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

FORM 10-Q

(Mark one)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the Quarter Ended OCTOBER 27, 2000

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 X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of December 11, 2000:

Common stock, $.01 par value 29,189,372 shares outstanding

LANDS' END, INC. & SUBSIDIARIES
INDEX TO FORM 10-Q

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	Oct. 27, 2000	Oct. 29 1999
	(unaudited)	
Net sales	$336,391	$325,970
Cost of sales	190,663	185,157
Gross profit	145,728	140,813
Selling, general and administrative expenses	136,232	127,189
Reversal of non-recurring charge	-	(176)
Income from operations	9,496	13,800
Other income (expense):		
Interest expense	(801)	(558)
Interest income	235	17
Other	(1,878)	631
Total other income (expense)	(2,444)	90
Income before income taxes	7,052	13,890
Income tax provision	2,609	5,139

Net income	$ 4,443	$ 8,751
Basic earnings per share	$ 0.15	$ 0.29
Diluted earnings per share	$ 0.15	$ 0.28
Basic weighted average shares outstanding	30,290	30,125
Diluted weighted average shares outstanding	30,491	31,071

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

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

	Nine months ended	
	Oct. 27, 2000	Oct. 29, 1999
	(unaudited)	
Net sales	$857,981	$870,195
Cost of sales	468,483	485,732
Gross profit	389,498	384,463
Selling, general and administrative expenses	381,409	352,904
Reversal of non-recurring charge	-	(1,774)
Income from operations	8,089	33,333
Other income (expense):		
Interest expense	(1,148)	(1,525)
Interest income	1,454	55
Other	(3,865)	(573)
Total other expense	(3,559)	(2,043)
Income before income taxes	4,530	31,290
Income tax provision	1,676	11,577
Net income	$ 2,854	$ 19,713
Basic earnings per share	$ 0.09	$ 0.66
Diluted earnings per share	$ 0.09	$ 0.64
Basic weighted average shares outstanding	30,261	30,064
Diluted weighted average shares outstanding	30,681	30,831

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

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

	Oct. 27, 2000 (unaudited)	January 28, 2000
Assets		
Current assets:		
Cash and cash equivalents	$ 20,031	$ 76,413
Receivables, net	21,992	17,753
Inventory	260,503	162,193
Prepaid advertising	42,586	16,572
Other prepaid expenses	8,769	5,816
Deferred income tax benefits	10,661	10,661
Total current assets	364,542	289,408
Property, plant and equipment, at cost:		
Land and buildings	103,371	102,776
Fixtures and equipment	200,078	175,910
Leasehold improvements	4,453	4,453
Construction in progress	1,301	-
Total property, plant and equipment	309,203	283,139
Less-accumulated depreciation and amortization	131,581	117,317
Property, plant and equipment, net	177,622	165,822
Intangibles, net	670	966
Total assets	$542,834	$456,196
Liabilities and shareholders' investment		
Current liabilities:		
Lines of credit	$ 70,239	$ 11,724
Accounts payable	109,940	74,510
Reserve for returns	8,521	7,869
Accrued liabilities	39,722	43,754
Accrued profit sharing	184	2,760
Income taxes payable	1,136	10,255
Total current liabilities	229,742	150,872
Deferred income taxes	9,117	9,117
Shareholders' investment:		
Common stock, 40,221 shares issued	402	402
Donated capital	8,400	8,400
Additional paid-in capital	31,541	29,709
Deferred compensation	(147)	(236)
Accumulated other comprehensive income	3,688	2,675
Retained earnings	457,284	454,430
Treasury stock, 9,977 and 10,071 shares at cost, respectively	(197,193)	(199,173)
Total shareholders' investment	303,975	296,207
Total liabilities and shareholders' investment	$542,834	$456,196

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)

	Nine Months Ended Oct. 27, 2000	Nine Months Ended Oct. 29, 1999

(unaudited)
Cash flows from (used for) operating activities:

Net income	$ 2,854	$ 19,713
Adjustments to reconcile net income to net cash flows from operating activities:		
Non-recurring credit	-	(1,774)
Depreciation and amortization	17,220	15,178
Deferred compensation expense	89	126
Loss on disposal of fixed assets	40	540
Changes in current assets and liabilities:		
Receivables, net	(4,239)	346
Inventory	(98,310)	(11,613)
Prepaid advertising	(26,014)	(11,747)
Other prepaid expenses	(2,953)	1,665
Accounts payable	35,430	12,129
Reserve for returns	652	(348)
Accrued liabilities	(2,611)	(4,583)
Accrued profit sharing	(2,576)	(1,034)
Income taxes payable	(9,119)	(10,344)
Tax benefit of stock options	1,832	2,715
Other	1,013	(1,265)
Net cash flows from (used for) operating activities	(86,692)	9,704
Cash flows used for investing activities:		
Cash paid for capital additions	(30,185)	(12,745)
Net cash flows used for investing activities	(30,185)	(12,745)
Cash flows from (used for) financing activities:		
Net proceeds from short-term debt	58,515	2,407
Purchases of treasury stock	(2,249)	(4,507)
Issuance of treasury stock	4,229	6,589
Net cash flows from financing activities	60,495	4,489
Net increase(decrease)in cash and cash equivalents	(56,382)	1,448
Beginning cash and cash equivalents	76,413	6,641
Ending cash and cash equivalents	$ 20,031	$ 8,089
Supplemental cash flow disclosures:		
Interest paid	$ 954	$ 1,444
Income taxes paid	8,841	19,288

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

LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Interim financial statements

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 January 28, 2000.

2. Reclassification

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

3. Derivative instruments and hedging activities

As of July 31, 1999, the company adopted the Financial Accounting

Standards Board's (FASB's) Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (Statement 133). Statement 133 unifies accounting and financial reporting standards for forward contracts, options, other derivative instruments, and related hedging activities. Statement 133 requires, in part, that the company report all derivative instruments in the statement of financial position as assets or liabilities at their fair value. The treatment of subsequent changes in fair value depends on whether hedge accounting is available. For the third quarter of fiscal 2001, a loss of $1.9 million was recorded in other expenses, compared with a gain of $0.6 million in the third quarter of fiscal 2000. For the nine months ended October 27, 2000, a loss of $4.5 million primarily due to the weakening of the German Mark and British Pound against the U.S. Dollar was recorded in other expenses, compared with a loss of $40 thousand for the same time period last year.

At the date merchandise is sold to a foreign subsidiary or purchased from a foreign third party, the hedging relationship is terminated and subsequent gains and losses on the hedging derivative instrument are reported in earnings. At the date of the ultimate sale of the merchandise by the foreign subsidiary to a third party or purchase from a foreign third party, the gain or loss previously deferred in equity is recognized in earnings. The company estimates that net hedging gains of $2.2 million will be reclassified from accumulated other comprehensive income into earnings within the 12 months between October 28, 2000 and October 26, 2001.

4. Earnings per share

The following table discloses the computation of the diluted earnings per share and the basic earnings per share.

	Three months ended		Nine months ended	
(In thousands, except per share data)	Oct. 27, 2000	Oct. 29, 1999	Oct. 27, 2000	Oct. 29, 1999
Net income	$ 4,443	$ 8,751	$ 2,854	$ 19,713
Average shares of common stock outstanding	30,290	30,125	30,261	30,064
Incremental shares from assumed exercise of stock options	201	946	420	767
Diluted weighted average shares of common stock outstanding	30,491	31,071	30,681	30,831
Basic earnings per share	$ 0.15	$ 0.29	$ 0.09	$ 0.66
Diluted earnings per share	$ 0.15	$ 0.28	$ 0.09	$ 0.64

5. Comprehensive income

In accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," the following table presents the company's comprehensive income (in thousands):

	Three months ended		Nine months ended	
	Oct. 27, 2000	Oct. 29, 1999	Oct. 27, 2000	Oct. 29, 1999
Net income	$ 4,443	$ 8,751	$ 2,854	$19,713
Other comprehensive income:				
Foreign currency translation adjustments	(467)	992	(1,954)	790
Net unrealized gains (losses) on forward contracts and options	331	(2,055)	2,967	(2,055)
Comprehensive income	$ 4,307	$ 7,688	$ 3,867	$18,448

6. Non-recurring charge and related reversal

During fiscal year 1999, in connection with changes in executive management, the company announced a Plan designed to reduce administrative and operational costs stemming from duplicative responsibilities and certain non-profitable operations. This Plan included the reduction of staff positions, the closing of three outlet stores, the liquidation of the Willis & Geiger operations, and the termination of a licensing agreement with MontBell Co. Ltd. A non-recurring charge of $12.6 million was recorded in fiscal 1999 related to these matters.

Below is a summary of related costs for the nine months ended October 27, 2000 and the remaining reserve balance (included as a component of accrued liabilities in the accompanying balance sheets).

(In thousands)	Balance 1/28/00	Costs Incurred	Balance 10/27/00
Severance costs	$ 1,007	$ (958)	$ 49
Asset impairments	31	-	31
Facility exit costs and other	107	-	107
Total	$ 1,145	$ (958)	$ 187

7. Segment disclosure

The company has three business segments consisting of Core (regular monthly and prospecting catalogs, First Person and Lands' End for Men), Specialty (Kids, Corporate Sales, and Coming Home catalogs and Willis & Geiger in the prior year) and International (foreign-based operations in Japan, United Kingdom and Germany).

Segment sales represent sales to external parties. Sales from the Internet, export sales shipped from the United States, and liquidation sales are included in the respective business segments. Segment income before income taxes is revenue less direct and allocable operating expenses, which includes interest expense and interest income. Segment identifiable assets are those that are directly used in or identified with segment operations. "Other" includes corporate expenses, inter-company eliminations, currency gains and losses, and other income and deduction items that are not allocated to segments.

Pertinent financial data by operating segment for the periods ended October 27, 2000 and October 29, 1999 are as follows (in thousands):

Three months ended October 27, 2000

	Core	Specialty	International	Other	Consolidated
Net sales	$185,551	$122,712	$ 28,128	$ -	$336,391
Income (loss) before income taxes	284	9,566	(738)	(2,060)	7,052
Identifiable assets	303,521	167,404	71,909	-	542,834
Depreciation and amortization	2,918	2,085	588	-	5,591
Capital expenditures	8,756	5,497	386	-	14,639
Interest expense	414	233	154	-	801
Interest income	$ 78	$ 96	$ 61	$ -	$ 235

Three months ended October 29, 1999

	Core	Specialty	International	Other	Consolidated
Net sales	$177,481	$116,913	$ 31,576	$ -	$325,970
Income (loss) before income taxes	(1,538)	14,332	456	640	13,890
Identifiable assets	257,510	140,577	76,794	-	474,881
Depreciation and amortization	2,526	1,757	620	-	4,903
Capital expenditures	4,211	2,498	550	-	7,259
Interest expense	254	164	140	-	558
Interest income	$ 7	$ 4	$ 6	$ -	$ 17

Nine months ended October 27, 2000

	Core	Specialty	International	Other	Consolidated
Net sales	$496,688	$273,941	$ 87,352	$ -	$857,981
Income (loss) before income taxes	(792)	12,784	(2,748)	(4,714)	4,530
Identifiable assets	303,521	167,404	71,909	-	542,834
Depreciation and amortization	9,956	5,491	1,773	-	17,220
Capital expenditures	18,640	10,280	1,265	-	30,185
Interest expense	465	257	426	-	1,148
Interest income	$ 866	$ 478	$ 110	$ -	$ 1,454

Nine months ended October 29, 1999

	Core	Specialty	International	Other	Consolidated
Net sales	$502,255	$274,867	$ 93,073	$ -	$870,195
Income (loss) before income taxes (1)	5,182	28,420	(1,691)	(621)	31,290
Identifiable assets	257,510	140,577	76,794	-	474,881
Depreciation and amortization	8,662	4,728	1,788	-	15,178
Capital expenditures	7,440	4,062	1,243	-	12,745
Interest expense	673	367	485	-	1,525
Interest income	$ 20	$ 11	$ 24	$ -	$ 55

(1) Includes a reversal of non-recurring charges of $0.5 million and $1.3 million allocated to the specialty and core segments, respectively.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Consolidated results for the three months ended October 27, 2000, compared with three months ended October 29, 1999

The company's net sales for its third quarter of fiscal 2001 totaled $336.4 million, up 3 percent from sales of $326.0 million in the same quarter last year. Sales grew stronger throughout the quarter, principally from gains in the core business segment and the specialty business segment. There was strong performance in the traditional and newly enhanced outerwear categories, as well as other core products. Page circulation was up by 12 percent, over half of which was increased prospecting and customer reactivation. Sales from the core business segment rose nearly 5 percent, led by the monthly and prospecting catalogs; and specialty business segment sales were also up 5 percent, led by double-digit growth in Corporate Sales. However, sales from the international business segment were down 11 percent, compared with the same period last year, mostly due to weaker European currencies relative to the dollar. Sales on the company's Internet site www.landsend.com were about 65 percent above those in the same quarter last year. Sales for the first 6 weeks of the current fourth quarter show the company's net sales increased 11% from the comparable period in the prior year.

Gross profit in the quarter just ended was $145.7 million, or 43.3 percent of net sales, compared with $140.8 million, or 43.2 percent of net sales, in the similar quarter last year. While the company achieved a 150 basis point improvement in initial markup, it was mostly offset by steeper markdowns on liquidated merchandise. Liquidations of excess inventory were 17 percent of net sales in the quarter just ended, compared with 16 percent in the prior year.

For the third quarter this year, selling, general and administrative expenses increased 7.1 percent to $136.2 million, compared with $127.2 million in last year's third quarter. As a percentage of net sales, SG&A ratio was 40.5 percent, compared with 39.0 percent in the similar period last year. The increase in the SG&A ratio was mostly the result of increased page circulation, primarily due to the company's prospecting and customer reactivation efforts, and also higher information services expense.

Third quarter ending inventory was $261 million, compared with $231 million a year ago and $379 million two years ago. The company shipped about 90 percent of items at the time of order placement during the quarter just ended, consistent with its high standards of customer service.

Net income for the quarter just ended was $4.4 million, compared with the $8.8 million earned in the same quarter last year. Diluted earnings per share for the quarter just ended were $0.15, compared with $0.28 in the prior year. Net income for the quarter just ended includes a foreign currency exchange after-tax loss of $1.2 million, while the prior year's similar quarter included a foreign currency exchange after-tax gain of $0.4 million. Foreign currency exchange gains or losses will occur in response to currency market movements and the company's hedging strategy and are recorded as other income or expense.

Segment results for the three months ended October 27, 2000 and October 29, 1999

Segment net sales	Three months ended October 27, 2000		Three months ended October 29, 1999	
(Amounts in thousands)	Amount	% of Net Sales	Amount	% of Net Sales
Core	$185,551	55.2%	$177,481	54.4%
Specialty	122,712	36.5%	116,913	35.9%
International	28,128	8.3%	31,576	9.7%
Total net sales	$336,391	100.0%	$325,970	100.0%

Income (loss) before income taxes
(Amounts in thousands)

	Three months ended October 27, 2000		Three months ended October 29, 1999	
	Amount	% of Net Sales	Amount	% of Net Sales
Core	$ 284	0.1%	$(1,538)	(0.5%)
Specialty	9,566	2.8%	14,332	4.4%
International	(738)	(0.2%)	456	0.2%
Other	(2,060)	(0.6%)	640	0.2%
Income before income taxes	$ 7,052	2.1%	$13,890	4.3%

The core segment's net sales increased $8.1 million from the prior year, primarily from increased circulation of monthly and prospecting full-price catalogs. The specialty segment's net sales increased $5.8 million from last year, principally from our double-digit growth in Corporate Sales business-to-business division. The international segment's net sales decreased $3.4 million from the prior year, primarily the result of weaker European currencies relative to the dollar.

For the third quarter this fiscal year compared to last year, the core segment's pretax income increased $1.8 million, the specialty segment's pretax income decreased $4.8 million, and the international segment's pretax income decreased $1.2 million.

Consolidated results for the nine months ended October 27, 2000, compared with nine months ended October 29, 1999

For the nine months just ended, net sales were $858.0 million, down 1 percent from sales of $870.2 million during the same period last year. Excluding $13 million in sales from the discontinued Willis & Geiger business in the prior year, net sales in the current fiscal year were about flat, compared with the prior year. Year to date, Internet sales increased 68 percent, compared with last year.

Gross profit for the first nine months of fiscal 2001 was $389.5 million, compared with $384.5 million in the same nine-month period last year. As a percentage of net sales, gross profit increased from 44.2 percent in fiscal 2000 to 45.4 percent in fiscal 2001. The increase in gross profit was mainly due to higher initial margins, primarily associated with sourcing improvements.

Selling, general and administrative expenses increased 8.1 percent to $381.4 million in the first nine months of fiscal 2001 from $352.9 million in the same period last year. As a percentage of net sales, selling, general and administrative expenses increased to 44.5 percent in fiscal 2001 from 40.6 percent in fiscal 2000. The increase in the SG&A ratio in the first nine months of fiscal 2001 was primarily the result of higher catalog advertising and national advertising costs and fixed expenses (primarily information technology related).

Net income for the first nine months of fiscal 2001 was $2.9 million, or $0.09 per diluted share, compared with net income of $19.7 million, or $0.64 per share in the same period a year ago. Last year's first nine months includes an addition to net income (after-tax) of $1.1 million, or $0.04 per share, from the reversal of a portion of the non-recurring charge taken in the fourth quarter of fiscal year 1999.

Segment results for the nine months ended October 27, 2000 and October 29, 1999

Segment net sales	Nine months ended October 27, 2000		Nine months ended October 29, 1999	
(Amounts in thousands)	Amount	% of Net Sales	Amount	% of Net Sales
Core	$496,688	57.9%	$502,255	57.7%
Specialty	273,941	31.9%	274,867	31.6%
International	87,352	10.2%	93,073	10.7%
Total net sales	$857,981	100.0%	$870,195	100.0%

Income (loss) before income taxes
(Amounts in thousands)

	Nine months ended October 27, 2000		Nine months ended October 29, 1999	
	Amount	% of Net Sales	Amount	% of Net Sales
Core	$ (792)	(0.1%)	$ 5,182	0.6%
Specialty	12,784	1.5%	28,420	3.3%
International	(2,748)	(0.4%)	(1,691)	(0.2%)
Other	(4,714)	(0.5%)	(621)	(0.1%)
Income before income taxes	$ 4,530	0.5%	$31,290	3.6%

For the first nine months of the year, the core segment's net sales decreased $5.6 million from the prior year, due to the weakness experienced in the first half of the fiscal year.

The specialty segment's net sales decreased $0.9 million from the prior year. Excluding last year's first nine months of net sales of about $13 million from the company's discontinued Willis & Geiger business, the specialty segment had a sales increase of $12.0 million. This sales increase was principally from our Corporate Sales business-to-business division, partially offset by a decrease in the Kids and Coming Home divisions.

The international segment's net sales decreased $5.7 million from the prior year. The decrease was mainly the result of weaker European currencies relative to the dollar.

For the first nine months of this fiscal year compared to last year, the core segment's pretax income decreased by $6.0 million, the specialty segment's pretax income decreased by $15.6 million and the international segment pretax income decreased by $1.1 million.

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, quarterly results may fluctuate. Accordingly, results for the individual quarters are not necessarily indicative of the results to be expected for the entire year.

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 make asset additions and to purchase treasury stock.

At October 27, 2000, the company had unsecured domestic credit facilities totaling $200 million, of which $55 million had been used, along with a reduction of the facility of nearly $42 million for outstanding letters of credit. The company also maintains foreign credit lines for use in foreign operations totaling the equivalent of approximately $51 million as of October 27, 2000, of which about $15 million was used.

Since fiscal 1990, the company's board of directors has authorized the company from time to time to purchase a total of 12.7 million shares of treasury stock. The company purchased about 69 thousand shares of treasury stock, of which 19 thousand shares was the result of options exercised, during the nine months ended October 27, 2000. The company completed the repurchase of the remaining authorized shares available on November 30, 2000. On December 4, 2000, the board of directors authorized the purchase of up to 2,000,000 additional shares of the company's common stock, which will be made from time to time on the New York Stock Exchange or otherwise. As of December 11, 2000, 12.7 million shares have been purchased, and there is a balance of 2.0 million shares available to the company.

Capital investment

Capital expenditures for fiscal 2001 are currently planned to be about $45 million, of which about $30 million had been expended through October 27, 2000. Major projects to date pertained mainly to investing in our information technology. 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, treasury stock purchases 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.

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.

In October 1998, The Internet Tax Freedom Act was signed into law. Among the provisions of this Act is a three-year moratorium on multiple and discriminatory taxes on electronic commerce. An Advisory Commission was appointed to study electronic commerce tax issues and submitted its final report to Congress on April 3, 2000. Among other recommendations, the majority of the Advisory Commission favors the extension of the moratorium for an additional five years, until 2006, and greater uniformity and simplification of the state sales and use tax systems. We are currently analyzing the Commission's full report, Congress' response, and any other proposed changes in the sales and use tax laws and policies in general.

Business outlook as stated in our earnings release dated November 9, 2000

As stated in our earnings release dated November 9, 2000, the company now expects an improvement in gross profit margin of about 115-135 basis points over last year, rather than 200 as previously announced, mainly due to continuing higher than expected liquidations and greater than expected demand associated with price promotions on multiple-item purchases.

Through the first 9 months of the year, page circulation has increased by 8 percent. As previously announced, the company plans to increase page circulation by 20 percent for the fourth quarter, as holiday catalogs are added back to the mailing plan and the timing of holiday mailings is shifted. In view of these plans and the emphasis on the holiday period, the company's expectations regarding sales growth for the fourth quarter and the full year remain unchanged. The company continues to expect the fourth quarter to show substantial improvement in both sales and earnings, and also continues to expect somewhat positive sales growth for the full year. However, based on continuing pressure on gross profit margins in the first six weeks of the fourth quarter, the company expects earnings for the full year to be flat to somewhat below the prior year, rather than somewhat positive as previously stated.

Statement regarding forward-looking information

Statements in this document and in the company's earnings releases that are not historical, including, without limitation, statements regarding our plans, expectations, assumptions, and estimations for fiscal 2001 sales, gross profit margin, and earnings, as well as anticipated sales trends, timing of catalogs and future development of our business strategy, are forward-looking. 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; general economic or business conditions, both domestic and foreign; effects of shifting patterns of e-commerce versus catalog purchases; costs associated with printing and mailing catalogs; dependence on consumer seasonal buying patterns; and fluctuations in foreign currency exchange rates. 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.

Item 3: Quantitative and Qualitative Disclosure About Market Risk

The company uses derivative instruments to hedge, and therefore attempts to reduce its exposure to the effects of currency fluctuations on cash flows. The company is subject to foreign currency risk related to its transactions with operations in the Japan, United Kingdom, Germany and with foreign third-party vendors. The company's foreign currency risk management policy is to hedge the majority of merchandise purchases by foreign operations and from foreign third-party vendors, which includes forecasted transactions, through the use of foreign exchange forward contracts and options to minimize this risk. The company's policy is not to speculate in derivative instruments for profit on the exchange rate price fluctuation, trade in currencies for which there are no underlying exposures, or enter into trades for any currency to intentionally increase the underlying exposure. Derivative instruments used as hedges must be effective at reducing the risk associated with the exposure being hedged and must be designated as a hedge at the inception of the contract.

As of October 27, 2000, the company had net outstanding foreign currency forward contracts totaling about $59.3 million. Due to foreign currency exchange fluctuations, during the third quarter of fiscal 2001, a loss of $1.9 million was recorded in other expenses, compared with a gain of $0.6 million in the third quarter of fiscal 2000. For the first nine months of fiscal 2001, a loss of $4.5 million primarily due to the weakening of the German Mark and British Pound against the U.S. Dollar was recorded in other expenses, compared with a loss of $40 thousand for the same time period last year.

The company is subject to the risk of fluctuating interest rates in the normal course of business, primarily as a result of its short-term borrowing and investment activities at variable interest rates. As of October 27, 2000, the company had no outstanding financial instruments related to its debt or investments.

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

There were no matters submitted to a vote of security holders for the quarter ended October 27, 2000.

Item 5. Other Information

Jeffrey A. Jones joined the company as chief operating officer in December 2000. Prior to joining Lands' End, Jones spent the last seven years with Shopko Stores, Inc., and its subsidiary, Provantage Health Service, Inc., both in Wisconsin. He served as Shopko's senior vice president and chief financial officer until 1997. At that time, he was named chief operating officer and later served as chief executive officer of Provantage, which was recently sold to Merck, Inc. After graduating with a B.A. in Accounting from the University of Maryland in 1971, Jones spent 13 years with Arthur Andersen & Co. His career includes chief financial and chief operating officer positions with various companies, including retail.

Stephen A.(Chip) Orum, executive vice president and chief financial officer, plans to retire in early spring 2001, in line with his long-time plan to pursue personal and family interests. Orum joined Lands' End as vice president and chief financial officer in 1991. He was promoted to senior vice president in 1992 and named executive vice president in 1994.

Two members of the company's board of directors, David B. Heller and Howard G. Krane, plan to resign as board members in late January 2001 at the end of the company's fiscal year. Mr. Heller and Mr. Krane have served as directors since 1986 when the company went public. Each is resigning to make time for other interests.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

There were no exhibits filed as part of this report.

(b) Reports on Form 8-K
A report on Form 8-K was filed on August 15, 2000, pertaining to the company's results for the second quarter ended July 28, 2000, and the business outlook for the fiscal year.

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: December 11, 2000

By /s/ STEPHEN A. ORUM
Stephen A. Orum
Executive Vice President,
and Chief Financial Officer

<ARTICLE> 5
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