

4.13 Compensation. Unless otherwise restricted by the Certificate of Incorporation or these By-Laws, the Board of Directors shall have the authority to fix from time to time the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and the performance of their responsibilities as directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors and/or a stated salary as director. No such payment shall preclude any director from serving the Corporation or its parent or subsidiary corporations in any other capacity and receiving compensation therefor. The Board of Directors may also allow compensation for members of special or standing committees for service on such committees.

4.14 Interested Directors and Officers.

(a) No contract or transaction between the Corporation and one or

more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

(1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(3) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders.

(b) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

4.15 Resignation or Removal of Directors. Unless otherwise restricted by the Certificate of Incorporation or by law, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of the stock issued and outstanding and entitled to vote at an election of directors. Any director may resign at any time by delivering his resignation in writing to the President or the Secretary or to a meeting of the Board of Directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time; and without in either case the necessity of its being accepted unless the resignation shall so state. No director resigning and (except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the Corporation) no director removed shall have any right to receive compensation as such director for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise; unless in the case of a resignation, the directors, or in the case of removal, the body acting on the removal, shall in their or its discretion provide for compensation.

4.16 Director Nominations. Nominations of candidates for election as directors of the Corporation at any Annual Meeting may be made only (a) by, or at the direction of, a majority of the directors then in office or (b) by any holder of record (both as of the time notice of such nomination is given by the stockholder as set forth below and as of the record date for the Annual Meeting in question) of any shares of the capital stock of the Corporation entitled to vote at such Annual Meeting who complies with the timing, informational and other requirements set forth in this Section 4.16. Any stockholder who has complied with the timing, informational and other requirements set forth in this Section 4.16 and who seeks to make such a nomination, or such stockholder's representative, must be present in person at the Annual Meeting. Only persons nominated in accordance with the procedures set forth in this Section 4.16 shall be eligible for election as directors at an Annual Meeting.

Nominations, other than those made by, or at the direction of, the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the Corporation as set forth in this Section 4.16. A stockholder's notice shall be timely if delivered to, or mailed to and received by, the Corporation at its principal executive office not less than seventy-five days nor more than one hundred twenty days prior to the Anniversary Date; provided, however, that in the event the Annual Meeting is scheduled to be held on a date more than thirty days before the Anniversary Date or more than sixty days after the Anniversary Date, a stockholder's notice shall be timely if delivered to, or mailed and received by, the Corporation at its principal executive office not later than the close of business on the later of (i) the seventy-fifth day prior to the scheduled date of such Annual Meeting or (ii) the fifteenth day following the day on which public announcement of the date of such Annual Meeting is first made by the Corporation.

A stockholder's notice to the Secretary shall set forth as to each person whom the stockholder proposes to nominate for election or

re-election as a director: (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of the Corporation's capital stock which are beneficially owned by such person on the date of such stockholder notice, and (iv) the consent of each nominee to serve as a director if elected. A stockholder's notice to the Secretary shall further set forth as to the stockholder giving such notice: (i) the name and address, as they appear on the Corporation's stock transfer books, of such stockholder and of the beneficial owners (if any) of the Corporation's capital stock registered in such stockholder's name and the name and address of other stockholders known by such stockholder to be supporting such nominee(s), (ii) the class and number of shares of the Corporation's capital stock which are held of record, beneficially owned or represented by proxy by such stockholder and by any other stockholders known by such stockholder to be supporting such nominee(s) on the record date for the Annual Meeting in question (if such date shall then have been made publicly available) and on the date of such stockholder's notice, and (iii) a description of all arrangements or understandings between such stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by such stockholder.

If the Board of Directors or a designated committee thereof determines that any stockholder nomination was not made in accordance with the terms of this Section 4.16 or that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 4.16 in any material respect, then such nomination shall not be considered at the Annual Meeting in question. If neither the Board of Directors nor such committee makes a determination as to whether a nomination was made in accordance with the provisions of this Section 4.16, the presiding officer of the Annual Meeting shall determine whether a nomination was made in accordance with such provisions. If the presiding officer determines that any stockholder nomination was not made in accordance with the terms of this Section 4.16 or that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 4.16 in any material respect, then such nomination shall not be considered at the Annual Meeting in question. If the Board of Directors, a designated committee thereof or the presiding officer determines that a nomination was made in accordance with the terms of this Section 4.16, the presiding officer shall so declare at the Annual Meeting and ballots shall be provided for use at the Annual Meeting with respect to such nominee.

Notwithstanding anything to the contrary in the second sentence of the second paragraph of this Section 4.16, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least seventy-five days prior to the Anniversary Date, a stockholder's notice required by this Section 4.16 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if such notice shall be delivered to, or mailed to and received by, the Corporation at its principal executive office not later than the close of business on the fifteenth day following the day on which such public announcement is first made by the Corporation.

No person shall be elected by the stockholders as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 4.16. Election of directors at an Annual Meeting need not be by written ballot, unless otherwise provided by the Board of Directors or presiding officer at such Annual Meeting. If written ballots are to be used, ballots bearing the names of all the persons who have been nominated for election as directors at an Annual Meeting in accordance with the procedures set forth in this Section 4.16 shall be provided for use at such Annual Meeting.

## Section 5. NOTICES

5.1 Form of Notice. Whenever, under the provisions of law, or of the Certificate of Incorporation or of these By-Laws, notice is required to be given to any director or stockholder, such notice may be given by mail, addressed to such director or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Unless written notice by mail is required by law, written notice may also be given by telegram, cable, telecopy, commercial delivery service, telex or similar means, addressed to such director or stockholder at his address as it appears on the records of the Corporation, in which case such notice shall be deemed to be given when delivered into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the Corporation or the person sending such notice and not by the addressee.

Oral notice or other in-hand delivery (in person or by telephone) shall be deemed given at the time it is actually given.

5.2 Waiver of Notice. Whenever notice is required to be given under the provisions of law, the Certificate of Incorporation or these By-Laws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the stockholders, directors or members of a committee of the directors need be specified in any written waiver of notice.

## Section 6. OFFICERS AND AGENTS

6.1 Enumeration; Qualification. The officers of the Corporation shall be a Chairman of the Board of Directors, a President, a Treasurer, a Secretary and such other officers, if any, as the Board of Directors from time to time may in its discretion elect or appoint including without limitation one or more Vice Presidents. Any officer may be, but none need be, a director or stockholder. Any two or more offices may be held by the same person. Any officer may be required by the Board of Directors to secure the faithful performance of his duties to the Corporation by giving bond in such amount and with sureties or otherwise as the Board of Directors may determine.

6.2 Powers. Subject to law, to the Certificate of Incorporation and to the other provisions of these By-Laws, each officer shall have, in addition to the duties and powers herein set forth, such duties and powers as are commonly incident to his office and such additional duties and powers as the Board of Directors may from time to time designate.

6.3 Election. The Board of Directors at its first meeting after each annual meeting of stockholders, or special meeting in place of an annual meeting, shall choose a Chairman, a President, a Secretary and a Treasurer. Other officers may be appointed by the Board of Directors at such meeting, at any other meeting or by written consent. At any time or from time to time, the directors may delegate to any officer their power to elect or appoint any other officer or any agents.

6.4 Tenure. Each officer shall hold office until the first meeting of the Board of Directors following the next annual meeting of the stockholders and until his successor is elected and qualified unless a shorter period shall have been specified in terms of his election or appointment, or in each case until he sooner dies, resigns, is removed or becomes disqualified. Each agent of the Corporation shall retain his authority at the pleasure of the directors, or the officer by whom he was appointed or by the officer who then holds agent appointive power.

6.5 Resignation and Removal. Any officer may resign at any time by delivering his resignation in writing to the President or the Secretary or to a meeting of the Board of Directors. Such resignation shall be effective upon receipt unless specified to be effective at some other time, and without in any case the necessity of its being accepted unless the resignation shall so state. The Board of Directors may at any time remove any officer either with or without cause. The Board of Directors may at any time terminate or modify the authority of any agent. No officer resigning and (except where a right to receive compensation shall be expressly provided in a duly authorized written agreement with the Corporation) no officer removed shall have any right to any compensation as such officer for any period following his resignation or removal, or any right to damages on account of such removal, whether his compensation be by the month or by the year or otherwise; unless in the case of a resignation, the directors, or in the case of removal, the body acting on the removal, shall in their or its discretion provide for compensation.

6.6 Vacancies. If the office of the Chairman, the President, the Treasurer or the Secretary becomes vacant, the directors may elect a successor by vote of a majority of the directors then in office. If the office of any other officer becomes vacant, any person or body empowered to elect or appoint that office may choose a successor. Each such successor shall hold office for the unexpired term of his predecessor, and in the case of the Chairman, the President, the Treasurer and the Secretary until his successor is chosen and qualified, or in each case until he sooner dies, resigns, is removed or becomes disqualified.

## Section 7. CAPITAL STOCK

7.1 Stock Certificates. Each stockholder shall be entitled to a

certificate stating the number and the class and the designation of the series, if any, of the shares held by him, in such form as shall, in conformity to law, the Certificate of Incorporation and the By-Laws, be prescribed from time to time by the Board of Directors. Such certificate shall be signed by the President or a Vice-President and (i) the Treasurer or an Assistant Treasurer or (ii) the Secretary or an Assistant Secretary. Any of or all the signatures on the certificate may be a facsimile. In case an officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on such certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent, or registrar at the time of its issue.

7.2 Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

## Section 8. TRANSFER OF SHARES OF STOCK

8.1 Transfer on Books. Subject to any restrictions with respect to the transfer of shares of stock, shares of stock may be transferred on the books of the Corporation by the surrender to the Corporation or its transfer agent of the certificate therefor properly endorsed or accompanied by a written assignment and power of attorney properly executed, with necessary transfer stamps affixed, and with such proof of the authenticity of signature as the Board of Directors or the transfer agent of the Corporation may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-Laws, the Corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to receive notice and to vote or to give any consent with respect thereto and to be held liable for such calls and assessments, if any, as may lawfully be made thereon, regardless of any transfer, pledge or other disposition of such stock until the shares have been properly transferred on the books of the Corporation. It shall be the duty of each stockholder to notify the Corporation of his post office address.

## Section 9. GENERAL PROVISIONS

9.1 Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action to which such record date relates. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. If no record date is fixed,

(a) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

(b) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is necessary, shall be the day on which the first written consent is expressed; and

(c) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

9.2 Dividends. Dividends upon the capital stock of the Corporation may be declared by the Board of Directors at any regular or special meeting or by

written consent, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

9.3 Payment of Dividends. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

9.4 Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

9.5 Fiscal Year. The fiscal year of the Corporation shall end the Saturday closest to the 31st of January unless otherwise determined by the Board of Directors.

9.6 Seal. The Board of Directors may, by resolution, adopt a corporate seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the word "Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The seal may be altered from time to time by the Board of Directors.

#### Section 10. INDEMNIFICATION

10.1 It being the intent of the Corporation to provide maximum protection available under the law to its officers and directors, the Corporation shall indemnify its officers and directors to the full extent the Corporation is permitted or required to do so by the General Corporation Law of Delaware as the same exists or hereafter may be amended. Such indemnification shall include payment by the Corporation, in advance of the final disposition of a civil or criminal action, suit or proceedings, of expenses incurred by a director or officer in defending any such action, suit or proceeding upon receipt of any undertaking by or on behalf of such director or officer to repay such payment if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation. The Corporation may accept any such undertaking without reference to the financial ability of the person to make such repayment. As used in this paragraph, the terms "director" and "officer" include their respective heirs, executors, and administrators.

#### Section 11. AMENDMENTS

11.1 These By-Laws may be altered, amended or repealed or new By-Laws may be adopted by the stockholders or by the Board of Directors when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors. If the power to adopt, amend or repeal By-Laws is conferred upon the Board of Directors by the Certificate of Incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal By-Laws.

This Schedule contains summary financial information extracted from the consolidated Balance Sheets of Designs, Inc. as of October 28, 1995, October 29, 1994 and January 28, 1995 and the Consolidated Statements of Income for the three, nine and twelve months ending October 28, 1995 and October 29, 1994 and is qualified in its entirety by reference to such financial statements.

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	OCT-28-1995	
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		0
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	85,809	59,494
	25,021	
	138,040	
27,077		0
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0		0
		103,779
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	213,546	148,159
		148,159
	52,663	
	0	
	154	
	13,291	
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