

SIGNATURES

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

Dated: November 1, 2006

GUESS?, INC.

By: /s/ Maurice Marciano

Maurice Marciano
Co-Chairman of the Board,
Co-Chief Executive Officer and
Director

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
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99.1	Press Release of Guess?, Inc. dated November 1, 2006 (financial results for the quarter ended September 30, 2006)

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GUESS?, INC. REPORTS RECORD THIRD QUARTER 2006 REVENUES AND EARNINGS

THIRD QUARTER EPS INCREASED BY 128%, TO \$1.05 VERSUS \$0.46 LAST YEAR

OCTOBER 2006 COMP SALES UP 11.8%

COMPANY ISSUED EPS GUIDANCE RANGE FOR 2007 OF \$2.75 TO \$2.85

Third Quarter Highlights

- Revenues increased by 31% to \$348.7 million
- Gross margin increased by 390 basis points and SG&A expense rate decreased by 390 basis points
- Operating margin improved 780 basis points to 21.2%
- Net earnings grew 134% to \$48.4 million

Nine-Month Highlights

- Revenues grew 27% to \$838.8 million
- Gross margin increased by 300 basis points and SG&A expense rate decreased by 260 basis points
- Operating margin improved 560 basis points to 14.5%
- Net earnings increased 135% to \$77.5 million

LOS ANGELES, Nov. 1 /PRNewswire-FirstCall/ -- Guess?, Inc. (NYSE: GES) today reported financial results for the third quarter ended September 30, 2006.

Third Quarter Results

For the third quarter of 2006, the Company reported record net earnings of \$48.4 million, an increase of 133.8% compared to net earnings of \$20.7 million for the quarter ended October 1, 2005. Diluted earnings per share increased 128.3% to \$1.05 per share in the current quarter versus \$0.46 per share in the third quarter of last year.

Paul Marciano, Co-Chairman and Co-CEO, commented, "We are very pleased with our outstanding financial performance in the third quarter. Our results represent record-setting levels of revenues, operating margin, net earnings and earnings per share, compared to any quarter in the Company's history. Our revenues and earnings came in stronger than our expectations across all businesses and geographic regions of the world. Our operating results show the power and the potential of our business model with each of our businesses achieving significant growth and margin expansion in the quarter. As a result, the Company's operating margin expanded by 780 basis points -- a great achievement."

Mr. Marciano stated, "Starting with North America, we had a very strong quarter. Our retail business delivered top line growth of 14% and increased operating earnings by 38%. The wholesale segment increased revenues by 38% and increased operating earnings nearly fivefold."

Mr. Marciano concluded, "Our results demonstrate that our business model today is a unique one, more balanced and diversified. Europe had a remarkable third quarter and was the largest contributor to our results, generating nearly a third of our revenues and more than half of our operating profit. We see even greater opportunity in that region as we expand into northern and eastern Europe. As our European business continues to gain traction and momentum, we are now focusing on new opportunities, such as Asia."

Total net revenue for the third quarter of 2006 increased 31.3% to \$348.7 million from \$265.6 million in the third quarter of 2005. The Company's retail stores in the U.S. and Canada generated revenue of \$178.1 million in the third quarter of 2006, a 13.9% increase from \$156.3 million, as reported in the prior-year period. Comparable store sales increased 8.6% during the third

quarter of 2006 versus the prior-year period. Net revenue from the Company's wholesale segment increased 37.8% to \$42.7 million in the third quarter of 2006, from \$31.0 million in the prior-year period. Net revenue from the Company's European operations segment increased 73.1% to \$111.5 million in the third quarter of 2006, compared to \$64.4 million in the prior-year period. Licensing segment net revenue increased 18.3% to \$16.4 million in the third quarter of 2006, from \$13.9 million in the prior-year period. The Company operated 330 retail stores in the U.S. and Canada at the end of the third quarter 2006 versus 305 stores a year earlier.

Operating earnings for the third quarter of 2006 increased 108.7% to \$74.0 million from \$35.5 million in the third quarter of 2005. Operating margin in the third quarter improved 780 basis points to 21.2%, compared to the prior year's quarter. This margin expansion was driven by a gross margin increase of 390 basis points to 47.0%, and an SG&A expense rate reduction of 390 basis points to 25.8% in the period.

Nine-Month Results

For the nine months ended September 30, 2006, the Company reported net earnings of \$77.5 million, an increase of 134.7% compared to net earnings of \$33.0 million for the nine months ended October 1, 2005. Diluted earnings per share increased 128.4% to \$1.69 per share in the first nine months of 2006 versus \$0.74 per share in the comparable period last year. The nine months ended September 30, 2006 had 273 days compared to 274 days in the nine months ended October 1, 2005.

Total net revenue increased 27.2% to \$838.8 million in the 2006 nine-month period from \$659.4 million in the prior-year period. The Company's retail stores in the U.S. and Canada generated revenue of \$481.0 million for the first nine months of 2006, an increase of 18.6% from \$405.7 million in the prior-year period. Comparable store sales increased 13.0% during the first nine months of 2006. Net revenue from the Company's wholesale segment in the first nine months of 2006 increased 18.4% to \$104.3 million from \$88.1 million in the first nine months of 2005. Net revenue from the Company's European operations segment increased 60.0% to \$209.5 million in the first nine months of 2006, compared to \$131.0 million in the prior-year period. Licensing segment net revenue was \$43.9 million in the first nine months of 2006, a 26.8% increase from \$34.6 million for the prior-year period.

Operating earnings for the first nine months of 2006 increased 108.8% to \$121.9 million from \$58.4 million in the first nine months of 2005. Operating margin for the first nine months of 2006 improved by 560 basis points to 14.5%. This margin expansion was driven by a gross margin increase of 300 basis points to 42.9% and a decrease in SG&A of 260 basis points to 28.4% in the period.

October 2006 Retail Sales

The Company also reported retail sales for its stores in the U.S. and Canada for fiscal October 2006. Total October retail sales for the month ended October 28, 2006 were \$53.5 million, an increase of 17.6% from sales of \$45.5 million for the month ended October 29, 2005. Comparable store sales for October 2006 increased 11.8%, which follows an increase of 12.3% for the October 2005 period.

Outlook for 2007

The Company has reinstated issuing earnings guidance. For the 2007 fiscal year, the Company's expectations are as follows:

- Consolidated net revenues are expected to range from \$1.30 billion to \$1.35 billion.
- Operating margin is expected to be in the mid-teens.
- Diluted earnings per share are expected to be in the range of \$2.75 to \$2.85.

The Company will hold a conference call at 4:30 pm (ET) on November 1, 2006 to discuss the news announced in this press release. A live webcast of the conference call will be accessible at www.guessinc.com via the "Investor's Info" link. The webcast will be archived on the website for 30 days.

collection of contemporary apparel, accessories and related consumer products. At September 30, 2006 the Company operated 330 retail stores in the United States and Canada. The Company also distributes its products through better department and specialty stores around the world. For more information about the Company, please visit www.guessinc.com.

Except for historical information contained herein, certain matters discussed in this press release, including statements concerning the Company's future prospects and guidance for 2007, are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are only expectations, and involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from what is currently anticipated. Factors which may cause actual results in future periods to differ materially from current expectations include our ability to, among other things, anticipate consumer preferences, effectively operate our retail stores, effectively manage inventories, successfully execute our strategies, including our supply chain and international growth strategies, and domestic and international general economic conditions and consumer confidence. In addition to these factors, the economic and other factors identified in the Company's most recent annual report on Form 10-K and other filings with the Securities and Exchange Commission, including but not limited to the risk factors discussed therein, could cause actual results to differ materially from current expectations.

Contacts: Carlos Alberini
President & Chief Operating Officer
(213) 765-3582

Dennis R. Secor
SVP & Chief Financial Officer
(213) 765-3289

Joseph Teklits
Integrated Corporate Relations
(203) 682-8258

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

	THREE MONTHS ENDED				NINE MONTHS ENDED			
	September 30, 2006		October 1, 2005		September 30, 2006		October 1, 2005	
	\$	%	\$	%	\$	%	\$	%
Net revenue								
Product sales	\$ 332,304	95.3%	\$ 251,695	94.8%	\$ 794,848	94.8%	\$ 624,802	94.7%
Net royalties	16,444	4.7%	13,905	5.2%	43,915	5.2%	34,641	5.3%
	348,748	100.0%	265,600	100.0%	838,763	100.0%	659,443	100.0%
Cost of product sales	184,917	53.0%	151,162	56.9%	478,847	57.1%	396,304	60.1%
Gross profit	163,831	47.0%	114,438	43.1%	359,916	42.9%	263,139	39.9%
Selling, general and administrative expenses	89,785	25.8%	78,966	29.7%	238,003	28.4%	204,752	31.0%
Earnings from operations	74,046	21.2%	35,472	13.4%	121,913	14.5%	58,387	8.9%
Other (income) expense:								
Interest expense	1,498	0.4%	1,608	0.6%	4,769	0.6%	4,872	0.8%
Interest income	(1,686)	(0.5)%	(608)	(0.2)%	(4,307)	(0.6)%	(1,503)	(0.2)%
Other, net	(1,415)	(0.4)%	---	---	(2,587)	(0.3)%	---	---
Earnings before income taxes and minority interest	75,649	21.7%	34,472	13.0%	124,038	14.8%	55,018	8.3%
Income taxes	27,312	7.8%	13,788	5.2%	46,571	5.6%	22,007	3.3%
Minority interest	(18)	(0.0)%	---	---	(18)	(0.0)%	---	---
Net earnings	\$ 48,355	13.9%	\$ 20,684	7.8%	\$ 77,485	9.2%	\$ 33,011	5.0%
Net earnings per share:								
Basic	\$ 1.07		\$ 0.47		\$ 1.71		\$ 0.75	
Diluted	\$ 1.05		\$ 0.46		\$ 1.69		\$ 0.74	
Weighted number of shares outstanding:								
Basic	45,394		44,409		45,201		44,282	

GUESS?, INC. AND SUBSIDIARIES
CONSOLIDATED SEGMENT DATA
(in thousands)

	THREE MONTHS ENDED			NINE MONTHS ENDED		
	September 30, 2006	October 1, 2005	% chg	September 30, 2006	October 1, 2005	% chg
Net revenue:						
Retail operations	\$ 178,119	\$ 156,332	14%	\$ 481,025	\$ 405,735	19%
Wholesale operations	42,666	30,955	38%	104,290	88,101	18%
European operations	111,519	64,408	73%	209,533	130,966	60%
Licensing operations	16,444	13,905	18%	43,915	34,641	27%
	<u>\$ 348,748</u>	<u>\$ 265,600</u>	<u>31%</u>	<u>\$ 838,763</u>	<u>\$ 659,443</u>	<u>27%</u>
Earnings (loss) from operations:						
Retail operations	\$ 26,003	\$ 18,777	38%	\$ 49,112	\$ 28,826	70%
Wholesale operations	8,529	1,776	380%	14,459	4,182	246%
European operations	40,381	16,911	139%	59,234	27,911	112%
Licensing operations	13,116	7,861	67%	37,441	24,911	50%
Corporate overhead	(13,983)	(9,853)	42%	(38,333)	(27,443)	40%
	<u>\$ 74,046</u>	<u>\$ 35,472</u>	<u>109%</u>	<u>\$ 121,913</u>	<u>\$ 58,387</u>	<u>109%</u>
Operating margins:						
Retail operations	14.6%	12.0%		10.2%	7.1%	
Wholesale operations	20.0%	5.7%		13.9%	4.7%	
European operations	36.2%	26.3%		28.3%	21.3%	
Licensing operations	79.8%	56.5%		85.3%	71.9%	
Total Company	21.2%	13.4%		14.5%	8.9%	

Guess?, Inc. and Subsidiaries
Selected Condensed Consolidated Balance Sheet Data
(in thousands)

	September 30, 2006	December 31, 2005	October 1, 2005
ASSETS			
Cash and cash equivalents	\$ 153,743	\$ 171,549	\$ 138,891
Restricted cash	35,280	--	--
Receivables, net	172,561	81,762	103,806
Inventories, net	139,690	122,037	126,387
Other current assets	39,578	32,670	28,446
Property and equipment, net	159,817	144,007	126,905
Other assets	108,148	81,349	61,576
Total Assets	<u>\$ 808,817</u>	<u>\$ 633,374</u>	<u>\$ 586,011</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current installments of notes payable, long-term debt and capital lease	\$ 44,873	\$ 35,051	\$ 38,164
Other current liabilities	245,929	182,175	172,566
Notes payable, long-term debt and capital lease, excluding current installments	41,736	53,199	45,027
Other long-term liabilities	88,045	74,656	75,807
Minority interest	472	--	--
Stockholders' equity	387,762	288,293	254,447
Total Liabilities and Stockholders' Equity	<u>\$ 808,817</u>	<u>\$ 633,374</u>	<u>\$ 586,011</u>

Condensed Consolidated Cash Flow Data
(in thousands)

	Nine Months Ended	
	September 30, 2006	October 1, 2005
Net cash provided by operating activities	\$ 55,134	\$ 92,390
Net cash used in investing activities	(44,349)	(54,902)
Net cash used in financing activities	(29,519)	(4,518)
Effect of exchange rates on cash	928	(82)
Net increase in cash and cash equivalents	(17,806)	32,888
Cash and cash equivalents at the beginning of the year	171,549	106,003
Cash and cash equivalents at the end of the period	\$ 153,743	\$ 138,891
Supplemental information:		
Depreciation and amortization	\$ 27,408	\$ 25,719
Rent	62,184	53,349

Guess?, Inc. and Subsidiaries
Retail Store Data
U.S. and Canada

	Nine Months Ended	
	September 30, 2006	October 1, 2005
Number of stores at the beginning of the year	315	287
Store openings	25	27
Store closures	(10)	(9)
Number of stores at the end of the period	330	305
Total store square footage at the end of the period	1,602,000	1,521,000

SOURCE Guess?, Inc.

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/CONTACT: Carlos Alberini, President & Chief Operating Officer,
+1-213-765-3582, or Dennis R. Secor, SVP & Chief Financial Officer,
+1-213-765-3289, both of Guess?, Inc.; or Joseph Teklits of Integrated
Corporate Relations, +1-203-682-8258, for Guess?, Inc./

/Web site: <http://www.guessinc.com> /

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