SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

____

FORM 10-K405

(Mark one)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. (FEE REQUIRED)
For the fiscal year ended January 31, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934. (NO FEE REQUIRED)
For the transition period from ...... to ......

Commission file number 1-9769

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

DELAWARE	36-2512786
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Lands' End Lane, Dodgeville, WI	53595
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: 608-935-9341

Securities registered pursuant to Section 12(g) of the Act: None

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. (X)

As of March 21, 1997, the aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant was $373,548,917.

The number of shares of Common Stock ($0.01 par value) outstanding as of March 21, 1997, was 32,408,830.

DOCUMENTS INCORPORATED BY REFERENCE

Documents	Form 10-K Reference
Notice of 1997 Annual Meeting and Proxy Statement dated April 14, 1997	Part III, Items 10, 11, 12 and 13

Lands' End, Inc. & Subsidiaries
Index To
Annual Report On Form 10-K
For Year Ended January 31, 1997

PART I.

Item 1. Business

Lands' End, Inc., is a leading direct merchant of traditionally styled, casual clothing for men, women and children, accessories, domestics, shoes and soft luggage. The company strives to provide products of exceptional quality at prices representing honest value, enhanced by a commitment to excellence in customer service and an unconditional guarantee. The company offers its products principally through regular mailings of its monthly primary catalogs and its specialty catalogs.

The company's growth strategy has three key elements. First, the company seeks to increase sales from its regular catalogs in the United States both by expanding its customer base and by increasing sales to its existing customers through improvements in its merchandise offerings and creative presentations. Second, the company endeavors to generate additional sales by making targeted mailings of its specialty catalogs to existing and prospective customers. Third, the company is actively pursuing opportunities to apply its merchandising, marketing and order fulfillment skills abroad by continuing its efforts in the United Kingdom and Japan and by the launching of operations in Germany.

Date of Incorporation

The Registrant was incorporated in Illinois in 1963 and became a Delaware corporation in 1986.

Catalogs and Marketing

Lands' End views each catalog issue as a unique opportunity to communicate with its customers. Products are described in visual and editorial detail in which the company shares its view of the benefits and features of its merchandise. The catalogs use such techniques as background stories, monthly publication and distinctive covers to stimulate the reader's interest, combining a consistent theme with varying monthly features.

During fiscal 1997, the company mailed 12 issues of its regular monthly (primary) catalog with an average of 147 pages per issue from its U.S. based operations. Worldwide, the company mailed approximately 211 million full-price catalogs, including specialty catalogs and abridged issues.

Regular (Primary) and Prospector Catalogs (U.S. Based Operations)

Each issue of the regular catalog offers certain basic product lines for men and women (including knit shirts, sweaters, dress and sport shirts, casual pants, dresses, skirts, accessories, and soft luggage) that customers have come to expect. The regular catalog also offers seasonal merchandise, such as swimsuits, outerwear and holiday gifts. In addition to the mailings of the regular catalog, each year Lands' End generally mails two end-of-season clearance catalogs, interim catalogs

and a "Last Chance Before Christmas" catalog. The company mails an abridged version of its regular catalog to prospective customers who are identified based on lists of magazine subscribers and customers of other direct marketers and on lists compiled of households meeting certain demographic criteria. In addition, the company identifies prospective new customers through its national advertising campaign.

Specialty Catalogs (U.S. Based Operations)

In fiscal 1991, the company introduced Kids, Coming Home, and Beyond Buttondowns. The Kids catalog offers children's clothing. The Coming Home catalog offers domestic products, primarily bedding and bath items. Beyond Buttondowns offers men's tailored clothing and accessories. In fiscal 1994, the company introduced Textures, which was revamped as First Person Singular in fiscal 1997. First Person Singular features women's tailored clothing and accessories. In fiscal 1997, the company mailed six issues each of its Kids and Coming Home catalogs, four issues of its Beyond Buttondowns catalogs, and two issues of its First Person Singular catalogs.

In fiscal 1994, the company purchased a majority interest in The Territory Ahead. In fiscal 1997, The Territory Ahead mailed 7 issues of its catalogs. Also in fiscal 1997, the company signed a non-binding letter of intent to sell its majority interest in The Territory Ahead. In the first quarter of fiscal 1998, the company sold The Territory Ahead and will record an after-tax gain of approximately $5.0 million.

In fiscal 1994, Corporate Sales, the company's business-to-business catalog, was introduced. Corporate Sales offers quality products to groups, teams and clubs or to companies that use Lands' End's merchandise for corporate premiums or incentive programs. The company's embroidery capabilities allow for the design and monogram of unique logos or emblems for groups. In fiscal 1997, the company mailed five issues of its Corporate Sales catalogs.

In fiscal 1995, the company purchased the trademark of Willis & Geiger Company, a respected brand that offers apparel and related products targeted to the outdoor enthusiast. There were four issues of Willis & Geiger catalogs mailed in fiscal 1997.

Lands' End had a licensing agreement with MontBell (Japan) from July 1994 to January 1996, through its wholly owned subsidiary MontBell America, Inc. Then in January 1997, the company entered into a licensing agreement with MontBell Company, Ltd. (Japan), headquartered in Osaka, Japan, giving Lands' End exclusive rights to use the MONTBELL trademark in the United States, Canada, Mexico, and Europe. Under this new agreement, Lands' End has an exclusive license to use the MONTBELL trademark and product designs in association with the manufacturing, marketing and selling of MONTBELL products as a separate line in Lands'

End's regular monthly catalog.

In fiscal 1998, the company will launch its first Kid's Uniform catalog. This catalog will target the growing uniform trend in many school districts, including public ones.

Pan International (U.S. Based Operations)

Through the company's Pan International business, regular mailings of primary and prospecting catalogs are sent to customers in more than 175 countries throughout the world.

The company discontinued its licensing agreement with Myer Direct in Australia, but will continue to develop this counter-seasonal business through its Dodgeville operations instead.

International (Foreign Based Operations)

In September 1991, the company launched its first United Kingdom (U.K.) catalog denominated in British pound sterling. In August 1993, the company opened a telephone order and distribution center in Oakham, England, which allowed the company to fill orders locally and greatly reduce delivery time to U.K. customers. Construction of a new office building and distribution center in Oakham will commence in fiscal 1998. Thirteen issues of the pound-denominated U.K. catalog were mailed in fiscal 1997.

In the fall of 1994, the company launched operations in Japan, and in fiscal 1997, the company mailed six issues of the Japanese-language, yen-denominated catalog. The company's phone center and administrative functions operate from its Yokohama offices. The distribution center moved to Fujieda from Maebashi in fiscal 1997 to accommodate future growth. Packages are delivered from this warehouse in Fujieda which is managed by Lands' End's employees, but is supported by an independent fulfillment company.

In August 1996, the company launched its first German-language, Deutschemark-denominated catalog. Two issues were mailed during fiscal 1997. The company's phone center and administrative functions operate from its Mettlach offices. Orders are packed and shipped from the Lands' End European distribution center in Oakham, England.

Alternative Media

The company believes that ways of reaching customers other than by regular catalog mailings may become increasingly important in the future. The company actively experiments with alternative technologies and offers services to its customers on the Internet's World Wide Web. The company will continue to explore the development of interactive shopping to meet its customer's expectations. However, marketing the company's products through regular and specialty catalogs is expected to remain the primary means of communicating with customers.

Customers

A principal factor in the company's success to date has been the development of its own list of active customers, many of whom have been identified through their response to the company's advertising. At the

end of fiscal 1997, the company's mailing list consisted of about 25.6 million persons, approximately 9.6 million of whom are viewed as "customers" because they have made at least one purchase from the company within the last 36 months. The company routinely updates and refines this list prior to individual catalog mailings to monitor customer interest as reflected in criteria such as the recency, frequency, dollar amount, and product type of purchases.

The company believes that its customer list has desirable demographic characteristics and is well-suited to the products offered in the company's catalogs. A customer research survey conducted by the company in the United States during 1996 indicated that approximately 51 percent of its customers were in the 35-54 age group and had median incomes of $60,000. This research indicated that approximately 83 percent of customers attended or graduated from college.

The company conducts a national advertising campaign intended to build the company's reputation and to attract new customers. In fiscal 1997, this advertising appeared in about 60 national magazines, as well as on national television and radio. In addition, the company advertises in approximately 100 national, regional and local publications in Canada, the U.K., Japan, the Middle East, and in Pacific Rim countries.

Product Development

Lands' End concentrates on traditional clothing and other products that are classically inspired, simply styled and quality crafted to meet the changing tastes of the company's customers rather than to mimic the changing fads of the fashion world. At the same time, the company seeks to maintain customer interest by developing new product offerings, improving existing core products and reinforcing its value positioning.

The company continues to incorporate innovations in fabric, construction and detail that add value and excitement and differentiate Lands' End from the competition. In order to ensure that products are manufactured to the company's quality standards at reasonable prices, product managers, designers and quality assurance specialists develop the company's own product. They also specify the fibers, fabric construction and manufacturing source for each item and are responsible for the styling and quality features of the products.

As part of its "direct merchant" philosophy, Lands' End deals directly with its suppliers and seeks to avoid intermediaries. All goods are produced by independent manufacturers, except for most of our soft luggage which is assembled at the company's own facilities. During fiscal 1997, the company purchased merchandise from more than 470 domestic and foreign manufacturers, and no single manufacturer accounted for more than 10 percent of company purchases in each of the last three fiscal years. In fiscal 1997, nearly 37% of our merchandise was imported. The remaining 63% of our merchandise was purchased through United States based suppliers who may source portions of their production through programs in Central America. The company will continue to take advantage of worldwide sourcing without sacrificing

customer service or quality standards. The availability and cost of certain foreign products may be affected by United States trade policies and the value of the United States dollar relative to foreign currencies.

Order Entry and Fulfillment

The company attempts to simplify catalog shopping as much as possible and believes that its fulfillment systems are among the best in the United States. Lands' End utilizes toll-free telephone numbers which may be called 24 hours a day, seven days a week (except Christmas Day) to place orders or to request a catalog. Approximately 80 - 90 percent of catalog orders are placed by telephone. Telephone calls are answered by as many as 2,800 well-trained sales representatives who utilize on-line computer terminals to enter customer orders and to retrieve information about product characteristics and availability. Additional services are provided through the use of AT&T language lines to serve foreign customers and TDD (telephone device for the deaf). The company's three U.S. telephone centers are located in Dodgeville, Cross Plains and Reedsburg, Wisconsin. International telephone centers are located in Oakham, England, Yokohama, Japan and Mettlach, Germany.

The company has achieved efficiencies in order entry and fulfillment that permits the shipment of in-stock orders on the following day, except orders requiring monogramming or inseaming, which typically require one or two extra days. The company's sales representatives enter orders into an on-line order entry and inventory control system. Computer processing of orders is performed each night on a batch basis, at which time picking tickets are printed with bar codes for optical scanning. Inventory is picked based on the location of individual products rather than orders, followed by computerized sorting and transporting of goods to multiple packing stations and shipping zones. The computerized inventory control system also handles the receipt of shipments from manufacturers, permitting faster access to newly arrived merchandise, as well as the handling of customer return items.

Orders are generally shipped by United Parcel Service (UPS) at various tiered rates dependent upon the total dollar value of each customer's order. Other expedited delivery services are available at additional charges. The company utilizes a two-day UPS service at standard rates, enhancing its customer service.

Merchandise Liquidation

Liquidations, sales of overstocks and end-of-season merchandise at reduced prices, were approximately 9 percent, 11 percent and 10 percent of net sales in fiscal 1997, 1996 and 1995, respectively. A majority of liquidation sales were made through catalogs and other print media. The balance was sold principally through the company's outlet and inlet retail stores.

Competition

The company's principal competitors are retail stores, including specialty shops, department stores, and other catalog companies. The company may also face increased competition from other retailers as the number of television shopping channels and the variety of merchandise offered through electronic media increase. The apparel retail business in general is intensely competitive. Lands' End competes principally on the basis of merchandise value (quality and price), its established customer list and customer service, including fast order fulfillment and its unqualified guarantee.

The company is one of the leading catalog companies in the U.S. The company attributes the growth in the catalog industry to many factors including customer convenience, widespread use of credit cards, the use of toll-free telephone lines, customers having less time to shop in stores, and purchasing of product on-line through various computer networks. At the same time, the catalog business is subject to uncertainties in the economy, which result in fluctuating levels of overall consumer spending. Due to the lead times required for catalog production and distribution, catalog retailers may not be able to respond as quickly as traditional retailers in an environment of rapidly changing prices.

Trademarks

The company uses the trademarks of "Lands' End" and "Coming Home" on products and catalogs. Some of the trademarks used in the catalogs include "Super-T" shirts, "Squall" jackets and "Drifter" sweaters. With the exception of "Lands' End" and "Coming Home", the company believes that loss or abandonment of any particular trademark would not significantly affect its business.

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.

Employees

The company believes that its skilled and dedicated workforce is one of its key resources. Employees are not covered by collective bargaining agreements, and the company considers its employee relations to be excellent. As a result of the highly seasonal nature of the company's business, the size of the company's workforce varies, ranging from

approximately 5,700 to 8,400 individuals in fiscal 1997. During the peak winter season of fiscal 1997, approximately 4,300 of the company's approximately 8,400 employees were temporary employees.

Executive Officers of the Registrant

The following are the executive officers of the company:

Michael J. Smith, 36, is President and Chief Executive Officer of the company. In 1983, Mr. Smith entered the employ of the company as a Market Research Analyst, became Circulation Manager of Planning in 1985, and was promoted to Manager of Merchandise Planning and Research in 1988. In 1990, he was named Managing Director of Coming Home and was elected Vice President of that business in 1991. He assumed his present position and was elected as director of the company in December 1994.

William E. Ferry, 56, is Vice Chairman of Sales since rejoining the company in July 1996. Mr. Ferry served as Executive Vice President, Merchandising, with the company between 1981 and 1986. Mr. Ferry was the President and Chief Executive Officer for Eastern Mountain Sports from 1986 until 1996. He has been serving as a director of the company since November 1996.

Stephen A. (Chip) Orum, 51, is Executive Vice President and Chief Operating Officer. Mr. Orum joined the company as Vice President and Chief Financial Officer in June 1991, and was appointed Senior Vice President and Chief Financial Officer in February 1993. He was promoted to his present position in October 1994. Mr. Orum was employed by Jos. A. Bank Clothiers, Inc. since 1982 in various capacities, reaching the position of Executive Vice President and Chief Financial Officer.

Bradley K. Johnson, 40, is Senior Vice President, Chief Administrative Officer and Chief Financial Officer. Mr. Johnson joined the company in May 1996 assuming his current position. He was employed by Wilsons The Leather Experts, a subsidiary of Melville Co. since 1989 in various capacities, reaching the position of Vice President of Operations and Chief Financial Officer.

Francis P. Schaecher, 49, is Senior Vice President of Operations. Mr. Schaecher joined the company in 1982 as Operations Manager. He served as Vice President of Operations from 1983 until 1990, at which time he assumed his present position.

All executive officers serve at the pleasure of the Board of Directors.

There is no family relationship between any of the executive officers of the company. None of the company's directors or executive officers were involved in any criminal proceeding (excluding traffic violations or similar misdemeanors) nor was any such person a party to any civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment decree or final order enjoining future violations of or prohibiting or mandating activities subject to federal or state securities laws or finding any violation with respect to such laws.

Item 2. Properties

The following table sets forth certain information of the company and its subsidiaries relating to their principal facilities as of January 31, 1997. None of these properties is subject to mortgage or collateral assignment.

Location	Type of Interest
Domestic Properties:	
Wisconsin:	
Warehouses in Dodgeville and Reedsburg	Owned
Phone centers and offices in Dodgeville, Cross Plains and Reedsburg	Owned
Activity Center in Dodgeville	Owned
Hangars in Madison and Mineral Point	Owned
Outlet stores in Brookfield, Fox Point, Madison, Oshkosh, and Dodgeville	Leased
Offices in Madison	Leased
Iowa:	

Manufacturing plants in West Union and Elkader	Owned
Outlet stores in Iowa City and West Des Moines	Leased
Illinois:	
Outlet stores in Chicago, Evanston, Lombard, Niles, Schaumburg, Vernon Hills, Champaign, Springfield, and Rockford	Leased
Minnesota:	
Inlet (B) stores in Richfield and Minnetonka	Leased
New York:	
Inlet store in Rochester	Leased
California:	
Warehouse, phone center, offices, and retail store in Santa Barbara	Leased(A)
International Properties:	
United Kingdom:	
Warehouse, phone center, outlet store, and offices in Oakham	Leased
Outlet store in Bicester Village	Leased
Japan:	
Warehouse in Fujieda City	Leased
Offices and phone center in Yokohama	Leased
Germany:	
Offices and phone center in Mettlach	Leased

The company believes that its facilities are in good condition, well maintained and suitable for their intended uses. The company will expand

its facilities in Dodgeville, Wisconsin, and the United Kingdom to allow for future growth. The company plans to open additional inlet and outlet retail stores.

(A) Leased by The Territory Ahead

(B) The company introduced its "inlet" (originally known only as outlet) concept during fiscal 1997 with the opening of its store in Richfield, Minnesota. The "inlet" store enhances the traditional outlet "overstock" store and offers face-to-face catalog shopping within a store. The "inlet" stores carry a limited selection of Lands' End signature items at regular catalog prices, along with expanded customer service that catalog customers have come to expect.

Item 3. Legal Proceedings

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

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended January 31, 1997.

PART II.

Item 5. Market for Registrant's Common Equity and Related Shareholder Matters

Market Information

The common stock of the company is listed and traded on the New York Stock Exchange. The stock tables in most daily newspapers list the company as "LandsE". Ticker symbol: LE. See Item 10 "Consolidated Quarterly Analysis" for information on the high and low stock prices of the company's common stock. The closing price of the company's stock on the New York Stock Exchange on March 21, 1997, was $27 7/8 per share.

Shareholders

As of March 21, 1997, the number of shareholders of record of common stock of the company was 2,581. This number excludes shareholders whose stock is held in nominee or street name by brokers.

Dividends

See Item 7 "Liquidity and capital resources" of Management's Discussion and Analysis for the company's decision not to pay cash dividends during fiscal years 1997, 1996 and 1995.

Stock Split

In May 1994, the company declared a two-for-one split in the company's common stock that was effected as a stock dividend payable on June 15, 1994, to shareholders of record as of May 31, 1994.

Item 6. Selected Consolidated Financial Data

FIVE-YEAR CONSOLIDATED FINANCIAL SUMMARY (unaudited)
(In thousands, except per share data)

	Fiscal Year				
Fiscal Year	1997	1996	1995	19942	1993

Income statement data:					
Net sales	$1,118,743	$1,031,548	$992,106	$869,975	$733,623
Pretax income	84,919	50,925	59,663	69,870	54,033
Percent to net sales	7.6%	4.9%	6.0%	8.0%	7.4%
Net income before cumulative effect of change in accounting	50,952	30,555	36,096	42,429	33,500
Cumulative effect of accounting change	-	-	-	1,300	-
Net income	50,952	30,555	36,096	43,729	33,500
Per share of common stock: 1					
Net income per share before cumulative effect of change in accounting	$1.54	$0.89	$1.03	$1.18	$0.92
Cumulative effect of change in accounting	-	-	-	.04	-
Net income per share	$1.54	$0.89	$1.03	$1.22	$0.92
Cash dividends per share	-	-	-	$0.10	$0.10
Common shares outstanding	32,442	33,659	34,826	35,912	36,056
Balance sheet data:					
Current assets	$272,039	$222,089	$198,168	$192,276	$137,531
Current liabilities	145,566	114,744	102,717	91,049	67,315
Property, plant, equipment and intangibles, net	106,006	101,408	99,444	81,554	74,272
Total assets	378,045	323,497	297,612	273,830	211,803
Noncurrent liabilities	9,474	7,561	5,767	5,496	5,100
Shareholders' investment	223,005	201,192	189,128	177,285	139,388
Other data:					
Net working capital	$126,473	$107,345	$ 95,451	$101,227	$ 70,216
Capital expenditures	17,992	14,780	27,005	16,958	9,965
Depreciation and amortization expense	13,558	12,456	10,311	8,286	7,900
Return on average shareholders' investment	24%	16%	20%	28%	25%
Return on average assets	15%	10%	13%	18%	16%

1. Share data reflects the two-for-one stock split declared in May 1994.

2. Effective January 30, 1993, the company adopted Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes" which was recorded as a change in accounting principle at the beginning of fiscal 1994 with an increase to net income of $1.3 million or $0.04 per share.

Item 7. Management's Discussion and Analysis of Consolidated Financial Condition and Results of Operations

Results of operations for fiscal 1997, compared with fiscal 1996

Fiscal 1997 was a year of marked improvement. Sales began to improve strongly in the last part of the third quarter. Because of this, we began the holiday season with lower than optimal inventory levels and had to disappoint more customers than in past seasons. Gross profit margins improved throughout the year, as did the performance of the catalogs, resulting in a 67 percent increase in net income for the year. Lands' End operates on a 52-53 week year. Fiscal 1997 and fiscal 1995 were 52-week years, and fiscal 1996 was a 53-week year.

Consolidated statements of operations presented as a percentage of net sales:

	For the period ended		
	January 31, 1997	February 2, 1996	January 27, 1995

Net sales	100.0%	100.0%	100.0%
Cost of sales	54.5	57.0	57.6
Gross profit	45.5	43.0	42.4
Selling, general and administrative expenses	37.9	38.0	36.0
Charges from sale of subsidiary	0.1	0.2	0.4
Income from operations	7.5	4.8	6.0
Interest income (expense), net	0.1	(0.3)	(0.2)
Other	0.0	0.4	0.2
Income before income taxes	7.6	4.9	6.0
Income tax provision	3.0	1.9	2.4
Net income	4.6%	3.0%	3.6%

Net sales grew by 8.5 percent

Net sales for the 52-week year just ended totaled $1.119 billion, compared with $1.032 billion in the prior 53-week year, an increase of 8.5 percent. Our sales increase in fiscal 1997 came mainly from growth in our specialty, and international businesses, as well as from growth in our core business, represented by the monthly and prospecting catalogs. This is primarily the result of improvements in overall catalog productivity, or sales per page, especially in our specialty catalogs. Productivity improvements and growth in the core U.S. business were the result of stronger creative presentations and more compelling products. The core U.S. business accounted for about 60 percent of total net sales in the year just ended. For the year, worldwide, we mailed 211 million full-price catalogs, compared to the prior year's 200 million. However, the total number of pages mailed was reduced by about 3 percent.

Our inventory balance at the end of fiscal 1997 was $142 million, down 14 percent from fiscal 1996 ending inventory of $165 million. Because of strong sales in the third quarter of fiscal 1997, we entered the holiday season with lower inventory levels and were unable to fill orders at our usual seasonal rate in the fourth quarter. For the year, we shipped 86 percent of items ordered by customers at the time the order was placed, compared with 90 percent in the prior year. This resulted in disappointing many of our customers and increased both lost sales and the cost of shipping a higher level of backorders.

Gross profit margin improved

Gross profit increased 15 percent to $510 million in fiscal 1997, compared with $444 million in fiscal 1996. As a percentage of net sales, gross profit rose to 45.5 percent in fiscal 1997, compared with 43.0 percent in fiscal 1996. Our gross profit margin improvement was primarily due to lower costs associated with liquidating overstocked product, lower merchandise costs through improvements in sourcing and from a greater proportion of sales from higher margin businesses. Liquidation of out-of-season and overstocked merchandise was 9 percent of net sales in fiscal 1997, compared with 11 percent in the prior year.

In fiscal 1997, inflationary pressure was low, and costs of inventory purchases increased 1.0 percent, compared with 1.8 percent in fiscal 1996.

Selling, general and administrative expenses

Selling, general and administrative (SG&A) expenses rose 8 percent in fiscal 1997 to $424 million, from $392 million in fiscal 1996. As a percentage of sales, SG&A was 37.9 percent in fiscal 1997, compared with 38.0 percent in fiscal 1996. Increased productivity of the catalogs, as well as a larger number of orders and higher average order volume, benefitted our SG&A expenses. This was mostly offset by increased bonus and profit sharing expenses associated with our improved profitability. For the year as a whole, paper prices were flat. The cost of producing and mailing catalogs represented about 42 percent and 43 percent of total SG&A in fiscal 1997 and 1996, respectively.

Depreciation and amortization expense was $13.6 million, up 9 percent from the prior year, primarily because of equipment, buildings, computer hardware, and computer software. Rental expense was $12.8 million, up 11 percent, mainly due to increased computer-related rentals and building rentals. In fiscal 1997, we opened two additional stores in Minnesota and one in New York to liquidate excess inventory.

Utilization of credit lines decreased

Because of lower inventory levels throughout the year, borrowing under our short-term lines of credit decreased, reducing our interest expense by more than $2 million from fiscal 1996. With more cash to invest, our interest income increased to $1.1 million in fiscal 1997 from $0.3 million in fiscal 1996. In addition, we purchased about $30 million in treasury stock and spent $18 million in capital expenditures. Our lines of credit peaked at $27 million in October 1996, compared with a peak of $104 million in the prior year. At January 31, 1997, we had short-term debt outstanding for foreign subsidiaries of $11.2 million and no long-term debt outstanding.

Net income increased

Net income in fiscal 1997 was $51.0 million, up 67 percent from the $30.6 million earned in the prior year. Earnings per common share for the year just ended were $1.54, compared with $0.89 per share in fiscal 1996.

As previously reported, we took after-tax charges to earnings in the third quarter of fiscal 1997 of $840,000, or a reduction of $0.03 per share, and in the fourth quarter of fiscal 1996 of $1.1 million, also a reduction of $0.03 per share. These charges were in connection with the fiscal 1996 sale of our wholly owned subsidiary MontBell America, Inc. Before the effect of these after-tax charges, net income for fiscal 1997 was $51.8 million, or $1.57 per share, compared with $31.7 million, or $0.92 per share in fiscal 1996. The company's investment in MontBell America, Inc. is zero as of January 31, 1997.

The Territory Ahead sold

During the first quarter of fiscal 1998, the company sold its majority interest in The Territory Ahead to The International Cornerstone Group, Inc. of Boston, Massachusetts, resulting an after-tax gain of approximately $5.0 million. The after-tax gain will be recorded in the first quarter of fiscal 1998.

Fiscal 1996 compared with fiscal 1995

Fiscal 1996 was a tough year. Soft apparel demand throughout the industry, coupled with significant cost increases in paper prices and postal rates, affected Lands' End greatly. Our sales increase was weak, and profitability declined. However, there were encouraging results from our strong growth in Japan, in the United Kingdom and from new business ventures. Additionally, customer reaction to the quality improvements made in some of our core products was rewarding.

Net sales for the 53-week year of fiscal 1996 totaled $1.032 billion, compared with $0.992 billion in the prior 52-week year, an increase of 4 percent. Adjusting for the one-week difference, sales in fiscal 1996 rose 3 percent compared to fiscal 1995. Sales in the United States from our core monthly and prospecting catalogs were down from fiscal 1995 and

accounted for about two-thirds of total net sales. More than the entire increase in sales in fiscal 1996 came from growth in international and new businesses. Because of higher paper prices and postal rates, we reduced prospecting for new customers in fiscal 1996 and also slightly reduced the total number of pages mailed. This resulted in fewer new customers acquired in fiscal 1996 compared with the prior year. Worldwide, the number of full-price catalogs mailed increased by about 5 percent to 200 million in fiscal 1996 from 191 million in fiscal 1995.

Inventory was at $165 million at the end of fiscal 1996, compared with $169 million at the end of fiscal 1995. For the year, we were able to ship about 90 percent of items ordered by customers at the time the order was placed, compared with 88 percent in fiscal 1995.

Gross profit increased

Gross profit increased 5 percent to $444 million in fiscal 1996, compared with $421 million in fiscal 1995. As a percentage of net sales, gross profit rose to 43.0 percent in fiscal 1996 and 42.4 percent in fiscal 1995. The improvement in gross profit margin was mainly due to lower merchandise costs, primarily from improvements in sourcing, as well as from a greater proportion of sales from higher margin businesses. Liquidation of out-of-season and overstocked merchandise was about 11 percent of net sales in fiscal 1996 and 10 percent in fiscal 1995.

Costs of inventory purchases increased 1.8 percent in fiscal 1996, compared to 0.1 percent in fiscal 1995.

Selling, general and administrative expenses

Selling, general and administrative expenses rose 10 percent in fiscal 1996 to $392 million, from $358 million in fiscal 1995. As a percentage of sales, SG&A increased to 38.0 percent in fiscal 1996 from 36.0 percent in fiscal 1995. The increase in the SG&A ratio was primarily due to higher paper prices and postal rates and lower sales per catalog mailed in the United States. Higher paper prices and postal rates increased expenses by about $20 million in fiscal 1996. The costs of producing and mailing catalogs represented about 43 percent of total SG&A in fiscal 1996 and 41 percent in fiscal 1995. Other operating expenses as a percentage of sales were about the same as the prior year. While payroll costs were relatively higher in fiscal 1996, this was mostly offset by lower bonuses and consulting fees.

Depreciation and amortization expense was $12.5 million, up 21 percent from the prior year, mainly for computer software and equipment. Rental expense was $11.6 million, up 34 percent, primarily due to increased computer-related rentals and building rentals.

Utilization of credit lines remained stable

Because of stable inventory levels throughout the year, borrowing under our short-term lines of credit to meet peak inventory needs was about the same as in the prior year. During fiscal 1996, the company purchased about $20 million in treasury stock and spent $15 million in capital expenditures. Our lines of credit peaked at $104 million in October 1995, compared with a peak of $106 million in the prior year. At February 2, 1996, we had only short-term debt outstanding for a foreign subsidiary of $9.3 million and no long-term debt outstanding.

Net income decreased

Net income was $30.6 million, down 15 percent from the $36.1 million earned in fiscal 1995. Earnings per common share in fiscal 1996 were $0.89, compared with $1.03 per share in fiscal 1995. Net income after taxes for fiscal 1996 included $2.4 million in foreign currency exchange gains, recorded as other income.

As previously reported, we took after-tax charges to earnings in the fourth quarter of fiscal 1996 of $1.1 million, a reduction of $0.03 per share, and in the fourth quarter of fiscal 1995 of $2.1 million, a reduction of $0.06 per share. These were in connection with the sale of our wholly owned subsidiary, MontBell America, Inc. Before the effect of these after-tax charges, net income for fiscal 1996 was $31.7 million, or $0.92 per share, compared with $38.2 million, or $1.09 per share in fiscal 1995.

The Christmas season is our busiest

Our business is highly seasonal. The fall/winter season is a five-month period ending in December. In the longer spring/summer season, orders are fewer and the merchandise offered generally has lower unit selling prices than products offered in the fall/winter season. As a result, net sales are usually substantially greater in the fall/winter season, and SG&A as a percentage of net sales is usually higher in the spring/summer season. Additionally, as we continue to refine our marketing efforts by experimenting with the timing of our catalog mailings, quarterly results may fluctuate.

Nearly 40 percent of our annual sales came in the fourth quarter of fiscal years 1997 and 1996. About 75 percent and 85 percent of before-tax profit was realized in the same quarter of fiscal 1997 and 1996, respectively.

Liquidity and capital resources

To date, the bulk of our working capital needs have been met through funds generated from operations and from short-term bank loans. Our principal need for working capital has been to meet peak inventory requirements associated with our seasonal sales pattern. In addition, our 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 our intent to buy back additional shares, the payment of a cash dividend is not planned for the foreseeable future.

We will continue to explore investment opportunities arising from the expansion of our 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 January 31, 1997, we 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 $38 million, of which $11.2 million was used at January 31, 1997. The company has a separate $20 million bank facility available to fund treasury stock purchases and capital expenditures. This facility runs through May 31, 1997, at which time the company expects to renew it.

The company's board of directors authorized the purchase of up to 1.0 million shares and 1.5 million shares of the company's common stock in July 1996 and January 1997, respectively. Of the total of those 2.5 million shares, 0.6 million shares had been purchased as of January 31, 1997. Since fiscal 1990, the company's board of directors has authorized the purchase of a total of 10.7 million shares of the company's common stock. A total of 1.3 million, 1.3 million, and 1.4 million shares have been purchased in the fiscal years ended January 31, 1997, February 2, 1996, and January 27, 1995, respectively. The total cost of the purchases was $30.1 million, $20.0 million, and $28.0 million for fiscal 1997, 1996 and 1995, respectively.

Capital investment

Capital investment was about $18 million in fiscal 1997. Major projects included new computer hardware and software, leasehold improvements for new retail stores and the expansion of distribution facilities in Dodgeville, Wisconsin.

In the coming year, we plan to invest about $43 million in capital improvements. Major projects will include an additional office building and the expansion of distribution facilities in Dodgeville, Wisconsin, a new distribution and phone center in Oakham, England, new computer hardware and software, and material handling equipment. We believe cash flow from operations and borrowings under our current credit facilities will provide adequate resources to meet our 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.

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.

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

Item 8. Consolidated Financial Statements and Supplementary Data

Consolidated Statements of Operations
Lands' End, Inc. & Subsidiaries
(In thousands, except per share data)

	For the period ended		
	January 31, 1997	February 2, 1996	January 27, 1995
Net sales	$1,118,743	$1,031,548	$992,106
Cost of sales	609,168	588,017	571,265
Gross profit	509,575	443,531	420,841
Selling, general and administrative expenses	424,390	392,484	357,516
Charges from sale of subsidiary	1,400	1,882	3,500
Income from operations	83,785	49,165	59,825
Other income (expense):			
Interest expense	(510)	(2,771)	(1,769)
Interest income	1,148	253	307
Other	496	4,278	1,300
Total other income (expense), net	1,134	1,760	(162)
Income before income taxes	84,919	50,925	59,663
Income tax provision	33,967	20,370	23,567
Net income	$ 50,952	$ 30,555	$ 36,096
Net income per share	$ 1.54	$ 0.89	$ 1.03

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

Consolidated Balance Sheets
Lands' End, Inc. & Subsidiaries
(In thousands)

	January 31, 1997	February 2, 1996
Assets		
Current assets:		
Cash and cash equivalents	$ 92,827	$ 17,176
Receivables	8,739	8,064
Inventory	142,445	164,816
Prepaid advertising	11,066	15,824
Other prepaid expenses	5,440	5,295
Deferred income tax benefits	11,522	10,914
Total current assets	272,039	222,089
Property, plant and equipment, at cost:		
Land and buildings	72,360	72,248
Fixtures and equipment	98,642	83,880
Leasehold improvements	4,291	2,912
Construction in progress	1,337	-
Total property, plant and equipment	176,630	159,040
Less-accumulated depreciation and amortization	72,946	60,055
Property, plant and equipment, net	103,684	98,985
Intangibles, net	2,322	2,423
Total assets	$378,045	$323,497
Liabilities and shareholders' investment		
Current liabilities:		
Lines of credit	$ 11,195	$ 9,319
Accounts payable	76,585	62,380
Reserve for returns	5,184	4,555
Accrued liabilities	28,141	23,751
Accrued profit sharing	2,937	1,483
Income taxes payable	21,524	13,256
Total current liabilities	145,566	114,744
Deferred income taxes	8,814	7,212
Long-term liabilities	660	349
Shareholders' investment:		
Common stock, 40,221 shares issued	402	402
Donated capital	8,400	8,400
Additional paid-in capital	26,230	26,165
Deferred compensation	(1,370)	(1,193)
Currency translation adjustments	378	360
Retained earnings	311,061	260,109
Treasury stock, 7,778 and 6,561 shares at cost, respectively	(122,096)	(93,051)
Total shareholders' investment	223,005	201,192
Total liabilities and shareholders' investment	$378,045	$323,497

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

Consolidated Statement of Shareholders' Investment
Lands' End, Inc. & Subsidiaries
(In thousands)

	For the period ended Jan. 31, 1997	Feb. 2, 1996	Jan. 27, 1995
Common Stock			
Beginning balance	$ 402	$ 402	$ 201
Two-for-one stock split	-	-	201
Ending balance	$ 402	$ 402	$ 402
Donated Capital Balance	$ 8,400	$ 8,400	$ 8,400
Additional Paid-in Capital			
Beginning balance	$ 26,165	$ 25,817	$ 24,888
Tax benefit of stock options exercised	65	348	1,130
Two-for-one stock split	-	-	(201)
Ending balance	$ 26,230	$ 26,165	$ 25,817
Deferred Compensation			
Beginning balance	$ (1,193)	$ (1,421)	$ (2,001)
Issuance of treasury stock	(494)	-	-
Amortization of deferred compensation	317	228	580
Ending balance	$ (1,370)	$ (1,193)	$ (1,421)
Foreign Currency Translation			
Beginning balance	$ 360	$ 284	$ 246
Adjustment for the year	18	76	38
Ending balance	$ 378	$ 360	$ 284
Retained Earnings			
Beginning balance	$ 260,109	$229,554	$193,460
Net income	50,952	30,555	36,096
Issuance of treasury stock	-	-	(2)
Ending balance	$ 311,061	$260,109	$229,554
Treasury Stock			
Beginning balance	$ (93,051)	$(73,908)	$(47,909)
Purchase of treasury stock	(30,143)	(20,001)	(27,979)
Issuance of treasury stock	1,098	858	1,980
Ending balance	$(122,096)	$(93,051)	$(73,908)
Total Shareholders' Investment	$ 223,005	$201,192	$189,128

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

Consolidated Statements of Cash Flows
Lands' End, Inc. & Subsidiaries
(In thousands)

	Jan. 31, 1997	Feb. 2, 1996	Jan. 27, 1995
Cash flows from operating activities:			
Net income	$ 50,952	$ 30,555	$ 36,096
Adjustments to reconcile net income to net cash flows from operating activities-			

Depreciation and amortization	13,558	12,456	10,311
Deferred compensation expense	317	228	580
Deferred income taxes	994	(669)	(2,645)
Loss on disposal of fixed assets	325	1,544	901
Changes in assets and liabilities excluding the effects of acquisitions and divestitures:			
Receivables	(675)	(4,888)	(264)
Inventory	22,371	1,423	(16,544)
Prepaid advertising	4,758	(8,318)	(580)
Other prepaid expenses	(145)	(1,611)	1,177
Accounts payable	14,205	9,618	(2,093)
Reserve for returns	629	(456)	1,104
Accrued liabilities	4,390	(2,208)	8,509
Accrued profit sharing	1,454	(196)	(597)
Income taxes payable	8,268	3,877	(1,671)
Other	394	37	177
Net cash flows from operating activities	121,795	41,392	34,461
Cash flows from investing activities:			
Cash paid for capital additions and businesses acquired	(18,481)	(13,904)	(32,102)
Proceeds from divestiture	-	1,665	-
Net cash flows used for investing activities	(18,481)	(12,239)	(32,102)
Cash flows from financing activities:			
Proceeds from short-term borrowings	1,876	1,780	7,539
Payment of long-term debt	-	(40)	(40)
Purchases of treasury stock	(30,143)	(20,001)	(27,979)
Issuance of treasury stock	604	858	1,978
Net cash flows used for financing activities	(27,663)	(17,403)	(18,502)
Net increase (decrease) in cash and cash equivalents	75,651	11,750	(16,143)
Beginning cash and cash equivalents	17,176	5,426	21,569
Ending cash and cash equivalents	$ 92,827	$ 17,176	$ 5,426
Supplemental cash flow disclosures:			
Interest paid	$ 517	$ 2,833	$ 2,828
Income taxes paid	25,261	16,896	27,595

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

Notes to Consolidated Financial Statements
Lands' End, Inc. & Subsidiaries

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.

Principles of consolidation

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

Year-end

The company's fiscal year is comprised of 52-53 weeks ending on the Friday closest to January 31. Fiscal 1997 was a 52-week year that ended on January 31, 1997. Fiscal 1996 was a 53-week year that ended on February 2, 1996. The additional week was added in the fourth quarter of fiscal 1996. Fiscal 1995 was a 52-week year that ended on January 27, 1995.

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.

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 January 31, 1997 and February 2, 1996, respectively.

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 which are generally amortized within three months from the date catalogs are mailed.

Advertising costs reported as prepaid assets were $11.1 million and $15.8 million as of January 31, 1997, and February 2, 1996, respectively. Advertising expense was $195.7 million, $188.3 million and $162.0 million for fiscal years ended January 31, 1997, February 2, 1996, and January 27, 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. The company provides one-half year of depreciation in the year of addition and retirement.

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 as reflected on the Consolidated Balance Sheets was $0.8 million and $0.4 million at January 31, 1997, and February 2, 1996, respectively.

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.

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 33.1 million, 34.2 million and 35.2 million for fiscal years 1997, 1996 and 1995, respectively. Common stock equivalents include awards, grants and stock options which have been issued by the company. The common stock equivalents do not significantly dilute earnings per share.

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 and options 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 January 31, 1997, the company had forward exchange contracts, maturing through January 1998, to sell approximately 2.2 billion Japanese yen and 8.3 million British pounds and to purchase approximately 3.4 million Canadian dollars. In addition, the company purchased forward currency options to sell 0.5 billion Japanese yen through December 1997. The gains and losses on 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 January 31, 1997, the company had outstanding letters of credit of approximately $22 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 and 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 Statements of Operations included a gain of $0.2 million, $4.1 million and $0.8 million in fiscal 1997, 1996, and 1995, respectively.

Fair values of financial instruments

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

Reclassifications

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

Accounting standards

In fiscal 1997, the company adopted SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of". There has been no material impact on the company's consolidated financial statements since adopting this standard.

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings Per Share". The standard revises the computation and presentation of earnings per share and will be adopted by the company in the fourth quarter of fiscal 1998. The company does not expect the adoption of this standard to have a material impact on the reported earnings per share.

Note 2. Shareholders' investment

Two-for-one stock split

In May 1994, the company declared a two-for-one split (effected as a stock dividend) in the company's common stock. The stock split resulted in an increase in the stated capital of the company from $201,103 to $402,206 with a corresponding reduction in paid-in capital. All share data reflects the May 1994 two-for-one stock split.

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. No preferred shares have been issued.

Treasury stock

The company's board of directors has authorized the purchase of a total of 10.7 million shares of the company's common stock. A total of 8.8 million, 7.5 million and 6.2 million shares had been purchased as of January 31, 1997, February 2, 1996, and January 27, 1995, respectively.

Treasury stock summary:	For the period ended		
	Jan. 31, 1997	Feb. 2, 1996	Jan. 27, 1995
Beginning balance	6,561,298	5,394,972	2,154,235
Two-for-one stock split	-	-	2,154,235
Purchase of stock	1,284,270	1,282,326	1,380,502
Issuance of stock	(67,310)	(116,000)	(294,000)
Ending Balance	7,778,258	6,561,298	5,394,972

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 five- or 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	-	25,000
Forfeited	(6,560)	-
Vested	(15,000)	-
Balance at January 31, 1997	75,120	25,000

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.

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	647,000	20.52	
Exercised	(42,310)	14.28	
Forfeited	(75,990)	16.69	
Balance at January 31, 1997	1,150,400	$18.49	193,140

The range of options outstanding as of January 31, 1997 is as follows:

Price Range Per Share	Number of Options: Shares Outstanding	Number of Options: Exercisable	Weighted Average Exercise Price: Outstanding	Weighted Average Exercise Price: Exercisable	Weighted Average Remaining Contractual Life (In years)
$12.00-$15.99	196,000	140,000	$ 13.91	$ 13.75	5.9
16.00-$19.99	759,600	26,260	18.14	16.50	9.6
Over $20.00	194,800	26,880	24.41	20.75	9.2
	1,150,400	193,140	$ 18.49	$ 15.10	8.9

The options above generally have a 10-year term and vest over five years.

Stock-Based Compensation

During fiscal 1996 the company adopted SFAS No. 123, "Accounting for Stock-Based Compensation." As permitted by the statement, the company will continue to account for its stock-based compensation plans as presented by APB Opinion No. 25 and related interpretations. Accordingly, compensation costs related to the stock awards and grants were $0.3 million, $0.2 million and $0.6 million in fiscal 1997, 1996 and 1995, respectively. The company has included the additional disclosures required by SFAS No. 123; however, the pro forma impact of determining compensation cost based on the fair value of stock options is not material.

Note 3. Income taxes

The components of the provision for income taxes for each of the periods presented are as follows (in thousands):

	Period ended, January 31, 1997	February 2, 1996	January 27, 1995
Current:			
Federal	$ 27,980	$ 17,996	$ 22,154
State	4,993	3,043	4,058
Deferred	994	(669)	(2,645)
	$ 33,967	$ 20,370	$ 23,567

The difference between income taxes at the statutory federal income tax rate of 35 percent and income tax reported in the statements of operations is as follows (in thousands):

	Period ended, January 31, 1997	February 2, 1996	January 27, 1995
Tax at statutory federal tax rate	$ 29,720	$ 17,825	$ 20,882
State income taxes, net of federal benefit	3,314	2,018	2,156
Other	933	527	529
	$ 33,967	$ 20,370	$ 23,567

Under the liability method prescribed by the SFAS 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.

Temporary differences which give rise to deferred tax assets and liabilities as of January 31, 1997 and February 2, 1996 are as follows (in thousands):

	Jan. 31, 1997	Feb. 2, 1996
Deferred tax assets:		
Catalog advertising	$ (2,180)	$ (1,415)
Inventory	7,315	8,602

Employee benefits	3,244	1,918
Reserve for returns	2,074	1,822
Other	1,069	(13)
Total	$ 11,522	$ 10,914
Deferred tax liabilities:		
Depreciation	$ 9,201	$ 7,980
Foreign operating loss carryforwards	(843)	(527)
Valuation allowance	843	527
Other	(387)	(768)
Total	$ 8,814	$ 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.

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 January 31, 1997 and February 2, 1996.

In addition, the company has unsecured lines of credit with foreign banks totaling the equivalent of approximately $38 million for its wholly owned foreign subsidiaries. There was $11.2 million outstanding at January 31, 1997 at interest rates averaging 3.6 percent, compared to $9.3 million as of February 2, 1996.

Note 5. Long-term debt

There was no long-term debt as of January 31, 1997 and February 2, 1996.

The company has an agreement which expires May 31, 1997 with a bank for a $20 million credit facility available to fund treasury stock purchases and capital expenditures. The company intends to renew this facility. As of January 31, 1997, the company was in compliance with lending conditions and covenants related to this debt facility.

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 $12.8 million, $11.6 million and $8.6 million for the years ended January 31, 1997, February 2, 1996, and January 27, 1995, respectively.

Total future fiscal year commitments under these leases as of January 31, 1997 are as follows (in thousands):

1998	$11,298
1999	8,397
2000	6,051
2001	3,136
2002	2,488
After 2002	9,798
	$41,168

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 $5.0 million, $3.2 million and $3.5 million for the years ended January 31, 1997, February 2, 1996 and January 27, 1995, respectively.

Note 8. Divestitures

The Territory Ahead

During the first quarter of fiscal 1998, the company sold its majority interest in The Territory Ahead to The International Cornerstone Group, Inc. of Boston, Massachusetts, resulting in an after-tax gain of approximately $5.0 million. The after-tax gain will be recorded in the first quarter of fiscal 1998.

MontBell

In July 1994, the company formed a wholly owned subsidiary that acquired the marketing rights and assets of MontBell America, Inc. In fiscal 1996, the company sold those marketing rights and assets to a wholly owned subsidiary of Outdoor Industry Group, Inc. In connection with this sale, the company has taken after-tax charges to earnings of $0.8 million, $1.1 million and $2.1 million in fiscal 1997, 1996 and 1995, respectively. The company's investment in MontBell America, Inc. is zero as of January 31, 1997.

Sales and results of operations of MontBell America, Inc., and The Territory Ahead were not material to the consolidated financial statements.

Note 9. Sales and use tax

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 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.

Note 10. Consolidated Quarterly Analysis (unaudited)

(In Thousands, except per share data)

	Fiscal 1997			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Net Sales	$211,835	$196,160	$287,420	$423,328
Gross profit	94,737	89,469	126,087	199,282
Pretax income	7,348	4,926	10,319	62,326
Net income	$ 4,409	$ 2,950	$ 6,157	$ 37,436
Net income per share	$ 0.13	$ 0.09	$ 0.19	$ 1.15
Common shares outstanding	33,609	32,994	32,831	32,442
Market price of shares outstanding:				
- market high	19 7/8	24 3/4	23 1/8	30 1/4
- market low	14 5/8	18 1/8	19 7/8	21 1/8

	Fiscal 1996			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Net sales	$207,122	$189,064	$235,887	$399,475
Gross profit	90,677	82,069	98,991	171,794
Pretax income	2,192	2,813	2,941	42,979
Net income	$ 1,307	$ 1,695	$ 1,766	$ 25,787
Net income per share	$ 0.04	$ 0.05	$ 0.05	$ 0.77
Common shares outstanding	34,686	34,536	33,784	33,659
Market price of shares outstanding:				
- market high	19 1/2	17	17 3/4	15 1/2
- market low	15	14 5/8	14 3/8	12 7/8

The unaudited quarterly financial data above has been restated from the company's previously filed Forms 10-K and 10-Q to reflect certain reclassifications from selling, general and administrative expenses to cost of sales during fiscal 1996.

RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Lands' End, Inc. and its subsidiaries has the responsibility for preparing the accompanying financial statements and for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles applied on a consistent basis. The consolidated financial statements include amounts that are based on management's best estimates and judgments. Management also prepared the other information in the annual report and is responsible for its accuracy and consistency with the consolidated financial statements.

The company's consolidated financial statements have been audited by Arthur Andersen LLP, independent certified public accountants. Management has made available to Arthur Andersen LLP all the company's financial records and related data, as well as the minutes of shareholders' and directors' meetings. Furthermore, management believes that all representations made to Arthur Andersen LLP during its audit were valid and appropriate.

Management of the company has established and maintains a system of internal control that provides for appropriate division of responsibility, reasonable assurance as to the integrity and reliability of the consolidated financial statements, the protection of assets from unauthorized use or disposition, the prevention and detection of fraudulent financial reporting, and the maintenance of an active program of internal audits. Management believes that, as of January 31, 1997, the company's system of internal control is adequate to accomplish the objectives discussed herein.

Two directors of the company, not members of management, serve as the audit committee of the board of directors and are the principal means through which the board supervises the performance of the financial reporting duties of management. The audit committee meets with management, the internal audit staff and the company's independent auditors to review the results of the audits of the company and to discuss plans for future audits. At these meetings, the audit committee also meets privately with the internal audit staff and the independent auditors to assure its free access to them.

/s/ MICHAEL J. SMITH
Michael J. Smith
Chief Executive Officer

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

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of Lands' End, Inc.:

We have audited the accompanying consolidated balance sheets of Lands' End, Inc. (a Delaware corporation) and its subsidiaries as of January 31, 1997, and February 2, 1996, and the related consolidated statements of operations, shareholders' investment and cash flows for each of the three years in the period ended January 31, 1997. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lands' End, Inc. and subsidiaries as of January 31, 1997, and February 2, 1996, and the results of their operations and their cash flows for each of the three years in the period ended January 31, 1997, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP
Milwaukee, Wisconsin
March 7, 1997

Part II continued

Item 9. Changes in and Disagreements on Accounting and Consolidated Financial Disclosure

The company has had no change in, or disagreements with, its independent certified public accountants on accounting and financial disclosure.

Part III

Item 10. Directors and Executive Officers of the Registrant

The information required by this item with respect to directors of the company is incorporated herein by reference to pages 2 through 5 of the Lands' End, Inc. Notice of 1997 Annual Meeting and Proxy Statement dated April 14, 1997 (the "Proxy Statement").

The information required by this item with respect to executive officers of the company is included on page 9 in Part I of this Form 10-K report.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to pages 5 through 10 of the Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is incorporated herein by reference to page 12 of the Proxy Statement.

Item 13. Certain Relationships and Related Transactions

The information required by this item is incorporated herein by reference to pages 4 and 5 of the Proxy Statement.

PART IV.

Item 14. Exhibits, Consolidated Financial Statement Schedules and Reports on Form 8-K

(a) 1. Consolidated Financial Statements
See index on page 2.

2. Exhibits

Table Number	Description	Exhibit Number
(10)	Seventh Amendment to Loan Agreement between the company and the American National Bank and Trust Company of Chicago, dated December 30, 1996	1
(11)	Statement of recomputation of earnings per share	2
(23)	Consent of Arthur Andersen LLP	3

(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the three-month period ended January 31, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on April 28, 1997.

LANDS' END, INC.

By /s/ BRADLEY K. JOHNSON

Bradley K. Johnson
Senior Vice President,
Chief Administrative Officer and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities shown, as of April 28, 1997.

/s/ GARY C. COMER Gary C. Comer	Chairman of the Board and Director
/s/ RICHARD C. ANDERSON Richard C. Anderson	Vice Chairman of the Board and Director
/s/ MICHAEL J. SMITH Michael J. Smith	President and Chief Executive Officer and Director
/s/ WILLIAM E. FERRY William E. Ferry	Vice Chairman of Sales and Director
/s/ JOHN N. LATTER John N. Latter	Director
/s/ DAVID B. HELLER David B. Heller	Director
/s/ HOWARD G. KRANE Howard G. Krane	Director

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SUPPLEMENTARY SCHEDULE

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements included in the Lands' End, Inc. annual report to shareholders included in this Form 10-K and have issued our report thereon dated March 7, 1997. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule on page 40 of this Form 10-K is the responsibility of the company's management and is presented for the purpose of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

/s/ ARTHUR ANDERSEN LLP
Milwaukee, Wisconsin
April 28, 1997

LANDS' END, INC. & SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
(Dollars in thousands)

	Balance, Beginning of Period	Amounts Charged to Net Income	Write-Offs Against Reserve	Balance, End of Period
Reserve for Returns:				
Year Ended January 31, 1997	$ 4,555	$150,820	$150,191	$ 5,184
Year Ended February 2, 1996	$ 5,011	$145,626	$146,082	$ 4,555
Year Ended January 27, 1995	$ 3,907	$148,643	$147,539	$ 5,011

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 the 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	Doc Desc
(3)	Articles of Incorporation and By-laws:		
	Certificate of Incorporation of the company, as amended through October 3, 1986.	1	S-1
	Amendment to Certification of Incorporation of the company, dated August 10, 1987.	3	10-Q Oct 1987
	Amendment to Certificate 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 Stock Certificate to evidence the Common stock.	1	10-Q Aug 1990
	First Amendment to the Lands' End Retirement Plan	2	S-8 Oct 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 Aug 1990
	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

Table Number	Description of Item	Exhibit Number	Doc Desc
(10)	Buying Agreement between the company and the European Buying Agency, Ltd.	7	10-Q Nov 1990
	Salaried Incentive Bonus Plan	9	S-1
	Annual Incentive Plan and Long-Term Incentive Plan		Proxy 1996
	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 Agreement	1	10-Q July 1995

Exhibit 10.1

SEVENTH AMENDMENT TO LOAN AGREEMENT

THIS SEVENTH AMENDMENT ("Amendment") is entered into as of this 30th day of December 1996, by and between LANDS' END, INC. ("Borrower"), and AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO ("Bank").

WHEREAS, Borrower executed in favor of Bank a Loan Agreement dated July 19, 1990, in exchange for Bank's agreement to lend monies to Borrower (the "Loan Agreement"); which Loan Agreement has been amended by First Amendment to Loan Agreement dated as of June 1, 1991, a Second Amendment to Loan Agreement dated as of January 27, 1992, a Third Amendment to Loan Agreement dated as of December 11, 1992, a Fourth Amendment to Loan Agreement dated as of December 1, 1993, a Fifth Amendment dated as of November 22, 1994, and a Sixth Amendment dated as of December 6th, 1995 (said Loan Agreement and Amendments herein referred to as the "Loan Agreement"); and

WHEREAS, the Bank and Borrower wish to extend the time within which disbursement of the Term Loan may be made; and

WHEREAS, the parties hereto desire and have agreed to enter into this Amendment in order to amend certain terms of the Loan Agreement; and

NOW, THEREFORE, in consideration of the above recitals, the mutual promises and agreements of the parties set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Loan Agreement as follows:

1. Extension of Final Disbursement Date. The Final Disbursement Date under the Loan Agreement is hereby extended to May 31, 1997.

2. Amendment to Section 5.19, entitled - "Capital Expenditure". Section 5.19 of the Loan Agreement is hereby deleted in its entirety.

3. This Amendment shall be incorporated into and made a part of the Loan Agreement and all other related loan documents executed by Borrower.

4. All terms and provisions of the Loan Agreement and all other related loan documents between Borrower and Bank, except as expressly modified herein, shall continue in full force and effect, and Borrower hereby confirms each and every one of its obligations under the Loan Agreement as amended herein.

5. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of Illinois.

6. This Amendment shall inure to the benefit of Bank's successors and assigns, and shall be binding upon Borrower's successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

LANDS' END, INC.
a Delaware corporation

TERRY R. JANES
By: Terry R. Janes, Treasurer

ACCEPTED BY:

AMERICAN NATIONAL BANK AND TRUST
COMPANY OF CHICAGO

PETER B. HARRISON, JR.
By: Peter B. Harrison, Jr.

Its: Commercial Banking Officer

Exhibit 11.2

COMPUTATION OF EARNINGS PER SHARE

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

	Three Months Ended		Twelve Months Ended	
	Jan. 31, 1997	Feb. 2, 1996	Jan. 31, 1997	Feb. 2, 1996
Net income	$37,436	$25,787	$50,952	$30,555
Average shares of common stock outstanding during the period	32,552	33,676	33,078	34,230
Incremental shares from assumed exercise of stock options				

(primary)	345	10	193	28
	32,897	33,686	33,271	34,258
Primary earnings per share	$ 1.14	$ 0.77	$ 1.53	$ 0.89
Average shares of common stock outstanding during the period	32,552	33,676	33,078	34,230
Incremental shares from assumed exercise of stock options (fully diluted)	401	18	401	28
	32,953	33,694	33,479	34,258
Fully diluted earnings per share	$ 1.14	$ 0.77	$ 1.52	$ 0.89
Average shares of common stock outstanding during the period	32,552	33,676	33,078	34,230
Basic earnings per share	$ 1.15	$ 0.77	$ 1.54	$ 0.89

Exhibit 23.3

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K into the Company's previously filed Registration Statement on Form S-8 (File No. 033-63461).

/s/ ARTHUR ANDERSEN LLP
Milwaukee, Wisconsin
April 28, 1997

*   *   *   *   *

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED BALANCE SHEETS, CONSOLIDATED STATEMENTS OF OPERATIONS, AND COMPUTATION OF EARNINGS PER SHARE AND ITS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND EXHIBIT.
</LEGEND>
<MULTIPLIER> 1,000

<PERIOD-TYPE>	12-MOS	
<FISCAL-YEAR-END>		JAN-31-1997
<PERIOD-END>		JAN-31-1997
<CASH>		$92,827
<SECURITIES>		0
<RECEIVABLES>		8,739
<ALLOWANCES>		0
<INVENTORY>		142,445
<CURRENT-ASSETS>		272,039
<PP&E>		176,630
<DEPRECIATION>		72,946
<TOTAL-ASSETS>		378,045
<CURRENT-LIABILITIES>		145,566
<BONDS>		0
<PREFERRED-MANDATORY>		0
<PREFERRED>		0
<COMMON>		402
<OTHER-SE>		222,603
<TOTAL-LIABILITY-AND-EQUITY>		378,045
<SALES>		1,118,743
<TOTAL-REVENUES>		1,118,743
<CGS>		609,168
<TOTAL-COSTS>		609,168
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		510
<INCOME-PRETAX>		84,919
<INCOME-TAX>		33,967
<INCOME-CONTINUING>		50,952
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		$50,952
<EPS-PRIMARY>		$1.53
<EPS-DILUTED>		$1.52