

September 12, 1996

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

Pursuant to the requirements of the Securities Exchange Act of 1934, we are transmitting herewith the attached Form 10-Q for the quarter ended August 2, 1996.

Sincerely,

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

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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 August 2, 1996
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from to

Commission file number 1-9769

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

DELAWARE 36-2512786
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

Lands' End Lane, Dodgeville, WI 53595
(Address of principal executive (Zip code)
offices)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities 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 September 12, 1996:

Common stock, \$.01 par value 32,927,430 shares outstanding

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

Item 1. Financial Statements

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

	Three months ended	
	Aug. 2, 1996	July 28, 1995
	(Unaudited)	
Net sales	\$196,160	\$189,064
Cost of sales	106,691	106,995
Gross profit	89,469	82,069
Selling, general and administrative expenses	84,516	79,886
Income from operations	4,953	2,183
Other income (expense):		
Interest expense	(73)	(638)
Interest income	74	2
Other	(28)	1,266
Total other income (expense), net	(27)	630
Income before income taxes	4,926	2,813
Income tax provision	1,976	1,118
Net income	\$ 2,950	\$ 1,695
Net income per share	\$ 0.09	\$ 0.05

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)

	Six months ended	
	Aug. 2, 1996	July 28, 1995
	(unaudited)	
Net sales	\$407,995	\$396,186
Cost of sales	223,789	223,440
Gross profit	184,206	172,746
Selling, general and administrative expenses	171,600	168,591
Income from operations	12,606	4,155

Other income (expense):		
Interest expense	(169)	(975)
Interest income	100	19
Other	(263)	1,806
Total other income, net	(332)	850
Income before income taxes	12,274	5,005
Income tax provision	4,915	2,003
Net income	\$ 7,359	\$ 3,002
Net income per share	\$ 0.22	\$ 0.09

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

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

	Aug. 2, 1996	February 2, 1996
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,179	\$ 17,176
Receivables	5,500	8,064
Inventory	168,468	164,816
Prepaid advertising	9,772	15,824
Other prepaid expenses	5,250	5,295
Income taxes receivable	597	-
Deferred income tax benefit	10,914	10,914
Total current assets	204,680	222,089
Property, plant and equipment, at cost:		
Land and buildings	72,261	72,248
Fixtures and equipment	89,308	83,880
Leasehold improvements	3,253	2,912
Total property, plant and equipment	164,822	159,040
Less-accumulated depreciation and amortization	66,514	60,055
Property, plant and equipment, net	98,308	98,985
Intangibles, net	2,369	2,423
Total assets	\$305,357	\$323,497
Liabilities and shareholders' investment		
Current liabilities:		
Lines of credit	\$ 16,463	\$ 9,319
Accounts payable	63,111	62,380
Reserve for returns	2,462	4,555
Accrued liabilities	22,496	23,751
Accrued profit sharing	288	1,483

Income taxes payable	-	13,256
Total current liabilities	104,820	114,744
Deferred income taxes	7,212	7,212
Long-term liabilities	387	349
Shareholders' investment:		
Common stock, 40,221 shares issued	402	402
Donated capital	8,400	8,400
Additional paid-in capital	26,196	26,165
Deferred compensation	(1,526)	(1,193)
Currency translation adjustments	419	360
Retained earnings	267,468	260,109
Treasury stock, 7,258 and 6,561 shares at cost, respectively	(108,421)	(93,051)
Total shareholders' investment	192,938	201,192
Total liabilities and shareholders' investment	\$305,357	\$323,497

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

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

	Six Months Ended	
	Aug. 2, 1996	July 28, 1995
	(unaudited)	
Cash flows from (used for) operating activities:		
Net income	\$ 7,359	\$ 3,002
Adjustments to reconcile net income to net cash flows from operating activities-		
Depreciation and amortization	6,644	6,437
Deferred compensation expense	(333)	130
Loss on disposal of fixed assets	283	293
Deferred income taxes	-	(1,168)
Changes in current assets and liabilities excluding the effects of acquisitions and divestitures:		
Receivables	2,564	(1,603)
Inventory	(3,652)	(31,195)
Prepaid advertising	6,052	(4,741)
Other prepaid expenses	45	(2,482)
Income taxes receivable	(597)	-
Accounts payable	731	10,322
Reserve for returns	(2,093)	(2,507)
Accrued liabilities	(1,255)	(6,008)
Accrued profit sharing	(1,195)	(1,584)
Income taxes payable	(13,256)	(9,409)
Other	128	69
Net cash flows from (used for) operating activities	1,425	(40,444)
Cash flows used for investing activities:		
Cash paid for capital additions	(6,196)	(7,708)
Net cash flows used for investing activities	(6,196)	(7,708)
Cash flows from (used for) financing activities:		
Proceeds from short-term debt	7,144	53,160
Tax effect of exercise of stock options	-	13
Purchases of treasury stock	(15,370)	(7,583)
Net cash flows from (used for) financing activities	(8,226)	45,590
Net decrease in cash and cash equivalents	(12,997)	(2,562)
Beginning cash and cash equivalents	17,176	5,426
Ending cash and cash equivalents	\$ 4,179	\$ 2,864
Supplemental cash flow disclosures:		

Interest paid	\$ 166	\$ 882
Income taxes paid	15,984	14,030

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

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LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to August 2, 1996, and the three months
ended August 2, 1996, and July 28, 1995, is unaudited)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business

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

Use of estimates

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

Principles of consolidation

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

Fiscal year

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

Fair values of financial instruments

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

Inventory

Inventory, primarily merchandise held for sale, is stated at last-in, first-out (LIFO) cost, which is lower than market. If the first-in, first-out (FIFO) method of accounting for inventory had been used, inventory would have been approximately \$23.9 million and \$22.4 million higher than reported at August 2, and February 2, 1996, respectively.

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(Information pertaining to August 2, 1996, and the three months ended August 2, 1996, and July 28, 1995, is unaudited)

Advertising

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

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

Advertising costs reported as prepaid assets were \$9.8 million and \$15.8 million as of August 2, and February 2, 1996, respectively. Advertising expense was \$34.9 million for the three-month periods ended August 2, 1996, and July 28, 1995. Advertising expense was \$76.4 million and \$77.1 million reported for the six-month periods ended August 2, 1996, and July 28, 1995, respectively.

Depreciation

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets, which are 20 to 30 years for buildings and land improvements and 5 to 10 years for leasehold improvements and furniture, fixtures, equipment, and software.

Intangibles

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

Net income per share

Net income per share is computed by dividing net income by the weighted average number of common shares outstanding during each period. The weighted average common shares outstanding were 33.2 million and 34.6 million for the three-month periods ended August 2, 1996 and July 28, 1995, respectively; and 33.4 million and 34.7 million for the six-month periods ended August 2, 1996, and July 28, 1995, respectively. Common stock equivalents includes awards, grants and stock options which have been issued by the company. The common stock equivalents do not significantly dilute basic earnings per share.

Reserve for losses on customer returns

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

Financial instruments with off-balance-sheet risk

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

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

(Information pertaining to August 2, 1996, and the three months ended August 2, 1996, and July 28, 1995, is unaudited)

The company enters into forward exchange contracts to hedge anticipated foreign currency transactions during the upcoming seasons. The purpose of the company's foreign currency hedging activities is to protect the company from the risk that the eventual dollar cash flows resulting from these transactions will be adversely affected by changes in exchange rates. At August 2, 1996, the company had forward exchange contracts, maturing through August 1997, to sell approximately 2.4 billion Japanese yen and 2.5 million British pounds, and to purchase approximately 2.2 million Canadian dollars. 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 August 2, 1996, the company had outstanding letters of credit of approximately \$35.8 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 translation

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 exchange gains and losses reflected before taxes on the Consolidated Statements of Operations included a loss of \$0.1 million and a gain of \$1.1 million for the three-month periods ended August 2, 1996, and July 28, 1995, respectively; and a loss of \$0.5 million and a gain of \$1.5 million for the six-month periods ended August 2, 1996, and July 28, 1995, respectively.

Postretirement benefits

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

Reclassification

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

Accounting Standards

In fiscal 1997, the Company adopted Statement of Financial Accounting Standard (SFAS) No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The statement requires entities to review long-lived assets and certain intangible assets in certain circumstances, and if the value of the assets is impaired, an impairment loss shall be recognized. There has been no material impact on the company's consolidated financial statements since adopting this standard.

LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to August 2, 1996, and the three months
ended August 2, 1996, and July 28, 1995, is unaudited)

NOTE 2. SHAREHOLDERS' INVESTMENT

Capital stock

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

Treasury stock

The company has substantially completed its May 1994 stock purchase authorization of 2.0 million shares. In July 1996, the company's board of directors authorized the additional purchase of up to 1.0 million shares of the company's common stock.

Stock awards and grants

The company replaced its restricted stock award plan with a long-term incentive plan. More detailed information relating to this plan is disclosed in the Proxy Statement dated April 22, 1996. However, in the current fiscal year, the company granted shares of its common stock to one individual as an inducement to enter the employ of the company. Such shares vest over five years on a straight-line basis from the date of the award.

The following table reflects the activity under the long-term incentive plan:

	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	(2,120)	-
Balance at August 2, 1996	88,000	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.

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

(Information pertaining to August 2, 1996, and the three months ended August 2, 1996, and July 28, 1995, is unaudited)

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 long-term incentive 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 long-term incentive plan is as follows:

	Options	Average Exercise Price	Vested 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	497,000	\$19.01	-
Exercised	(30,310)	\$14.29	-
Forfeited	(75,990)	\$16.69	-
Balance at August 2, 1996	1,012,400	\$17.40	176,340

The above options currently outstanding vest in accordance to the plan from the date of grant. The outstanding options expire as follows:

2001	-	52,000
2002	-	40,000
2003	-	160,800
2005	-	262,600
2006	-	497,000
		1,012,400

The company adopted SFAS No. 123 "Accounting for Stock-Based Compensation" in the first quarter of fiscal 1997. The statement relates to the measurement of compensation of stock options issued to employees. The statement gives entities a choice of recognizing related compensation expense by adopting a new fair value method determination or to continue to measure compensation using the former standard. If the former standard for measurement is elected, SFAS No. 123 requires supplemental disclosure to show the effects of using the new measurement criteria. The company elected to continue to use the measurement prescribed by the former standard, and accordingly, the pronouncement had no effect on the company's financial position or results of operations. The company will present the supplemental disclosure in the fiscal 1997 annual report.

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LANDS' END, INC. & SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Information pertaining to August 2, 1996, and the three months ended August 2, 1996, and July 28, 1995, is unaudited)

NOTE 3. INCOME TAXES

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

Temporary differences that give rise to deferred tax assets and liabilities as of August 2, and February 2, 1996, are as follows (in thousands):

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

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

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

NOTE 4. LINES OF CREDIT

The company has unsecured domestic lines of credit with various U.S. banks totaling \$110 million. There was \$10.9 million outstanding at August 2, 1996, at interest rates averaging 5.8%, compared to no outstanding amount on February 2, 1996.

In addition, the company has unsecured lines of credit with foreign banks totaling the equivalent of \$28 million for a wholly owned foreign subsidiary. There was \$5.6 million outstanding at August 2, 1996, at interest rates averaging 1.6%, compared to \$9.3 million as of February 2, 1996.

LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to August 2, 1996, and the three months
ended August 2, 1996, and July 28, 1995, is unaudited)

NOTE 5. LONG-TERM DEBT

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

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

NOTE 6. LEASES

The company leases store and office space and equipment under various leasing arrangements. The leases are accounted for as operating leases. Total rental expense under these leases was \$3.2 million and \$2.7 million for the three-month periods ended August 2, 1996, and July 28, 1995, respectively. Rental expense for the six-month periods ended August 2, 1996, and July 28, 1995, was \$6.4 million and \$5.7 million, respectively.

Total future fiscal year commitments under these leases as of August 2, 1996, are as follows (in thousands):

1997 (six months)	\$ 5,721
1998	8,992
1999	6,094
2000	4,381
2001	2,621
After 2001	6,104
	\$ 33,913

NOTE 7. RETIREMENT PLAN

The company has a retirement plan which covers most regular employees and provides for annual contributions at the discretion of the board of directors. Also included in the plan is a 401(k) feature which allows employees to make contributions and the company matches a portion of those contributions. Total expense provided under this plan was \$0.7 million and \$0.4 million for the three-month periods ended August 2, 1996, and July 28, 1995, respectively. Total expenses were \$1.2 million and \$0.9 million for the six-month periods ended August 2, 1996, and July 28, 1995, respectively.

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

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LANDS' END, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information pertaining to August 2, 1996, and the three months
ended August 2, 1996, and July 28, 1995, is unaudited)

NOTE 8. SALES AND USE TAX

A 1992 Supreme Court decision confirmed that the Commerce Clause of the United State Constitution prevents a state from requiring the collection of its use tax by a mail order company unless the company has a physical presence in the state. However, there continues to be uncertainty due to inconsistent application of the Supreme Court decision by state and federal courts. The company attempts to conduct its operations in compliance with its interpretation of the applicable legal standard, but there can be no assurance

that such compliance will not be challenged.

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

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

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Item 2. Management's Discussion
and Analysis

Results of Operations

Three Months Ended August 2, 1996, compared with
Three Months Ended July 28, 1995

The company's net sales in the second quarter of fiscal 1997 increased 3.8 percent to \$196.2 million from \$189.1 million in the second quarter of fiscal 1996. The increase in sales during the quarter came from the company's new and specialty businesses, as well as from its foreign-based operations and export sales. During the quarter just ended, sales from the company's core U.S. business, represented by the monthly and prospecting catalogs, were down slightly from the prior year. Both of these trends have continued into the third quarter. However, productivity, or sales per page, was somewhat improved, as the company reduced the total number of pages mailed during the quarter by about eight percent.

The second quarter ending inventory was about \$168 million, down 16 percent from about \$200 million in the prior year.

Gross profit in this year's second quarter was \$89.5 million, or 45.6 percent of net sales, compared with \$82.1 million, or 43.4 percent of net sales, in the second quarter of the prior year. The increase in gross profit margin was due to lower merchandise costs, which were primarily the result of sourcing improvements, as well as less steep markdowns on fewer sales of liquidated merchandise. Liquidations of excess inventory were about 8 percent of the net

sales in the quarter just ended, compared with 9 percent in the prior year.

In the quarter just ended, selling, general and administrative expenses increased 5.8 percent to \$84.5 million, compared with \$79.9 million for last year's second quarter. As a percentage of sales, SG&A was 43.1 percent, compared with 42.3 percent in the same period last year. The increase in the SG&A ratio during the quarter was principally the result of increased bonus and profit sharing accruals and relatively higher order-fulfillment expenses. In addition, as in the first quarter, higher paper prices continued to have a negative impact on SG&A, compared with the prior year. This was partially offset by greater productivity in the catalogs as shown by increased sales per page mailed, especially in the Kids, Corporate Sales, Beyond Buttondowns, and international catalogs.

Net income for the quarter just ended was \$3.0 million, or 9 cents per share, compared with \$1.7 million, or 5 cents per share, earned in the prior year. Net income for the company's second quarter includes a foreign currency exchange after-tax loss of \$0.1 million, compared with an after-tax gain of \$0.7 million in the prior year, recorded as other income. Foreign currency exchange gains or losses will occur in response to currency market movements and the company's hedging strategy.

Six Months Ended August 2, 1996, compared with
Six Months Ended July 28, 1995

The company's net sales in the first six months of fiscal 1997 increased 3 percent to \$408.0 million from \$396.2 million in the same period last year. The increase in net sales was due primarily to the same factors disclosed above for the three months ended August 2, 1996.

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Gross profit of \$184.2 million for the first six months of fiscal 1997 increased 6.6 percent from \$172.7 million in the same six-month period last year. As a percentage of net sales, gross profit increased from 43.6 percent in fiscal 1996 to 45.1 percent in fiscal 1997. The increase in gross profit was due principally to the same factors disclosed above for the second quarter ended August 2, 1996. Year-to-date liquidation sales were about 8 percent, compared with 9 percent during the same period last year.

Selling, general and administrative expenses increased 17.8 percent to \$171.6 million in the first six months of fiscal 1997 from \$168.6 million in the same period last year. As a percentage of net sales, selling, general and administrative expenses decreased to 42.1 percent in fiscal 1997 from 42.6 percent in fiscal 1996. The decrease in the SG&A ratio was primarily the result of better performance of the catalogs.

Net income in the first half of fiscal 1997 was \$7.4 million, or 22 cents per share, compared with \$3.0 million, or 9 cents per share in the prior year. Net income for the company's first six months includes a foreign currency exchange after-tax loss of \$0.3 million, compared with an after-tax gain of \$0.9 million in the prior year.

Seasonality of Business

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

Liquidity and capital resources

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

In August 1996, the company announced the further expansion of its international operations with the opening of a phone/customer service center

in Mettlach, Germany, and the mailing of its first official German language, DM-denominated catalog. The company will continue to explore investment opportunities arising from the expansion of its international businesses and the development of new businesses. While this investment spending has had some negative impact on earnings, it is not expected to have a material effect on liquidity.

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At August 2, 1996, the company had unsecured domestic credit facilities totaling \$110 million, of which about \$11 million was used. The company also maintains foreign credit lines for use in foreign operations totaling the equivalent of approximately \$28 million, of which \$5.6 million was used at August 2, 1996. The company has a separate \$20 million bank facility available to fund treasury stock purchases and capital expenditures. This facility runs through December 31, 1996.

The company has substantially completed its May 1994 stock purchase authorization of 2.0 million shares. In July 1996, the company's board of directors authorized the additional purchase of up to 1.0 million shares of the company's common stock. Of the 1.0 million shares, 0.1 million shares had been purchased as of Thursday, September 12, 1996.

Capital expenditures for fiscal 1997 are currently planned to be about \$20 million, of which about \$6 million had been expended through August 2, 1996. Major projects include new computer hardware and software, expansion of distribution facilities, and leasehold improvements for new retail stores. The company believes that its cash flow from operations and borrowings under its current credit facilities will provide adequate resources to meet its capital requirements and operational needs for the foreseeable future.

Possible future changes

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

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

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

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

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

There were no matters submitted to a vote of security holders for the quarter ended August 2, 1996, other than those disclosed in the Form 10-Q dated May 3, 1996, reporting the results of the company's annual meeting.

Item 5. Other Information

In July 1996, William E. Ferry joined the company as vice chairman, sales, for the company's core business. Ferry had been executive vice president, merchandising, with Lands' End between 1981 and 1986, at which time he left the firm to become president and chief executive officer for Eastern Mountain Sports headquartered in Peterborough, New Hampshire, where he had spent the last 10 years.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibit is filed as part of this report:

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

(b) Reports on Form 8-K

A report on Form 8-K was filed July 22, 1996, reporting a meeting with members of the financial community in New York, New York, on Thursday, May 23, 1996.

SIGNATURE

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

LANDS' END, INC.

Date: September 12, 1996

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

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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. 33-63461) and on Form S-1 (File No. 33-08217) or to other filings with the Commission and are incorporated herein as exhibits by reference, pursuant to Rule 24 of the SEC Rules of Practice. The exhibit number of each document so filed is stated next to the description of such exhibit. The file number for all other documents is 1-9769.

Table Number	Description of Item	Exhibit Number	Document Description
(3)	Articles of Incorporation and By-Laws:		
	Certificate of Incorporation of the company, as amended through October 3, 1986.	1	S-1
	Amendment to Certificate of Incorporation of the company, dated August 10, 1987.	3	10-Q October 1987
	Amendment to Certification of Incorporation of the company, dated May 20, 1994	4	10-Q July 1994

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

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Table Number	Description of Item	Exhibit Number	Document Description
(10)	Sixth Amendment to Loan Agreement between the company and the American National Bank and Trust Company of Chicago, dated December 6, 1995.	1	10-K 1996
	Buying Agreement between the company and European Buying Agency, Ltd.	7	10-Q November 1990
	Salaried Incentive Bonus Plan	9	S-1
	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
(13)	Annual Report to Shareholders for the fiscal year ended February 2, 1996		10-K 1996

Exhibit 11.1

COMPUTATION OF EARNINGS PER SHARE

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

	Three months ended		Six Months Ended	
	08/02/96	07/28/95	08/02/96	07/28/95
Net income.....	\$ 2,950	\$ 1,695	\$ 7,359	\$ 3,002
Average shares of common stock outstanding during the period.....	33,247	34,625	33,437	34,671
Incremental shares from assumed exercise of stock options (primary)....	197	82	109	93
	33,444	34,707	33,546	34,764
Primary earnings per share.....	\$ 0.09	\$ 0.05	\$ 0.22	\$ 0.09
Average shares of common stock outstanding during the period.....	33,247	34,625	33,437	34,671
Incremental shares from assumed exercise of stock options (fully diluted).....	197	82	154	93
	33,444	34,707	33,591	34,764
Fully diluted earnings per share.....	\$ 0.09	\$ 0.05	\$ 0.22	\$ 0.09
Average shares of common stock outstanding during the period.....	33,247	34,625	33,437	34,671
Basic earnings per share.....	\$ 0.09	\$ 0.05	\$ 0.22	\$ 0.09

<ARTICLE> 5

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

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