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LANDS END INC  
Form 8-K  
January 17, 2002

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

                      
FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) January 17, 2002

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

DELAWARE  
(State or other  
jurisdiction  
of incorporation)

1-9769  
(Commission  
File Number)

36-2512786  
(I.R.S. Employer  
Identification  
Number)

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

53595  
(Zip Code)

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

INFORMATION INCLUDED IN THIS REPORT

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Item 5. Other Events.

Attached as Exhibit 99 to this report is a news release issued on January 17, 2002, by Lands' End, Inc., announcing its holiday results for the period ended December 28, 2001.

### SIGNATURES

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

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the undersigned, its duly authorized officer and chief financial officer.

LANDS' END, INC.

January 17, 2002

By: /S/ DONALD R. HUGHES  
Donald R. Hughes  
Senior Vice President &  
Chief Financial Officer

FOR IMMEDIATE RELEASE

EXHIBIT 99

LANDS' END REPORTS RECORD HOLIDAY RESULTS

DODGEVILLE, WIS. ... January 17, 2002 ... Lands' End, Inc. (LE), the direct merchant of classically styled apparel and home furnishings, today reported results for the nine-week holiday period ended December 28, 2001, compared with the eight-week holiday period ended December 22, 2000.

Total revenue for the nine-week period was \$462.6 million, up 8

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percent from \$427.1 million during the prior year's eight week holiday season. Net income for the nine-week period was \$43.6 million, up 29 percent from \$33.9 million earned in the eight-week holiday period in calendar 2000. Diluted earnings per share for the fiscal 2002 holiday period were \$1.45, compared with \$1.13 last year.

The additional week in this holiday period represented \$13 million in revenue and had no material impact on net income. On a comparable 8-week calendar, total revenue was up about 5 percent.

Commenting on the holiday results, company president and chief executive officer David F. Dyer said, "Our record holiday season has extended the momentum of a sensational year. Our collective merchandising, creative and operational teams harnessed the great potential inherent in our brand. We provided our customers with great service, quality products and creative presentations. And our customers, in turn, rewarded us with a highly successful holiday season."

The solid sales improvement was fueled by successful inventory management. While the inventory investment was up from last year, the company shipped 88 percent of its merchandise immediately upon customer order, compared to 80 percent in last year's holiday period.

Sales of full-price merchandise to U.S. consumers rose 8.5 percent, while Internet sales increased 35 percent in the holiday period. As a percentage of total revenue, gross margin improvement of 2 percentage points was the result of significantly better vendor sourcing and a somewhat lower level of liquidations. Overall selling, general and administrative expenses were 6.3 percent higher. However, as a percentage of total revenue, SG&A expenses declined 0.6 percentage points.

### FORTY-EIGHT WEEK RECORD RESULTS

Year to date, total revenue for the forty-eight weeks was \$1.44 billion, an increase of 6.3 percent from \$1.35 billion during the similar forty-seven week period in the prior year. Net income, year to date, was \$64.7 million, or \$2.16 per diluted share, compared with \$36.8 million, or \$1.20 per share, earned in the forty-seven weeks of the prior year.

### HOLIDAY COMMENTS

The core business segment sales showed strong growth, with an 18 percent increase in women's and an 8 percent increase in the coed division. In the specialty segment, the home division was up 15 percent, Kids was up 5 percent, and Corporate Sales, the business outfitters division, was about flat. International sales were very strong, up 18 percent from the prior year, led by the German and United Kingdom businesses.

Gross profit in the nine-week period just ended was \$216.3 million, or 46.8 percent of total revenue, compared with \$191.4 million, or 44.8 percent of total revenue in the similar eight-week period a year ago. The increase in gross profit margin was primarily due to continued sourcing improvements with a somewhat lower level of liquidations. Liquidations of excess inventory were 4 percent of total merchandise sales in the holiday period just ended, compared with 5 percent a year ago.

At the end of the holiday period, inventory was \$216 million, up from \$168 million a year ago. This increase was the result of accelerating spring/summer receipts and investing in key continuing styles to insure continued high initial fulfillment. The company is pleased with the quality of its inventory and has a lower level of inventory to be liquidated on hand, compared with last year.

In the nine-week period just ended, selling, general and

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administrative expenses were \$144.3 million, or 31.2 percent of total revenue, compared with \$135.7 million, or 31.8 percent of total revenue, in last year's eight-week holiday period. The improved leverage was primarily due to better fulfillment levels that allowed us to convert demand to sales at a higher rate.

### SEGMENT DATA

Segment merchandise sales data for holiday period (in millions)	Holiday	Holiday	Percent
	FY02	FY01	Change
Core business segment	\$276	\$255	+ 8 %
Specialty segment	111	105	+ 6 %
International segment	40	34	+ 18 %
Total merchandise sales	\$427	\$394	+ 8 %

Internet	\$ 92	\$ 68	+ 35%
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Segment merchandise sales data (full-price and liquidation sales) excludes shipping and handling revenue. Internet merchandise sales are included in the respective business segments.

### BUSINESS OUTLOOK

For the current fiscal year, the company estimates capital expenditures at \$42 million, and for fiscal 2003, they are currently planned to be approximately \$35 million.

Given the first 11 months of this fiscal year and current expectations for the month of January, the company believes that diluted earnings per share will be in the range of \$2.11 to \$2.18 for fiscal 2002.

Looking forward to our performance in fiscal 2003, the company currently anticipates a single-digit percentage increase in total revenue and a diluted earnings per share increase in the high-single-digit to low-double-digit percentage range. While we are extremely pleased with our progress this year, overall economic conditions are creating a degree of caution in our outlook for the upcoming first and second quarters.

Lands' End is a direct merchant of traditionally styled, classic products offered to customers around the world through regular mailings of its monthly and specialty catalogs and via the Internet at [www.landsend.com](http://www.landsend.com).

### STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Statements in this release that are not historical, including, without limitation, statements regarding our plans, expectations, assumptions, and estimations for fiscal 2002 and fiscal 2003 revenues, gross profit margin, and earnings, as well as anticipated sales trends and future development of our business strategy, are considered forward-looking and speak only as of today's date. As such, these statements are subject to a number of risks and uncertainties. Future results may be materially different from those expressed or implied by these statements due to a number of factors. Currently, we believe that the principal factors that create uncertainty about our future results are the following: customer response to our merchandise offerings, circulation changes and other initiatives; the mix of our sales between full price and liquidation merchandise; overall consumer confidence and general economic conditions, both domestic and foreign; effects of weather on customer purchasing behavior; effects of shifting patterns of e-commerce versus catalog purchases; costs associated with printing and mailing catalogs and fulfilling orders; dependence on consumer seasonal buying patterns; fluctuations in foreign currency exchange rates; and changes that may have different effects on the various sectors in which we operate (e.g., rather than individual consumers, the Corporate Sales

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Division, included in the specialty segment, sells to numerous corporations, and certain of these sales are for their corporate promotional activities). Our future results could, of course, be affected by other factors as well. More information about these risks and uncertainties may be found in the company's 10-K filings with the S.E.C.

The company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.

### WEBCAST ANNOUNCEMENT

The company will audio web cast its conference call for the general public at 9:30 a.m. CT today. This call will cover the company's performance for the holiday period and its business outlook for the remainder of the year. Register and listen at <http://www.videonewswire.com/event.asp?id=2661>. A playback will be available for one week.

The conference call and web cast consist of copyrighted material that may not be recorded, reproduced, retransmitted, rebroadcast, stored or forwarded without Lands' End's express written permission. Your participation represents your consent to these terms and conditions. The call will be recorded by Lands' End, and your participation on this call also constitutes your consent to having any comments or statements you make appear on a transcript or broadcast of this call.

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Contact Charlotte LaComb: 608-935-4835

### PRELIMINARY AND UNAUDITED

#### CONSOLIDATED STATEMENTS OF OPERATIONS

Lands' End, Inc. & Subsidiaries

(Amounts in thousands, except per share data)

	9 weeks ended Dec. 28, 2001	8 weeks ended Dec. 22, 2000	48 weeks ended Dec. 28, 2001	47weeks ended Dec. 22, 2000
Revenue				
Net merchandise sales	\$426,803	\$393,607	\$1,325,150	\$1,251,588
Shipping and handling revenue	35,789	33,487	110,498	99,232
Total revenue	462,592	427,094	1,435,648	1,350,820
Cost of sales				
Cost of merchandise sales	210,639	202,886	688,188	671,369
Shipping and handling costs	35,644	32,830	109,434	101,827
Total cost of sales	246,283	235,716	797,622	773,196
Gross profit	216,309	191,378	638,026	577,624
Selling, general and administrative expenses	144,287	135,722	529,429	513,879

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Income from operations	72,022	55,656	108,597	63,745
Other income (expense):				
Interest expense	(80)	(381)	(1,221)	(1,529)
Interest income	256	248	1,239	1,702
Other	(1,528)	(1,714)	(4,284)	(5,579)
Total other expense, net	(1,352)	(1,847)	(4,266)	(5,406)
Income before income taxes	70,670	53,809	104,331	58,339
Income tax provision	27,023	19,910	39,646	21,586
Net income	\$ 43,647	\$ 33,899	\$ 64,685	\$ 36,753
Basic earnings per share	\$ 1.48	\$ 1.14	\$ 2.20	\$ 1.22
Diluted earnings per share	\$ 1.45	\$ 1.13	\$ 2.16	\$ 1.20
Basic weighted average shares outstanding	29,475	29,828	29,438	30,122
Diluted weighted average shares outstanding	30,077	30,031	29,917	30,503

PRELIMINARY AND UNAUDITED

CONSOLIDATED BALANCE SHEETS

Lands' End, Inc. & Subsidiaries	Dec. 28,	Dec. 22,
(Dollars in thousands)	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	\$176,707	\$119,148
Receivables, net	22,421	28,192
Inventory	215,544	167,850
Prepaid advertising	11,676	14,470
Other prepaid expenses	8,397	7,484
Deferred income tax benefit	11,628	9,820
Total current assets	446,373	346,964
Property, plant and equipment, at cost:		
Land and buildings	117,241	103,607
Fixtures and equipment	104,838	103,460
Computer hardware and software	119,577	97,811
Leasehold improvements	4,823	4,453
Construction in progress	-	2,262
Total property, plant and equipment	346,479	311,593
Less - accumulated depreciation and amortization	151,917	130,249
Property, plant and equipment, net	194,562	181,344
Other assets	2,801	2,648
Total assets	\$643,736	\$530,956
Liabilities and shareholders' investment		

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Current liabilities:		
Lines of credit	\$ 15,216	\$ 7,898
Accounts payable	109,214	108,285
Reserve for returns	17,214	17,449
Accrued liabilities	59,296	52,220
Accrued profit sharing	4,742	2,358
Income taxes payable	32,070	20,725
Total current liabilities	237,752	208,935
Deferred income taxes	12,194	8,740
Shareholders' investment:		
Common stock, 40,221 shares issued	402	402
Donated capital	8,400	8,400
Additional paid-in capital	38,689	31,541
Deferred compensation	(60)	(126)
Accumulated other comprehensive income	3,235	4,813
Retained earnings	553,772	491,183
Treasury stock, 10,352 and 11,031 shares at cost, respectively	(210,648)	(222,932)
Total shareholders' investment	393,790	313,281
Total liabilities and shareholders' investment	\$643,736	\$530,956