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

FORM 10-Q/A

(MARK ONE)

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

For the quarterly period ended July 1, 2000

OR

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

For the transition period from _______ to _______

Commission File Number 1-11893

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)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

As of March 12, 2001, the registrant had 43,623,827 shares of Common Stock, $.01 par value per share, outstanding.

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The Company is filing this Amendment to its Quarterly Report on Form 10-Q for the period ended July 1, 2000 filed with the Securities and Exchange Commission on August 14, 2000 in order to revise the Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations sections in that Report. The Company has determined that certain inventory accruals, related costs of goods sold and certain rent expenses should have been recognized in the second quarter. Accordingly, the Company is restating its 2000 second quarter results. Recognizing these items in the second quarter resulted in a reduction of previously reported net earnings. The applicable segment data has also been adjusted. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, the Company is including the complete text of the Quarterly Report as revised. The Company has also updated its legal proceedings section to reflect developments subsequent to the filing of the Form 10-Q.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	JUL 1, 2000 (RESTATED)	DEC 31, 1999
Current assets:		
Cash	$ 7,666	$ 6,139
Investments	2,752	27,059
Receivables:		
Trade receivables, net of reserves	52,468	26,829
Royalties, net of reserves	9,225	8,528
Other	4,449	4,316
Total receivables	66,142	39,673
Inventories (note 3)	173,711	106,624
Prepaid expenses and other current assets	11,262	8,861
Prepaid income taxes (note 6)	4,025	3,004
Deferred tax assets	9,619	9,619
Total current assets	275,177	200,979
Property and equipment, at cost, less accumulated depreciation and amortization	146,929	125,688
Other assets, at cost, less accumulated amortization	25,914	42,369
	$ 448,020	$ 369,036
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of bank debt and long-term debt	$ 14,004	$ 7,475
Accounts payable	75,232	61,736
Accrued expenses	24,315	33,824
Total current liabilities	113,551	103,035
Notes payable and long-term debt, less current installments	146,289	83,363
Other liabilities	9,253	14,236
Total liabilities	269,093	200,634
Minority interest	380	1,047
Stockholders' equity:		
Preferred stock, $.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding	--	--
Common stock, $.01 par value. Authorized 150,000,000 shares; issued 63,477,235 and 63,335,743 shares, Outstanding 43,446,443 and 43,304,951 shares at July 1, 2000 and December 31, 1999, respectively	143	141
Paid-in capital	164,202	163,300
Retained earnings	165,662	144,443
Accumulated other comprehensive income (loss)	(684)	10,247
Treasury stock, 20,030,792 shares repurchased	(150,776)	(150,776)
Net stockholders' equity	178,547	167,355
	$ 448,020	$ 369,036

See accompanying notes to condensed consolidated financial statements.

GUESS?, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(in thousands, except per share data)
(Unaudited)

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	JUL 1, 2000 (RESTATED)	JUN 26, 1999	JUL 1, 2000 (RESTATED)	JUN 26, 1999
Net revenue (note 7):				
Product sales	$ 168,661	$ 110,181	$ 347,072	$ 230,122
Net royalties	9,020	9,376	19,453	18,487
	177,681	119,557	366,525	248,609
Cost of sales	108,302	64,522	218,000	139,546
Gross profit	69,379	55,035	148,525	109,063
Selling, general and administrative expenses	56,045	38,260	108,506	70,540
Severance recovery (costs) relating to distribution facility relocation (note 5)	1,545	(3,200)	1,545	(3,200)

Earnings from operations	14,879	13,575	41,564	35,323
Other income (expense):				
Interest expense, net	(3,493)	(2,205)	(6,146)	(4,538)
Other, net	(75)	430	(99)	318
	(3,568)	(1,775)	(6,245)	(4,220)
Earnings before income taxes	11,311	11,800	35,319	31,103
Income taxes (note 6)	4,500	4,783	14,100	12,600
Net earnings	$ 6,811	$ 7,017	$ 21,219	$ 18,503
NET EARNINGS PER SHARE:				
Basic	$ 0.16	$ 0.16	$ 0.49	$ 0.43
Diluted	$ 0.16	$ 0.16	$ 0.48	$ 0.43
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	43,423	42,939	43,387	42,927
Diluted	43,865	43,286	43,872	43,237

See accompanying notes to condensed consolidated financial statements.

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

	SIX MONTHS ENDED	
	JUL 1, 2000	JUN 26, 1999
	(RESTATED)	
Cash flows from operating activities:		
Net earnings	$ 21,219	$ 18,503
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization	15,483	11,534
Loss on disposition of property and equipment	792	(211)
Minority interest	(667)	--
Foreign currency translation adjustment	248	(16)
Undistributed equity method (loss)	(106)	(71)
(Increase) decrease in:		
Receivables	(26,470)	(10,719)
Inventories	(67,087)	9,604
Prepaid expenses	(3,422)	(4,944)
Other assets	(4,899)	(307)
Increase (decrease) in:		
Accounts payable	13,498	3,687
Accrued expenses	(9,930)	5,707
Income taxes payable	0	(210)
Net cash provided by (used in) operating activities	(61,341)	32,557
Cash flows from investing activities:		
Net proceeds from the sale of short-term investments	30,999	--
Purchases of property and equipment	(36,719)	(8,527)
Proceeds from the disposition of property and equipment	25	252
Acquisition of license	(357)	(250)
Purchase of investment securities	(1,478)	(17,910)
Increase in long-term investments	--	(2,611)
Net cash used in investing activities	(7,530)	(29,046)
Cash flows from financing activities:		
Repayment of senior subordinated notes	--	(5,438)
Proceeds from notes payable and long-term debt	116,379	--
Repayments of notes payable and long-term debt	(46,922)	--
Proceeds from issuance of common stock	904	392
Net cash provided by (used in) financing activities	70,361	(5,046)
Effect of exchange rates on cash	37	(26)
Net increase (decrease) in cash	1,527	(1,561)
Cash, beginning of period	6,139	5,853
Cash, end of period	$ 7,666	$ 4,292
Supplemental disclosures:		
Cash paid during the period for:		
Interest	$ 5,587	$ 6,367
Income taxes	16,577	12,022

See accompanying notes to condensed consolidated financial statements.

GUESS?, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JULY 1, 2000-RESTATED
(in thousands)
(unaudited)

(1) BASIS OF PRESENTATION

In the opinion of management, the accompanying unaudited condensed consolidated financial statements of Guess?, Inc. and its subsidiaries (the "Company") contain all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of the condensed consolidated balance sheets as of July 1, 2000 and December 31, 1999, the consolidated statements of earnings for the quarter ended and six months ended July 1, 2000 and June 26, 1999, and the statements of cash flows for the six months ended July 1, 2000 and June 26, 1999. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X of the Securities and Exchange Commission ("SEC"). Accordingly, they have been condensed and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The results of operations for the quarter ended and six months ended July 1, 2000 are not necessarily indicative of the results of operations for the full fiscal year. 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, 1999.

Effective January 1, 2000, we changed our quarterly reporting period to end on the Saturday nearest the calendar quarter end. Previously, our quarterly reporting period ended on the last Saturday of the quarter. This change in reporting period did not have an impact for the second quarter of 2000 and 1999; however, this change resulted in six more calendar days for the six months ended July 1, 2000.

Certain amounts in the 1999 financial statements have been reclassified to conform to the July 1, 2000 presentation.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

EARNINGS PER SHARE

Basic earnings per share represents net earnings divided by the weighted-average number of common shares outstanding for the period. Diluted earnings per share represents net earnings divided by the weighted average number of shares outstanding, inclusive of the dilutive impact of potential common stock. During the quarter and six month periods ended July 1, 2000 and June 26, 1999, the difference between basic and diluted earnings per share was due to the dilutive impact of options to purchase common stock. Options to purchase 373,176 shares of common stock at $27.31 per share during the six month period ended July 1, 2000 and options to purchase 812,936 shares of common stock at prices ranging from $8.93 to $13.13 during the six month period ended June 26, 1999 were not included in the computation of diluted earnings per share because the exercise prices were greater that the average market price of the common stock. Therefore, the options are antidilutive.

BUSINESS SEGMENT REPORTING

The Company reports segment information under Statement of Financial Accounting Standards No. 131 ("SFAS 131"), "Disclosures About Segments of an Enterprise and Related Information." The business segments of the Company are retail, wholesale and licensing operations. Information relating to these segments is summarized in note 7.

COMPREHENSIVE INCOME

The Company reports comprehensive income under Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." Comprehensive income consists of net earnings, unrealized gains on investments available for sale and foreign currency translation adjustments. A reconciliation of comprehensive income for the quarter and six month periods ended July 1, 2000 and June 26, 1999 is as follows (in thousands):

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	JUL 1, 2000	JUN 26, 1999	JUL 1, 2000	JUN 26, 1999
Net earnings	$ 6,811	$ 7,017	$ 21,219	$ 18,503
Unrealized loss on investments, net of taxes	(6,900)	--	(11,415)	--
Foreign currency translation adjustment	320	25	484	16
Comprehensive income	$ 231	$ 7,042	$ 10,288	$ 18,519

FUTURE ACCOUNTING CHANGE

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), was issued. SFAS 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It is effective, as amended by SFAS 137, for all fiscal quarters of fiscal years beginning after June 15, 2000. The Company believes the adoption of SFAS 133 will not have a material impact on our financial reporting.

RESTATED FINANCIAL STATEMENTS

The Company's financial statements as of July 1, 2000, have been restated to reflect certain inventory accruals, related cost of goods sold and certain rent expenses that should have been recognized in the second quarter. The following accounts are adjusted as a result of the restatement (in thousands, except per share data):

	QUARTER ENDED JUL 1, 2000		SIX MONTHS ENDED JUL 1, 2000	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Balance sheet:				
Prepaid income taxes	$ --	$ 4,025	$ --	$ 4,025
Property and equipment, at cost, net of accumulated depreciation and amortization	147,750	146,929	147,750	146,929
Accounts payable	65,559	75,232	65,559	75,232
Income taxes payable	174	0	174	--
Retained earnings	171,957	165,662	171,957	165,662
Statement of earnings:				
Cost of sales	100,080	108,302	208,375	218,000
Selling, general and administrative expenses	55,387	56,045	107,636	108,506
Earnings from operations	23,759	14,879	52,059	41,564
Income taxes	8,100	4,500	18,300	14,100
Net earnings	$ 12,091	$ 6,811	$ 27,514	$ 21,219
Net earnings per diluted share	$ 0.28	$ 0.16	$ 0.63	$ 0.48

(3) INVENTORIES

The components of inventories consist of the following (in thousands):

	JUL 1, 2000	DEC 31, 1999
Raw materials	$ 9,202	$ 8,514
Work in progress	13,387	6,740
Finished goods - retail	63,566	45,750
Finished goods - wholesale	87,556	45,620
	$ 173,711	$ 106,624

At July 1, 2000 and December 31, 1999, total inventories included $14.2 million and $9.4 million of inventories from Guess? Canada Corporation, the Company's licensee for retail and wholesale operations in Canada, respectively. The Company holds a 60% ownership interest in Guess? Canada Corporation.

(4) INVESTMENTS

At July 1, 2000, short-term investments consisted of marketable securities available for sale. At December 31, 1999, short-term investments consisted primarily of interest bearing deposit accounts.

(5) SEVERANCE COSTS

In accordance with the requirements of EITF 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)," the Company recorded a $3.2 million charge, in the second quarter ended June 26, 1999, for future severance costs related to the relocation of its distribution operations from Los Angeles to Louisville, Kentucky. As a result of employee transfers and attrition, the severance costs actually incurred for Los Angeles-based employees were $1.7 million which has resulted in a recovery of $1.5 million of the severance charge in the second quarter ended July 1, 2000.

(6) INCOME TAXES

Income taxes for the interim periods were computed using the effective tax rate estimated to be applicable for the full fiscal year, which is subject to ongoing review and evaluation by management.

(7) SEGMENT INFORMATION

In accordance with the requirements of SFAS 131, "Disclosures about Segments of an Enterprise and Related Information," the Company's reportable business segments and respective accounting policies of the segments are the same as those described in note 2. Management evaluates segment performance based primarily on revenue and earnings from operations. Interest income and expense are evaluated on a consolidated basis and are not allocated to the Company's business segments.

Net revenue and earnings from operations are summarized as follows for the quarters and six months ended July 1, 2000 and June 26, 1999 (in thousands):

	SECOND QUARTER ENDED		SIX MONTHS ENDED	
	JUL 1, 2000	JUN 26, 1999	JUL 1, 2000	JUN 26, 1999
Net revenue:				
Retail operations	$ 84,793	$ 61,049	$ 162,565	$ 112,523

Wholesale operations	83,868	49,132	184,507	117,599
Licensing operations	9,020	9,376	19,453	18,487
	177,681	119,557	$ 366,525	$ 248,609
Earnings from operations:				
Retail operations	$ 7,098	$ 6,791	$ 5,781	$ 6,798
Wholesale operations	837	(882)	20,170	13,149
Licensing operations	6,944	7,666	15,613	15,376
	$ 14,879	$ 13,575	$ 41,564	$ 35,323

Due to the seasonal nature of these business segments, especially retail operations, the above net revenue and operating results for the quarter ended and six months ended July 1, 2000, are not necessarily indicative of the results that may be expected for the full fiscal year.

(8) BANK CREDIT FACILITY

On December 3, 1999, the Company entered into a $125 million Credit Agreement ("Credit Facility") with The Chase Manhattan Bank. The Credit Facility provides the Company with a revolving credit facility, which includes a $50 million sub-limit for letters of credit. The Credit Facility accrues interest at LIBOR plus 100 basis points, the Prime rate, the base CD rate plus 100 basis points or the Fed Funds rate plus 50 basis points depending on the duration and type of loan facility. The Credit Facility expires on October 31, 2002. At July 1, 2000, the Company has $63.8 million outstanding borrowings under the Credit Facility, $4.4 million in outstanding standby letters of credit and $28.6 million in outstanding documentary letters of credit. At July 1, 2000, the Company had $28.2 million available for future borrowings under such facility. The Credit Facility contains various restrictive covenants requiring, among other things, the maintenance of certain financial ratios. As of July 1, 2000, the Company was in compliance with all such covenants.

(9) COMMON STOCK

On May 24, 2000, the Company filed an amended registration statement to sell up to $200 million of shares of common stock at any time and from time to time. To date, no shares have been sold under this registration statement.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

IMPORTANT NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q/A contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements may also be contained in the Company's other reports filed under the Exchange Act, in its press releases and in other documents. In addition, from time to time, the Company through its management may make oral forward-looking statements.

Forward-looking statements generally relate to future events or future financial performance, and include statements dealing with current plans, intentions, objectives, beliefs and expectations. Some forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "intends," "anticipates," "believes," "estimates," "predicts," "potential," "optimistic," "aims," or "continue" or the negative of such terms or other comparable terminology. Certain statements in this Form 10-Q/A, including but not limited to those relating to the Company's expected results, the accuracy of data relating to, and anticipated levels of, its future inventory and gross margins, its anticipated cash requirements and sources, the operations of its new distribution center and its business seasonality, are forward-looking statements.

Forward-looking statements are only expectations, and involve known and unknown risks and uncertainties, which may cause actual results in future periods and other future events to differ materially from what is currently anticipated. Factors which may cause actual results in future periods to differ from current expectations include, among other things, the continued availability of sufficient working capital, the successful integration of new stores into existing operations, the continued desirability and customer acceptance of existing and future product lines, possible cancellations of wholesale orders, the success of competitive products, the success of the Company's programs to strengthen its inventory cost accounting controls and procedures, the success of technology to be used in the Company's new distribution center and the availability of adequate sources of capital. In addition to these factors, the economic and other factors identified in the Company's most recent Annual Report on Form 10-K for the fiscal year ended December 31, 1999, and 10Q/A for the quarter ended April 1, 2000, including but not limited to the risk factors discussed therein, could affect the forward-looking statements contained herein and in the Company's other public documents.

OVERVIEW

We derive our net revenue from the sale of Guess men's, women's, girls' and boys' apparel and our licensees' products through our network of retail and factory outlet stores located primarily in the United States; from the sale of Guess men's, women's, girls' and boys' apparel worldwide to wholesale customers and distributors; and from net royalties via worldwide licensing activities.

Unless the context indicates otherwise, when we refer to "we," "us" or the "Company" in this Form 10-Q/A, we are referring to Guess?, Inc. and its subsidiaries on a consolidated basis.

Effective January 1, 2000, we changed our quarterly reporting period to end on the Saturday nearest the calendar quarter end. Previously, our quarterly reporting period ended on the last Saturday of the quarter. This change in reporting period did not have an impact for the second quarter of 2000 and 1999; however, this change resulted in six more calendar days for the six months ended July 1, 2000.

RESULTS OF OPERATIONS

Second Quarters and Six Months Ended July 1, 2000 and June 26, 1999.

NET REVENUE. Net revenue for the second quarter ended July 1, 2000 increased $58.1 million or 48.6% to $177.7 million from $119.6 million in the quarter ended June 26, 1999. Net revenue from retail operations increased $23.8 million or 39.0% to $84.8 million in the second quarter ended July 1, 2000 from $61.0 million for the same period in 1999. This increase is primarily attributable to the opening of 40 new stores since the second quarter of 1999 and a 10.1% increase in combined comparable store sales resulting from the continued strength of the retail business by having a smart, fashion-focused product mix, strong visual merchandising and quicker replenishment.

Net revenue from wholesale operations increased $34.8 million or 70.9% to $83.9 million in the quarter ended July 1, 2000 from $49.1 million for the comparable period in 1999. Excluding Guess Canada, domestic and international wholesale operations revenue increased, for the second quarter ended July 1, 2000 from the comparable period in 1999, by $30.3 million to $75.4 million and by $2.0 million to $6.3 million, respectively. Domestic wholesale operations net revenue increased primarily due to a stronger domestic demand for our women's and men's product lines. In addition to the strong demand in our full priced product lines, off price sales increased to $12.0 million from $2.6 million from the comparable period in 1999, in order to clear excess inventory. International wholesale operations net revenue increased as a result of strong product acceptance in Asian, South American, and European markets, coupled with increased merchandising training and adding better performing distributors, which have remodeled their stores to be consistent with our global branding initiative. Guess Canada contributed an increase in net revenues of $2.7 million during the second quarter of 2000. Net royalty revenue decreased $0.4 million or 4.3% to $9.0 million in the second quarter ended July 1, 2000 from $9.4 million for the comparable period in 1999. The decrease in net royalty revenue was primarily due to prior year's settlements and adjustments of $1.9 million for licensees that were brought back in-house, which was partially offset by an increase in royalty revenue earned from sales by our licensees in the watch, footwear and small leather goods product lines.

Net revenue increased $117.9 million or 47.4% to $366.5 million for the six months ended July 1, 2000 from $248.6 million for the six months ended June 26, 1999. Net revenue from retail operations increased $50.1 million or 44.5% to $162.6 million for the six months from $112.5 million for the same period in 1999. This increase is primarily attributable to the opening of 40 new stores since the second quarter of 1999 and a 14.2% increase in combined comparable store sales resulting from the continued strength of the retail business by having a smart, fashion-focused product mix, strong visual merchandising and quicker replenishment. Net revenue from wholesale operations increased $66.9 million or 56.9% to $184.5 million for the six months ended July 1, 2000 from $117.6 million for the comparable period in 1999. Excluding Guess Canada, domestic and international wholesale operations revenue increased, for the six months ended July 1, 2000, by $53.1 million to $159.5 million and by $7.0 million to $18.2 million, respectively. Domestic wholesale net revenue increased primarily due to a stronger domestic demand for our women's and men's product lines. International wholesale operations net revenue increased as a result of strong product acceptance in Asian, South American, and European markets, coupled with increased merchandising training and adding better performing distributors, which have remodeled their stores to be consistent with our global branding initiative. Guess Canada contributed an increase in net revenues of $7.2 million during the six months ended July 1, 2000. Net royalty revenue increased $1.0 million or 5.4% to $19.5 million in the six months ended July 1, 2000 from $18.5 million for the comparable period in 1999. The increase in net royalty revenue was primarily due to an increase in royalty revenue earned from increased sales by our licensees in the watch, eyewear, footwear and small leather goods product lines, which was partially offset by us discontinuing certain licenses that were brought back in-house in the prior year.

GROSS PROFIT. Gross profit increased 26.2% to $69.4 million in the second quarter ended July 1, 2000 from $55.0 million in the second quarter ended June 26, 1999. Gross profit rate was 39.1% in the quarter ended July 1, 2000 compared to 46.0% in the quarter ended June 26, 1999. The decrease in gross profit rate resulted from higher off-price sales and lower licensing income. Gross profit from product sales increased 32.2% to $60.4 million in the quarter ended July 1, 2000 from $45.7 million for the comparable period in 1999. Gross margin rate from product sales for the quarter ended July 1, 2000 was 35.8% compared to 41.4% for the same period in 1999. The decrease in gross margin rate from product sales for the quarter is primarily due to higher off-price sales.

Gross profit increased 36.1% to $148.5 million in the six months ended July 1, 2000 from $109.1 million in the six months ended June 26, 1999. The increase in gross profit resulted from increased net revenue from product sales. Gross profit rate was 40.5% in the six months ended July 1, 2000 compared to 43.9% in the six months ended June 26, 1999. Gross profit from product sales increased 42.5% to $129.1 million in the six months from $90.6 million in 1999. Gross profit rate from product sales for the six months ended July 1, 2000 was 37.2% compared to 39.4% for the same period in 1999. The decrease in gross profit rate from product sales for the six months ended July 1, 2000 was primarily due to higher off-price sales at low prices to liquidate excess inventory partially offset by improved retail margins and the effect of spreading retail occupancy costs over a higher sales base.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses of $56.0 million decreased to 31.5% of net revenue in the quarter ended July 1, 2000 compared to $38.3 million or 32.0% of net revenue in the second quarter ended June 26, 1999. The decrease in the SG&A as a percentage of net revenue for the second quarter is due to our cost containment programs and a $1.1 million sales and use tax refund partially offset by the expansion of our organizational infrastructure needed to facilitate our growth initiatives. During the second quarter of 2000, we also incurred start-up and other non-recurring pre-tax costs of $2.2 million relating to the relocation of our distribution operation to Kentucky.

Selling, general and administrative ("SG&A") expenses of $108.5 million increased to 29.6% of net revenue in the six months ended July 1, 2000 compared to $70.5 million or 28.4% of net revenue in the six months ended June 26, 1999. The increase in SG&A as a percentage of net revenue for the six months ended July 1, 2000 is due to the expansion of our organizational infrastructure needed to facilitate our growth initiatives offset by our cost containment programs. During the

first six months of 2000, we also incurred start-up and other non-recurring pre-tax costs of $5.3 million relating to the relocation of our distribution operation to Kentucky. Additionally, at the beginning of the first quarter 2000, we revised our vacation pay policies to enhance employee benefits, which resulted in a one-time pre-tax charge of $1.3 million.

SEVERANCE COSTS RELATING TO DISTRIBUTION FACILITY RELOCATION. In accordance with the requirements of EITF 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)," the Company recorded a $3.2 million charge, in the second quarter ended June 26, 1999, for future severance costs related to the relocation of its distribution operations from Los Angeles to Louisville, Kentucky. As a result of employee transfers and attrition, the severance costs actually incurred for Los Angeles-based employees was $1.7 million which has resulted in a reversal of $1.5 million of the severance charge in the second quarter of 2000. The Company successfully completed the transition of all product lines to the new distribution center during the second quarter of 2000.

EARNINGS FROM OPERATIONS. Earnings from operations increased 9.6% to $14.9 million, or 8.4% of net revenue, in the second quarter ended July 1, 2000 from $13.6 million, or 11.4% of net revenue, in the second quarter ended June 26, 1999. This increase was primarily due to higher revenue and the inclusion of the severance cost recovery in the second quarter ended July 1, 2000 and the recording of $3.2 million charge for severance costs in the second quarter ended June 26, 1999. Earnings from operations increased 17.9% to $41.6 million, or 11.4% of net revenue, in the six months ended July 1, 2000 from $35.3 million, or 14.2% of net revenue, in the six months ended June 26, 1999. This increase was primarily due to higher revenue and the inclusion of the severance cost recovery in the six months ended July 1, 2000 and the recording of $3.2 million charge for severance costs in the six months ended June 26, 1999.

INTEREST EXPENSE, NET. Net interest expense increased 58.4% to $3.5 million in the second quarter ended July 1, 2000, from $2.2 million for the comparable period in 1999. The increase is due to higher outstanding debt in the second quarter of 2000. Total debt at July 1, 2000 was $156.1 million, which included $79.6 million of our senior subordinated notes due 2003, $63.8 million of borrowings under our revolving credit agreement due in October 2002, and $12.7 million of bank debt related to Guess Canada. On a comparable basis and excluding Guess Canada, the average debt balance for the second quarter of 2000 was $128.9 million, with an average effective interest rate of 9.2%, versus an average debt balance of $94.7 million, with an average effective interest rate of 9.1% for the comparable 1999 quarter.

Net interest expense increased 35.5% to $6.1 million in the six months ended July 1, 2000, from $4.5 million for the comparable period in 1999. The increase is due to higher outstanding debt in the six months of 2000. On a comparable basis and excluding Guess Canada, the average debt balance for the first six months of 2000 was $110.7 million, with an average effective interest rate of

9.3%, versus an average debt balance of $95.7 million, with an average effective interest rate of 9.7% for the comparable 1999 period.

INCOME TAXES. Income taxes for the second quarter ended July 1, 2000 were $4.5 million, or a 39.8% effective tax rate, compared to $4.8 million, or a 40.5% effective tax rate, in the quarter ended June 26, 1999. Income taxes for the six months ended July 1, 2000 were $14.1 million, or a 39.9% effective tax rate, compared to $12.6 million, or a 40.5% effective tax rate, in the six months ended June 26, 1999. Income taxes for the interim periods were computed using the effective tax rate estimated to be applicable for the full fiscal year, which is subject to ongoing review and evaluation by us.

NET EARNINGS. Net earnings decreased 2.9% to $6.8 million, or 3.8% of net revenue, in the second quarter ended July 1, 2000, from $7.0 million, or 5.9% of net revenue, in the same period in 1999. Net earnings increased 14.6% to $21.2 million, or 5.8% of net revenue, in the six months ended July 1, 2000, from $18.5 million, or 7.4% of net revenue, in the same period in 1999.

LIQUIDITY AND CAPITAL RESOURCES

In the quarter ended July 1, 2000, we relied primarily on internally generated funds, trade credit and bank borrowings to finance our operations and expansion. At July 1, 2000, we had working capital of $161.6 million compared to $97.9 million at December 31, 1999. The increase was primarily due to a $26.5 million increase in net receivables, and a $67.1 million increase in inventories, which was partially offset by a $24.3 million decrease in short-term investments. The increase in receivables is primarily due to a 12% increase in wholesale operations sales in the second quarter of 2000 from the fourth quarter of 1999 and a high level of back to school shipments occurring in June 2000. The majority of the increase in inventory is the result of significantly increased product sales, substantially higher wholesale backlog and our retail expansion program, coupled with an accelerated supply chain associated with global sourcing. Included in the net cash flow for six months ended July 1, 2000 was the funding of approximately $7.5 million of distribution center and new store construction costs that were accrued in accounts payable at December 31, 1999.

On December 3, 1999, we entered into a $125 million Credit Agreement ("Credit Facility") with The Chase Manhattan Bank. The Credit Facility provides us with a revolving credit facility, which includes a $50 million sub-limit for letters of credit. The Credit Facility expires in October 31, 2002. At July 1, 2000, we had $63.8 million outstanding borrowings under the revolving credit facility, $4.4 million in outstanding standby letters of credit and $28.6 million in outstanding

documentary letters of credit. At July 1, 2000, we had $27.5 million available for future borrowings under the Credit Facility. The Credit Facility contains various restrictive covenants requiring, among other things, the maintenance of certain financial ratios. As of July 1, 2000, we were in compliance with all such covenants.

Capital expenditures, net of lease incentives granted, totaled $36.7 million in the six months ended July 1, 2000. We estimate our capital expenditures for fiscal 2000 will be approximately $80.0 million, primarily for the retail store expansion and remodeling, shop-in-shop programs, information systems and general operations.

We anticipate that we will be able to satisfy our ongoing cash requirements for the next twelve months for working capital, capital expenditures and interest on our senior subordinated notes, primarily with cash flow from operations, supplemented by borrowings under our Credit Facility.

WHOLESALE BACKLOG

We generally receive wholesale orders approximately 90 to 120 days prior to the time the products are to be delivered to department and specialty stores. As of

July 2, 2000, unfilled wholesale orders increased 61.4% to $162.4 million from $100.6 million a year ago. The backlog of wholesale orders is affected by various factors, including seasonality and the scheduling of manufacturing and shipment of product which varies at any given time. Accordingly, a comparison of backlogs of wholesale orders from period to period may not be indicative of eventual actual shipments.

SEASONALITY

Our business is impacted by the general seasonal trends characteristic of the apparel and retail industries. Our retail operations are generally stronger in the third and fourth quarters, while wholesale operations generally experience stronger performance in the first and third quarters. As the timing of the shipment of products may vary from year to year, the result for any particular quarter may not be indicative of results for the full year. We have not incurred excessive overhead and other costs generally associated with large seasonal variations.

INFLATION

We do not believe the relatively moderate rates of inflation experienced in the United States over the last three years have had a significant effect on net revenue or profitability. Although higher rates of inflation have been experienced in a number of foreign countries in which our products are manufactured, we do not believe they have had a material adverse effect on our net revenue or profitability.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We receive United States dollars ("USD") for substantially all of our product sales and our licensing revenues. Inventory purchases from offshore contract manufacturers are primarily denominated in USD; however, purchase prices for our products may be impacted by fluctuations in the exchange rate between the USD and the local currencies of the contract manufacturers, which may have the effect of increasing our cost of goods in the future. In addition, royalties received from our international licensees are subject to foreign currency translation fluctuations as a result of the net sales of the licensee being denominated in local currency and royalties being paid to us in USD. During the last three fiscal years, exchange rate fluctuations have not had a material impact on our inventory costs.

We may enter into derivative financial instruments, including forward exchange contracts, to manage foreign exchange risk on foreign currency transactions. These financial instruments can be used to protect us from the risk that the eventual net cash inflows from the foreign currency transactions will be adversely affected by changes in exchange rates. Unrealized gains and losses on outstanding foreign currency exchange contracts, used to hedge future revenues and purchases, are not recorded in the financial statements but are included in the measurement of the related hedged transaction when realized.

FORWARD EXCHANGE CONTRACTS	U.S. DOLLAR EQUIVALENT	MATURITY DATE	FAIR VALUE IN U.S. $ AT JULY 1, 2000
Canadian dollars	$1,000,000	July 5 to August 7, 2000	$1,012,369
Canadian dollars	750,000	July 5 to August 7, 2000	744,525
Canadian dollars	1,000,000	July 17 to August 17, 2000	1,017,100
Canadian dollars	1,000,000	July 5 to September 18, 2000	993,444

Based upon the rates at July 1, 2000, the cost to buy the equivalent U.S. dollars discussed above was approximately $5.5 million Canadian currency.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On approximately January 15, 1999, UNITE filed an unfair labor practice charge against us, alleging that attorney Dennis Hershewe violated Section 8(a)(1) of the National Labor Relations Act ("the Act") by questioning our employee Maria Perez about her union activities at the deposition he conducted in her workers' compensation case. Mr. Hershewe represents Fireman's Fund Insurance Company, our workers' compensation insurance carrier. GUESS? investigated the charge and responded to it on March 10, 1999. The NLRB issued a complaint on part of the charge on October 14, 1999, and we filed an answer on October 21, 1999. On July 6, 2000, the complaint was dismissed in its entirety. The NLRB appealed the decision and both sides submitted briefs in September of 2000. We are awaiting a decision on the appeal.

On May 21, 1999, we filed a demand for arbitration against Pour le Bebe, Inc. and Pour la Maison, Inc. (collectively, "PLB") seeking damages and injunctive relief in connection with four written license agreements between the parties. We alleged that PLB defaulted under the license agreements, that the license agreements properly were terminated and that PLB breached the license agreements. On July 19, 1999, PLB filed a counterdemand for arbitration against us. PLB sought damages and injunctive relief against us alleging breach of contract, violation of the California Franchise Relations Act, interference with prospective economic advantage, unlawful business practices, statutory unfair competition and fraud. The arbitration was conducted before the American Arbitration Association pursuant to arbitration clauses in the license agreements.

On June 9, 2000, the arbitrators issued a final award in our favor and rejected each of PLB's counterclaims. The amount of this award was $7,659,677. Because of the uncertainty of the ultimate realization of the award, no recognition has been given to it in our consolidated financial statements. Thereafter, the Company filed a petition to confirm the arbitration award and PLB filed a petition to vacate the award. On September 29, 2000, the court confirmed the final award and denied PLB's petition to vacate. On October 23, 2000, the court entered judgment confirming the final arbitration award and the case has been resolved.

On June 9, 1999, we commenced a lawsuit in the Los Angeles County Superior Court against Kyle Kirkland, Kirkland Messina LLC, and CKM Securities (collectively "Kirkland") for tortious interference, unfair competition, fraud and related claims. This action arises out of alleged misrepresentations and omissions of material fact made by Kirkland in connection with the operations and financial performance of PLB. On March 29, 2000, the California Court of Appeal determined that the action will proceed in court. Kirkland's petition for review to the California Supreme Court was denied on July 12, 2000. No trial date has been set.

On March 28, 2000 a complaint was filed against us in San Diego County Superior Court entitled Snodgrass v. Guess?, Inc. and GUESS? Retail, Inc. The complaint purports to be a class action filed on behalf of current and former store management employees in California. Plaintiffs seek overtime wages and a preliminary and permanent injunction. The parties have stipulated that a limited class composed only of visual co-managers and co-managers should be certified. The Court certified this limited class on March 16, 2001. The trial date has been set for November 9, 2001.

On May 4, 2000, a complaint was filed against the Company and Mr. Paul Marciano in the Los Angeles Superior Court - Michel Benasra v. Paul Marciano and Guess?, Inc. The complaint grows out of the arbitration between the Company and PLB, discussed above. The plaintiff, the President of PLB, alleges that defendants made defamatory statements about him during the arbitration. Plaintiff seeks general damages of $50,000,000 and unspecified punitive damages. Defendants moved to compel arbitration of this matter, or alternatively, to strike the action under the state's anti-SLAPP (Strategic Litigation Against Public Participation) statute. The motion to compel arbitration was denied and the decision has been appealed. Pending resolution on appeal, this matter has been stayed. No trial date has been set.

On January 30, 2001, Guess?, Inc. Maurice Marciano, Armand Marciano, Paul Marciano, and Brian Fleming were named as defendants in a securities class action entitled David Osher v. Guess?, Inc., et al., filed in the United States District Court for the Central District of California. Seven additional class actions have been filed in the Central District, naming the same defendants: Robert M. Nuckols v. Guess?, Inc. et al., Brett Dreyfuss v. Guess?, Inc. et al., both filed February 1, 2001; Jerry Sloan v. Guess?, Inc., et al., filed February 6, 2001; Jerry Byrd v. Guess?, Inc., et al; filed February 13, 2001; Patrick and Kristine Liska v. Guess?, Inc., et al, filed February 14, 2001; Darrin Wegman v. Guess?, Inc., et al., filed February 22, 2001; and Rosie Gindi v. Guess?, Inc., et al., filed February 22, 2001. All eight complaints purport to state claims under Section 10(b) and 20(a) and Rule 10b-5 of the Securities Exchange Act of 1934 and allege that defendants made materially false and misleading statements relating to the Company's inventory and financial condition during the class period. In Osher, Nuckols, Byrd, Wegman and Sloan, the class period is February 14 through January 26, 2001; in Dreyfuss, Liska and Gindi the class period is February 14, 2000 through November 9, 2000. We are awaiting court approval of a stipulation to extend our time until 45 days after a lead plaintiff has been appointed and has filed a consolidated amended complaint.

On March 15, 2001, a complaint was filed by Susan Goldman, derivatively on behalf of nominal defendant Guess?, Inc. against Bryan Isaacs, Alice Kane, Robert Davis, Armand Marciano, Paul Marciano, Maurice Marciano, Howard Socol

and Guess?, Inc. in the Court of Chancery for the State of Delaware. The complaint alleges misappropriation of corporate information, insider trading and other breaches of fiduciary duty by the Company and its Board of Directors. Our response is due April 10, 2001.

We cannot predict the outcome of these matters. We believe the outcome of one or more of the above cases could have a material adverse effect on our results of operations or financial condition.

Most major corporations, particularly those operating retail businesses, become involved from time to time in a variety of employment-related claims and other matters incidental to their business in addition to those described above. In the opinion of our management, the resolution of any of these pending incidental matters is not expected to have a material adverse effect on our results of operations or financial condition.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Registrant's Annual Meeting of Stockholders was held on May 15, 2000.

(b) Proxies for the Annual Meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended. There was no solicitation in opposition to management's nominees as listed in the Proxy Statement. All nominees were elected.

(c) The matters voted upon at the Annual Meeting and the results thereof were as follows:

I. To elect two Class I Directors to hold office for a three-year term and until their successors are duly elected and qualified.

	FOR	WITHHELD
Armand Marciano	42,049,209	601,927
Alice Kane	42,051,304	599,832

II. To ratify the selection of KPMG LLP to serve as our independent certified public accountants for the year ending December 31, 2000.

FOR	AGAINST	ABSTAINED
41,064,246	2,475	8,265

III. To approve the GUESS?, Inc. 1996 Equity Incentive Plan.

FOR	AGAINST	ABSTAINED
41,064,246	1,569,693	17,197

IV. To approve the GUESS?, Inc. Annual Incentive Bonus Plan.

FOR	AGAINST	ABSTAINED
42,103,501	530,082	17,553

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
3.1.	Restated Certificate of Incorporation of the Company. (1)
3.2.	Bylaws of the Company. (1)
4.1.	Specimen stock certificate.(1)

* filed herewith.

(1) Incorporated by reference from the Registration Statement on Form S-1 (Registration No. 333-4419) filed by the Company on June 24, 1996, as amended.

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b) Reports on Form 8-K:

Our current report on Form 8-K dated May 8, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GUESS?, INC.

Date: April 2, 2001	By: /s/ MAURICE MARCIANO Maurice Marciano Co-Chairman of the Board, Co-Chief Executive Officer and Director (Principal Executive Officer)
Date: April 2, 2001	By: /s/ CARLOS ALBERINI Carlos Alberini President, Chief Operating Officer and Director (Principal Financial Officer)