April 29, 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-K for the fiscal year ended February 2, 1996. The filing fee of $250.00 was wire transferred to the SEC account #910-8739 at the Mellon Bank, ABA number 043000261 on Monday, April 15, 1996.

Sincerely,

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(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 February 2, 1996
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. (__)

As of March 29, 1996, the aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant was $247,551,133.

The number of shares of Common Stock ($0.01 par value) outstanding as of March 29, 1996, was 33,615,790.

DOCUMENTS INCORPORATED BY REFERENCE

Documents	Form 10-K Reference
Notice of 1996 Annual Meeting and Proxy Statement dated April 22,1996	Part III, Items 10, 11, 12 and 13

Lands' End, Inc. & Subsidiaries
Index To
Annual Report On Form 10-K
For Year Ended February 2, 1996

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, Japan and by entering a new market in Germany.

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 1996, the company mailed 12 issues of its regular monthly (primary) catalog with an average of 155 pages per issue from its U.S. based operations. Worldwide, the company mailed approximately 200 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 three specialty catalogs 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 the specialty catalog, Textures, featuring women's tailored clothing and accessories. In fiscal 1996, the company mailed six, nine, four, and two issues of its Kids, Coming Home, Beyond Buttondowns, and Textures catalogs, respectively.

New Businesses (U.S. Based Operations)

The company continues to develop new businesses that play an important role in its growth strategy. In fiscal 1994, the company purchased a majority interest in The Territory Ahead, a California-based, upscale casual clothing catalog for men and women. In fiscal 1996, The Territory Ahead mailed 10 issues of its catalogs.

In fiscal 1994, Corporate Sales, the company's business-to-business catalog, was introduced. Corporate Sales offers quality products to 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 1996, the company mailed four 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. The first Willis & Geiger catalog was mailed in August 1995.

In fiscal 1995, the company formed a wholly owned subsidiary that acquired the marketing rights and assets of MontBell America, Inc., which designs, develops and distributes premier outdoor clothing and equipment through the wholesale channels to outdoor specialty stores, primarily in the United States. During the fourth quarter of fiscal 1996, the company sold the marketing rights and assets of MontBell America, Inc.

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 will be discontinuing its licensing agreement with Myer Direct in Australia and plans 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 its own 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. Fourteen issues of the pound-denominated U.K. catalog were mailed in fiscal 1996.

In the fall of 1994, the company launched operations in Japan, and in fiscal 1996, 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. Packages are delivered from a warehouse in Maebashi, which is operated by a third party. The distribution center will move to a larger facility this year to allow the company to manage additional growth.

In the fall of 1994, the company completed small mailings of native language, native currency catalogs into France, Germany and the Netherlands, using its Oakham, England, warehouse for fulfillment services. After evaluating these mailings, the company has decided to establish telephone operations in Germany for a launch there within the next 12 months.

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 media for reaching customers, including on-line computer networks such as the Internet's World Wide Web, Prodigy, CompuServe, America On-line, and CD-ROMs. 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 1996, the company's mailing list consisted of about 22.4 million persons, approximately 8.4 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 during 1995 indicated that approximately 49 percent of its customers were in the 35-45 age group and 62 percent had household incomes of $50,000 or more. This research indicated that approximately 86 percent of customers attended or graduated from college. The results were not significantly different from surveys conducted in prior years.

The company conducts a national advertising campaign intended to build the company's reputation and to attract new customers. In fiscal 1996, this advertising appeared in about 60 national magazines, as well as on national television. 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, quality assurance specialists, and inventory managers develop the company's own product specifications. 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 1996, the company purchased merchandise from more than 500 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 1996, approximately 30 percent of our merchandise was imported, and 70 percent was purchased from manufacturers headquartered in the United States. A portion of our production with U.S. manufacturers is sourced through programs in the Caribbean. 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 and Yokohama, Japan.

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 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 11 percent, 10 percent and 10 percent of net sales in fiscal 1996, 1995 and 1994, respectively. A majority of liquidation sales were made through catalogs and other print media. The balance was sold principally through the company's outlet 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 increases. 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 believes that it 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 trademark of "Lands' End" on product and catalogs.

Other trademarks, which are primarily used in the catalog, 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 5,800 to 7,600 individuals in fiscal 1996. During the peak winter season of fiscal 1996, approximately 3,800 of the company's approximately 7,600 employees were temporary employees.

Executive Officers of the Registrant

The following are the executive officers of the company:

Michael J. Smith, 35, 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 in December 1994.

Stephen A. (Chip) Orum, 50, is Executive Vice President and Chief Operating Officer in addition to continuing his responsibilities as Chief Financial Officer of the company. 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.

Mindy C. Meads, 44, resigned as Senior Vice President - Merchandising in March 1996 to accept a position with another company in the retail industry. Ms. Meads had joined Lands' End, Inc., in June 1991, as Vice President-Merchandising of the women's apparel division. Ms. Meads was promoted to Senior Vice President-Merchandising in January 1995. Ms. Meads was employed by The Limited from 1990 through 1991 as Merchandise Manager - Dresses. From 1978 until 1990, Ms. Meads was employed by R. H. Macy & Company in various capacities reaching the position of Senior Vice President - Merchandise.

Francis P. Schaecher, 48, is Senior Vice President - Operations of the company. Mr. Schaecher joined the company in 1982 as Operations Manager. He served as Vice President - 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 February 2, 1996. 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, Gurnee, Lombard, Niles, Schaumburg, Vernon Hills, Champaign, Springfield, and Rockford	Leased
California:	
Warehouse, phone center, offices, and retail store in Santa Barbara	Leased(1)
Outlet store in Pismo Beach	Leased(1)
International Properties:	
United Kingdom:	
Warehouse, phone center, outlet store, and offices in Oakham	Leased
Japan:	
Warehouse in Maebashi	Leased
Offices and phone center in Yokohama	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 Japan and the United Kingdom to allow for future growth. Within the next 12 months, telephone operations will be established in Germany, and the company has plans to open additional outlet stores.

(1) Leased by The Territory Ahead

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 February 2, 1996.

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 sales price of the company's stock on the New York Stock Exchange on March 29, 1996, was $17 1/2 per share.

Shareholders

As of March 29, 1996, the number of shareholders of record of common stock of the company was 2,776. 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 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				
	1996	1995	19942	1993	1992
Income statement data:					
Net sales	$1,031,548	$992,106	$869,975	$733,623	$683,427
Pretax income	50,925	59,663	69,870	54,033	47,492
Percent of net sales	4.9%	6.0%	8.0%	7.4%	7.0%
Net income before cumulative effect of accounting change	30,555	36,096	42,429	33,500	28,732
Cumulative effect of change in accounting	-	-	1,300	-	-
Net income	30,555	36,096	43,729	33,500	28,732
Per share of common stock: 1					
Net income per share before cumulative effect of change in accounting	$0.89	$1.03	$1.18	$0.92	$0.77
Cumulative effect of change in accounting	-	-	.04	-	-
Net income per share	$0.89	$1.03	$1.22	$0.92	$0.77
Cash dividends per share	-	-	$0.10	$0.10	$0.10
Common shares outstanding	33,659	34,826	35,912	36,056	36,944
Balance sheet data:					
Current assets	$222,089	$198,168	$192,276	$137,531	$131,273
Current liabilities	114,744	102,717	91,049	67,315	74,548
Property, plant, equipment and intangibles, net	101,408	99,444	81,554	74,272	74,527
Total assets	323,497	297,612	273,830	211,803	205,800
Noncurrent liabilities	7,561	5,767	5,496	5,100	4,620
Shareholders' investment	201,192	189,128	177,285	139,388	126,632
Other data:					
Net working capital	$107,345	$ 95,451	$101,227	$ 70,216	$ 56,725
Capital expenditures	14,780	27,005	16,958	9,965	5,347
Depreciation and amortization expense	12,456	10,311	8,286	7,900	7,428
Return on average shareholders' investment	16%	20%	28%	25%	23%

Return on average assets	10%	13%	18%	16%	15%
Debt/equity ratio	-	-	-	-	1%

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

The following table sets forth certain items from the company's consolidated statements of operations as a percentage of net sales.

	For the period ended		
	February 2, 1996	January 27, 1995	January 28, 1994
Net sales	100.0%	100.0%	100.0%
Cost of sales	57.0	57.6	59.1
Gross profit	43.0	42.4	40.9
Selling, general and administrative expenses	38.0	36.0	32.8
Charges from sale of subsidiary	0.2	0.4	-
Income from operations	4.8	6.0	8.1
Interest expense, net	(0.3)	(0.2)	-
Other	0.4	0.2	(0.1)
Income before income taxes and cumulative effect of change in accounting	4.9	6.0	8.0
Income tax provision	1.9	2.4	3.1
Net income before cumulative effect of change in accounting	3.0	3.6	4.9
Cumulative effect of change in accounting for income taxes	-	-	0.1
Net income	3.0%	3.6%	5.0%

FISCAL 1996 COMPARED WITH FISCAL 1995

Net sales for the 53-week year just ended totaled $1.032 billion, compared with $0.992 billion in the prior 52-week year, an increase of 4 percent. Net sales for the first 52 weeks of fiscal 1996 rose 3 percent, compared to fiscal 1995. Sales in the United States from the company's core monthly and prospecting catalogs, which accounted for about two-thirds of total net sales, were lower than the prior year. Sales from the company's international and new businesses accounted for more than the entire rise in sales for the year. During the year, worldwide, catalog mailings were higher than in the prior year, while overall pages mailed were slightly lower. The number of full-price catalogs mailed increased 5 percent to 200 million in fiscal 1996 from 191 million in fiscal 1995.

The company ended the year with inventory of $165 million, down 2 percent from fiscal 1995 ending inventory of $169 million. For the year, the company was able to ship about 90 percent of items ordered by customers at the time the order was placed, compared with 88 percent for 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, compared with 42.4 percent in fiscal 1995. The increase 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, compared to 10 percent in the prior year.

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

Selling, general and administrative expenses

Selling, general and administrative (SG&A) 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 rise 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. Those expenses increased about $20 million. 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 last year. While payroll costs were relatively higher, this was mostly offset by lower bonuses and consulting fees.

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

Utilization of credit lines remained stable

Borrowing under our short-term lines of credit was consistent with last year due to stabilized inventory levels. These funds were mainly used to meet peak inventory requirements. In addition, the company purchased approximately $20 million in treasury stock and spent $15 million in capital expenditures. The company's 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, the company 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 the company earned in fiscal 1995. Earnings per common share for the year just ended were $0.89, compared with $1.03 per share in the prior year. Net income for the year includes $2.4 million in foreign currency exchange gains, recorded as other income.

As previously reported, during the fourth quarter of fiscal 1996, the company took an after-tax charge to earnings of $1.1 million, or a reduction of $0.03 per share, in connection with the sale of its wholly owned subsidiary, MontBell America, Inc. This is in addition to the after-tax charge of $2.1 million, or a reduction of $0.06 per share, taken as a reserve in the fourth quarter of fiscal 1995 in anticipation of the sale of the subsidiary. Without 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.

FISCAL 1995, COMPARED WITH FISCAL 1994

Net sales increased 14 percent to $992 million in fiscal 1995, compared with $870 million in fiscal 1994. The increase was primarily due to improved customer reaction to the catalogs and a 23 percent increase in the number of regular and specialty catalogs mailed from 155 million to 191 million in fiscal 1995. About half of the increase in net sales in fiscal 1995 came from the company's regular monthly catalogs, prospector catalogs, and specialty catalogs in the United States. Specialty catalogs include the Kids catalog, featuring children's clothing; Coming Home, a catalog focusing on products for bed and bath; Beyond Buttondowns, a men's tailored clothing and accessories catalog; and the Textures catalog, featuring tailored clothing for women. In addition, over 30 percent of the sales increase was attributed to the strong sales growth from the company's international businesses as well as from two new businesses, The Territory Ahead and Corporate Sales.

The company ended fiscal year 1995 with inventory of $169 million, up 13 percent from fiscal 1994 ending inventory of $150 million. Higher inventory levels throughout the year resulted in higher interest expense, but enabled the company to ship nearly 88 percent of items ordered by customers at the time the order was placed, compared with 85 percent for fiscal 1994.

Gross profit increased

Gross profit increased 18 percent to $421 million in fiscal 1995, compared with $356 million in fiscal 1994, primarily due to the 14 percent increase in consolidated net sales, as well as to the increase in gross profit margin. As a percentage of net sales, gross profit rose to 42.4 percent in fiscal 1995, compared with 40.9 percent in fiscal 1994. The increase in gross profit margin was mainly due to lower merchandise costs from improvements in domestic and offshore sourcing, partially offset by steeper markdowns of liquidated merchandise. Liquidation of out-of-season and overstocked merchandise was about 10 percent of net sales in each of the last two years.

Costs on inventory purchases increased approximately 0.1 percent in fiscal 1995, compared with 0.8 percent in fiscal 1994. The impact of inflation continued to be low for the merchandise purchased by the company.

Selling, general and administrative expenses

Selling, general and administrative (SG&A) expenses rose 25 percent in fiscal 1995 to $358 million, from $286 million in fiscal 1994, principally due to the 14 percent increase in net sales. Associated with higher sales were advertising expenses (attributed to customer prospecting and increased catalog mailings), fixed expenses (due to investment spending in international and new businesses), and increased variable expenses (primarily due to higher payroll and shipping and handling costs). The costs of producing and mailing catalogs represented about 41 percent of total SG&A in fiscal 1995 and in fiscal 1994.

As a percentage of sales, SG&A increased to 36.0 percent in fiscal 1995 from 32.8 percent in fiscal 1994. The rise in the SG&A ratio was primarily due to the company's investment spending to develop international and new businesses, to expand customer acquisition programs in anticipation of the 1995 postal rate and paper price increases, to enhance its customer service by offering two-day UPS delivery service, and to upgrade its information systems.

Depreciation and amortization expense was up 24 percent from the prior year, to $10.3 million. Rental expense was up 19 percent to total $8.6 million, primarily due to increased computer hardware and building rentals.

Increased utilization of credit lines

Higher inventory levels for the majority of the year resulted in more borrowing and higher interest expense throughout the year. In addition, the company purchased approximately $28 million in treasury stock and spent $27 million in capital expenditures. The company's lines of credit peaked at $106 million in October 1994, compared with a peak of $54 million in the prior year. At January 27, 1995, the company had short-term debt outstanding for a subsidiary of $7.5 million and no long-term debt outstanding.

Net income decreased

Net income was $36.1 million, down 17 percent from the $43.7 million the company earned in fiscal 1994. Earnings per common share for the year just ended were $1.03, compared with $1.22 per share in the prior year.

During the fourth quarter of fiscal 1995, the company set up a reserve for the anticipated sale of its subsidiary, MontBell America, Inc., that reduced net income by $2.1 million, or $0.06 per share. During the first quarter of fiscal 1994, the company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which added $1.3 million of net income, or $0.04 per share, to the results in fiscal 1994. Without the effect of these two factors, net income for fiscal 1995 was $38.2 million, or $1.09 per share, compared with $42.4 million, or $1.18 per share, in fiscal 1994.

The Christmas season is our busiest

The company's business is highly seasonal. The fall/winter season, which the company regards as a five-month period ending in December, includes the peak selling season during the Thanksgiving and Christmas holidays in the company's fourth quarter. 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. In addition, as the company continues to refine its marketing efforts by experimenting with the timing of its catalog mailings, quarterly results may fluctuate.

Nearly 40 percent of the company's annual sales came in the final three months (November, December and January) of fiscal years 1996 and 1995. About 85 percent and 65 percent of before-tax profit was realized in the same three months of fiscal 1996 and 1995, respectively.

Liquidity and capital resources

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

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

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

At February 2, 1996, the company had unsecured domestic credit facilities totaling $110 million, all of which was unused. The company also maintains foreign credit lines for use in foreign operations totaling the equivalent of approximately $19 million, of which $9.3 million was used at February 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.

Since June 1989, the company's board of directors has authorized the company from time to time to purchase a total of 8.2 million shares of treasury stock, of which 1.3 million, 1.4 million, and 0.1 million shares have been purchased in the fiscal years ended February 2, 1996, January 27, 1995, and January 28, 1994, respectively. The total cost of the purchases was $20.0 million, $28.0 million, and $2.9 million for fiscal 1996, 1995 and 1994, respectively. There is a balance of 0.7 million shares available to the company to purchase as of February 2, 1996.

Capital investment

Capital investment was about $15 million in fiscal 1996. Major projects included new computer hardware and software, leasehold improvements for new retail stores and material handling equipment.

In the coming year, the company plans to invest about $16 million in capital improvements. Major projects will include new computer hardware and software, material handling equipment 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 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 February 2, 1996	January 27, 1995	January 28, 1994
Net sales	$1,031,548	$992,106	$869,975
Cost of sales	588,017	571,265	514,052
Gross profit	443,531	420,841	355,923
Selling, general and administrative expenses	392,484	357,516	285,513
Charges from sale of subsidiary	1,882	3,500	-
Income from operations	49,165	59,825	70,410
Other income (expense):			
Interest expense	(2,771)	(1,769)	(359)
Interest income	253	307	346
Other	4,278	1,300	(527)
Total other income (expense), net	1,760	(162)	(540)
Income before income taxes and cumulative effect of change in accounting	50,925	59,663	69,870
Income tax provision	20,370	23,567	27,441
Net income before cumulative effect of change in accounting	30,555	36,096	42,429
Cumulative effect of change in accounting for income taxes	-	-	1,300
Net income	$ 30,555	$ 36,096	$ 43,729
Net income per share before cumulative effect of change in accounting	$ 0.89	$ 1.03	$ 1.18
Cumulative per share effect of change in accounting	-	-	0.04
Net income per share	$ 0.89	$ 1.03	$ 1.22

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

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

	February 2, 1996	January 27, 1995
Assets		
Current assets:		
Cash and cash equivalents	$ 17,176	$ 5,426
Receivables	8,064	4,459
Inventory	164,816	168,652
Prepaid advertising	15,824	7,506
Other prepaid expenses	5,295	3,713
Deferred income tax benefits	10,914	8,412
Total current assets	222,089	198,168
Property, plant and equipment, at cost:		
Land and buildings	72,248	69,798
Fixtures and equipment	83,880	74,745

Leasehold improvements	2,912	1,862
Total property, plant and equipment	159,040	146,405
Less-accumulated depreciation and amortization	60,055	49,414
Property, plant and equipment, net	98,985	96,991
Intangibles, net	2,423	2,453
Total assets	$323,497	$297,612
Liabilities and shareholders' investment		
Current liabilities:		
Lines of credit	$ 9,319	$ 7,539
Accounts payable	62,380	52,762
Reserve for returns	4,555	5,011
Accrued liabilities	23,751	25,959
Accrued profit sharing	1,483	1,679
Income taxes payable	13,256	9,727
Current maturities of long-term debt	-	40
Total current liabilities	114,744	102,717
Deferred income taxes	7,212	5,379
Long-term liabilities	349	388
Shareholders' investment:		
Common stock, 40,221 shares issued	402	402
Donated capital	8,400	8,400
Additional paid-in capital	26,165	25,817
Deferred compensation	(1,193)	(1,421)
Currency translation adjustments	360	284
Retained earnings	260,109	229,554
Treasury stock, 6,561 and 5,395 shares at cost, respectively	(93,051)	(73,908)
Total shareholders' investment	201,192	189,128
Total liabilities and shareholders' investment	$323,497	$297,612

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		
	Feb. 2, 1996	Jan. 27, 1995	Jan. 28, 1994
Common Stock			
Beginning balance	$ 402	$ 201	$ 201
Two-for-one stock split	-	201	-
Ending balance	$ 402	$ 402	$ 201
Donated Capital Balance	$ 8,400	$ 8,400	$ 8,400
Additional Paid-in Capital			
Beginning balance	$ 25,817	$ 24,888	$ 24,857
Tax benefit of stock options exercised	348	1,130	31
Two-for-one stock split	-	(201)	-
Ending balance	$ 26,165	$ 25,817	$ 24,888
Deferred Compensation			
Beginning balance	$ (1,421)	$ (2,001)	$ (1,680)
Issuance of treasury stock	-	-	(564)
Amortization of deferred compensation	228	580	243
Ending balance	$ (1,193)	$ (1,421)	$ (2,001)
Foreign Currency Translation			
Beginning balance	$ 284	$ 246	$ -
Adjustment for the year	76	38	246
Ending balance	$ 360	$ 284	$ 246

Retained Earnings			
Beginning balance	$229,554	$193,460	$153,324
Net income	30,555	36,096	43,729
Cash dividends paid	-	-	(3,592)
Issuance of treasury stock	-	(2)	(1)
Ending balance	$260,109	$229,554	$193,460
Treasury Stock			
Beginning balance	$(73,908)	$(47,909)	$(45,714)
Purchase of treasury stock	(20,001)	(27,979)	(2,861)
Issuance of treasury stock	858	1,980	666
Ending balance	$(93,051)	$(73,908)	$(47,909)
Total Shareholders' Investment	$201,192	$189,128	$177,285

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)	Feb. 2, 1996	Jan. 27, 1995	Jan. 28, 1994
Cash flows from operating activities:			
Net income before cumulative effect of change in accounting	$ 30,555	$ 36,096	$ 42,429
Adjustments to reconcile net income to net cash flows from operating activities-			
Depreciation and amortization	12,456	10,311	8,286
Deferred compensation expense	228	580	243
Deferred income taxes	(669)	(2,645)	(1,684)
Loss on disposal of fixed assets	1,544	901	684
Changes in assets and liabilities excluding the effects of acquisitions and divestitures:			
Receivables	(4,888)	(264)	(3,179)
Inventory	1,423	(16,544)	(41,769)
Prepaid advertising	(8,318)	(580)	(2,504)
Other prepaid expenses	(1,611)	1,177	(3,211)
Accounts payable	9,618	(2,093)	16,765
Reserve for returns	(456)	1,104	(98)
Accrued liabilities	(2,208)	8,509	3,701
Accrued profit sharing	(196)	(597)	642
Income taxes payable	3,877	(1,671)	1,601
Other	37	177	502
Net cash flows from operating activities	41,392	34,461	22,408
Cash flows from investing activities:			
Cash paid for capital additions and businesses acquired	(13,904)	(32,102)	(17,321)
Proceeds from divestiture	1,665	-	-
Net cash flows used for investing activities	(12,239)	(32,102)	(17,321)
Cash flows from financing activities:			
Proceeds from short-term and long-term debt	1,780	7,539	80
Payment of long-term debt	(40)	(40)	-
Purchases of treasury stock	(20,001)	(27,979)	(2,861)
Issuance of treasury stock	858	1,978	101
Cash dividends paid	-	-	(3,592)
Net cash flows used for financing activities	(17,403)	(18,502)	(6,272)
Net increase (decrease) in cash and cash equivalents	11,750	(16,143)	(1,185)
Beginning cash and cash equivalents	5,426	21,569	22,754

Ending cash and cash equivalents	$ 17,176	$ 5,426	$ 21,569
Supplemental cash flow disclosures:			
Interest paid	$ 2,833	$ 2,828	$ 364
Income taxes paid	16,896	27,595	27,475

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.

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.

Year-end

The company's fiscal year is comprised of 52-53 weeks ending on the Friday closest to January 31. 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 ended on January 27, 1995, and fiscal 1994 ended on January 28, 1994.

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 $22.4 million and $18.9 million higher than reported at February 2, 1996, and January 27, 1995, 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 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 $15.8 million and $7.5 million as of February 2, 1996, and January 27, 1995, respectively. Advertising expense was $188.3 million, $162.0 million and $131.5 million reported for fiscal years ended February 2, 1996, January 27, 1995, and January 28, 1994, 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 was $0.4 million and $0.3 million at February 2, 1996, and January 27, 1995, respectively.

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 34.2 million, 35.2 million and 35.9 million for fiscal years 1996, 1995 and 1994, 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 basic earnings per share.

Reserve for losses on customer returns

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

Financial instruments with off-balance-sheet risk

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

The company enters into forward exchange contracts to hedge anticipated foreign currency transactions during the upcoming seasons. The purpose of the company's foreign currency hedging activities is to protect the company from the risk that the eventual dollar cash flows resulting from these transactions will be adversely affected by changes in exchange rates. At February 2, 1996, the company had forward exchange contracts, maturing through January 1997, to sell approximately 1.8 billion Japanese yen and 3.0 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 February 2, 1996, the company had outstanding letters of credit of approximately $20.0 million, all of which had expiration dates of less than one year.

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

Foreign currency 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 reflected on the Consolidated Statements of Operations were $4.1 million and $0.8 million in fiscal 1996 and 1995, respectively. Foreign currency gains and losses for fiscal 1994 were not material.

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).

Reclassifications

Certain financial statement amounts have been reclassified to be consistent with the fiscal 1996 presentation.

Accounting standards

In 1995, Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," was issued. The company will adopt SFAS No. 121 during the first quarter of 1997. The company does not anticipate that adoption of this standard will have a material impact on the consolidated financial statements.

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.

Treasury stock

The company's board of directors has authorized the purchase of a total of 8.2 million shares of the company's common stock. A total of 7.5 million, 6.2 million and 4.8 million shares had been purchased as of February 2, 1996, January 27, 1995, and January 28, 1994, respectively.

Treasury stock summary:	For the period ended		
	Feb. 2, 1996	Jan. 27, 1995	Jan. 28, 1994
Beginning balance	5,394,972	2,154,235	2,082,035
Two-for-one stock split	-	2,154,235	-
Purchase of stock	1,282,326	1,380,502	89,800
Issuance of stock	(116,000)	(294,000)	(17,600)
Ending Balance	6,561,298	5,394,972	2,154,235

Stock awards and grants

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

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

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

	Awards	Grants
Balance at January 29, 1993	141,320	12,000
Granted	27,200	-
Forfeited	(3,600)	-
Vested	(15,760)	(2,000)
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	-
Granted	-	-
Forfeited	(2,700)	-
Vested	(15,980)	-
Balance at February 2, 1996	96,680	-

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 29, 1993	1,060,000	$ 9.81	216,000
Granted	637,200	$19.12	
Exercised	(8,000)	$12.69	
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

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

2001	-	72,000
2002	-	40,000
2003	-	181,600
2005	-	328,100
		621,700

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

Note 3. Income taxes

Effective January 30, 1993, the company adopted SFAS No. 109, "Accounting for Income Taxes". The cumulative effect of adopting the standard was recorded as a change in accounting principle in the first quarter of fiscal 1994 with an increase to net income of $1.3 million or $0.04 per common share.

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

	Period ended, February 2, 1996	January 27, 1995	January 28, 1994
Current:			
Federal	$ 17,996	$ 22,154	$ 24,607
State	3,043	4,058	4,518
Deferred	(669)	(2,645)	(1,684)
	$ 20,370	$ 23,567	$ 27,441

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, February 2, 1996	January 27, 1995	January 28, 1994
Tax at statutory federal tax rate	$ 17,825	$ 20,882	$ 24,421
State income taxes, net of federal benefit	2,018	2,156	2,818
Other	527	529	202
	$ 20,370	$ 23,567	$ 27,441

Temporary differences which give rise to deferred tax assets and liabilities as of February 2, 1996, and January 27, 1995, are as follows (in thousands):

	Feb. 2, 1996	Jan. 27, 1995
Deferred tax assets:		
Catalog advertising	$ (1,415)	$ (1,539)
Inventory	8,602	7,052
Employee benefits	1,918	1,243
Reserve for returns	1,822	1,406
Other	(13)	250
Total	$ 10,914	$ 8,412
Deferred tax liabilities:		
Depreciation	7,980	5,379
Foreign operating loss carryforwards	(527)	(807)
Valuation allowance	527	807
Other	(768)	-
Total	$ 7,212	$ 5,379

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 February 2, 1996, and January 27, 1995.

In addition, the company has unsecured lines of credit with foreign banks totaling the equivalent of $19 million for a wholly owned foreign subsidiary. There was $9.3 million outstanding at February 2, 1996, at interest rates averaging 1.6 percent.

Note 5. Long-term debt

There was no long-term debt as of February 2, 1996, and January 27, 1995.

The company has an agreement which expires December 31, 1996, with a bank for a $20 million credit facility available to fund treasury stock purchases and capital expenditures. As of February 2, 1996, 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 $11.6 million, $8.6 million and $7.3 million for the years ended February 2, 1996, January 27, 1995, and January 28, 1994, respectively.

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

1997	$ 10,322
1998	7,905
1999	5,368
2000	3,940
2001	2,393
After 2001	5,136
	$ 35,064

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 that allows employees to make contributions, and the company matches a portion of those contributions. Total expense provided under this plan was $3.2 million, $3.5 million and $3.7 million for the years ended February 2, 1996, January 27, 1995, and January 28, 1994, respectively.

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

Note 8. Acquisitions and divestiture

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

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

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

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

Note 9. Sales and use tax

A 1992 Supreme Court decision confirmed that the Commerce Clause of the United 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 assessment 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 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

Fiscal 1995

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Net sales	$187,012	$179,833	$246,209	$379,052
Gross profit	79,230	76,731	99,512	165,368
Pretax income	8,058	5,651	6,331	39,623
Net income	4,878	3,413	3,833	23,972

Net income per share	$ 0.14	$ 0.10	$ 0.11	$ 0.69
Common shares outstanding	35,791	34,893	34,879	34,875
Market price of shares outstanding:				
- market high	27 3/4	24 1/16	20 1/2	19
- market low	22 5/8	17 3/8	16 7/8	13

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.

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, and the prevention and detection of fraudulent financial reporting, and the maintenance of an active program of internal audits. Management believes that, as of February 2, 1996, 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	/s/ STEPHEN A. ORUM
Michael J. Smith	Stephen A. Orum
Chief Executive Officer	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 February 2, 1996, and January 27, 1995, and the related consolidated statements of operations, shareholders' investment and cash flows for each of the three years in the period ended February 2, 1996. 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 February 2, 1996, and January 27, 1995, and the results of their operations and their cash flows for each of the three years in the period ended February 2, 1996, in conformity with generally accepted accounting principles.

As explained in Note 3 to the consolidated financial statements, effective January 30, 1993, the company changed its method of accounting for income taxes.

/s/ ARTHUR ANDERSEN LLP
Milwaukee, Wisconsin
March 8, 1996

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 1996 Annual Meeting and Proxy Statement dated April 22, 1996 (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)	Sixth Amendment to Loan Agreement between the company and the American National Bank and Trust Company of Chicago, dated December 6, 1995	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 February 2, 1996.

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 29, 1996.

LANDS' END, INC.

By /s/ STEPHEN A. ORUM

Stephen A. Orum
Executive Vice President,
Chief Operating 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 29, 1996.

/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
/s/ JOHN N. LATTER John N. Latter	Director

/s/ DAVID B. HELLER Director
- ---------------------------
David B. Heller

/s/ HOWARD G. KRANE Director
- ---------------------------
Howard G. Krane

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 8, 1996. 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 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
March 8, 1996

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 February 2, 1996	$ 5,011	$145,626	$146,082	$ 4,555
Year Ended January 27, 1995	$ 3,907	$148,643	$147,539	$ 5,011
Year Ended January 28, 1994	$ 4,005	$117,449	$117,547	$ 3,907

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
	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 Oct 1994

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
	Second Amended and Restated 1989 Restricted Stock Plan of the company	12	10-Q Nov 1991
	Stock Option Plan of the company	1	10-K 1995
	Amended and Restated Retirement Plan, dated February 1, 1992	3	10-K 1994
	Form of Director Deferred Compensation Agreement	1	10-Q July 1995

Exhibit 10.1

SIXTH AMENDMENT TO LOAN AGREEMENT

THIS SIXTH AMENDMENT ("Amendment") is entered into as of this 6th day of December 1995, 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 a 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 (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 December 31, 1996.

2. Amendment to Section 5.16. Section 5.16 of the Loan Agreement is

hereby amended to read in its entirety as follows:

On the last day of each of the Borrower's fiscal years, the Borrower's ratio of Consolidated Liabilities (exclusive of Subordinated Debt) to Consolidated Tangible Net Worth shall not exceed 0.85 to 1.0.

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 Amendment as of the day and year first written above.

LANDS' END, INC., a Delaware corporation

By: MICHAEL L. KRENTZ

Its: Treasurer

ACCEPTED BY:

AMERICAN NATIONAL BANK AND TRUST
COMPANY OF CHICAGO

By: WILLIAM D. RYAN

Its: Second Vice President

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	
	Feb. 2, 1996	Jan. 27, 1995	Feb. 2, 1996	Jan. 27, 1995
Net income	$25,787	$23,972	$30,555	$36,096
Average shares of common stock outstanding during the period	33,676	34,872	34,230	35,156
Incremental shares from assumed exercise of stock options (primary)	10	96	28	154
	33,686	34,968	34,258	35,310
Primary earnings per share	$ 0.77	$ 0.69	$ 0.89	$ 1.03
Average shares of common stock outstanding during the period	33,676	34,872	34,230	35,156
Incremental shares from assumed exercise of stock options (fully diluted)	18	102	28	154
	33,694	34,974	34,258	35,310
Fully diluted earnings per share	$ 0.77	$ 0.69	$ 0.89	$ 1.03
Average shares of common stock outstanding during the period	33,676	34,872	34,230	35,156
Basic earnings per share	$ 0.77	$ 0.69	$ 0.89	$ 1.03

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 29, 1996

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