

June 13, 1996

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

Pursuant to the requirements of the Securities Exchange Act of 1934, we are transmitting herewith the attached Form 10-Q for the quarter ended May 3, 1996.

Sincerely,

KATHY GIES
Lands' End, Inc.
One Lands' End Lane
Dodgeville, WI 53595

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934.
For the Quarter Ended May 3, 1996

OR

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

For the transition period from to

Commission file number 1-9769

LANDS' END, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

36-2512786
(I.R.S. Employer
Identification No.)

Lands' End Lane, Dodgeville, WI
(Address of principal executive
offices)

53595
(Zip code)

Registrant's telephone number,
including area code

608-935-9341

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

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of June 13, 1996:

Common stock, \$.01 par value 33,260,990 shares outstanding

LANDS' END, INC. & SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LANDS' END, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three months ended	
	May 3, 1996	April 28, 1995
	(Unaudited)	
Net sales	\$211,835	\$207,122
Cost of sales	117,098	116,445
Gross profit	94,737	90,677
Selling, general and administrative expenses	87,084	88,705
Income from operations	7,653	1,972
Other income (expense):		
Interest expense, net	(70)	(320)
Other	(235)	540
Total other income (expense), net	(305)	220
Income before income taxes	7,348	2,192
Income tax provision	2,939	885
Net income	\$ 4,409	\$ 1,307
Net income per share	\$ 0.13	\$ 0.04

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

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LANDS' END, INC. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)

	May 3, 1996	February 2, 1996
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,869	\$ 17,176
Receivables	10,439	8,064
Inventory	162,511	164,816
Prepaid advertising	13,257	15,824
Other prepaid expenses	4,150	5,295
Deferred income tax benefits	10,914	10,914
Total current assets	205,140	222,089
Property, plant and equipment, at cost:		
Land and buildings	72,246	72,248
Fixtures and equipment	85,820	83,880

Leasehold improvements	2,958	2,912
Total property, plant and equipment	161,024	159,040
Less-accumulated depreciation and amortization	63,261	60,055
Property, plant and equipment, net	97,763	98,985
Intangibles, net	2,390	2,423
Total assets	\$305,293	\$323,497

Liabilities and shareholders' investment

Current liabilities:

Lines of credit	\$ 9,796	\$ 9,319
Accounts payable	54,564	62,380
Reserve for returns	3,477	4,555
Accrued liabilities	22,497	23,751
Accrued profit sharing	38	1,483
Income taxes payable	2,971	13,256
Total current liabilities	93,343	114,744

Deferred income taxes	7,212	7,212
Long-term liabilities	392	349

Shareholders' investment:

Common stock, 40,221 shares issued	402	402
Donated capital	8,400	8,400
Additional paid-in capital	26,196	26,165
Deferred compensation	(1,110)	(1,193)
Currency translation adjustments	347	360
Retained earnings	264,518	260,109
Treasury stock, 6,634 and 6,561 shares at cost, respectively	(94,407)	(93,051)
Total shareholders' investment	204,346	201,192
Total liabilities and shareholders' investment	\$305,293	\$323,497

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

LANDS' END, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three Months Ended	
	May 3, 1996	April 28, 1995
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 4,409	\$ 1,307
Adjustments to reconcile net income to net cash flows from operating activities-		
Depreciation and amortization	3,320	3,214
Deferred compensation expense	83	68
Loss on disposal of fixed assets	118	184
Deferred income taxes	-	(1,156)
Changes in assets and liabilities excluding the effects of acquisitions and divestitures:		
Receivables	(2,375)	(2,397)
Inventory	2,305	(22,425)
Prepaid advertising	2,567	142
Other prepaid expenses	1,145	(2,196)
Accounts payable	(7,816)	5,897
Reserve for returns	(1,078)	(1,358)
Accrued liabilities	(1,254)	(4,541)
Accrued profit sharing	(1,445)	(1,581)
Income taxes payable	(10,285)	(8,195)
Other	61	(135)
Net cash flows used for operating activities	(10,245)	(33,172)
Cash flows from investing activities:		
Cash paid for capital additions	(2,183)	(3,630)
Net cash flows used for investing activities	(2,183)	(3,630)
Cash flows from financing activities:		

Proceeds from short-term debt	477	38,089
Purchases of treasury stock	(1,356)	(2,431)
Net cash flows (used for) from financing activities	(879)	35,658
Net decrease in cash and cash equivalents	(13,307)	(1,144)
Beginning cash and cash equivalents	17,176	5,426
Ending cash and cash equivalents	\$ 3,869	\$ 4,282
Supplemental cash flow disclosures:		
Interest paid	\$ 99	\$ 260
Income taxes paid	13,180	11,400

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

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LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to May 3, 1996, and the three months ended May 3, 1996, and April 28, 1995, is unaudited)

The condensed consolidated financial statements included herein have been prepared by Lands' End, Inc. (the company), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and in the opinion of management contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the company believes that the disclosures are adequate to make the information presented not misleading. The results of operations for the interim periods disclosed within this report are not necessarily indicative of future financial results. These consolidated financial statements are condensed and should be read in conjunction with the financial statements and the notes thereto included in the company's latest Annual Report on Form 10-K, which includes financial statements for the year ended February 2, 1996.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business

Lands' End, Inc., (the company) is a direct marketer of traditionally styled apparel, domestics (primarily bedding and bath items), soft luggage, and other products. The company's primary market is the United States, and other markets include the Pacific Basin area, Europe and Canada.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Principles of consolidation

The consolidated financial statements include the accounts of the company and its subsidiaries after elimination of intercompany accounts and transactions.

Fiscal year

The company utilizes a 52-53 week fiscal year ending on the Friday nearest January 31. Fiscal 1997 will be a 52-week year ending on January 31, 1997.

Fair values of financial instruments

The fair value of financial instruments does not materially differ from their carrying values.

Inventory

Inventory, primarily merchandise held for sale, is stated at last-in, first-out (LIFO) cost, which is lower than market. If the first-in, first-out (FIFO) method of accounting for inventory had been used, inventory would have been approximately \$23.1 million and \$22.4 million higher than reported at May 3, and February 2, 1996, respectively.

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LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to May 3, 1996, and the three months
ended May 3, 1996, and April 28, 1995, is unaudited)

Advertising

The company expenses the costs of advertising for magazines, television, radio, and other media the first time the advertising takes place, except for direct-response advertising, which is capitalized and amortized over its expected period of future benefits.

Direct-response advertising consists primarily of catalog production and mailing costs that have not yet been fully amortized over the expected revenue stream, which is within three months from the date catalogs are mailed.

Advertising costs reported as prepaid assets were \$13.3 million and \$15.8 million as of May 3, and February 2, 1996, respectively. Advertising expense was \$41.5 million and \$42.2 million reported for the three-month periods ended May 3, 1996, and April 28, 1995, respectively.

Depreciation

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets, which are 20 to 30 years for buildings and land improvements and five to 10 years for leasehold improvements and furniture, fixtures, equipment, and software.

Intangibles

Intangible assets consist primarily of goodwill which is being amortized over 40 years on a straight-line basis. Other intangibles are amortized up to a period of five years. Total accumulated amortization of these intangibles was \$0.4 million as of May 3, and February 2, 1996.

Net income per share

Net income per share is computed by dividing net income by the weighted average number of common shares outstanding during each period. The weighted average common shares outstanding were 33.6 million and 34.7 million for the three-month periods ended May 3, 1996 and April 28, 1995, respectively. Common stock equivalents includes awards, grants and stock options which have been issued by the company. The common stock equivalents do not significantly dilute basic earnings per share.

Reserve for losses on customer returns

At the time of sale, the company provides a reserve equal to the gross profit on projected merchandise returns, based on its prior returns experience.

Financial instruments with off-balance-sheet risk

The company is party to financial instruments with off-balance-sheet risk in the normal course of business to reduce its exposure to fluctuations in foreign currency exchange rates and to meet financing needs.

The company enters into forward exchange contracts to hedge anticipated foreign currency transactions during the upcoming seasons. The purpose of the company's foreign currency hedging activities is to protect the company from the risk that the eventual dollar cash flows resulting from these transactions will be adversely affected by changes in exchange rates. At May 3, 1996, the company had forward exchange contracts, maturing through May 1997, to sell approximately 1.6 billion Japanese yen and 3.3 million British pounds, and to purchase approximately 2.8 million Canadian dollars. The gains and losses on

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LANDS' END, INC. & SUBSIDIARIES
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(Information pertaining to May 3, 1996, and the three months

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the outstanding forward exchange contracts are reflected in the financial statements in the period in which the currency fluctuation occurs.

The company also uses import letters of credit to purchase foreign-sourced merchandise. The letters of credit are primarily U.S. dollar-denominated and are issued through third-party financial institutions to guarantee payment for such merchandise within agreed upon time periods. At May 3, 1996, the company had outstanding letters of credit of approximately \$23.0 million, all of which had expiration dates of less than one year.

The counterparties to the financial instruments discussed above are primarily two large financial institutions; management believes the risk of counterparty nonperformance on these financial instruments is not significant.

Foreign currency transactions

Financial statements of the foreign subsidiaries are translated into U.S. dollars in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 52. Translation adjustments are accumulated in a separate component of stockholder's equity. Foreign currency transaction gains and losses reflected on the Consolidated Statement of Operations included a loss of (\$0.4) million and a gain of \$.04 million for the three-month periods ended May 3, 1996 and April 28, 1995, respectively.

Postretirement benefits

The company does not currently provide any postretirement benefits for employees other than profit sharing and a 401(k) plan (see Note 7).

Reclassification

Certain financial statement amounts have been reclassified to be consistent with the fiscal 1997 presentation.

Accounting Standards

In 1995, Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," was issued. The company adopted SFAS No. 121 in fiscal 1997, and there has been no material impact on its consolidated financial statements since adopting the standard.

NOTE 2. SHAREHOLDERS' INVESTMENT

Capital stock

The company currently has 160 million shares of \$0.01 par value common stock. The company is authorized to issue 5 million shares of preferred stock, \$0.01 par value. The company's board of directors has the authority to issue shares and to fix dividend, voting and conversion rights, redemption provisions, liquidation preferences, and other rights and restrictions of the preferred stock.

Treasury stock

The company's board of directors has authorized the purchase of a total of 8.2 million shares of the company's common stock. A total of 7.6 million and 7.5 million shares had been purchased as of May 3, and February 2, 1996, respectively.

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LANDS' END, INC. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Information pertaining to May 3, 1996, and the three months ended May 3, 1996, and April 28, 1995, is unaudited)

Stock awards and grants

The company has a restricted stock award plan. Under the provisions of the plan, a committee of the company's board of directors may award shares of the company's common stock to its officers and key employees. Such shares vest over a 10-year period on a straight-line basis from the date of the award.

In addition, the company granted shares of its common stock to individuals as an inducement to enter the employ of the company.

The following table reflects the activity under the stock award and stock grant plans:

Awards	Grants
--------	--------

Balance at January 28, 1994	149,160	10,000
Granted	-	-
Forfeited	(15,940)	(10,000)
Vested	(17,860)	-
Balance at January 27, 1995	115,360	0
Granted	-	-
Forfeited	(2,700)	-
Vested	(15,980)	-
Balance at February 2, 1996	96,680	0
Granted	-	-
Forfeited	(2,800)	-
Vested	-	-
Balance at May 3, 1996	93,880	0

The granting of these awards and grants has been recorded as deferred compensation based on the fair market value of the shares at the date of grant. Compensation expense under these plans is recorded as shares vest.

Stock options

The company has 2.5 million shares of common stock, either authorized and unissued shares or treasury shares, that may be issued pursuant to the exercise of options granted under the company's stock option plan. Options are granted at the discretion of a committee of the company's board of directors to officers and key employees of the company. No option may have an exercise price less than the fair market value per share of the common stock at the date of grant.

LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to May 3, 1996, and the three months
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Activity under the stock option plan is as follows:

	Options	Average Exercise Price	Exercisable Options
Balance at January 28, 1994	1,689,200	\$13.31	340,000
Granted	-	-	-
Exercised	(294,000)	\$ 6.72	-
Forfeited	(928,800)	\$15.27	-
Balance at January 27, 1995	466,400	\$13.56	195,480
Granted	342,100	\$16.50	-
Exercised	(116,000)	\$ 7.40	-
Forfeited	(70,800)	\$17.55	-
Balance at February 2, 1996	621,700	\$15.87	150,240
Granted	147,000	\$17.25	-
Exercised	(22,000)	\$13.73	-
Forfeited	(64,400)	\$16.69	-
Balance at May 3, 1996	682,300	\$16.16	180,650

The above options currently outstanding vest over a five-year period from the date of grant. The outstanding options expire as follows:

2001	-	52,000
2002	-	40,000
2003	-	175,200
2005	-	268,100

2006 - 147,000
682,300

In 1995, the Financial Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation," which establishes financial accounting and reporting standards for stock-based employee compensation. The company adopted the disclosure requirements of this statement, and will continue to apply the accounting provisions of Accounting Principles Board Opinion No. 25 to stock-based employee compensation arrangements, as is allowed by the statement. The company adopted SFAS No. 123 in fiscal 1997, and there is no material impact on its financial statements.

NOTE 3. INCOME TAXES

Under the liability method prescribed by the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," deferred taxes are provided based upon enacted tax laws and rates applicable to the periods in which taxes become payable.

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LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to May 3, 1996, and the three months
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Temporary differences that give rise to deferred tax assets and liabilities as of May 3, and February 2, 1996, are as follows (in thousands):

	May 3, 1996	February 2, 1996
Deferred tax assets:		
Catalog advertising	\$ (1,415)	\$ (1,415)
Inventory	8,602	8,602
Employee benefits	1,918	1,918
Reserve for returns	1,822	1,822
Other	(13)	(13)
Total	\$ 10,914	\$ 10,914
Deferred tax liabilities		
Depreciation	7,980	\$ 7,980
Foreign operating loss carryforwards	(527)	(527)
Valuation allowance	527	527
Other	(768)	(768)
Total	\$ 7,212	\$ 7,212

The valuation allowance required under SFAS No. 109 has been established for the deferred income tax benefits related to certain subsidiary loss carryforwards, which management currently estimates may not be realized. These carryforwards do not expire.

In the periods presented, the differences between income taxes at the statutory federal income tax rate of 35 percent, and income taxes reported in the consolidated statements of operations are due primarily to the effect of state income taxes.

NOTE 4. LINES OF CREDIT

The company has unsecured domestic lines of credit with various U.S. banks totaling \$110 million. There were no amounts outstanding at May 3, and February 2, 1996.

In addition, the company has unsecured lines of credit with foreign banks totaling the equivalent of \$28.5 million for a wholly owned foreign subsidiary. There was \$9.8 million outstanding at May 3, at interest rates averaging 1.6%, compared to \$9.3 million as of February 2, 1996.

NOTE 5. LONG-TERM DEBT

There was no long-term debt as of May 3, and February 2, 1996.

The company has an agreement that expires December 31, 1996, with a bank for a \$20 million credit facility available to fund treasury stock purchases and capital expenditures.

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LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to May 3, 1996, and the three months
ended May 3, 1996, and April 28, 1995, is unaudited)

NOTE 6. LEASES

The company leases store and office space and equipment under various leasing arrangements. The leases are accounted for as operating leases. Total rental expense under these leases was \$3.2 million and \$2.9 million for the three-month periods ended May 3, 1996, and April 28, 1995, respectively.

Total future fiscal year commitments under these leases as of May 3, 1996, are as follows (in thousands):

1997 (nine months)	\$ 7,764
1998	8,090
1999	5,410
2000	4,009
2001	2,458
After 2001	5,148
	\$32,879

NOTE 7. RETIREMENT PLAN

The company has a retirement plan which covers most regular employees and provides for annual contributions at the discretion of the board of directors. Also included in the plan is a 401(k) feature which allows employees to make contributions and the company matches a portion of those contributions. Total expense provided under this plan was \$0.4 million and \$0.5 million for the three-month periods ended May 3, 1996 and April 28, 1995, respectively.

As of October 1, 1995, the "Lands' End, Inc. Retirement Plan" was amended to allow certain participants to invest their elective contributions, employer matching contributions and profit sharing contributions in a "Lands' End, Inc. Stock Fund" established primarily for investing in common stock of the company at the fair market value.

NOTE 8. ACQUISITIONS AND DIVESTITURE

In July 1994, the company formed a wholly owned subsidiary that acquired the marketing rights and assets of MontBell America, Inc., which designs, develops and distributes premier technical outdoor clothing and equipment through the wholesale channel to outdoor specialty stores, primarily in the United States.

During the fourth quarter of fiscal 1996, the company sold the marketing rights and assets of MontBell America, Inc., to a wholly owned subsidiary of Outdoor Industry Group, Inc. of San Francisco. In connection with this sale, the company took an after-tax charge to earnings of \$1.1 million in fiscal 1996. This was in addition to the after-tax charge of \$2.1 million taken as a reserve in January of fiscal 1995 in anticipation of the sale.

In March 1993, the company purchased a majority interest in The Territory Ahead, a catalog company that offers private label sportswear, accessories and luggage. Beginning in 2003, the minority shareholders have the option to require the company to purchase their shares, and the company will have the option to require the minority shareholders to sell their shares in The Territory Ahead. The price per share would be based on the fair market value of The Territory Ahead.

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LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to May 3, 1996, and the three months
ended May 3, 1996, and April 28, 1995, is unaudited)

Results of operations of MontBell America, Inc., and The Territory Ahead were not material to the company, and as a result, no pro forma data is presented. The transactions were accounted for using the purchase method. The excess of the purchase price over the fair value of net assets was recorded as goodwill. The operating results of MontBell America, Inc., and The Territory Ahead are included in the consolidated financial statements of the company from their respective dates of acquisition.

NOTE 9. SALES AND USE TAX

A 1992 Supreme Court decision confirmed that the Commerce Clause of the United State Constitution prevents a state from requiring the collection of its use tax by a mail order company unless the company has a physical presence in the state. However, there continues to be uncertainty due to inconsistent application of the Supreme Court decision by state and federal courts. The company attempts to conduct its operations in compliance with its interpretation of the applicable legal standard, but there can be no assurance that such compliance will not be challenged.

In recent challenges various states have sought to require companies to begin collection of use taxes and/or pay taxes from previous sales. The company has not received assessments from any state. The amount of potential assessments, if any, cannot be reasonably estimated.

The Supreme Court decision also established that Congress has the power to enact legislation which would permit states to require collection of use taxes by mail order companies. Congress has from time to time considered proposals for such legislation. The company anticipates that any legislative change, if adopted, would be applied only on a prospective basis.

Item 2. Management's Discussion
and Analysis

Results of Operations

Three Months Ended May 3, 1996, compared with
Three Months Ended April 28, 1995

The company's net sales in the first quarter of fiscal 1997 increased 2.3 percent to \$211.8 million from \$207.1 million in the first quarter of fiscal 1996. The increase in sales for the quarter just ended came from the company's specialty and new businesses. In the first quarter, sales from the company's core business, represented by the monthly and prospecting catalogs,

were relatively flat with the prior year. This trend has continued into the second quarter. While the number of catalogs mailed during the quarter just ended was about the same as in the prior year's first quarter, there was a 10 percent reduction in the average number of pages per catalog mailed.

The first quarter ending inventory was about \$163 million, down 15 percent from about \$191 million in the prior year.

Gross profit in the quarter just ended was \$94.7 million, or 44.7 percent of net sales, compared with \$90.7 million, or 43.8 percent of net sales, in the first quarter of the prior year. The increase in gross profit margin was due to relatively lower sales of liquidated merchandise at less steep markdowns and lower merchandise costs, primarily the result of improvements in sourcing. Liquidation sales during the quarter were lower than in the prior year, primarily due to the change in the timing of the company's fall/winter clearance catalog. Liquidations of excess inventory were about 7 percent of the net sales in the quarter just ended, compared with 11 percent in the prior year.

For the first quarter this year, selling, general and administrative expenses decreased 2 percent to \$87.1 million, compared with \$88.7 million in the similar quarter last year. As a percentage of net sales, SG&A was 41.1 percent, compared with 42.8 percent in the same period last year. The overall improvement in the SG&A ratio during the quarter just ended was primarily the result of increased sales per page mailed, especially in the Kids and Beyond Buttondowns specialty catalogs, as well as lower order-fulfillment expense. Higher paper prices continued to have a negative impact on SG&A, compared to the prior year.

Net income for the quarter just ended was \$4.4 million, or \$0.13 per share, up from the \$1.3 million, or \$0.04 cents per share in the prior year.

Seasonality of Business

The company's business is highly seasonal. Historically, a disproportionate amount of the company's net sales and a majority of its profits have been realized during the fourth quarter. If the company's sales were materially different from seasonal norms during the fourth quarter, the company's annual operating results could be materially affected. In addition, as the company continues to refine its marketing efforts by experimenting with the timing of its catalog mailings, quarter results may fluctuate. Accordingly, results for the individual quarters are not necessarily indicative of the results to be expected for the entire year.

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Liquidity and capital resources

To date, the bulk of the company's working capital needs have been met through funds generated from operations and from short-term bank loans. The company's principal need for working capital has been to meet peak inventory requirements associated with its seasonal sales pattern. In addition, the company's resources have been used to purchase treasury stock and make asset additions.

During fiscal 1995, the board of directors evaluated its dividend practice whereby it had paid annual dividends. Given the company's intent to buy back additional shares, the board determined that the current dividend practice was no longer desirable, and payment of a cash dividend is not planned for the foreseeable future.

The company continues to explore investment opportunities arising from the expansion of its international businesses and the development of new businesses. While this investment spending has had some negative impact on earnings, it is not expected to have a material effect on liquidity.

At May 3, 1996, the company had unsecured domestic credit facilities totaling \$110 million, all of which was unused. The company also maintains foreign credit lines for use in foreign operations totaling the equivalent of approximately \$28.5 million, of which \$9.8 million was used at May 3, 1996. The company has a separate \$20 million bank facility available to fund treasury stock purchases and capital expenditures. This facility runs through December 31, 1996.

Since June 1989, the company's board of directors has authorized the company

from time to time to purchase a total of 8.2 million shares of treasury stock, of which 7.9 million shares have been purchased as of June 13, 1996. There is a balance of 0.3 million shares available to the company to purchase as of May 3, 1996.

Capital expenditures for fiscal 1997 are currently planned to be about \$16 million, of which about \$2 million had been expended through May 3, 1996. Major projects include new computer hardware and software and leasehold improvements for new retail stores. The company believes that its cash flow from operations and borrowings under its current credit facilities will provide adequate resources to meet its capital requirements and operational needs for the foreseeable future.

Possible future changes

A 1992 Supreme Court decision confirmed that the Commerce Clause of the United States Constitution prevents a state from requiring the collection of its use tax by a mail order company unless the company has a physical presence in the state. However, there continues to be uncertainty due to inconsistent application of the Supreme Court decision by state and federal courts. The company attempts to conduct its operations in compliance with its interpretation of the applicable legal standard, but there can be no assurance that such compliance will not be challenged.

In recent challenges, various states have sought to require companies to begin collection of use taxes and/or pay taxes from previous sales. The company has not received assessments from any state.

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The Supreme Court decision also established that Congress has the power to enact legislation that would permit states to require collection of use taxes by mail order companies. Congress has from time to time considered proposals for such legislation. The company anticipates that any legislative change, if adopted, would be applied only on a prospective basis.

The possible future changes discussed above are forward looking, subject to numerous uncertainties and accordingly, not necessarily indicative of actual future results.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

There are no material legal proceedings presently pending, except for routine litigation incidental to the business, to which Lands' End, Inc., is a party or of which any of its property is the subject.

Items 2 and 3 are not applicable and have been omitted.

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

At the Annual Meeting of Shareholders held on May 22, 1996, pursuant to the Notice of Annual Meeting of Shareholders and Proxy Statement dated April 22, 1996.

- (a) Each of the two nominees (Gary C. Comer and David B. Heller) were elected as directors. Gary C. Comer had holders of 31,418,706 shares voted FOR and 257,024 shares WITHHELD. David B. Heller had holders of 31,399,349 shares voted FOR and 276,381 shares WITHHELD;
- (b) The appointment of Arthur Andersen LLP as independent public accountants for the company for the fiscal year ending January 31, 1997, was ratified. (31,464,541 shares voted FOR, 189,646 shares voted AGAINST, and 21,543 shares ABSTAINED.)

Item 5. Other Information.

In May 1996, Bradley K. Johnson joined the company as senior vice president and chief financial officer, a position previously held by Stephen A. "Chip" Orum, who remains executive vice president and chief operating officer. Johnson was with Wilsons The Leather Experts, a subsidiary of Melville Co., in Minneapolis, most recently as their vice president of operations.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibit is filed as part of this report:

Table Number	Description	Exhibit Number
(11)	Statement of computation of earnings per share	1

(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the three-month period ended May 3, 1996.

SIGNATURE

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.

Date: June 13, 1996

By /s/ BRADLEY K. JOHNSON
Bradley K. Johnson
Senior Vice President and
Chief Financial Officer

LIST OF DOCUMENTS INCORPORATED BY REFERENCE

In addition to the exhibits filed with this report, the exhibits listed below have been heretofore filed with the Securities and Exchange Commission as exhibits to the company's registration statement on Form S-8 (File No. 033-63461) and on Form S-1 (File No. 33-08217) or to other filings with the Commission and are incorporated herein as exhibits by reference, pursuant to Rule 24 of the SEC Rules of Practice. The exhibit number of each document so filed is stated next to the description of such exhibit. The file number for

all other documents is 1-9769.

Table Number	Description of Item	Exhibit Number	Document Description
(3)	Articles of Incorporation and By-Laws:		
	Certificate of Incorporation of the company, as amended through October 3, 1986.	1	S-1
	Amendment to Certificate of Incorporation of the company, dated August 10, 1987.	3	10-Q October 1987
	Amendment to Certification of Incorporation of the company, dated May 20, 1994	4	10-Q July 1994
	Amended and Restated by-Laws of the company.	2	10-K 1993
(4)	Equity Instrument and Agreements relating to Debt Obligations:		
	Form of Certificate to evidence the Common stock.	1	10-Q August 1990
	First Amendment to the Lands' End Retirement Plan.	2	S-8 October 1995
(10)	Material Contracts:		
	Form of letter from bank approving the company's unsecured line of credit and corresponding note.	7	10-K 1992
	Term Loan Note and Loan Agreement between the company and the American National Bank and Trust Company of Chicago.	11	10-Q August 1990
	Fifth Amendment to Loan Agreement between the company and the American National Bank and Trust Company of Chicago, dated November 22, 1994.	2	10-Q October 1994

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Table Number	Description of Item	Exhibit Number	Document Description
(10)	Sixth Amendment to Loan Agreement between the company and the American National Bank and Trust Company of Chicago, dated December 6, 1995.	1	10-K 1996
	Buying Agreement between the company and European Buying Agency, Ltd.	7	10-Q November 1990
	Salaried Incentive Bonus Plan	9	S-1
	Second Amended and Restated 1989 Restricted Stock Plan of the company.	12	10-Q November 1991
	Stock Option Plan of the company	1	10-K 1995
	Amended and Restated Retirement Plan, dated February 1, 1992.	3	10-K 1994
	Form of Director Deferred Compensation		10-Q

(13) Annual Report to Shareholders for the
fiscal year ended February 2, 1996

10-K 1996

Exhibit 11.1

COMPUTATION OF EARNINGS PER SHARE

LANDS' END, INC. & SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
(In thousands, except per share amounts)

	Three months ended	
	May 3, 1996	April 28, 1995
Net income.....	\$ 4,409	\$ 1,307
Average shares of common stock outstanding during the period.....	33,631	34,718
Incremental shares from assumed exercise of stock options (primary)....	42	116
	33,673	34,834
Primary earnings per share.....	\$ 0.13	\$ 0.04
Average shares of common stock outstanding during the period.....	33,631	34,718
Incremental shares from assumed exercise of stock options (fully diluted).....	127	116
	33,758	34,834
Fully diluted earnings per share.....	\$ 0.13	\$ 0.04
Average shares of common stock outstanding during the period.....	33,631	34,718

Basic earnings per share.....	\$	0.13	\$	0.04
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<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
CONSOLIDATED BALANCE SHEETS, CONSOLIDATED STATEMENTS OF OPERATIONS,
AND COMPUTATION OF EARNINGS PER SHARE AND IS QUALIFIED IN ITS ENTIRETY
BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND EXHIBIT.

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