

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) August 8, 2001

LANDS' END, INC.
(exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation)	1-9769 (Commission File Number)	36-2512786 (I.R.S. Employer Identification Number)
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Lands' End Lane, Dodgeville, Wisconsin (Address of principal executive offices)	53595 (Zip Code)
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Registrant's telephone number including area code	608-935-9341
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INFORMATION INCLUDED IN THIS REPORT

Item 5. Other Events.

Attached as Exhibit 99 to this report is a news release issued by Lands' End, Inc., announcing its second quarter results of fiscal year 2002 for the period ended July 27, 2001.

SIGNATURES

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

LANDS' END, INC.

August 10, 2001

By: /S/ DONALD R. HUGHES
Donald R. Hughes
Senior Vice President &
Chief Financial Officer

EXHIBIT 99

FOR IMMEDIATE RELEASE

LANDS' END REPORTS STRONG IMPROVEMENT
IN SECOND QUARTER EARNINGS

DODGEVILLE, WIS. ... August 8, 2001 ... Lands' End, Inc. (LE), the direct merchant of classically styled apparel and home furnishings, today reported results for its second quarter of fiscal 2002, ended July 27, 2001.

Total revenue for the second quarter just ended totaled \$285.8 million, up 4 percent from \$275.6 million in the same quarter last year. Net income for the quarter just ended was \$3.0 million, and diluted earnings per share were \$0.10, compared with a net loss of \$1.9 million, or a diluted loss per share of \$0.06, in the prior year.

For the first six months of the current year, total revenue was \$596.9 million, up 6 percent from total revenue of \$561.5 million during the first half of last year. Net earnings in the first half of fiscal 2002 were \$8.9 million, or diluted earnings per share of \$0.30, compared with a net loss of \$1.6 million, or a loss of \$0.05 per diluted share, in the first six months of the prior fiscal year.

The company's chief executive officer David Dyer said, "I am pleased with our top line sales performance, especially in light of the tough economic environment. These continued sales improvements reflect the strong customer acceptance of our reinvigorated product in our core businesses. I am equally pleased with our improvements in catalog productivity and initial margin."

Segment merchandise sales data for second quarter (in millions)			
	2Q02	2Q01	Percent Change
Core business segment	\$160	\$151	+ 6 %
Specialty segment	72	72	+ 1 %
International segment	31	33	- 7 %
Total merchandise sales	\$263	\$256	+ 3 %

Internet \$ 51 \$ 39 +32 %
Segment merchandise sales data excludes shipping and handling revenue. Internet merchandise sales are included in the respective business segments.

Merchandise sales in the core business segment, represented by the primary monthly, prospecting and tailored clothing catalogs, were up 6 percent, led by strength in our coed and women's divisions. In the specialty business segment, Kids and Coming Home showed sales growth in the mid single digits, while Corporate Sales showed a single digit decline, primarily due to the continued slowdown in national business spending. In their local currencies, the U.K. and Germany had increased sales compared to last year's second quarter, while Japan's sales were down, primarily due to their lower level of liquidation sales this year compared with last year. However, when measured in U.S. dollars, the international business segment was down about 7 percent, primarily due to the effect of the strong dollar against weaker foreign currencies.

Gross profit for the quarter just ended was \$124.9 million, or 43.7 percent of total revenue, compared with \$121.3 million, or 44.0 percent of total revenue, in the same quarter last year. During the quarter, we had higher initial merchandise margins, primarily associated with sourcing improvements. However, this improvement was more than offset by a 90 basis point reduction in gross margin due to the current second quarter's LIFO charge of \$750,000, versus last year's second quarter LIFO credit of \$1.5 million.

Liquidation of excess inventory was about 8 percent of net merchandise sales during this year's second quarter, about flat with last year. Inventory at the end of the quarter was \$232 million, up 12 percent from \$207 million in the prior year. This reflects the planned earlier receipt of fall merchandise this year relative to last year. Inventory is currently in line with planned levels, and the quality of inventory is improved from the prior year. Our first-time fulfillment rate for the quarter just ended was about 88 percent, the same as last year's first quarter and consistent with our annual goal.

For the second quarter just ended, selling, general and administrative expenses were \$119.7 million, or 41.9 percent of total revenue, compared with \$124.0 million, or 45.0 percent, in the similar period last year. The improvement in the SG&A ratio was due to a significant reduction in national TV advertising expenses, partially offset by an increase in magazine advertising, bringing our overall advertising spending more in line with recent historical levels. Additionally, stronger customer response resulted in increased productivity per catalog page, resulting in relatively lower catalog costs. These improvements were partially offset by higher bonus and profit-sharing expense, due to improved profitability.

BUSINESS OUTLOOK

As previously stated, for fiscal 2002, a 53-week year that will end on February 1, 2002, the company expects that sales will increase in the single digit range, and we expect gross profit margin to show continued improvement compared to the prior year. As a result, we expect an increase in diluted earnings per share of at least 20 percent for the year as a whole.

Because of our performance improvement for the first half, we are more confident that we can achieve the overall results stated in our guidance. With respect to our internal management plans, we expect to exceed last year's second half financial performance.

Last year's third quarter saw the benefit of an early, cold fall/winter season and higher liquidation sales. In the third quarter of the current year, we anticipate about \$15 million fewer liquidation sales as a result of the quality of our inventory position. In addition, compared with the prior year, we plan to somewhat reduce page circulation in the third quarter and somewhat increase it in the fourth quarter, resulting in flat circulation for the second half overall. Our sales and profit levels for the year are dependent on customer response and buying levels during our all-important November and December holiday season. Additionally, our optimism is somewhat guarded due to the continuing uncertainty in the U.S. economy, especially in the retail environment, and we have seen the direct effects of this in our Corporate Sales business-to-business division. In light of these facts, we are tightly managing our expenses while focusing on our best sales opportunities.

For the full year, we plan capital expenditures of about \$45 million, of which about \$18 million has been spent during the first 6 months of fiscal 2002.

Lands' End is a direct merchant of traditionally styled, classic

products offered to customers around the world through regular mailings of its monthly and specialty catalogs and via the Internet at www.landsend.com.

STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Statements in this release that are not historical, including, without limitation, statements regarding our plans, expectations, assumptions, and estimations for fiscal 2002, gross profit margin, and earnings, as well as anticipated sales trends and future development of our business strategy, are considered forward-looking and speak only as of today's date. As such, these statements are subject to a number of risks and uncertainties. Future results may be materially different from those expressed or implied by these statements due to a number of factors. Currently, we believe that the principal factors that create uncertainty about our future results are the following: customer response to our merchandise offerings, circulation changes and other initiatives; the mix of our sales between full price and liquidation merchandise; overall consumer confidence and general economic conditions, both domestic and foreign; effects of weather on customer purchasing behavior; effects of shifting patterns of e-commerce versus catalog purchases; costs associated with printing and mailing catalogs and fulfilling orders; dependence on consumer seasonal buying patterns; fluctuations in foreign currency exchange rates; and changes that may have different effects on the various sectors in which we operate (e.g., rather than individual consumers, the Corporate Sales Division, included in the specialty segment, sells to numerous corporations, and certain of these sales are for their corporate promotional activities). Our future results could, of course, be affected by other factors as well. More information about these risks and uncertainties may be found in the company's 10-K filings with the S.E.C.

The company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

WEBCAST ANNOUNCEMENT

There will be a live, audio webcast of the company's conference call for the general public today at 9:30 CT. This call will cover the company's performance for the second quarter and its business outlook for the remainder of the year. Register and listen at <http://www.videonewswire.com/event.asp?id=647>. A playback will be available for one week.

The conference call and webcast consist of copyrighted material that may not be recorded, reproduced, retransmitted, rebroadcast, stored or forwarded without Lands' End's express written permission. Your participation represents your consent to these terms and conditions. The call will be recorded by Lands' End, and your participation on this call also constitutes your consent to having any comments or statements you make appear on a transcript or broadcast of this call.

Contact Charlotte LaComb: 608-935-4835

PRELIMINARY AND UNAUDITED

CONSOLIDATED STATEMENTS OF OPERATIONS

Lands' End, Inc. & Subsidiaries

(Amounts in thousands, except per share data)

	Three months ended		Six months ended	
	July 27, 2001	July 28, 2000	July 27, 2001	July 28, 2000
Revenue				
Net merchandise sales	\$262,874	\$255,545	\$549,991	\$521,590
Shipping and handling revenue	22,947	20,080	46,950	39,875
Total revenue	285,821	275,625	596,941	561,465
Cost of sales				
Cost of merchandise sales	137,389	132,674	292,302	277,820
Shipping and handling costs	23,575	21,683	47,838	42,609

Total cost of sales	160,964	154,357	340,140	320,429
Gross profit	124,857	121,268	256,801	241,036
Selling, general and administrative expenses	119,654	123,995	241,092	242,443
Income (loss) from operations	5,203	(2,727)	15,709	(1,407)
Other income (expense):				
Interest expense	(250)	(217)	(483)	(347)
Interest income	289	500	925	1,219
Other	(378)	(542)	(1,914)	(1,987)
Total other expense, net	(339)	(259)	(1,472)	(1,115)
Income (loss) before income taxes	4,864	(2,986)	14,237	(2,522)
Income tax provision (benefit)	1,824	(1,105)	5,339	(933)
Net income (loss)	\$ 3,040	\$ (1,881)	\$ 8,898	\$ (1,589)
Basic earnings (loss) per share	\$ 0.10	\$ (0.06)	\$ 0.30	\$ (0.05)
Diluted earnings (loss) per share	\$ 0.10	\$ (0.06)	\$ 0.30	\$ (0.05)
Basic weighted average shares outstanding	29,415	30,295	29,398	30,246
Diluted weighted average shares outstanding	29,992	30,722	29,804	30,791

PRELIMINARY AND UNAUDITED

CONSOLIDATED BALANCE SHEETS

Lands' End, Inc. & Subsidiaries (Dollars in thousands)	July 27, 2001	July 28, 2000
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,211	\$ 20,050
Receivables, net	13,531	15,986
Inventory	232,041	206,854
Prepaid advertising	15,710	17,718
Other prepaid expenses	10,636	8,214
Income tax receivable	1,655	1,244
Deferred income tax benefit	10,973	10,661
Total current assets	294,757	280,727
Property, plant and equipment, at cost:		
Land and buildings	105,004	102,910
Fixtures and equipment	104,242	111,828
Computer hardware and software	109,063	78,850
Leasehold improvements	4,646	4,453
Construction in progress	10,346	-
Total property, plant and equipment	333,301	298,041
Less - accumulated depreciation and amortization	143,775	129,112
Property, plant and equipment, net	189,526	168,929
Intangibles, net	645	659
Total assets	\$484,928	\$450,315

Liabilities and shareholders' investment
Current liabilities:

Lines of credit	\$ 20,354	\$ 19,200
Accounts payable	76,437	79,822
Reserve for returns	5,512	5,388
Accrued liabilities	39,209	35,741
Accrued profit sharing	1,507	180
Total current liabilities	143,019	140,331
Deferred income taxes	16,790	9,117
Shareholders' investment:		
Common stock, 40,221 shares issued	402	402
Donated capital	8,400	8,400
Additional paid-in capital	32,506	31,541
Deferred compensation	(82)	(178)
Accumulated other comprehensive income	3,710	3,824
Retained earnings	497,985	452,841
Treasury stock, 10,782 and 9,926 shares at cost, respectively	(217,802)	(195,963)
Total shareholders' investment	325,119	300,867
Total liabilities and shareholders' investment	\$484,928	\$450,315

PRELIMINARY AND UNAUDITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

Lands' End, Inc. & Subsidiaries

(In thousands)

Six Months Ended
July 27, July 28,
2001 2000

Cash flows from (used for) operating activities:		
Net income (loss)	\$ 8,898	\$ (1,589)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	12,469	11,629
Deferred compensation expense	39	58
Loss on disposal of fixed assets	24	-
Deferred income taxes	2,223	-
Tax benefit of stock options	598	1,832
Changes in current assets and liabilities:		
Receivables, net	6,277	1,767
Inventory	(43,830)	(44,661)
Prepaid advertising	1,917	(1,146)
Other prepaid expenses	(921)	(2,398)
Accounts payable	(19,731)	5,312
Reserve for returns	(3,549)	(2,481)
Accrued liabilities	(626)	(6,896)
Accrued profit sharing	(850)	(2,580)
Income taxes payable	(14,868)	(11,499)
Other	(2,264)	1,149
Net cash flows used for operating activities	(54,194)	(51,503)
Cash flows used for investing activities:		
Cash paid for capital additions	(18,020)	(15,546)
Net cash flows used for investing activities	(18,020)	(15,546)
Cash flows from (used for) financing activities:		
Proceeds from (payments of) short-term debt	3,414	7,476
Purchases of treasury stock	(14)	(1,019)
Issuance of treasury stock	3,674	4,229
Net cash flows from financing activities	7,074	10,686
Net decrease in cash and cash equivalents	(65,140)	(56,363)
Beginning cash and cash equivalents	75,351	76,413
Ending cash and cash equivalents	\$ 10,211	\$ 20,050

