SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(MARK ONE)

/X/ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1996

OR

/ / Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from   to

Commission File Number 33-69236

GUESS ?, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	95-3679695
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1444 South Alameda Street Los Angeles, California	90021
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:(213) 765-3100

Indicate by check mark whether 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
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Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

As of August 13, 1996, the registrant had 42,681,819 shares of Common Stock, $.01 par value, outstanding.

GUESS ?, INC.
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GUESS ?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)
(unaudited)

	June 30, 1996	December 31, 1995*
ASSETS		
Current assets:		
Cash	$5,442	$6,417
Receivables:		
Trade receivables, net of reserves	31,403	22,886
Royalties	10,875	9,975
Other	3,427	4,040
	45,705	36,901
Inventories	92,340	72,889
Prepaid expenses	6,845	5,557
Total current assets	150,332	121,764
Property and equipment, at cost, net of accumulated depreciation and amortization	67,346	68,199
Long-term investments	3,408	3,394
Other assets, at cost, net of accumulated amortization	8,649	9,278
	$229,735	$202,635

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current installments of notes payable and

long-term debt	$4,056	$4,123
Accounts payable	37,221	40,701
Accrued expenses	23,865	18,332
Income taxes payable	775	1,036
Total current liabilities	65,917	64,192
Notes payable and long-term debt, net of current installments	148,712	119,212
Minority interest	247	75
Other liabilities	8,535	8,159
	223,411	191,638
Stockholders' equity:		
Preferred stock. Authorized 10,000,000 shares; no shares issued and outstanding	-	-
Common stock, $.01 par value. Authorized 150,000,000 shares; issued 52,712,611 and issued and outstanding 32,681,819, including 20,030,792 shares in Treasury	35	35
Paid-in capital	181	181
Retained earnings	156,836	161,567
Foreign currency translation adjustment	48	(10)
Treasury stock, 20,030,792 shares repurchased	(150,776)	(150,776)
Net stockholders' equity	6,324	10,997
	$229,735	$202,635

See accompanying notes to condensed consolidated financial statements
*Condensed from Audited Balance Sheet

GUESS ?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands)
(unaudited)

	Second Quarter Ended		Six Months Ended	
	June 30, 1996	July 2, 1995	June 30, 1996	July 2, 1995
Net revenue:				
Product sales	$108,836	$92,933	$232,111	$206,579
Net royalties	13,672	11,816	25,295	23,073
	122,508	104,749	257,406	229,652
Cost of sales	66,634	55,542	137,113	120,809
Gross profit	55,874	49,207	120,293	108,843
Selling, general and administrative expenses	37,597	32,308	72,829	66,468
Reorganization charge (note 5)	3,559	-	3,559	-
Earnings from operations	14,718	16,899	43,905	42,375
Non-operating income (expense):				
Interest, net	(3,742)	(3,885)	(7,291)	(7,926)

Other, net	173	(16)	(147)	(180)
	(3,569)	(3,901)	(7,438)	(8,106)
Earnings before income taxes	11,149	12,998	36,467	34,269
Income taxes	327	716	1,598	1,275
Net earnings	$10,822	$12,282	$34,869	$32,994
Supplemental pro forma financial information (note 2):				
Earnings before income taxes, as presented	$11,149	$12,998	$36,467	$34,269
Pro forma provision for income taxes	4,426	5,199	14,477	13,708
Pro forma net earnings	$6,723	$7,799	$21,990	$20,561
Pro forma net earnings per share	$ .16		$ .53	
Weighted average common shares outstanding	41,412		41,412	

See accompanying notes to condensed consolidated financial statements

GUESS ?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six months ended	
	June 30, 1996	July 2, 1995
Cash flows from operating activities:		
Net earnings	$34,869	$32,994
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	8,379	6,822
Amortization of deferred charges	669	801
Loss on disposition of property and equipment	100	259
Foreign translation adjustment	33	17
Minority interest	172	(51)
Undistributed equity method earnings	(9)	(21)
(Increase) decrease in:		
Receivables	(8,803)	(12,119)
Inventories	(19,451)	6,097
Prepaid expenses	(1,288)	(309)
Other assets	234	428
Increase (decrease) in:		
Accounts payable	(3,479)	2,294
Accrued expenses	5,367	1,728
Income taxes payable	(261)	(191)
Net cash provided by operating activities	16,532	38,749
Cash flows from investing activities:		
Purchases of property and equipment	(7,986)	(12,527)
Proceeds from the disposition of property and equipment	360	127
Lease incentives granted	261	1,248
Purchases of long-term investments	-	(122)

Net cash used by investing activities.....	(7,365)	(11,274)
Cash flows from financing activities:		
Proceeds from notes payable and long-term debt..............	105,943	75,254
Repayments of notes payable and long-term debt..............	(76,510)	(63,861)
Distributions to stockholders..............................	(39,600)	(41,800)
Net cash used by financing activities.....	(10,167)	(30,407)
Effect of exchange rates changes on cash:.........................	25	(10)
Net decrease in cash..	(975)	(2,942)
Cash, beginning of period...	6,417	5,994
Cash, end of period...	$5,442	$3,052
Supplemental disclosures:		
Cash paid during the period for:		
Interest...	$6,926	$7,627
Income taxes...	1,856	1,467

See accompanying notes to condensed consolidated financial statements.

GUESS ?, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1996

(1) Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position as of June 30, 1996, and the results of operations and cash flows for the six months ended June 30, 1996. Operating results for the second quarter and six months ended June 30, 1996, are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X and accordingly, they have been condensed and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statement presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1995 and in the Company's Registration Statement Form S-1 (File No. 333-4419) effective August 7, 1996.

(2) Summary of Significant Accounting Policies

Pro Forma Net Earnings

Pro forma net earnings represent the results of operations adjusted to reflect a provision for income taxes on historical earnings before income taxes, which gives effect to the change in the Company's income tax status to a C corporation as a result of the public sale of its common stock. Upon termination of the Company's S corporation status on August 12, 1996, it recorded an earnings benefit resulting from the establishment of net deferred tax assets (approximately $7.4 million), which was based upon temporary book to tax differences existing at the date of termination of the Company's S Corporation status. The principal difference between the pro forma income tax rate and Federal statutory rate of 35% relates primarily to state income taxes.

Pro forma net earnings per share have been computed by dividing pro forma net earnings by the weighted average number of shares of common stock outstanding during the period. The pro forma net earnings per share gives effect to the issuance of shares of common stock to generate sufficient cash to pay (i) a distribution to stockholders in an amount equal to the previously earned and undistributed taxable S corporation earnings (the "S Corporation Distribution") aggregating approximately $176.9 million through the date of termination as if such distribution had been made at June 30, 1996 and the Company's S corporation status had been terminated at such date, and (ii) the $300,000 to be paid by the Company to the trusts for the respective benefit of Maurice Marciano, Paul Marciano and Armand Marciano (the "Marciano Trusts") in connection with the merger of Marciano International, Inc. ("Marciano International"), a Company which is wholly owned by the Marciano Trusts, with and into the Company (See also note 6).

Recently Issued Pronouncements

The Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 121 ("SFAS No. 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of," in March 1995 which is effective for fiscal years beginning after December 15, 1995. SFAS No. 121 establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill related to these assets and certain identifiable intangibles to be disposed of. The Company adopted the provisions of SFAS No. 121 effective April 1, 1996 and has, accordingly, recorded a write-down aggregating $2.4 million in the second quarter of 1996 related to certain operating assets to be disposed of and is included as a component of the $3.6 million Reorganization Charge in the Company's statement of earnings. The Company does not anticipate that SFAS No. 121 will have a material impact on its financial statements.

In October 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 established a fair value-based method of accounting for compensation cost related to stock options and other forms of stock-based compensation plans. However, SFAS 123 allows an entity to continue to

measure compensation costs using the principles of Accounting Principles Board pronouncement 25 if certain pro forma disclosures are made. SFAS 123 is effective for fiscal years beginning after December 15, 1995. The Company intends to adopt the provisions for pro forma disclosure requirements of SFAS 123 in fiscal 1996 and anticipates that SFAS 123 will not have a material impact on its financial statements. As of June 30, 1996, the Company had not issued any stock options or other instruments under which SFAS 123 would apply.

(3) Inventories

The components of inventory consist of the following:

	June 30, 1996	December 31, 1995
	(in thousands)	
Raw materials	$13,125	$9,788
Work in Progress	10,517	11,264
Finished Goods	68,698	51,837
	$92,340	$72,889

(4) Reclassifications

Certain reclassifications have been made to the 1995 financial statements to conform to the 1996 presentation.

(5) Reorganization Charge

In the second quarter of 1996, the Company recorded a provision of $3.6 million for certain non-recurring charges relating to the writedown to net realizable value of operating assets associated with the (i) disposal of two currently active remote warehouse and production facilities, in contemplation of the public offering of 7,000,000 shares of the Company's common stock (the "Offering"), which are not expected to be used in the Company's operations after the Offering, and (ii) the net book loss incurred by the Company in connection with the sale of one of its aircraft in contemplation of the Offering; such aircraft sale was recorded in June 1996 and completed in July 1996.

The writedown to net realizable value related to the disposal of the warehouse and production facilities of $2.4 million is based upon the difference between the asset carrying value of $5.7 million and its appraisal value of $3.9 million and the inclusion of a provision of $.6 million for estimated disposal costs, comprised primarily of commissions, title fees and other customary real estate closing costs. The writedown related to the sale of the aircraft of $1.2 million is based upon the difference between the asset carrying value of $7.2 million and the sale price of $6.0 million. The estimated costs of disposal of the aircraft were immaterial. The above assets are included in property and equipment at June 30, 1996 and the Company has not recorded any depreciation expense on these assets from the date the dispositions were contemplated.

The Company has not recorded the charge related to the warehouse and production facilities to be disposed of as a cumulative effect from the implementation of SFAS No. 121 recorded net of tax, because the effect of such implementation is immaterial to the consolidated financial statements.

(6) Subsequent Events

On August 13, 1996, the Company completed the Offering, resulting in net proceeds to the Company of approximately $116.3 million.

Prior to the consummation of the Offering, (i) Marciano International, which is owned by the Marciano Trusts and currently holds an interest in the subsidiaries of the Company, was merged with and into Guess, (ii) all of the capital stock of Guess Italia was contributed

to Guess? Europe, B.V., (iii) the Company effected a 32.66 to 1 split of the common stock and (iv) as part of the S Corporation Distribution, the Company distributed to its stockholders $54.0 million of Common Stock valued at $18.00 per share (the "S Distribution Shares") with the balance of between $126.0 million and $136.0 million being distributed in the form of promissory notes bearing interest at 8% per annum (the "S Distribution Notes"). The Company paid the Marciano Trusts an aggregate of $300,000 in connection with the merger of Marciano International, Inc. with and into the Company. Such $300,000 payment was not included in the aggregate principal amount of the S Distribution Notes. All of such transactions are referred to as the "Reorganization." All references to the number of shares have been restated to give effect to the above referenced stock split.

Concurrent with the consummation of the transaction related to the Offerings (the "Closing Date"), the Company's S corporation status was terminated (the "S Termination Date"). Prior to the S Termination Date, the Company declared a distribution to its stockholders that included all of its previously earned and undistributed S corporation earnings through the date of termination of the Company's S corporation status. The S Corporation Distribution occurred prior to the S Termination Date and was comprised of the S Distribution Shares and the S Distribution Notes. As a result of S Corporation Termination the Company is no longer treated as an S Corporation and, accordingly, is fully subject to federal and state income taxes.

Pursuant to the above transactions, the Company previously disclosed certain pro forma financial information in the June 30, 1996 consolidated financial statements included in the Company's Registration Statement on Form S-1 on file with the Securities and Exchange Commission, effective August 7, 1996 (file no. 333-4419). The pro forma operating results reflect adjustments to historical operating results for (a) the elimination of salaries and bonuses paid to the principal executive officers in excess of the salaries and bonuses to be paid to such officers under their respective employment agreements following the Offering, (b) the decreases in depreciation and operating costs associated with an aircraft owned by the Company which was sold prior to the Offering, (c) the elimination of the minority interest in GEBV and Guess Italia through the merger of Marciano International with and into the Company in connection with the Reorganization (such amounts had previously been recorded as minority interest in the Company statements of earnings) and (d) adjustments for Federal and state income taxes as if the Company had been taxed as a C corporation rather than an S corporation. Summarized below is the pro forma financial information for the six month periods ended June 30, 1996 and July 2, 1995:

	Six months ended	
	June 30, 1996	July 2, 1995
Earnings from operations	$47,271	$45,817
Earnings before income taxes	39,993	37,912
Income taxes	15,877	15,165
Net earnings	$24,116	$22,747
Net Earnings per share	.58	
Weighted average common shares outstanding	41,412	

Pursuant to SEC rules and regulations, the pro forma net earnings per share gives effect to the issuance of shares of common stock to generate sufficient cash to pay (a) S corporation distribution in an amount equal to retained earnings at June 30, 1996 and (b) the $300,000 paid by the by the Company in connection with the merger of Marciano International with and into the Company.

For comparison purposes only, the following information for the six months ended June 30, 1996 is presented to show the net earnings per share and weighted average common shares

outstanding as calculated on a full dilution basis, whereby all of the shares outstanding after the completion of the Offering and after giving effect to the S corporation distribution were considered to be outstanding for the entire period.

Net earnings per share	.57
Weighted average common shares Outstanding	42,682

Immediately prior to the Offering, the Company was granted options to purchase 1,203,905 shares pursuant to the Company's 1996 Equity Incentive

Plan with an exercise price equal to the initial public price of $18.00 per share.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the condensed consolidated financial statements and notes thereto included herein. Except for historical information contained herein, the statements set forth in this Item 2 are forward looking and involve risks and uncertainties. For information regarding potential factors that could affect the Company's financial results, refer to pages 8-12 of the prospectus contained in the Company's registration statement on Form S-1 (file no. 333-4419) on file with the United States Securities and Exchange Commission, as declared effective on August 7, 1996, which information is incorporated by reference herein.

OVERVIEW

The Company derives its revenue from the sale of Guess brand products through its wholesale, retail and licensing operations.

RESULTS OF OPERATIONS

NET REVENUE. Net revenue increased $17.8 million or 17.0% to $122.5 million in the quarter ended June 30, 1996 from $104.7 million in the quarter ended July 2, 1995. Net revenue from wholesale operations increased $4.6 million to $61.6 million from $57.0 million, due principally to increased sales outside the United States of $3.9 million. Net revenue from retail operations increased $11.3 million to $47.2 million from $35.9 million, primarily attributable to an increase of 12.5% in comparable store net revenue and from volume generated by 13 new store openings, offset by the closing of five stores. The increase in comparable store net revenue was primarily attributable to a more favorable merchandise mix and the implementation of improved inventory management systems. Net royalties increased 15.7% in the quarter ended June 30, 1996 to $13.7 million from $11.8 million in the quarter ended July 2, 1995. Revenue from international operations comprised 8.6% and 6.3% of the Company's net revenue during the second quarter of 1996 and 1995, respectively.

Net revenue increased $27.7 million or 12.1% to $257.4 million in the six months ended June 30, 1996 from $229.7 million in the six months ended July 2, 1995. Net revenue from wholesale operations increased $2.4 million to $144.8 million from $142.4 million, due principally to increased sales outside the United States of $12.1 million, partially offset by a $9.7 million decline in domestic wholesale sales. The decline in domestic wholesale sales resulted primarily from a $3.1 million decline due to closing certain accounts and a $1.2 million decline due to the licensing out of certain apparel lines. Net revenue from retail operations increased $23.1 million to $87.3 million from $64.2 million, primarily attributable to an increase of 14.4% in comparable store net revenue and from volume generated by 13 new store openings, offset by the closing of five stores. The increase in comparable store net revenue was primarily attributable to a more favorable merchandise mix and the implementation of improved inventory management systems. Net royalties increased 9.6% in the six months ended June 30, 1996, to $25.3 million from $23.1 million in the six months ended July 2, 1995. Net revenue from international operations comprised 11.3% and 6.8% of the Company's net revenue during the first six months of 1996 and 1995, respectively.

GROSS PROFIT. Gross profit increased 13.5% to $55.9 million in the quarter ended June 30, 1996 from $49.2 million in the quarter ended July 2, 1995. The increase in gross profit resulted from increased net royalties and increased net revenue from product sales. Gross profit from product sales increased 12.9% to $42.2 million in the quarter ended June 30, 1996 from

$37.4 million in the quarter ended July 2, 1995. Gross profit as a percentage of net revenue decreased to 45.6% in the quarter ended June 30, 1996 as compared to 47.0% in the quarter ended July 2, 1995. Gross profit from product sales as a percentage of net revenue decreased to 38.8% from 40.2% in the comparable 1995 period primarily due to higher offprice revenue and higher retail revenue (which generally has a relatively lower gross profit margin) as percentages of total revenue in the quarter ended June 30, 1996.

Gross profit increased 10.5% to $120.3 million in the six months ended June 30, 1996 from $108.8 million in the six months ended July 2, 1995. The increase in gross profit resulted from increased net royalties and increased net revenue from product sales. Gross profit from product sales increased 10.7% to $95.0 million in the six months ended June 30, 1996 from $85.8 million in the six months ended July 2, 1995. Gross profit as a percentage of net revenue decreased to 46.7% in the six months ended June 30, 1996 as compared to 47.4% in the six months ended July 2, 1995. Gross profit from product sales as a percentage of net revenue decreased to 40.9% from 41.5% in the comparable 1995 period primarily as a result of growth in net revenue derived from both international and retail operations, both of which generally have relatively lower gross profit margins.

SG&A EXPENSES. Selling, general and administrative ("SG&A") expenses increased 16.4% in the quarter ended June 30, 1996 to $37.6 million, or 30.7% of net revenue, from $32.3 million, or 30.8% of net revenue, in the quarter ended July 2, 1995. SG&A expenses increased 9.6% in the six months ended June 30, 1996 to $72.8 million, or 28.3% of net revenue, from $66.5 million, or 28.9% of net revenue, in the six months ended July 2, 1995. These increases were primarily the result of increased store expenses related to the expansion of the retail operation. The decrease in SG&A expenses as a percentage of net revenue was the result of fixed expenses being spread over a larger revenue base in the 1996 period.

REORGANIZATION CHARGE. In anticipation of the Offering, in the second quarter of 1996 the Company recorded reserves totaling $3.6 million for certain non-recurring charges related to the writedowns of operating assets to be disposed of, which included:(i) the disposal of two currently active remote warehouse and production facilities not expected to be used in the Company's operations after the Offering, resulting in a net book loss of $2.4 million, and (ii) the net book loss of $1.2 million incurred by the Company in connection with the sale of one of its aircraft. The above charges are based upon the net book value of the related assets as of June 30, 1996. The Company intends to relocate the warehouse and production operations located at the remote facilities to its central facility in Los Angeles in an effort to centralize its operations and improve operating efficiencies.

EARNINGS FROM OPERATIONS. Earnings from operations, including the Reorganization Charge discussed above, decreased 12.9% to $14.7 million, or 12.0% of net revenue in the quarter ended June 30, 1996, from $16.9 million, or 16.1% of net revenue, in the quarter ended July 2, 1995. Earnings from operations increased 3.6% to $43.9 million, or 17.1% of net revenue in the six months ended June 30, 1996, from $42.4 million, or 18.5% of net revenue, in the six months ended July 2, 1995. Excluding the aforementioned reorganization charge, earnings from operations would have increased 8.2% or $1.4 million to $18.3 million in the quarter ended June 30, 1996, from $16.9 million in the comparable quarter. For the six month months ended June 30, 1996, excluding the aforementioned reorganization charge, earnings from operations would have increased 12.0% or $5.1 million to $47.5 million, from $42.4 million in the comparable period. These increases are primarily related to increases in revenue.

INTEREST EXPENSE, NET. Net interest expense decreased 3.7% to $3.7 million in the quarter ended June 30, 1996 from $3.9 million in the quarter ended July 2, 1995. For the quarter ending June 30, 1996, the average debt balance was

$154.6 million, with an average effective interest rate of 9.2%. For the quarter ending July 2, 1995, the average debt balance was $164.9 million, with an average effective interest rate of 9.4%. Net interest expense decreased 8.0% to $7.3 million in the six months ended June 30, 1996 from $7.9 million in the six months ended July 2, 1995. These decreases resulted primarily from lower outstanding debt. For the first six months of 1996, the average debt balance was $149.3 million, with an average effective interest rate of 9.3%. For the first six months of 1995, the average debt balance was $164.8 million, with an average effective interest rate of 9.4%.

NET EARNINGS. Net earnings decreased 11.9% to $10.8 million, or 8.8% of net revenue, in the quarter ended June 30, 1996, from $12.3 million, or 11.7% of net revenue, in the quarter ended July 2, 1995. Net earnings increased 5.7% to $34.9 million, or 13.5% of net revenue, in the six months ended June 30, 1996, from $33.0 million, or 14.4% of net revenue, in the six months ended July 2, 1995. Excluding the aforementioned reorganization charge, net earnings would have increased 16.3% or $2.1 million to $14.4 million in the quarter ended June 30, 1996, from $12.3 million in the comparable quarter. For the six month ended June 30, 1996, excluding the aforementioned reorganization charge, net earnings would have increased 16.2% or $5.3 million to $38.3 million, from $33.0 million in the comparable period. These increases are primarily related to increases in revenue.

LIQUIDITY AND CAPITAL RESOURCES

The Company has relied primarily upon internally generated funds, trade credit and bank borrowings to finance its operations and expansion and to make periodic distributions to stockholders. At June 30, 1996, the Company had working capital of $84.4 million compared to $57.6 million at December 31, 1995. The $26.8 million increase in working capital primarily resulted from a $19.5 million increase in inventories, an $8.8 million increase in receivables and a $3.5 million decrease in payables, partially offset by a $5.4 million increase in accrued liabilities. The increase in inventory relates to seasonal requirements and the buildup of initial inventory of the Company's Bare Basics line.

The Company's revolving credit agreement provides for a $100.0 million revolving credit facility which includes a $20.0 million sublimit for letters of credit. As of June 30, 1996, the Company had $43.0 million in outstanding borrowings under the revolving credit facility and outstanding letters of credit of $8.6 million. As of June 30, 1996, the Company had $48.4 million available for future borrowings under such facility. The revolving credit facility will expire in December 1997. In addition to this revolving credit facility, the Company has a $25.0 million letter of credit facility. As of June 30, 1996, the Company had $15.3 million outstanding under this facility.

After application of net proceeds of the Offering to repay a substantial portion of the S Distribution Notes, approximately $16.0 million of S Distribution Notes will remain outstanding. The S Distribution Notes will bear interest at 8% per annum and will mature on January 1, 1997.

Capital expenditures, net of lease incentives granted, totaled $7.7 million in the six months ended June 30, 1996. The Company estimates that its capital expenditures for fiscal 1996 will be approximately $20.0 million, primarily for the expansion of its retail stores and operations.

The Company anticipates that it will be able to satisfy its ongoing cash requirements through 1997, including retail and international expansion plans and interest on the Senior Subordinated Notes, primarily with cash flow from operations, supplemented, if necessary, by borrowing under its revolving credit agreement.

SEASONALITY

The Company's business is impacted by the general seasonal trends that are characteristic of the apparel and retail industries. The Company's wholesale operations generally experience stronger performance in the first and third quarters, while retail operations are generally stronger in the third and fourth quarters. As the timing of the shipment of products may vary from year to year, the results for any particular quarter may not be indicative of results for the full year. The Company has not had significant overhead and other costs generally associated with large seasonal variations.

INFLATION

The Company does not believe that the relatively moderate rates of inflation experienced in the United States over the last three years have had a significant effect on its net revenue or profitability. Although higher rates of inflation have been experienced in a number of foreign countries in which the Company's products are manufactured, the Company does not believe that they have had a material effect on the Company's net revenue of profitability.

IMPACT OF RECENTLY ISSUED PRONOUNCEMENTS

The Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards No. 121 ("SFAS No. 121"), "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of," in March 1995 which is effective for fiscal years beginning after December 15, 1995. SFAS No. 121 establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill related to these assets and certain identifiable intangibles to be disposed of. The Company adopted the provisions of SFAS No. 121 effective April 1, 1996 and has, accordingly, recorded a write-down aggregating $2.4 million in the second quarter of 1996 related to certain operating assets to be disposed of and is included as a component of the $3.6 million Reorganization Charge in the Company's statement of earnings. The Company does not anticipate that SFAS No. 121 will have a material impact on its financial statements.

In October 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). SFAS 123 established a fair value-based method of accounting for compensation cost related to stock options and other forms of stock-based compensation plans. However, SFAS 123 allows an entity to continue to measure compensation costs using the principles of Accounting Principles Board pronouncement 25 if certain pro forma disclosures are made. SFAS 123 is effective for fiscal years beginning after December 15, 1995. The Company intends to adopt the provisions for pro forma disclosure requirements of SFAS 123 in fiscal 1996 and anticipates that SFAS 123 will not have a material impact on its financial statements. As of June 30, 1996, the Company had not issued any stock options or other instruments under which SFAS 133 would apply.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Litigation

On August 7, 1996, a purported class action complaint naming the Company and certain of its independent contractors was filed in the Superior Court of the State of California for the County of Los Angeles, styled as Brenda Figueroa et. al. v. Guess ?, Inc. et al. (Dist. Ct. Case No. 96-5485HLH(JGx)). The complaint, which seeks damages and injunctive relief, alleges, among other things, that the defendants' practices with respect to the employees of such independent contractors have violated various federal and state labor laws and regulations. Based upon the information available to the Company at this time, the Company does not believe that the outcome of such purported class action will have a material adverse effect on the Company's financial condition or results of operations.

Guess is also a party to various other claims, complaints and other legal actions that have arisen in the ordinary course of business from time to time. The Company believes that the outcome of such pending legal proceedings, in the aggregate, will not have a material adverse effect on the Company's financial condition or results of operations.

ITEM 6. Exhibits and Reports on Form 8-K

a) Exhibits:

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of the Registrant (1)
3.2	Bylaws of the Registrant (1)
4.1	Specimen stock certificate (1)
10.1	Amended and Restated Stockholders' Agreement (1)
10.2	Letter of Agreement, dated January 22, 1996, between the Registrant and Andrea Weiss (1)
10.3	Employment Agreement, dated as of May 14, 1996, between the Registrant and Francis K. Duane. (1)
10.4	Amendment No. 8 to the Revolving Credit Agreement, dated February 13, 1996, among the parties thereto (1)
10.5	1996 Equity Incentive Plan. (2)
10.6	1996 Non-Employee Directors' Stock Option Plan (1)
10.7	Annual Incentive Bonus Plan. (1)
10.8	Employment Agreement between the Registrant and Maurice Marciano. (1)
10.9	Employment Agreement between the Registrant and Paul Marciano. (1)
10.10	Employment Agreement between the Registrant and Armand Marciano. (1)
10.11	Registration Rights Agreement among the Registrant and certain stockholders of the Registrant. (1)
10.12	Indemnification Agreement among the Registrant and certain stockholders of the Registrant. (1)
10.13	Form of Indemnification Agreement. (1)
27.1	Financial Data Schedule
99.1	Pages 8-12 from the prospectus included in the Company's Registration Statement on Form S-1 (File No. 333-4419) as filed by the Company on August 9, 1996 pursuant to Rule 424(b).

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(1) Incorporated by reference from Amendment No. 3 to the Registration Statement on Form S-1 (File No. 333-4419) filed by the Company on July 30, 1996.

(2) Incorporated by reference from Amendment No. 4 to the Registration Statement on Form S-1 (File No. 333-4419) filed by the Company on July 31, 1996.

b) Reports on Form 8-K:

The Company did not file any reports on Form 8-K during the second quarter ended June 30, 1996.

SIGNATURES

Pursuant to the requirements of Rule 12b-15 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.

GUESS ?, INC.

Date: August 14, 1996

By: /s/ Maurice Marciano

Maurice Marciano
Chairman of the Board, Chief Executive Officer and Director
(Principal Executive Officer)

Date: August 14, 1996

By: /s/ Roger Williams

Roger Williams
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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</FN>

EXHIBIT 99.1

PROSPECTUS

7,000,000 SHARES

[LOGO]

COMMON STOCK

Of the 7,000,000 shares of Common Stock of Guess ?, Inc. offered hereby, 5,600,000 shares are initially being offered in the United States and Canada by the U.S. Underwriters and 1,400,000 shares are initially being offered outside the United States and Canada by the International Managers. The initial public offering price and the aggregate underwriting discount per share are identical for each of the Offerings. See "Underwriting."

Prior to the Offerings, there has been no public market for the Common Stock. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price of the Common Stock.

The Common Stock has been approved for listing on the New York Stock Exchange under the symbol "GES," subject to official notice of issuance.

SEE "RISK FACTORS" BEGINNING ON PAGE 8 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE COMMON STOCK OFFERED HEREBY.

	PRICE TO PUBLIC	UNDERWRITING DISCOUNT (1)	PROCEEDS TO COMPANY (2)
Per Share..........................	$18.00	$1.10	$16.90
Total (3)..........................	$126,000,000	$7,700,000	$118,300,000

(1) The Company and certain Principal Stockholders have agreed to indemnify the several Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."
(2) Before deducting expenses payable by the Company estimated to be $2,000,000.
(3) The Company has granted to the U.S. Underwriters and the International Managers options, exercisable within 30 days after the date of this Prospectus, to purchase up to an additional 840,000 and 210,000 shares of Common Stock, respectively, to cover over-allotments, if any. If all such additional shares are purchased, the total Price to Public, Underwriting Discount and Proceeds to Company will be $144,900,000, $8,855,000 and $136,045,000, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, and subject to the approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the shares of Common Stock will be made in New York, New York on or about August 13, 1996.

MERRILL LYNCH & CO. MORGAN STANLEY & CO.
INCORPORATED

The date of this Prospectus is August 7, 1996.

RISK FACTORS

PROSPECTIVE PURCHASERS OF THE COMMON STOCK OFFERED HEREBY SHOULD CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS OTHER INFORMATION SET FORTH IN THIS PROSPECTUS, IN EVALUATING AN INVESTMENT IN THE COMMON STOCK. THIS PROSPECTUS CONTAINS FORWARD-LOOKING STATEMENTS WHICH INVOLVE RISKS AND UNCERTAINTIES. THE COMPANY'S ACTUAL RESULTS AND THE TIMING OF CERTAIN EVENTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED BY SUCH FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS DISCUSSED IN THIS PROSPECTUS, INCLUDING THE FACTORS SET FORTH BELOW AND IN "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND "BUSINESS," AS WELL AS THOSE DISCUSSED ELSEWHERE IN THIS PROSPECTUS.

COMPETITION AND OTHER FACTORS AFFECTING THE APPAREL AND RETAILING INDUSTRIES

The apparel industry is highly competitive, fragmented and subject to rapidly changing consumer demands and preferences. The Company believes that its success depends in large part upon its ability to anticipate, gauge and respond to changing consumer demands and fashion trends in a timely manner and upon the continued appeal to consumers of the Guess image. Failure by the Company to identify and respond appropriately to changing consumer demands and fashion trends could adversely affect consumer acceptance of Guess products and may have a material adverse effect on the Company's financial condition and results of operations. Guess competes with numerous apparel manufacturers and distributors (including Calvin Klein, Ralph Lauren, DKNY, Tommy Hilfiger and Nautica). Moreover, several well-known designers have recently entered or re-entered the designer denim market with products generally priced lower than the Company's designer jeans products. Guess's retail and factory outlet stores face competition from other retailers. Additionally, the Company encounters substantial competition from department stores, including some of the Company's major retail customers. Many of the Company's competitors have greater financial resources than Guess. The Company's licensed apparel and accessories also compete with a substantial number of designer and non-designer lines. Although the level and nature of competition differ among its product categories, Guess believes that it competes primarily on the basis of its brand image, quality of design and workmanship and product assortment. Increased competition by existing and future competitors could result in reductions in sales or prices of Guess products that could have a material adverse effect on the Company's financial condition and results of operations. In addition, the apparel industry historically has been subject to substantial cyclical variations, and a recession in the general economy or uncertainties regarding future economic prospects that affect consumer spending habits could have a material adverse effect on the Company's financial condition and results of operations.

DEPENDENCE UPON CERTAIN CUSTOMERS AND LICENSEES

The Company's department store customers include major United States retailers. The Company's three largest customers accounted for approximately 26.0% of net revenue in 1995. During 1995, Bloomingdale's, Macy's and affiliated stores owned by Federated Department Stores together accounted for approximately 11.0% of the Company's net revenue; The May Company accounted for approximately 7.7% of the Company's net revenue; and Dillard's stores accounted for approximately 7.3% of the Company's net revenue. Although several of the Company's department store customers are under common ownership, no other single customer or group of related customers accounted for more than 3.0% of the Company's net revenue in this period. While the Company believes that purchasing decisions in many cases are made independently by each department store chain under common ownership, the trend may be toward more centralized purchasing decisions. A decision by the controlling owner of a group of department stores or any other significant customer to decrease the amount purchased from the Company or to cease carrying Guess products could have a material adverse effect on the Company's financial condition and results of operations. The retail industry has periodically experienced consolidation and other ownership changes. In the future, the Company's wholesale customers may consolidate, undergo restructurings or reorganizations, or realign these affiliations, any of which could decrease the number of stores that carry the Company's or its licensees' products or increase the ownership concentration within the retail industry. Approximately 48.1% of the Company's net royalties was derived from its top four licensed product lines, GUESS WATCHES (18.9% of 1995 net royalties), BABY GUESS (12.3%), GUESS KIDS (9.2%) and GUESS EYEWEAR (7.7%). The BABY GUESS and GUESS KIDS lines are licensed to the same entity. A substantial portion of sales of GUESS brand products by its licensees are also made to the Company's three largest customers. The inability of the Company to control

the quality, focus, image or distribution of its licensed products could impact consumer receptivity to the Company's products generally and, therefore, adversely affect the Company's financial condition and results of operations.

RISKS ASSOCIATED WITH ACHIEVING AND MANAGING GROWTH

To manage growth effectively, Guess will be required to continue to implement changes in certain aspects of its business, continue to expand its information systems and operations to respond to increased demand, attract and retain qualified personnel (including management), and develop, train and manage an increasing number of management-level and other employees. Failure to continue to enhance operating control systems or unexpected difficulties encountered during expansion could adversely affect the Company's financial condition and results of operations.

As part of its operating strategy, Guess intends to continue to expand its network of retail stores. Factors beyond the Company's control may affect the Company's ability to expand, including general economic and business conditions affecting consumer spending. The actual number and type of such stores to be opened and their success will depend on various factors, including the performance of the Company's wholesale and retail operations, the acceptance by consumers of the Company's retail concepts, the ability of the Company to manage such expansion and hire and train personnel, the availability of desirable locations and the negotiation of acceptable lease terms for new locations. Certain of these factors are also beyond the Company's control.

In addition, Guess's strategy relies heavily upon its ability to align itself with effective distributors and licensees that are able to deliver high-quality products consistent with the GUESS brand image in a timely fashion and to successfully integrate such distributors and licensees into its global distribution channels. A general failure by the Company to maintain and control its existing distribution and licensing arrangements or to procure additional distribution and licensing relationships could adversely affect the Company's growth strategy, which could adversely affect the Company's financial condition and results of operations.

The Company's strategic plan for its wholesale division depends in part on its ability to expand its sales to international distributors, deepen its product offerings and expand and upgrade its shop-in-shop program. This strategy is subject to a number of factors beyond the Company's control including general economic conditions and changing consumer preferences. Between 1992 and 1995, net revenue from wholesale operations decreased 32%. There can be no assurance that the Company's business strategy will be successful in halting or reversing this decline in net revenue.

DEPENDENCE UPON KEY PERSONNEL

The success of Guess is largely dependent upon the personal efforts and abilities of its senior management, particularly Mr. Maurice Marciano, Chairman of the Board and Chief Executive Officer, Mr. Paul Marciano, President and Chief

Operating Officer, and Mr. Armand Marciano, Senior Executive Vice President and Secretary. Effective upon consummation of the Offerings, Maurice, Paul and Armand Marciano will continue to beneficially own an aggregate of 83.6% of the Company's outstanding Common Stock and each will enter into employment agreements with the Company. Although the Company has recently recruited several key executives with substantial industry expertise, the extended loss of the services of one or more of the Principal Executive Officers could have a material adverse effect on the Company's operations. The Company does not currently have "key man" insurance with respect to any of such individuals. See "Management -- Employment Agreements."

FOREIGN OPERATIONS AND SOURCING; IMPORT RESTRICTIONS

During 1995, approximately 18% of the Company's purchases of raw materials, labor and finished goods for its apparel were made in Hong Kong and other Asian countries; approximately 4% were made in Europe; approximately 1% were made elsewhere outside the United States; and the balance of 77% were made in the United States, all through arrangements with independent contractors. In recent years, Guess has been increasing its sourcing of fabrics outside of the United States. In addition, Guess has been increasing its international sales and, in 1995, approximately 5.0% and 1.9% of the Company's net revenue was from product sales to customers in international markets and from net royalties paid by international

licensees, respectively. As a result, the Company's operations may be affected adversely by political instability resulting in the disruption of trade with the countries in which the Company's contractors, suppliers or customers are located, the imposition of additional regulations relating to imports, the imposition of additional duties, taxes and other charges on imports, significant fluctuations in the value of the dollar against foreign currencies or restrictions on the transfer of funds. The inability of a contractor to ship orders in a timely manner could cause the Company to miss the delivery date requirements of its customers for those items, which could result in cancellation of orders, refusal to accept deliveries or a reduction in sales prices. Further, since Guess is unable to return merchandise to its suppliers, it could be faced with a significant amount of unsold merchandise, which could have a material adverse effect on the Company's financial condition and results of operations.

Sovereignty over Hong Kong is scheduled to be transferred from the United Kingdom to The People's Republic of China effective July 1, 1997. If the business climate in Hong Kong were to experience an adverse change as a result of the transfer, the Company believes it could relocate its production and sourcing facilities outside Hong Kong and replace the merchandise currently produced in Hong Kong with merchandise produced elsewhere without a material adverse effect on the Company's financial condition or results of operations. Nevertheless, there can be no assurance that the Company would be able to do so.

The Company's import operations are subject to constraints imposed by bilateral textile agreements between the United States and a number of foreign countries, including Hong Kong, China, Taiwan and South Korea. These agreements, which have been negotiated bilaterally either under the framework established by the Arrangement Regarding International Trade in Textiles, known as the Multifiber Agreement, or other applicable statutes, impose quotas on the amounts and types of merchandise which may be imported into the United States from these countries. These agreements also allow the United States to impose restraints at any time and on very short notice on the importation of categories of merchandise that, under the terms of the agreements, are not currently subject to specified limits. Imported products are also subject to United States customs duties which comprise a material portion of the cost of the merchandise. A substantial increase in customs duties could have an adverse effect on the Company's financial condition or results of operations. The United States and the countries in which the Company's products are produced or sold may, from time to time, impose new quotas, duties, tariffs or other restrictions, or adversely adjust prevailing quota, duty or tariff levels, any of which could have a material adverse effect on the Company's financial condition or results of operations.

DEPENDENCE ON UNAFFILIATED MANUFACTURERS

The Company does not own or operate any manufacturing facilities other than cutting, silk-screen and embroidery machinery, and is therefore dependent upon independent contractors for the manufacture of its products. The Company's products are manufactured to its specifications by both domestic and international manufacturers. The inability of a manufacturer to ship the Company's products in a timely manner or to meet the Company's quality standards could adversely affect the Company's ability to deliver products to its customers in a timely manner. Delays in delivery could result in missing certain retailing seasons with respect to some or all of the Company's products or could otherwise have an adverse effect on the Company's financial condition and results of operations. The Company does not have long-term contracts with any manufacturers.

The Company conducts a program to monitor the labor practices of its independent contractors; however, the Company does not control such contractors or their labor practices. This program was implemented in 1992 pursuant to an agreement with the federal Department of Labor (the "DOL") in response to concerns regarding minimum wage and overtime payments by certain of the Company's contractors. In connection with such agreement, the Company paid approximately $559,000 to the DOL in settlement of a minimum wage and overtime claim on behalf of the workers of two of the Company's contractors. The California Labor Commissioner (the "CLC") and the DOL regularly investigate the labor practices of apparel manufacturers. Recently, the Company has become aware of a CLC investigation of a number of clothing contractors located in California, some of whom may be producing goods for the Company. Although the Company has not received a report from the CLC identifying any of the Company's

contractors involved in such investigation, the Company believes that several of the approximately seventy contractors used by the Company are subjects in such investigation. If it is determined that one or more of the Company's contractors has engaged in labor practices that violate the Company's policies, the Company would expect to terminate its relationship with such contractors under appropriate circumstances. No assurance can be given that any terminations resulting from investigations of this type would not adversely affect the Company's ability to deliver products to its customers in a timely manner. Over the past three years, the Company has terminated contractors due to violations of the Company's policies. Violations of state or federal labor standards by contractors engaged by the Company can result in the Company becoming subject to monetary and/or injunctive sanctions. Based upon the information available to the Company at this time with respect to the aforementioned investigation by the CLC, the Company does not believe that such investigation will result in the imposition of any sanctions that would have a material adverse effect upon the Company.

PROTECTION OF TRADEMARKS

Guess believes that its trademarks and other proprietary rights are important to its success and its competitive position. Accordingly, Guess devotes substantial resources to the establishment and protection of its trademarks on a worldwide basis. Nevertheless, there can be no assurance that the actions taken by the Company to establish and protect its trademarks and other proprietary rights will be adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of Guess products as violative of the trademarks and proprietary rights of others. No assurance can be given that others will not assert rights in, or ownership of, trademarks and other proprietary rights of Guess. In addition, the laws of certain foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. See "Business -- Trademarks."

FUTURE SALES BY PRINCIPAL STOCKHOLDERS; SHARES ELIGIBLE FOR FUTURE SALE

The Common Stock offered hereby will be freely tradeable (other than by an "affiliate" of the Company as such term is defined in the Securities Act of 1933, as amended (the "Securities Act")) without restriction or registration under the Securities Act. Immediately after the Offerings, Maurice Marciano, Paul Marciano and Armand Marciano will beneficially own approximately 38.4%, 31.3% and 13.9%, respectively, of the outstanding Common Stock. Subject to the restrictions set forth below, the Principal Stockholders will be free to sell such shares from time to time to take advantage of favorable market conditions or for any other reason. Future sales of shares of Common Stock by the Company and its stockholders could adversely affect the prevailing market price of the Common Stock. Guess and the Principal Stockholders have entered into lock-up agreements with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") and Morgan Stanley & Co. Incorporated, as representatives of the U.S. Underwriters (the "U.S. Representatives"), and with Merrill Lynch International and Morgan Stanley & Co. International Limited, as representatives of the International Managers (the "International Representatives" and, together with the U.S. Representatives, the "Representatives"), pursuant to which the Company and the Principal Stockholders have agreed, subject to certain exceptions, not to, directly or indirectly, (i) sell, grant any option to purchase or otherwise transfer or dispose of any Common Stock or securities convertible into or exchangeable or exercisable for Common Stock or file a registration statement under the Securities Act with respect to the foregoing or (ii) enter into any swap or other agreement or transaction that transfers, in whole or in part, the economic consequence of ownership of the Common Stock, without the prior written consent of Merrill Lynch, for a period of 180 days after the date of this Prospectus. After such time, approximately 35,681,819 shares of Common Stock will be eligible for sale pursuant to Rule 144 promulgated under the Securities Act. In addition, the Principal Stockholders have rights to demand or participate in future registrations of shares of Common Stock under the Securities Act. Sales of substantial amounts of Common Stock in the public market, or the perception that such sales may occur, could have a material adverse effect on the market price of the Common Stock. See "Shares Eligible for Future Sale" and "Underwriting."

CONTROL BY PRINCIPAL STOCKHOLDERS

Following the consummation of the Offerings, the Principal Stockholders will have majority control of the Company and the ability to control the election of directors and the results of other matters submitted to a vote of stockholders. Such concentration of ownership, together with the anti-takeover effects of certain

provisions in the Delaware General Corporation Law and in the Company's Certificate of Incorporation and Bylaws, may have the effect of delaying or preventing a change in control of the Company. See "Description of Capital Stock." The Board of Directors of the Company is expected to be comprised entirely of designees of the Principal Stockholders. See "Management" and "Principal Stockholders."

ABSENCE OF PUBLIC MARKET AND POSSIBLE VOLATILITY OF STOCK PRICE

Prior to the Offerings, there has been no public market for the Common Stock, and there can be no assurance that an active trading market will develop or be sustained. The initial public offering price of the Common Stock offered hereby will be determined through negotiations among the Company, the Principal Stockholders and the Representatives and may bear no relationship to the market price for the Common Stock after the Offerings. Subsequent to the Offerings, prices for the Common Stock will be determined by the market and may be influenced by a number of factors, including depth and liquidity of the market for the Common Stock, investor perceptions of the Company, changes in conditions or trends in the Company's industry or in the industry of the Company's significant customers, publicly traded comparable companies and general economic and other conditions. See "Underwriting."

DILUTION

The initial public offering price is substantially higher than the book value per share of Common Stock. Investors purchasing shares of Common Stock in the Offerings will therefore incur immediate and substantial dilution of $17.86 per share. See "Dilution."

FORWARD-LOOKING STATEMENTS

When used in this Prospectus and the documents incorporated herein by reference, the words "believes," "anticipates," "expects" and similar expressions are intended to identify in certain circumstances, forward-looking statements. Such statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from those projected, including the risks described in this "Risk Factors" section. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such statements. The Company also undertakes no obligation to update these forward-looking statements.