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CRAIN'S NEW YORK BUSINESS

JAN. 27-FEB. 2, 1992

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VOL. VIII, NO. 4



THOMAS JANNI/ZZI

Marcy Syms, the chief operating officer of the off-price clothing chain Syms Corp., is the likely successor to her well-known father.

Sy, Marcy outrun apparel downturn

BY PHYLLIS FURMAN
CRAIN'S NEW YORK BUSINESS

Some things don't change at Syms Corp., the 32-year-old off-price clothing chain founded by retailing legend Sy Syms.

Women's dresses are still marked down every 10 days. The 28-store chain stubbornly refuses to accept major credit cards. And Mr. Syms, accompanied by his daughter Marcy, continues to broadcast the famous advertising message "An educated consumer is our best customer."

Sticking to its guns has made Syms a

standout in the troubled retail marketplace. While other New York players have rapidly expanded, many of them loading up with debt, Syms has grown slowly, kept to its off-price niche and held its debt load to a minimum. As a result, many believe the company is well-positioned to capitalize on the economic recovery.

"Syms is a conservatively run company with a solid base," says George Clairmont, president of Clairvest Corp., a Manhattan-based institutional investor that has recently acquired a sizable Syms stake. "In an era when so many

(Continued on Page 41)

Retail failures adding to ills at media firms

BY CYNTHIA RIGG
CRAIN'S NEW YORK BUSINESS

The recent spate of retail bankruptcies has worsened the already weak local advertising environment, sticking many media companies and ad agencies with unpaid bills and forcing them into layoffs.

Now, the ever-more likely Chapter 11 filing of R.H. Macy & Co., one of the market's biggest advertisers, threatens even greater losses despite efforts by media companies to limit their exposure.

The common denominator in the bankruptcy filings of Sterling Optical Corp., Newmark & Lewis Inc., 47th Street Photo Inc. and Seaman Furniture Co. has been newspapers, radio and television stations, media buying services and advertising agencies.

"How to protect yourself from future bankruptcies is on everyone's mind these days," says Sandy Josephson, vice president-marketing of New York Market Radio Broadcasters Association. "If you decide not to take someone's business, you run the risk that if they survive they won't come back to you."

Media companies and agencies are finding that they must walk a fine line to secure their own interests but not alienate clients. Such tightrope balancing has cost *The New York Times* more than \$600,000 in unpaid bills from 47th Street Photo and Newmark & Lewis. Local radio and TV stations alone are owed nearly \$1 million by the liquidating consumer electronics chain.

Falling ad revenues, coupled with losses relating to the filings of Newmark & Lewis and Seaman Furniture, have led Gannett Suburban Newspapers to cut back. The work weeks of its

hourly workers have been shortened and the White Plains-based publisher of 12 newspapers is requiring five unpaid furlough days from each salaried employee.

Rothenberg Winter & Davis, an advertising agency, has also felt the weight of Chapter 11 since its client, Sterling Optical, filed for protection late last month. The \$10 million agency is struggling to absorb \$263,000 in unpaid bills from its client of less than a year. Chairman Kenneth Davis says the experience has changed the way his agency does business.

"We now try to bill on estimate with a percentage of the money in advance and the rest on completion," Mr. Davis says. His agency is owed for creative and production work only.

"In the last three years, we have been much more careful in our financial checking, but it still doesn't guarantee these

(Continued on Page 44)

Putting bite in the media

Bankrupt company	Biggest media creditors	Amount owed
Newmark & Lewis	Newsday	\$447,966
	WCBS-TV	\$272,131
	WABC-TV	\$248,775
	New York Times	\$153,030
47th Street Photo	New York Times	\$455,274
	Hachette Magazines	\$196,370
	Newsday	\$52,203
Sterling Optical	Saatchi & Saatchi	\$1,160,000
	Rothenberg Winter & Davis	\$262,000

Source: Bankruptcy filings

JOSEPH M. POWELL

AT DEADLINE

Vendors await Macy's details

As the board of R.H. Macy & Co. considered a \$1 billion recapitalization proposal from Laurence Tisch late Friday, vendors remained uncertain whether they would resume shipments. Last week, Mr. Tisch laid out a plan that would make him Macy's dominant shareholder and effectively solve the chain's huge debt problems through a \$1 billion investment and a prepackaged bankruptcy filing. But Macy's did not say whether it would make payments to trade vendors that it delayed two weeks ago. It also wasn't clear Friday where Macy's unsecured trade creditors would stand in (At Deadline continued on Page 41)

AmEx card fight reaches N.Y.

BY YLONDA GAULT
CRAIN'S NEW YORK BUSINESS

When expense-account dining was all the rage, New York City operators could hardly open a restaurant without it.

But times have changed and so have things at American Express.

Andrew Silverman, the restaurateur whose stable includes Espace, Maryland Crab House and Prix Fixe, says that when he opens his fourth establishment in just a few weeks American Express will not be welcome. At Manhattan Plaza Cafe, a new restaurant on West 43rd Street, owner Michael Manganiello won't be renewing an

exclusive contract with the credit card company.

"For the \$70,000 to \$100,000 in fees I pay them each year, I'm not getting anywhere near my money's worth," he says.

Such tales are growing more common, forcing American Express Travel Related Services Co. into aggressive—sometimes defensive—action. In the past few months, AmEx has cut off a Toronto restaurant and British retailer Laura Ashley Holdings PLC for discouraging use of its card.

Although matters haven't turned quite so drastic here, American Express is clearly scrambling to solidify its hold. Facing defections in one of its most important

markets, American Express has been cutting fees and negotiating deals with individual operators, restaurateurs say.

Although it denies such moves, American Express acknowledges that it has beefed up marketing efforts—such as cooperative advertising and merchandising programs—aimed at increasing card use.

Still, for many frustrated New York restaurateurs, it's not enough. They complain about American Express' high fees and its many layers of management.

American Express' commission rate, based upon a restaurant's volume, ranges from 2.5% to 5% of the diner's check, vs. (Continued on Page 44)

TakeOut: Telecommunications

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AT DEADLINE

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a Tisch or alternative refinancing plan. One sign vendors are looking for is an assurance that Macy's banks will allow the retailer to draw on its \$587.7 million revolving credit line. Jon Levy, president of the Manhattan-based apparel company Gillian Group, said, "I expect to be paid and I expect to ship. If I don't get paid, I'll have to get a sense of the negotiations." Others said they would not ship to the chain even after receipt of their checks, fearing other creditors could block Mr. Tisch's efforts and force Macy's into a bankruptcy filing. Any restructuring could be undermined by the refusal of vendors to ship goods for the spring selling season. One said a deal must be reached by Feb. 15.

Survey cites N.Y. advantage

The telecommunications infrastructure is the city's biggest advantage, according to 299 executives responding to a survey released today by the New York City Partnership. But despite the recession, more than 80% of the executives from six industry sectors believe the cost of doing business here is more prohibitive than five years ago. The survey found that a like number of respondents, who rated citywide security as crucial in choosing a location for their company, believed New York was declining in that respect. Ronald Shelp, president and chief executive of the partnership, said the results reaffirm "the critical importance of a four-year tax freeze and significant downsizing of the city work force, along with increasing public safety and continuing our work to improve the city's schools."

News information out

This week, Salomon Brothers Inc. will have financial information for potential investors and prospective buyers of the *Daily News*, says Howard Seife, the attorney representing the tabloid's creditors committee. Last week management at the *News*, which is in Chapter 11, predicted that the paper will be self-sustaining and viable until year end. Those projections assumed that the *News* would have access to \$10 million in debtor-in-possession financing.

Newmark buyers emerge

Hauppauge, L.I.-based P.C. Richard & Son is one of several companies bidding for the remaining pieces of bankrupt Newmark & Lewis Inc. The rival chain is about to sign a contract to buy the leases of six Newmark & Lewis locations in Queens and on Long Island. Daniel Golden, an attorney with Stroock & Stroock & Lavan, which is representing Newmark & Lewis in its Chapter 11 filing, says that several other bidders are currently negotiating to purchase assets.

Few BCCI claims here

State banking officials say they have received only 21 claims from those who did business with the now-defunct Bank of Credit & Commerce International's New York office. The banking department, which is liquidating BCCI's New York operation, sent claim forms to almost 700 individuals and companies that did business with BCCI. The deadline for claims is March 27.

Bush proposal for N.Y.

WASHINGTON—New York City would get \$70 million to upgrade its waste water treatment facilities under President Bush's budget, due this week. That amount, which is in addition to \$70 million the city received for the current fiscal year, would be for the year beginning Oct. 1.

Wall Street contract let

Contingency Trading Facility Inc. has won a multimillion-dollar contract to build and manage a backup securities sales and trading center for Wall Street financial houses. CTF, mostly owned by Metropolitan Fiber Systems Inc., will build the "disaster recovery hot site" at downtown Brooklyn's MetroTech Center by the end of the year.

Shea lures practice

Shea & Gould has lifted most of Rosenman & Colin's insurance law practice. Two insurance partners and two other senior attorneys left Rosenman & Colin for Shea & Gould on Friday, taking \$3 million to \$4 million in billings with them. The practice, led by attorneys Melvin Stein and Robert Schneider, focuses on life insurance.

New pro bono ad guidelines

The Mayor's Office of Partnership Programs is instituting a new process for registering advertising agencies interested in doing pro bono work for the city. In the past such assignments were handed out on an informal basis. The mayor's office is asking that agencies wishing to be considered for voluntary projects register their credentials. "The new charter does not allow the old informal process because although the creative work is free, production costs have to be paid," says George Archer, deputy director of partnership programs. Volunteering agencies will be allowed to specify areas of interest.

Defense firms gird for cuts

From Page 3

with a Salt Lake City company taps the company's expertise in making high-tech military parts.

Although the company has manufactured civilian products like waste tanks for commercial aircraft in the past, this is by far its furthest reach.

"We're looking broadly for ways to take our technology and find a related use for it," says Michael Haggerty, Edo's vice president-finance. "But it's not easy to jump in the water and swim."

Not everyone is diversifying. Indeed, Manhattan-based Loral Corp. is going in the opposite direction.

"Loral remains completely committed to the defense industry," says Oppenheimer & Co. analyst Lior Bregman. He believes that with defense companies for sale at attractive prices and with financing costs so low, Loral will move within six to 12 months to acquire another company, perhaps one as large as Ford Aerospace Co. Loral annexed that \$1.9 billion commercial and military manufacturer in 1990.

State sixth in defense index

Still, the defense industry's position continues to tighten, and New York could be dealt a severe blow as cutbacks proceed. The state ranks sixth among the 50 states on an index that measures the amount and kind of defense spending, state unemployment and projected defense cuts, ac-

cording to *Building a Peace Economy*. The recently published book was written by experts from the Council on Economic Priorities.

In fiscal 1990 New York state had \$6.8 billion in prime contracts from the Pentagon, which represents a drop of more than one-third from the fiscal 1987 level, according to the book. In 1989 Bethpage and New York City combined had more than \$3 billion.

The study didn't measure the volume of subcontracts in the region, but it's known to be significant.

Among the programs rumored to be endangered is the Grumman E2C Hawkeye, the aircraft-carrier radar plane described as the "eyes of the fleet." Any move to stop production of this plane will be vigorously opposed by Long Island's congressional delegation.

Rep. George Hochbrueckner, D-L.I., says if the Pentagon claims it can't afford to build more of the planes, he and his colleagues will argue that naval aviation has been getting a smaller share of funds over the years compared with the Air Force and Army sectors.

But while Grumman will fight to save the E2C, it's also moving ahead with efforts to diversify. Currently, about 70% of its business is defense-related.

In recent weeks, Grumman has announced ventures that reach beyond its primary military business. The company won its first major overseas data systems contract, a \$15.6 million award to de-

velop a modern 911 emergency system for the Seoul, South Korea's police department.

Eyeing the Pacific Rim market

While the contract amount is relatively small, it's an important entree into the lucrative Pacific Rim market.

The company is also heading an aerospace team that won \$20 million from the Air Force to develop a new type of rocket engine, a technology that could lead to NASA contracts. This technology is seen as one day enabling rockets to reach Mars.

However, Grumman's team is one of five working on the development, so it remains to be seen whether this will translate into significant new business.

The Bethpage company is also working with a team on the next generation of carrier-based fighter planes, the AX. However, it will be at least 2005 before an actual plane is produced, a Grumman spokeswoman says.

She notes that in the early 1970s, Grumman, along with other major defense aerospace companies, diversified into businesses like buses and solar energy that ultimately didn't work out. But the company has learned an important lesson.

"Now what we try to do is to stick closer to home and do those things we know how best to do," she says, pointing to the company's strength in aerospace, information systems and other areas. ■

Syms riding out recession

From Page One

companies are leveraged, Syms is an incredibly pristine chain."

Nonetheless, the recession has taken a toll on the Secaucus-based retailer. After a decade of impressive double-digit earnings gains, Syms' profits slipped 25% in 1990 and gained only slightly last year.

Now the off-pricer is trying to move back on track. A new strategy calls for cutting costs, adding stores in its existing markets and sharpening its buying skills. It's the first big test for Ms. Syms, the company's 40-year-old chief operating officer and likely successor to her 65-year-old father.

"Syms is at a turning point," says Harry A. Ikenson, who follows the company for S.G. Warburg Securities in Manhattan. "The company has improved its cost controls significantly and is now about to embark on a consistent store expansion program."

Ms. Syms and her father, whose title is chairman and chief executive, have much riding on a turnaround. The Syms family, which took the company public in 1983, retains an 80% ownership.

Making swift improvements

People close to Mr. Syms believe he is bent on making swift improvements in hopes of cashing in more stock. Currently Syms shares are trading at around \$10, 33% less than their offering price.

"Sy may be getting to a point that he wants some action on the stock," says Gene Kosack, an admirer of Mr. Syms, who is also president of Syms' closest competitor, Paramus-based NBO Stores Corp. "There's no better way to get your stock price up than to announce store openings."

Nonetheless, Syms faces tough challenges in regaining lost momentum. The company's annual sales have consistently grown, reaching \$320 million last year.

But sales at Syms stores open for more than one year, a sharper measure of the chain's ability to grow, have been declining.

A key problem is mounting competition from numerous off-price retailers and discounters such as Burlington Coat Factory, Marshalls and T.J. Maxx. Then there is the growing threat posed by department stores, which are sharply cutting prices as well as launching their own outlet stores.

"The consumer now has so many choices," Ms. Syms says.

The retail landscape was widely different three decades ago when Mr. Syms opened his first Syms store in what is now One World Trade Center. A former broadcaster with family ties in retailing, he latched on to a winning retail concept that remains the company's cornerstone.

Mr. Syms would venture into the apparel markets at the end of the season, picking up brand-name goods at about 40% below wholesale. Then he'd sell the merchandise at about a 40% discount to department store prices. To enhance the feeling that shoppers were getting a bargain, he painted his stores black and refused such frills as credit cards and returns.

Along the way, Mr. Syms built strong relationships with vendors. His friendly demeanor and prompt payment practices helped secure the best merchandise. And Mr. Syms kept his promise never to cite vendors' names in Syms advertising.

He took his off-price concept on the road, opening free-standing suburban stores everywhere from Dallas to Buffalo, while keeping a single store in lower Manhattan. Borrowings were kept to a minimum, with the company's current long-term debt standing at 2.8% of its total capitalization.

The merchant also put his family to work, employing five of his six children. The 1983 public offering brought them \$45 million.

The good times continued throughout the 1980s. Brand-hungry shoppers flocked to the stores, picking up prestigious labels like Ralph Lauren as well as moderate brands, such as Stanley Blacker, in which a Syms family member has an investment.

High expenses cut profits

But by 1990, Syms was overstocked with merchandise as consumer demand was slipping. As a result, the company was forced to take steep markdowns. Rising expenses further cut into profits.

Last year, Ms. Syms spent much of her time looking for solutions. One thing she did was cut store payroll, which helped reduce selling, general and administrative expenses to 24.8% of sales in the first nine months of 1991, compared with 25.1% in the first nine months of 1990.

Syms invested in a new computer system and an automated distribution center that can service up to 48 stores. Ms. Syms also pushed buyers to make sharper purchases.

As a result, analysts expect earnings to reach \$1 a share this year, up from an estimated 85 cents a share in 1991.

Now the company is poised to expand, with a goal of opening four stores a year primarily in existing markets. The company's goal is to make it convenient for shoppers to get to Syms stores.

The Syms strategy is regaining the attention of Wall Street. For years, the stock was largely ignored. It currently trades at a 10.6 multiple, far lower than other off-pricers such as Value City Department Stores, which commands a multiple of 24.2.

"Within the next year, the stock could go as high as \$13," says Mr. Clairmont, the Syms investor. "If this recessionary reign of terror subsides, which I expect it will in the third or fourth quarter, Syms will have a lot of options." ■

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BARRON'S

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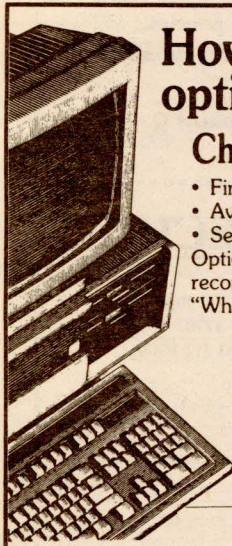
Proposals are due back April 16, 1992.

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Pipe-Rack Recovery

Net on the Rise at Syms, Burlington Coat

By JAY PALMER

RETAILING is rebounding. One of the bright signals that the whole economy is at last on the mend. Following a dismal Christmas season, retail sales shot up sharply in both January and February, and after reporting lower or, at best, only anemically higher same-store sales in 1991, major chains — notably Sears, Dayton Hudson, J.C. Penney, Kmart and Woolworth — are all now reporting higher same-store volume in 1992's first two months.

Also enjoying the sound of busier cash registers are the merchants who typically fare better in recessions, retailers like Syms and Burlington Coat Factory, two East Coast off-price clothing operations that appeal to bargain shoppers. What gives those chains an edge is the possibility that the recovery may prove on the modest side.

"If you think about it," argues Walter Loeb, a New York retail consultant, "it makes a lot of sense that these companies should do well in both a down market like 1991 and the sort of economy we are likely to see in 1992. In both instances, there is a subtle shift in buying patterns from more- to less-expensive."

Both Syms and Burlington turned in respectable showings last year. Over the 12 months, both increased total sales, same-store sales and earnings. Both were shaking off the effects of special problems a year earlier. With those difficulties for the most part behind them, the two companies are now poised to make up for lost time and show smart earnings advances in the current year.

At Syms, where the advertising proclaims that an "educated consumer is the best customer," buying has always been as important as selling. Inventory is split about 60-40 men's apparel to women's, consisting of suits, ties, shirts, dresses and whatever else manufacturers have been unable to sell at full price through conventional retailers. It might be a simple case of overproduction, or it might be that the color, cut or fabric is out of favor. Whichever, the manufacturer isn't looking for a profit so much as to cut its losses; it would be more than pleased simply to cover its costs. At that point, in steps Syms, bargaining hard.

Or at least that was the way it used to work. What went wrong for Syms in 1990 was nothing less than a combination of overenthusiasm and lack of management controls. "Our buyers were operating without any organized oversight," explains Marcy Syms, president and chief operating officer of the company her father founded.

"We didn't want to inhibit our people by requiring that they had to come back to the office and check out a planned purchase with supervisors. So they operated, to a very large degree, out on their own, buying stuff at prices that no one had to approve."

The result — in 1990, at least — was bloated inventory and savaged margins. As sales rose 5% to \$314 million, operating net fell to \$31.4 million from \$36.6 million. Earnings dropped to 77 cents a share from \$1.09.

As a remedy, Syms imposed a host of tough new cost and inventory controls, paring staff and appointing new supervisors. Under one key change, buyers were required to have every purchase approved by more senior management.

"Not only do we look at each deal more closely," says Syms, "but there is now also much more determination to negotiate a better price and do a better deal in the first place. Instead of assuming that there is somehow an art to the buying, we are now trying to put some science in it, breaking down each order to identify and put a price on the real value of the deal, the thing that appeals to the shopper. Is it the label, the fabric, the country of origin, the cut or style? We want to know what it is, how much we are paying for it and how much we can sell it for."

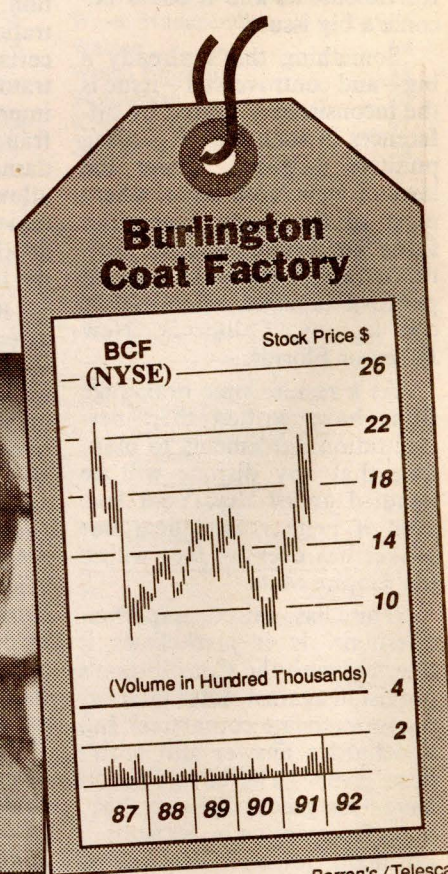
The payback for the company is already showing up in the form of fewer and smaller markdowns, she explains, though reported earnings most of last year probably under-

stated the company's performance, because of an archaic inventory-monitoring system that has since given way to a modern, computerized setup. In the first nine months of last year, the company reported that earnings fell to 51 cents a share from 54 cents in the like span a year earlier. But net income for the full year, announced last week, gave a more positive picture: On sales that were slightly lower than those rung up a year earlier, at \$94.5 million, fourth-quarter earnings rose to 30 cents a share from 26 cents, lifting the full year's total to 81 cents a share, up from 77 cents in 1990. In 1992, with sales now headed higher, net could top \$1.10 a share.

Burlington Coat Factory's 1990 troubles were less a management failure and more of a seasonal legacy. When launched in 1972, the company, as the name suggests, specialized in selling winter overcoats. Volume was not only highly seasonal, peaking in the December quarter, but also critically dependent on help from the thermometer.

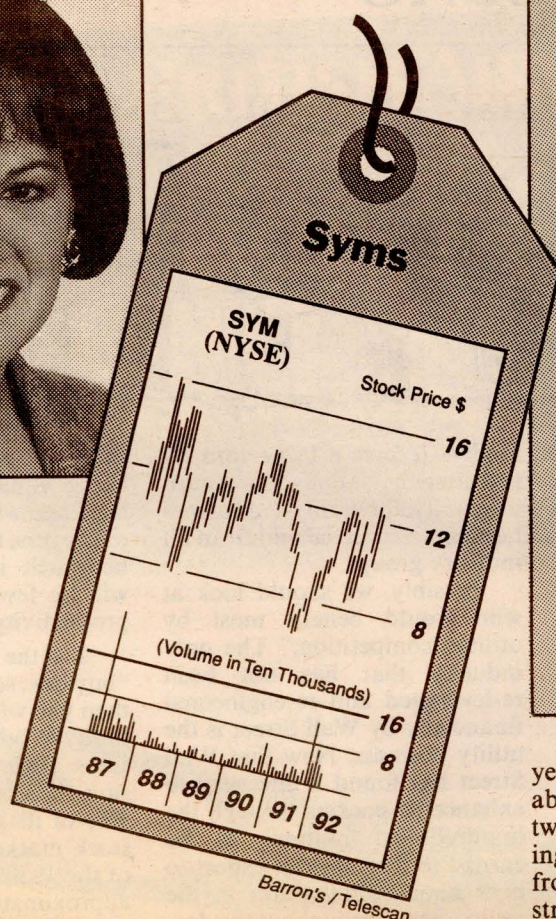
Almost from the start, Monroe Milstein, the president, chairman and founder of the company, pushed diversification to the point that stores in the chain carried lines of children's furniture as well as men's, women's and children's indoor clothing. By 1991, the number of stores with linen departments had risen to 140, from 114 the previous year and just 55 in 1989. Even so, at the close of 1990, outerwear still accounted

Monroe Milstein





Marcy Syms



for well over 50% of revenues.

Despite that drag, which has been exaggerated by mild winters, for all of fiscal '91, ended June, on sales that rose 15%, the company lifted earnings 2% to \$1.40 a share, up from \$1.37.

The gains have continued into fiscal '92. In the three months ended last September, Burlington held its loss to 22 cents a share, the same as in fiscal '91. But in the December quarter, the rewards of the company's continuing hard push away from overcoats towards less seasonal stock became apparent. Even though the temperatures were again generally mild, at least in the East, the company still managed to boost earnings 28% to \$1.93, up from \$1.50. Even if the company reports no earnings advance in

its second half, for the full fiscal '92 profits should top \$1.75 a share. In fiscal '93, earnings of up to \$1.95 are possible.

The sharp earnings gain in the December quarter came despite a drop in overcoat sales. "We had a much tighter inventory and much more control over costs," says Milstein. "We did a very good job keeping expenses under control." Of no small help on that score was a three-year-old, \$28 million New Jersey distribution center, through which most merchandise now passes and which has sharply lowered the costs of inventory control.

Both Syms and Burlington Coat aim to boost market share by opening new outlets. Syms plans to add at least six stores to its current 28 over the next two

Financial Overview				
Year	Earnings Per Share	Revenues (millions)	Net Income (millions)	Book Value Per Share
1991	\$0.81	\$317.5	\$14.2	N/A
1990	0.77	314.4	14.1	\$8.55
1989	1.09	300.0	19.2	7.75
1988	1.06	282.5	18.7	6.57

Dividends	
Current Rate	0
Current Rate Yield	0%

Key Ratios	
Profit Margin	4.3%
Return on Common Equity	9.3%
Return on Total Assets	6.9%
Revenues to Assets	161%
Debt to Equity	8%
Interest Coverage	18.6
Current Ratio	2.4

Shareholder Data	
Market Value	\$188 million
Shares Outstanding	17.69 million
Insider Net Sales (shrs., latest month)	10,000
Short Interest Ratio	0.0 days
Avg. Daily Volume	11,575 shrs.
Institutional Holdings	15.5%

years, a rate of expansion that about matches that of the past two years. The projected openings, however, mark a departure from the company's past growth strategy, which called for adding stores almost exclusively in new markets — areas where there were no other Syms stores

nearby. The company has now decided to try achieving what it calls "a critical mass" in a few higher-profit target markets.

"We originally had the idea that we wanted a store for every two million metro-population," says Marcy Syms. "That was fine as long as customers were

willing to drive 50 minutes or so to get to us. But now, on that journey, they would pass four or five factory outlets, and take their business there. So now, instead, we want to seed existing markets with further outlets."

The result, management figures, will be greater traffic from a rise in word-of-mouth advertising, and operating efficiencies reflected in lower advertising and distribution costs.

The new Syms outlets will carry on one company tradition: None will accept any credit card other than Syms's own. "We have been told that our policy is losing us sales," says Marcy Syms. "We dispute that, but, even if it's true, we don't want to change. It's a matter of philosophy, of culture. It's all part and parcel of why our stores have bare wood floors, plain walls and one large communal changing room for men and another for women, rather than individual stalls. If you are an off-price store, it's important to create an off-price image."

Unlike Syms, Burlington Coat does take cards and is still confident that it can grow fast without recourse to a critical-mass strategy. With 160 outlets already spread over 37 states

Continued on Page 24

057-205

LIPPER GROWTH FUNDS AVERAGE

+751.37%

DREYFUS THIRD CENTURY
 Average Annual Total Returns
 3/29/72-12/31/91: **12.81%**
 12/31/81-12/31/91: **13.83%**
 12/31/86-12/31/91: **16.22%**
 12/31/90-12/31/91: **38.06%**

+982.82%

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For the period since its inception, The Dreyfus Third Century Fund has outperformed the average for all Growth Funds tracked by Lipper Analytical Services, Inc.

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 *From 3/31/72-12/31/91, Dreyfus Third Century was ranked 22 out of 101 Growth Funds. Net asset value and investment return will fluctuate so that an investor will receive more or less than original cost upon redemption. Past performance is no guarantee of future results.
 Dreyfus Service Corporation, Distributor.

C 422

Financial Overview

Year June 30	Earnings Per Share	Revenues (millions)	Net Income (millions)	Book Value Per Share
1991	\$1.40	\$905.8	\$24.7	\$13.59
1990	1.35	803.2	24.0	12.3
1989	1.34	676.3	23.6	10.94
1988	1.23	574.9	21.7	9.78

Dividends

Current Rate	0	Current Rate Yield	0%
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Shareholder Data

Market Value	\$378 million
Shares Outstanding	18 million
Insider Net Trading (shrs., latest month)	0
Short Interest Ratio	0.2 days
Avg. Daily Volume	33,545 shrs.
Institutional Holdings	32%

Key Ratios

Profit Margin	3.5%
Return on Common Equity	10.2%
Return on Total Assets	7.4%
Revenues to Assets	213%
Debt to Equity	40%
Interest Coverage	5.0
Current Ratio	3.4

Intel

Continued from Page 17

a year, 100,000 chips a year, justify comparable investments?"

But RISC development costs are not comparable, so incrementally lower volume increases drive down costs more quickly than is true for CISC chips—and, indeed, RISC prices have come down sharply in the past year, with some chips now selling for less than Intel's 486. PC makers are paying attention. IBM and Apple have joined forces with Motorola to design and produce a RISC-

based PC. Compaq and DEC are spearheading the Advanced Computing Environment, a consortium of PC makers attempting to design a standard PC technology based on a MIPS chip. And new RISC chips are coming faster than Intel can keep up, such as the recently unveiled Alpha chip from DEC that reportedly runs 50% faster than Intel's forthcoming 586.

Despite all this, Intel historically had one final line of defense to minimize the RISC risk: a massive installed base of Intel-compatible software, in DOS or Windows, that won't run on RISC machines. As recently as Jan. 23, in a presentation to the New York Society of Secu-

rity Analysts, Grove stressed that "software compatibility and improved performance in the next generation" will drive the PC industry, implying that Intel therefore would always maintain its edge. Now that advantage also is evaporating: Software giant Microsoft, which designed the DOS and Windows operating systems, will be shipping Windows NT later this year. Windows NT (for "new technology") will enable RISC-based machines to run all software applications currently available to Intel's customers.

None of this suggests that Intel is about to dry up and blow away, but it doesn't bode well for a company whose fortunes

rest essentially on one product. Although Intel has attempted to diversify, and indeed has had some success in multiprocessor supercomputers, an attempt to make motherboards and complete PCs irritated captive customers and subsequently faltered; production of memory chips also has been in decline. Company officials, however, seem impervious to the new realities and point to the same attributes — financial muscle, market penetration and corporate longevity — that ultimately proved insufficient for the IBMs and Xeroxes of the world to maintain their dominance.

"The leader is always the target," muses House when

asked about criticism of his company.

David Tice, on the other hand, sees matters in starker terms. "Intel made huge profits in the past because it had a monopoly," he points out. "Now that monopoly has disintegrated, in what is becoming a brutally competitive marketplace, and Intel investors face severe earnings disappointments — and Wall Street is known for punishing companies that disappoint it."

Grove, when asked about analysts' earnings projections, declines to indicate whether they're even in the ballpark. "I'd rather not comment on earnings projections," he says.

Recovery

Continued from Page 21

and more planned elsewhere, the company's basic aim is to open up as many new markets as possible. It plans to add between 20 and 30 stores within the next two years, a rate of growth that won't be difficult, insists Milstein. "We have the funds to do it and collapsing real-estate prices mean that it is the right time to do it," he asserts. "You might even say that any company not expanding now is missing an opportunity to do so at very favorable terms. In this kind of a weak economy, we will have no difficulty in finding the kind of stores we want."

Each company is financing its growth internally. Syms's balance sheet shows effectively no long-term debt. Burlington's long-term borrowings total some \$95 million, equal to 40% of equity. The two companies are looking for about the same 15%-plus pace of outside expansion over the next two years. Figuring in some same-stores sales growth, each could see total sales rise by over 20% by 1994.

Founder Sy Syms and his family still control about 80% of Syms stock, and they have never disguised the fact that they would sell — if the price were right. "Give us an offer of \$25 a share," says Marcy Syms, "and I can tell you, we'll take it."

In the meantime, both she and Monroe Milstein are bullish for the year. "We will do better whatever the economy," says Milstein. Echoes Marcy Syms: "Ninety-two will be a fantastic year for us, regardless."

Corrections & Amplifications

Some of the headings in last week's Mutual Bonds Vital Statistics box covering Van Kampen Merritt Tax Free High Income Fund were incorrect. The correct data: Total return, 0.19% latest month; 1.35% latest quarter; 7.54% latest year. Sales charges, 4.90% initial load; no deferred charges; 1.09% expense ratio, including 0.23% 12b-1 fee.

How can all bond insurance be the same, if all bond insurers aren't?

While municipal bonds are considered the safest of investments after treasuries, some investors are still concerned about their safety, and even about the bond insurance that guarantees many of them.

While that guarantee of unconditional, irrevocable, on-time payment of principal and interest is identical for all the

largest and most financially successful companies. And, FGIC is the *only* bond insurance company awarded Triple-A ratings by all three rating agencies — Moody's, Standard & Poor's, and Fitch.

Because FGIC's Aaa/AAA/AAA insurance makes a bond more liquid and the security it provides that much more reliable, FGIC-



major bond insurers, bond insurance companies themselves do differ substantially. Financial strength, ratings, business strategies, and even ownership of bond insurance companies are all important factors in making an informed judgement about whether the promise to pay is more durable in the case of one bond insurer than another.

Financial Guaranty Insurance Company is one of the leading bond insurers. We are well-known for applying the most stringent credit criteria in deciding which bonds we'll insure. We're the only insurer with a Triple-A rated parent company, GE Capital, the financial services subsidiary of one of the world's

insured bonds are an ideal investment for any balanced portfolio. And in these troubled times, when it seems nothing can be depended on, that is a very good investment indeed.

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Syms' strategy: drab stores, no sales, no credit cards

■ Sy Syms built a successful off-price clothing chain by flouting retailing convention. As he works to rally the company, he remains firm in his beliefs.

By MARK ALBRIGHT
Times Staff Writer

NEW YORK — Sy Syms got rich by breaking most of the rules of retailing. Now the irrepressible millionaire whose TV and radio commercials have courted "the educated consumer" in a monotone for three decades is working to get his once-hot company back on track.

And nobody expects this 65-year-old off-price pioneer to start playing by someone else's rules now.

"The biggest mistake I ever made was opening on Sundays," said Syms of the last time he followed the pack. "And, no, we are not going to start taking national credit cards. In this business you have to do a lot of little things beyond low

prices to make customers believe they are getting a special deal. Sometimes that means making it more difficult."

Forget fast and convenient, two of the latest buzzwords in mass retailing. Syms parlayed cheap prices for tailored dress apparel into a fortune with his one-of-a-kind Syms chain and its off-the-wall rules. But recession hammered sales growth all across the factory-seCONDS industry. Growing ranks of competitors are gnawing at his market share. And many analysts think Syms' approach has gone stale.

During a recent interview, Syms paused for emphasis, dipping his pipe into a marble tobacco humidor the size of a small wastebasket, and talked about his plan to revive the company: Drive harder bargains with suppliers and open more of his old-style, dense-packed suit super-markets.

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front masks the tons of flashy designer labels inside. Most of the labels hang on garments that are months, or in some cases, years old.

Don't laugh. Syms used this no-frills formula to build a single men's store into an off-price chain that dresses budget-minded office workers up and down the Atlantic Coast including Tampa. His biggest outlet is a five-story warehouse of a store just around the corner from the New York Stock Exchange. And Syms Corp. stock, which has languished through most of the current recession, soared right after the last recession in 1982 ended.

Once inside, customers must learn Syms-speak and find how to navigate his peculiar version of an off-price store — a sales floor the size of a big grocery store that requires plenty of pawing through the racks to find the hidden gems tucked among the chartreuse suits.

It's a world of price tags color-coded by size, with no refunds.

Please see **SYMS** 9-I



Special to the Times — JIM SULLEY/AP

When Marcy Syms, left, was named heir apparent to father Sy Syms as head of the Syms store chain, the news didn't please some of her younger brothers.

WHAT'S IT WORTH?

RUBLE TRIVIA

In 1704, Peter the Great started the first regular minting of the ruble.

According to the *Los Angeles Times*, the ruble has recently traded between 70 to 100 rubles to the dollar.

The average



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Just ask Susan Wendt, a mar-



Who you know matters the most

■ The word "networking" makes some people cringe, but "networking is better than not working," says one career advisor.

The Baltimore Sun

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Now that U.S. unemployment is topping 7 percent, what career counselors call "positioning yourself for change" takes on new relevance. You need to prepare to make a job transition whether the change is by force or choice.

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The average Soviet worker's salary is 960 rubles a month.

Banknotes worth 1,000 rubles are now being printed and artists are working on 2,500- and 5,000-ruble denominations.

Recent prices at state-subsidized stores in Moscow: a loaf of bread for 4 rubles, a pack of cigarettes for 10 rubles and a pair of women's shoes for 500 rubles.

Sources: Encyclopaedia Britannica, World Book Encyclopedia, Times research



Times photo — CHERIE DIEZ

Ruble doesn't only bedevil the Russians. Some Americans have difficulty with it, too.

Just ask Susan Wendt, a marketing consultant in Odessa (that's Odessa, Fla.), who recently received a Christmas present from a friend in Russia.

Shipped on Dec. 27, the package arrived on her doorstep three days later. Inside were a glass vase, a T-shirt, two dolls, a lace collar and assorted souvenirs and Christmas decorations. According to the shipping label, the package was worth 1,700 rubles.

But how much is 1,700 rubles worth?

Federal Express Corp., which delivered the package, valued the gift at \$1,024 and sent Wendt a bill for \$204.80 in customs duty. When she complained, the company referred her to Fritz Cos., its customs broker.

Fritz looked into the details and acknowledged a mistake had been made. In fact, Fritz informed her, the package was actually worth \$1,736. That meant she owed customs duty of \$347.20 plus a \$21 processing fee charged on all packages worth more than \$1,250. Please send a check, the company said.

Wendt says she's just a be-

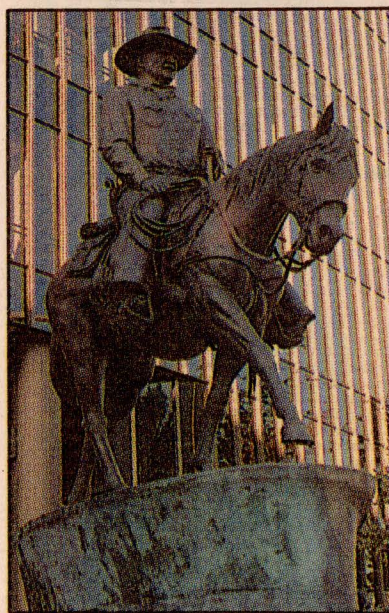
Please see **RUBLES 2-I**



Times photo — TONY LOPEZ

When Susan Wendt received a package containing these items from Russia, she realized the customs charge was wrong. She had a hard time straightening out the ensuing mess.

In Florida, Great Western sees a land of opportunity



Great Western

A statue of John Wayne, a regular in Great Western ads, graces its headquarters.

■ The California thrift, known for its shrewd marketing, has bought its way into Southeast and Central Florida. Next goal: expand in Tampa Bay.

By **ROBERT TRIGAUX**
Times Staff Writer

Great Western Bank balks at the image, but the California savings and loan has become a juggernaut in Florida by dominating the federal auctions of the state's failed thrifts.

This month is no exception. Great Western, the nation's second-largest thrift, won the bid for Miami's AmeriFirst Federal from the federal Resolution Trust Corp.

The deal added another \$1.8-billion in deposits and 53 branches to Great Western, pushing its stake as Florida's largest thrift

operation to \$9.2-billion in deposits and 195 branches.

Since June 1990, the company has acquired the branches of seven Florida institutions with \$8.2-billion in deposits.

For Great Western, whose headquarters in Beverly Hills, Calif. belies its plain-Jane style of home mortgage lending, its plan in Florida is disarmingly simple.

"We think it an appropriate strategy to concentrate on the two fastest growing areas of the country, California and Florida," said Jim Montgomery, the 6-foot-4 chairman and chief executive officer of Great Western.

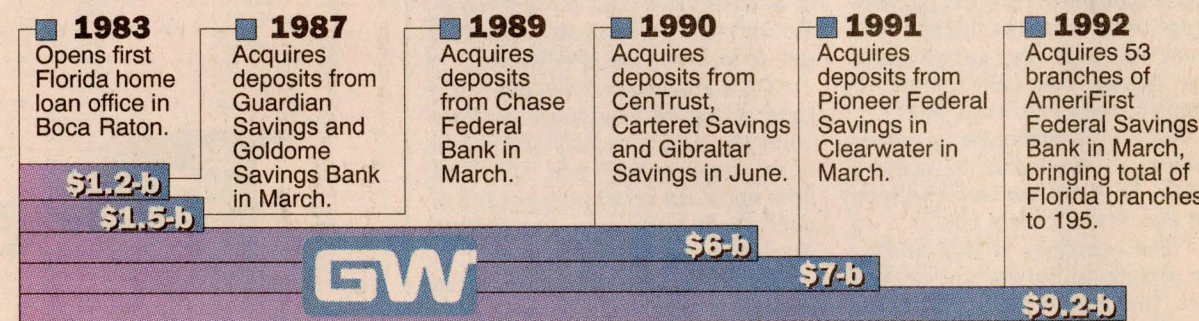
By its own admission, Great Western has reached the "critical mass" of branches and deposits in Southeast Florida and the Orlando area that it has sought.

What's missing? Critical mass in Tampa Bay.

"Critical mass means that

Great Western's torrid acquisition pace in Florida

Yearly deposit figures (in billions of dollars), with selected purchases highlighted:



Source: Great Western

Times art

when we put an ad in print, on the radio or TV, a lot of the people who see it can respond by finding a nearby Great Western branch," Montgomery said Friday. And Great Western, which has \$39-billion in assets overall, is a heavy advertiser.

Certainly, Great Western has been trying to push into the Tampa Bay area. In March 1991, it bought up the deposits and branches of Pioneer Federal in Clearwater from the RTC.

But that was not enough. Great

Western came back last August to bid for the bigger Florida Federal Savings in St. Petersburg.

In a rare instance, it lost. First Union Corp. came in with a cheaper bid.

Great Western is unperturbed. "We're after attractive, growing markets, and the Tampa Bay area is next," said Ron Finch, senior vice president of Great Western and the head of its Florida headquarters in Lake Worth.

There's only one problem. Most of the big Florida thrifts run

self for change" takes on new relevance. You need to prepare to make a job transition whether the change is by force or choice.

And, for most people, job change means networking.

"Eighty percent of all jobs are offered to someone who knows someone — the applicant didn't come in cold," says Vincent Zirpoli, president of Mega Marketing, a Timonium, Md.-based management consulting firm that assists job seekers and employers.

To some, "networking" is a difficult concept. This is especially true for introverts or people who have worked in technical arenas that do not involve much work with the public.

Picture an engineer who has been severed from a longtime job in which he was working principally with computers or other machinery. Tell him he must embark on a blitz of telephone calling to build a network of contacts, and he will be mortified, says Ann Wolfe, a vice president at the Baltimore office of Drake Beam Morin, an outplacement firm.

"For these people, the telephone is so hard to pick up that we call it 'the 10,000-pound telephone,'" Wolfe says.

However, networking is essen-

Please see **NETWORKING 2-I**

by the RTC have now been sold. The few remaining in RTC hands in markets Great Western wants to be in, like Goldome Savings in St. Petersburg, have more fragmented franchises that may be less attractive to buyers.

That means expansion in the Tampa Bay area could take some time. In Pinellas County, Great Western operates 14 branches and is seventh among banks and thrifts in deposits. In Pasco, Hillsborough, Hernando and Citrus counties, the

Please see **GROWTH 2-I**

Syms' strategy: drab stores, no sales, no credit cards

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Please see **SYMS** 9-1



Special to the Times — JIM SULLEY/AP

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Syms from 1-1

In-your-face commissioned sales people need not apply. Sales people are salaried "educators." They do not sell. They explain.

Syms does not have "sales," for instance. But clerks often are asked to explain such semantic gimmicks as why the company calls its twice-annual clearance markdowns "Syms Bash" and "Syms Dividends." Syms' ban on sales, it seems, really is a ban on promotional sales.

"Retailers have sales to mark down prices that they once marked up," explained Tampa store educator Moe Bey, "We never mark them up (to full retail) just to mark them down" for a promotional sale.

Then there are the price tags. Most still are handwritten. A series of scheduled markdowns is posted on the price tags the day the goods arrive. So customers are confronted with a choice: buy the Bill Blass skirt (full retail: \$500) today at \$259, or take a chance nobody will buy it in the next 12 days and get it for \$210. Or you could buy it for \$150 — if you want to gamble that it'll still be there when you come back in three weeks.

Syms is different than most of the new forms of off-price apparel stores opening now in most every retail neighborhood.

Most outlet and off-price stores are really discounters: stores that buy at wholesale prices or slightly less and hope to make up in volume what they give up in profit margins.

Syms runs a potentially far more profitable vehicle. He buys mostly distressed goods — leftovers manufacturers cannot sell — at 10 to 50 cents on the dollar. Then he applies essentially the same profit margin found in department stores.

That means Syms sells to the consumer at about 10 percent over wholesale, but pockets a far bigger profit than most other off-pricers. Customers, in essence, still are saving because Syms cut them in on his good fortune in buying goods much cheaper.

As a kid, Sy Syms (real name Merns) did not expect to follow his haberdasher father's footsteps. He paid dues as a radio sportscaster in West Virginia. But after seven years behind the microphone, he decided entrepreneurs can better control their destiny.

He got a job with his father, whom he bought out after a few years. Like many Manhattan off-pricers he sold manufacturers' mistakes and production overruns at cut-rate prices in the heart of New York's financial district. In 1971, however, Gant Shirtmakers asked him to open a clearance center in Buffalo, N.Y. It meant the shirtmaker would let him sell factory leftovers for \$2.99 that had retailed for \$8. Syms agreed only after Gant let him sell leftovers in New Jersey as well.

The decision put Syms in the suburbs, where he

SYMS CORP.

Based: Secaucus, N.J.

Origins: Sy Syms turned his father's Manhattan haberdashery shop into one of the first off-price tailored clothing chains to hit the suburbs. Now has 28 stores, plans for 40.

Personality: Multimillionaire Syms lives in the Trump Tower but answers his own office telephone. Any sales clerk can reach him by dialing three digits. Gave up budding broadcast career in 1951 after watching 40 veteran newsmen compete for a news reading spot on the graveyard shift. After years of hokey TV commercial appearances, Syms created his own form of New York notoriety.

Retailing strategy: Sales gimmicks defy customer service gurus but make shoppers believe they are saving big on 500 brand names. Automatic markdowns. Communal dressing rooms. No national credit cards. Opening on Sundays "was my biggest mistake," says Sy Syms, because customers will not think they are getting a deal if shopping gets too easy.

Latest challenge: Getting back the magic in overcrowded off-price retail market after a year of no sales growth. Profit secret isn't getting customers to pay more, but getting his buyers to get better deals.

Slogan: "An educated consumer is our best customer."

Times staff

was battling such competitors as Burlington Coat Factory and Loehmann's. And for the first time Syms got in the women's clothing business because, Syms said, "we needed something to sell in the daytime." Unlike in the financial district, most daytime shoppers in the Jersey suburbs did not have office jobs. The new store layouts paved the way for a chain that today has 28 stores in the 14 largest metro areas east of Dallas.

After a big surge in the growth of off-price retailing in 1982, Syms went public in a stock offering that netted him \$25-million. He and his family held on to its 80 percent stake in an essentially debt-free company that is now worth \$188-million. But Wall Street wanted a line of succession once Sy retired, a subject never broached in this family-run business.

Daughter Marcy was the oldest of six kids. But some of her younger brothers never thought a woman, much less their petite sister who had never even worked in a store, was destined to take over. An avowed feminist (she never could finish reading Susan Faludi's *Backlash* because the book about '80s male dominance in American society angered her too much), she won a three-year family feud that ended with her being named president.

"We are a very competitive family and one of my brothers thought he was going to be king apparent,"



Times photo — ROBIN DONINA

The white-on-white Syms sign outside the Tampa store on Hillsborough Avenue is little clue that designer labels are on sale inside.

she recalled. "I was the oldest, the mediator among the kids, the babysitter, the one who got to carry the ticket money for the movies when we were all children. But none of that mattered. I worked very hard and my father recognized that."

She arrived as a Syms receptionist after a career that included brief flings in musical theater, the TV talk-show business and a job with a prosecutor as New York state's first female paralegal. Her crime-busting career ended after she shared a courthouse elevator with a mass murderer en route to his sentencing.

"He was the kind of guy you would ask for directions on the street," she said. "I decided right then that I should use my law background to read leases."

At 25 she began appearing in Syms' repetitious TV commercials. She wore big glasses. She put her hair up in a bun "so people would take me serious." As a result many viewers assumed she was Sy's wife.

"But I didn't look like that in public," she said. "So people were always tapping me on the shoulder and whispering: 'Is that Sy Syms?'"

Syms became his own pitchman to save money. And he predictably ignored convention. When Syms learned that ad agencies got a cut rate for media buys, he declared himself an ad agency and demanded the discount. He got it.

Still the feisty, methodical competitor of his athletic youth, Syms rises at 7 a.m. for a daily tennis

match. The sports fanaticism of his youth led to dreams that remain unfulfilled. His plan to become part-owner of Donald Trump's defunct football team, the USFL New Jersey Generals, fizzled. A deal to be one of the money men behind a big-league baseball expansion franchise in New Jersey collapsed after voters balked at bankrolling a stadium.

After such distractions Syms returned to repair his retail empire. Many retail experts think the company needs more work.

"He's dated," said Kurt Barnard, publisher of *Barnard's Retail Marketing Report*. "If you are selling distressed merchandise these days, you still have to pay attention to fashion and display it in a way that appeals to customers — and black walls and florescent lighting isn't it."

"Companies like Syms are very difficult to follow," said Margaret Gilliam, a securities analyst with First Boston Corp. "You never know what they really paid for the goods."

"He's been falling behind the industry," said Allen Roness, an analyst with Fahnestock & Co. who was recommending the stock before Christmas because it was undervalued, but backed off after a recent rebound. (The stock, which trades on the New York Stock Exchange, closed Friday at \$11.50.)

"I know Sy Syms. He's still got problems."

Syms is not concerned about such talk. He puts blame for stagnant sales on his buyers. They were buying obscure brand names. Sometimes they were even buying at (gasp!) wholesale.

In short, they were playing by someone else's rules. Syms cleaned house, replacing half the buying staff. He sharpened prices.

"What we were selling at \$59 is now being marked at \$39, and \$39 items have been cut to \$29," said Syms. "You have to give people a reason to drive 35 miles out of their way to your store. Of the 2,000 skirt makers in the nation, there are only about 20 brand names that would get women to drive that far in hope of saving \$50 in our store."

Still, the company's sales in 1991 grew only 1 percent. A survey showed customers were not driving as far to a Syms as they were in the company's glory days in the '80s. To get sales growth, Syms is adding stores to markets where it already is a player so customers don't have to drive as far — and past so many imitators.

But Syms will continue to go against the grain, steering clear of outlet malls developers are building all over.

"There is going to be a big fallout in this business," said Syms. "There are far too many off-price and so-called factory outlet stores in too many off-price and so-called factory outlet malls. In this business customers have to see you as something different. It's a psychological presence you do not get as just another apparel store in a shopping center."

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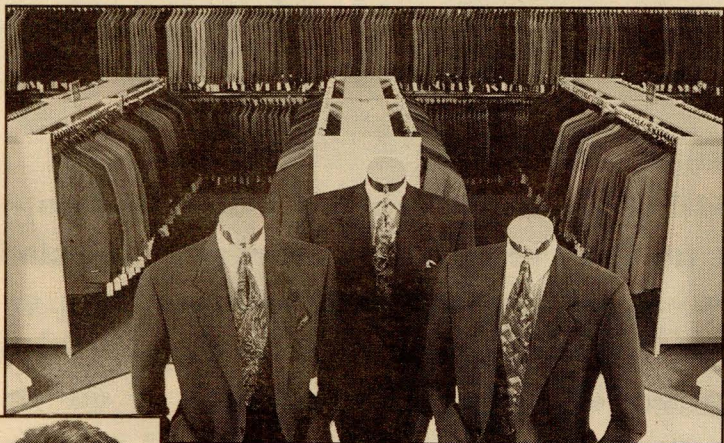
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DAILY NEWS RECORD, FRIDAY, MARCH 19, 1993

EDITED BY STAN GELLERS

TODAY'S MAN GOES TO 18

NEW YORK — This weekend, Today's Man, Inc., will open its 6th and 7th men's superstores in the New York metro area, making a total of 18 for the 21-



Blockbuster assortment of men's suits in a Today's Man store

year-old men's off-price tailored clothing chain that posted dramatic increases in earnings for the fourth quarter and year.

Sales for the quarter jumped 21.4 percent, to \$48.9 million from \$40.2 million, while same-store sales rose 5.4 percent. Income from operations more than doubled to \$5.7 million from \$2.7 million.

Commenting on the two new-store openings, David Feld, president and chief operating officer and founder, explains, "We have been extremely successful in the New York area, because we are able to meet and exceed the expectations of New York-area consumers who want quality men's wear at great prices."

The typical Today's Man superstore, at an average 25,000 square feet, carries more than 80,000 items, including 8,000 traditional and European-styled suits; 3,000 sport coats; 15,000 dress shirts; 15,000 ties, and 10,000 pairs of dress and casual shoes.

A broad and deep assortment of in-season moderate-to-better branded and private-label merchandise is offered at prices 30 to 40 percent below department or specialty stores.

After interest, expenses and taxes, net for the latest quarter came to \$3.7 million, or 39 cents a share, up from net of \$1.2 million, or 15 cents, a year ago. The year-ago results include a \$2.7 million non-cash charge from an executive equity plan.

Discussing the latest financial report, Zeev Shenkman, senior vice-president and chief financial officer, adds that, for the year,

earnings from operations tripled, to \$8.7 million from \$2.9 million. After interest, expenses and taxes, net income for the year was \$5 million, or 57 cents, compared with year-ago net of \$518,400, or 7 cents.

The year-ago results include a \$3 million charge from an execu-

MERRY YULE FOR SYMS

NEW YORK (FNS) — Helped by a robust Christmas selling season, Syms Corp. reported earnings jumped 53.9 percent in the fourth quarter, while full-year profits gained 6.2 percent.

A company spokesman attributes the gains to better-than-expected gross margins and a strong sell-through during the Christmas season. Syms currently operates 29 stores selling off-price branded merchandise for men, women and children.

In the quarter ended Jan. 2, earnings climbed to \$8.1 million, or 45 cents a share, from \$5.2 million, or 30 cents, a year ago. Sales were up 6.7 percent to \$100.8 million from \$94.6 million.

For the year, earnings rose to \$15.1 million, or 86 cents, from \$14.3 million, or 81 cents, a year earlier. Sales edged up 0.7 percent to \$319.6 million from \$317.5 million.

STAGING A COMEBACK

NEW YORK (FNS) — Stage II Apparel Corp. reported earnings

jumped 50 percent in the fourth quarter and more than twofold in the year.

Jack Clark, chairman, explains the improvement in the year reflected the strength of its brand and marketing strategy, coupled with improved operating efficiencies. He adds that Stage II is exploring ways to increase its business through "modest but compatible" acquisitions and additional outlet stores. It currently operates one unit in Carle Place, N.Y.

Stage II is currently the licensee for these brands: Spalding, McGregor, Members Only, Slazenger, Beverly Hills Polo Club, Beverly Hills Athletic Club, Jimmy Connors, Brad Gilbert, Ozzy, and Billy the Kid.

In the quarter ended Dec. 31, earnings for the men's and boys' activewear maker climbed to \$324,000, or 8 cents a share, from \$216,000, or 5 cents, a year earlier. Sales slid 5.2 percent to \$15.9 million from \$16.9 million.

For the year, earnings rose to \$2.2 million, or 55 cents, from \$867,000, or 21 cents, a year ago. Sales climbed 13.1 percent to \$75.5 million from \$66.8 million.

HAMPTON IS HARD HIT

KINSTON, N.C. (FNS) — Hurt by lower margins and a charge related to the bankruptcy of Hills Department Stores, Hampton Industries, Inc., slipped into the red in the fourth quarter.

However, sales gained 21 percent to \$60.6 from \$50.1 million.

The results for the quarter tainted what was otherwise a turnaround year for the maker of men's and boy's apparel. The company attributes the decline to the closing of the Sears catalog business and the termination or deferral of certain promotion programs.

David Fuchs, chairman and chief executive officer, reports competitive pricing pressures and the sell-off of excess inventories also eroded margins in the quarter.

He anticipates the company will recover a portion of the catalog business from its other catalog customers, which are expected to benefit as a result of Sears' closure.

As of March 15, bookings of orders totaled \$103.7 million, down 18.9 percent from \$127.9 million a year ago.

The loss in the quarter was \$55,000 against net income of \$357,000, or 9 cents a share, a year ago. The loss was after a charge of \$206,000 resulting from the sale for cash at a discount of Hampton's claim against Hills.

For the year, earnings were \$1.4 million, or 35 cents, against a loss of \$602,000 a year ago. Sales climbed 25.6 percent to \$203.7 million from \$162.1 million.

GOOD NEWS FOR GOODY'S

KNOXVILLE, Tenn. (FNS) — Profits at Goody's Family Clothing, Inc., rose 45.2 percent in the fourth quarter and 49 percent in the year.

Robert M. Goodfriend, chief executive officer and president, claims stores in new markets contributed significantly to overall increases. He notes that Goody's continues to benefit from selling brand-name merchandise at discount prices.

Goody's Family Clothing, which sells moderately priced apparel, ended the year with 125 stores in operation, opening 19 stores. It plans to add 21 this year. Most of its stores are based in the Southeast.

In the quarter ended Jan. 30, earnings rose to \$7.7 million, or 71 cents a share, from \$5.3 million, or 49 cents, a year earlier. Sales advanced 32.4 percent to \$157.3 million from \$118.8 million with same-store sales up 10.4 percent.

For the year, earnings climbed to \$16.2 million, or \$1.50, from \$10.9 million, or \$1.15, a year ago. Sales increased 25.9 percent to \$455.3 million from \$361.7 million, with same-store sales rising 9.4 percent.

SUITED FOR THE WIND

NEW YORK — Marking a striking departure from the usual run of basic nylon warmups, tri-color nylon wind suits are the latest mass market entries from Everlast, the USA Classic division.

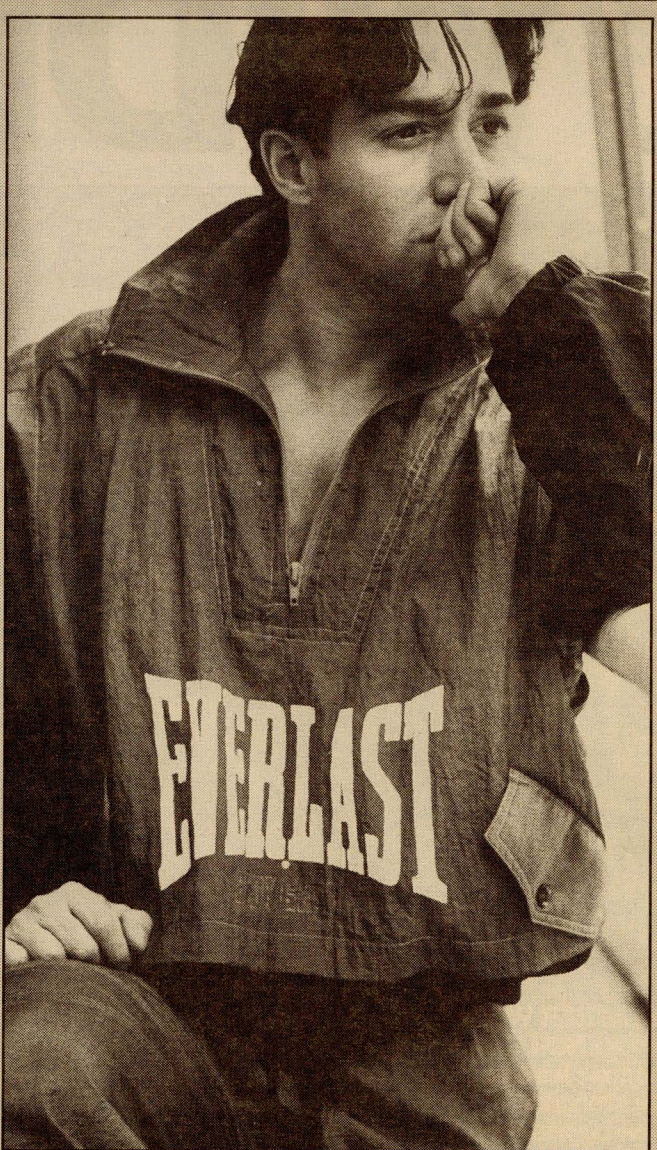
Described by Mitchell Shenkman, president, as "young men's-driven with a hip streetactive attitude," the wind suits are made of washed trilobal nylon and lined with cotton jersey.

He reports that the sets will be sold to men's activewear departments in the mass market rather than the sportswear department "because this is for the guy who also wants a younger feeling in his wind suits. Most of the styling to date has been pretty classic stuff."

The initial collection consists of a pullover top with contrast hood and layered-look sleeves; and a zip-front pullover with a back locker loop. Both sets come in three-color combinations to retail at \$45.

Shenkman adds, "The mass market has responded very enthusiastically to the wind suits because they differ from the branded and private-label items now offered in this market. We feel we have a faster look for young men's activewear and this has been missing at affordable prices."

Some of the early takers are Bradlees, Target and Meijer's.



Everlast's young men's nylon wind suit

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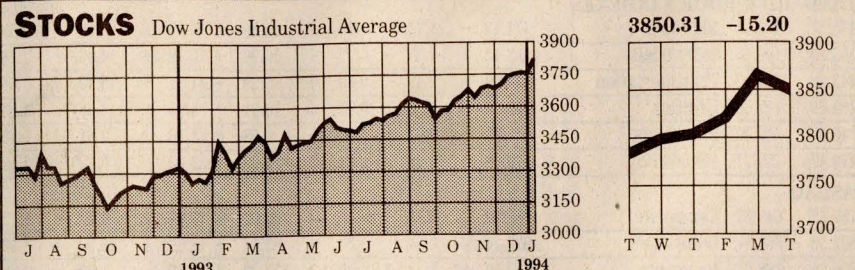
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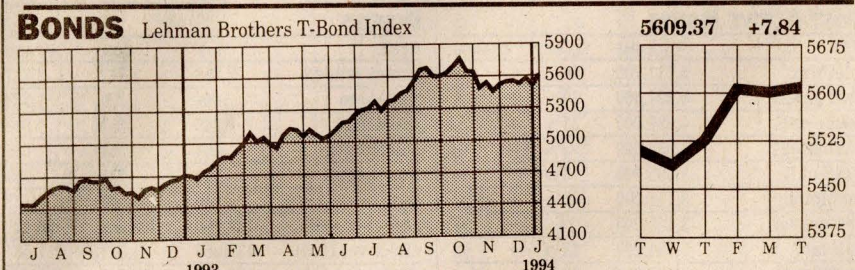
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MARKETS DIARY

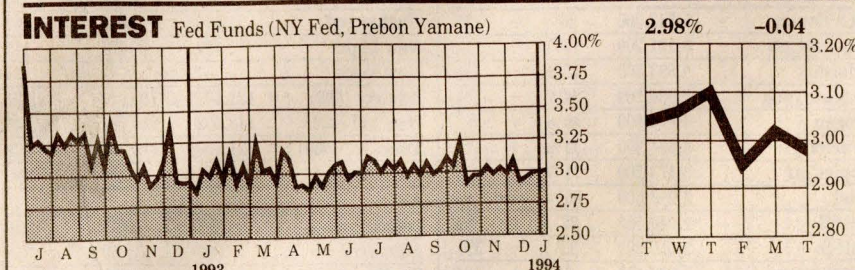
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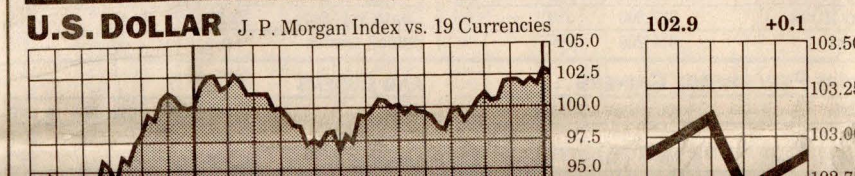
INDEX	CLOSE	NET CHNG	PCT CHNG	12-MO HIGH	12-MO LOW	12-MO CHNG	PCT	FROM 12/31	PCT
DJIA	3850.31	-15.20	-0.39	3865.51	3241.95	+585.67	+17.94	+96.22	+2.56
DJ Equity	448.72	-0.95	-0.21	449.67	408.92	+39.80	+9.73	+6.53	+1.48
S&P 500	474.13	-1.14	-0.24	475.27	431.04	+43.09	+10.00	+7.68	+1.65
Nasdaq Comp.	785.52	-1.17	-0.15	787.42	645.87	+106.07	+15.61	+8.72	+1.12
DJ World Index	112.91	-0.34	-0.30	114.01	91.47	+21.16	+23.06	+1.84	+1.66
London (FT 100)	3413.8	-26.8	-0.78	3462.0	2737.6	+655.9	+23.78	+4.6	+0.13
Tokyo (Nikkei 225)	18485.25	+41.81	+0.23	21148.11	15078.71	+1804.20	+10.82	+1068.01	+6.13



INDEX	TUES	TUES YIELD	MON	MON YIELD	YR AGO	12-MO HIGH	12-MO LOW
Lehman Brothers Long T-Bond	5609.37	6.27%	5601.53	6.29%	4671.88	5766.90	4671.88
DJ 20 Bond (Price Return)	105.58	6.49	105.31	6.53	103.53	109.77	103.53
Salomon mortgage-backed	761.04	6.06	760.95	6.07	720.06	761.04	720.06
Bond Buyer municipal	104.2	5.59	104.1	5.60	97.11	106.18	97.11
Merrill Lynch corporate	705.01	6.57	703.45	6.60	622.05	708.75	621.41



ISSUE	CLOSE	MON	YEAR AGO	12-MO HIGH	12-MO LOW
3-month T-bill	2.98%	2.99%	3.02%	3.14%	2.79%
3-month CD (new)	2.61	2.61	2.85	2.86	2.56
Dealer Comm. Paper (90 days)	3.18	3.19	3.27	3.44	3.08
3-month Eurodollar deposit	3.19	3.25	3.38	3.50	3.16



Even Above 3800, a Few Bargains May Be Left

HEARD ON THE STREET

By JOHN R. DORFMAN

Staff Reporter of THE WALL STREET JOURNAL

Records, records everywhere. Are any stocks still cheap?

That's a question many investors are asking now that the Dow Jones Industrial Average has plowed through the 3800 mark like a knife through butter.

There are still some stocks on the bargain counter, investment professionals say, albeit precious few. The accompanying table, prepared by MarketBase, a Needham, Mass., information firm, shows two dozen stocks that rate as cheap, at least compared with many others in today's cloud-level market.

Some of these stocks are in the doghouse for a very good reason: They are dogs. But over the years, many professional money managers have made a good living bargain-hunting among out-of-favor stocks, starting with lists like this.

Upon scanning the cheap-stock list, a few money managers said they spied at least one gem in the rough — Cyprus Amax Minerals, an Englewood, Colo., company that mines copper and other minerals. Several managers are keeping an eye on the janitorial company American Building Maintenance and the toy-and-gift marketer Russ Berrie, though they hope to pick them up a bit cheaper. The sharpest debate is over Kmart: Defenders laud the cheapness of the retailer's stock; opponents attack the lethargy, as they see it, of the management.

Stocks shown in the table met three criteria: They have been trading for at most 14 times the past four quarters' per-share earnings; 1.5 times book value

A Shopping List for the Tight-Fisted

These New York Stock Exchange shares are cheap by three yardsticks: their prices aren't higher than 14 times trailing earnings, 1.5 times book value and 1.0 times sales per share.

	PE RATIO ¹	PRICE/BOOK ²		PE RATIO ¹	PRICE/BOOK ²
Giant Industries	7	1.1	Hudson Foods	12	1.2
Fleming Cos.	8	0.8	Kmart	12	1.3
Shopko Stores	9	1.0	Amer. Bldg. Maintenance	12	1.4
Club Med	10	1.0	Syms	13	1.0
Northrop	10	1.3	Tultex	13	1.3
Windmere	11	0.9	Longs Drug Stores	13	1.4
Waban	11	1.0	Guilford Mills	13	1.4
Universal Health Serv.	11	1.2	Wynns International	13	1.4
Wellman	11	1.2	Hi-Lo Automotive	14	1.0
Cyprus Amax Minerals	11	1.3	Tredegar Industries	14	1.0
Russ Berrie	11	1.3	Tech-Sym	14	1.1
Delta Woodside	12	0.9	Nashua	14	1.4

¹Stock price divided by past four quarters' per-share earnings²Stock price divided by book value (assets minus liabilities) per share

Note: Ratios as of Friday. Excluded are companies with earnings of less than 10 cents a share, or debt exceeding 50% of total capital.

Source: MarketBase

(assets minus liabilities per share); and 1.0 times sales per share. Stocks that pass this triple screen are unusually cheap in today's very highly valued stock market. In normal times, however, such values would look rather ordinary.

Here are comments money managers offered this week about some of the names that show up on the cheap-stock list.

Cyprus Amax Minerals. "A whiff of economic recovery and a whiff of inflation" should help this stock in 1994, says Chris Bertelsen, a manager with Eagle Asset Management in St. Peters-

burg, Fla. "It's copper and gold and a lot of different minerals—a commodity play. . . I'm fairly high on it." At today's prices, Mr. Bertelsen says, "it's certainly a very low-expectation stock."

Scott Black, president of Delphi Management, is a Cyprus fan to the tune of 262,000 shares. "Cyprus is fine," he says, but copper prices, recently depressed by recessions in Europe and Japan, are beyond its control. "If somebody wants to make the bet that world economies are coming back, this is a smart way to play it because they're an efficient, low-cost producer."

American Building Maintenance. This

one provides a good example of how "value managers," or professional bargain hunters, think. While other managers who deal in hot growth stocks often want to be quick on the trigger, value managers often take their time, run the numbers just once more, and wait for a stock to weaken a little further before it falls into their clutches.

Roland Whitridge, manager of Babson Value Fund, says he thinks American Building Maintenance is an "interesting" stock. "It seems very attractive on the numbers," he says. "I just haven't put the case together to go out and write a ticket on it." One reason he hesitates: "A lot of its operations are in the Los Angeles area, which is still quite depressed."

Mr. Black of Delphi isn't pulling the trigger yet either. American Building Maintenance specializes in maintaining high-rise office buildings, he says. That's one of the soggiest parts of the real-estate realm today. So revenue growth is "very slow."

Does that mean Mr. Black is turning up his nose at the stock? Not at all. "The fundamentals are decent," he says. "But it's a little expensive at 11.5 times [estimated 1994] earnings. If you're a 10-multiple man like me, you've got to wait" for the stock price to sag a bit more.

Russ Berrie. The Oakland, N.J., maker of toys, candy and impulse items rode high last year on the strength of its Troll dolls. But as the latest Troll had faded, the stock has ebbed 30% to a closing price yesterday of 13%, down 1/8.

Russ Berrie is a stock "that you can make money on if you buy it right," says Mark Boyar of Boyar Asset Management in New York. "You can buy it in the low teens. That opportunity comes along once every couple of years."

Mr. Boyar says he sold the stock in the

Please Turn to Page C2, Column 3

Insiders' Sales Are Triggered At Paramount

INSIDE TRACK

By WARREN GETLER

Some Appealing Annuity Deals Carry the Tricky Risks of CMOs

YOUR MONEY MATTERS

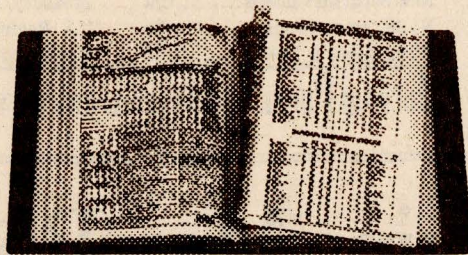
By GREG STEINMETZ

leaving them to invest in lower-paying alternatives. This is known as prepayment risk. But if rates rise, homeowners keep their mortgages, meaning the CMO investor is stuck earning a rate below what the market is currently paying for similar investments. This is known as extension

Stocks Drop As Investors Take Profits

Industrials Fall 15.20;

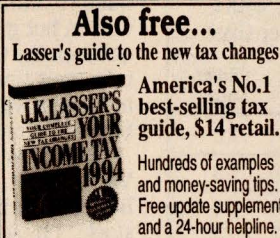
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Industrial Average Drops 15.20 For the First Decline of the Year

ABREAST OF THE MARKET

By DAVE PETTIT

Special to THE WALL STREET JOURNAL

NEW YORK — After six straight gains and four records, the Dow Jones Industrial Average finally moved lower as investors locked in profits.

The industrial average fell 15.20, or 0.39%, to 3850.31, its first decline this year. Even with the loss, the average, which surged nearly 45 points Monday, is still up 96 points, or 2.6%, year-to-date.

"We certainly have needed a pause in the uptrend, and I would hope there are a few more days of consolidation to come," said Trude Latimer, a vice president at Wayne Grayson Capital. Running too far, too fast can leave the market vulnerable to a steep slide, she said.

Broad-based indexes also retreated, and declining stocks led advancers 1,145 to 1,004 on the New York Stock Exchange. Volume on the Big Board topped 300 million for a sixth straight session, totaling 304,614,870, down from Monday's 317,598,200.

Analysts said there wasn't any news to trigger the profit-taking, which came despite solid action in the bond market.

Cyclical issues, which led the rally over the past several days, remained steady amid the general selling. Big-growth issues such as consumer products makers and drug companies were among the weakest.

While Minnesota Mining & Manufacturing jumped 1 1/4% to 109 3/4% and Caterpillar inched up 1/8% to 90%, Coca-Cola fell 1/2% to 42 1/4%, Philip Morris slipped 1/8% to 58 1/2%, Procter & Gamble eased 1/8% to 58 1/2%, and Merck & Co. dropped 1/8% to 37 1/4%.

Thomas McManus, a market strategist at Morgan Stanley & Co., said the buoyancy of the economically sensitive stocks, relative to consumer product-oriented growth issues, reflects investors' belief that cyclicals have had the strongest earnings growth. Beginning next week, and continuing through early February, investors will be swamped with profit reports for the fourth quarter.

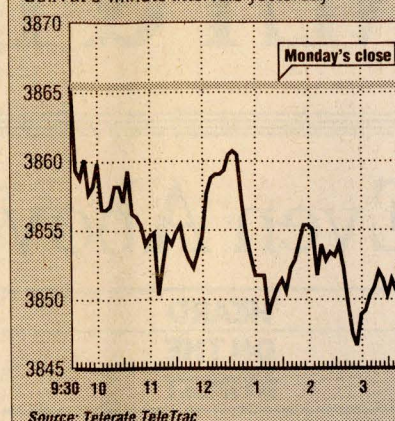
The Standard & Poor's 500-Stock Index lost 1.14, or 0.24%, to 474.13, the New York Stock Exchange Composite Index declined 0.50, or 0.19%, to 262.26, and the Dow Jones Equity Market Index slipped 0.95, or 0.21%, to 448.72. All three had set records Monday. There were 1,145 decliners and 1,004 advancers.

The Nasdaq Composite Index eased 1.17, or 0.15%, to 785.52, hurt by slumping technology, communications, health-care and transportation issues. The American Stock Exchange Market Value Index, though, advanced 0.59, or 0.12%, to 479.37.

Shares of the major auto makers were higher again. Ford Motor jumped 1 to 68 1/4

The Dow's Performance

DJIA at 5-minute intervals yesterday



common stock over several years. Separately, it disclosed plans to open 115 company-owned stores in the U.S. and abroad and to franchise additional stores overseas.

Aluminum Co. of America slipped 2 1/2% to 71%. Excluding extraordinary charges, the Pittsburgh company had a loss of 20 cents a share in the fourth quarter, compared with profit before charges of 57 cents a year ago.

Telefonos de Mexico's American depositary receipts added 1 to 66 1/2 on Big Board-leading volume of 5.7 million shares. Shares on the Mexican Stock Exchange rebounded from a 6% plunge Monday caused by worries over rebel activity in that country.

Oracle continued to climb, rising 1 1/4% to 34 1/4% on the Nasdaq Stock Market. The stock jumped 1 1/4% Monday on news the Redwood City, Calif., company was selected to provide multimedia gear and software to Bell Atlantic. That stock eased 1/4% to 55 1/4%.

E-Systems climbed 2 to 42 1/4% after a Kidder Peabody analyst made positive comments about the company and said he expects the Dallas concern to announce an acquisition early this quarter. An E-Systems spokesman had no comment.

Hartford Steam Boiler Inspection & Insurance rose 1 1/4% to 48 1/4%. The Wall Street Journal's Heard on the Street column said some analysts are optimistic about a turnaround at the insurer, whose shares lost almost 24% last year.

USAir slipped 1/4% to 13 1/4%. A federal judge ruled the Arlington, Va., airline was negligent in a March 1992 airliner crash at New York's La Guardia airport that killed 27 people. A jury will consider levying punitive damages against USAir. The level of compensatory damages hasn't been set.

Schlumberger fell 1 1/2% to 59 1/2% after Donaldson Lufkin & Jenrette downgraded a rating on the New York oil-field services company's stock to "neutral" from "accumulate."

Parker & Parsley dropped 1 to 24 1/2%. CS First Boston cut its opinion on shares of the Midland, Texas, oil and gas exploration and production company to "hold" from

STOCK MARKET DATA BANK

1/11/94

MAJOR INDEXES

	HIGH	LOW (†365 DAY)	CLOSE	NET CHG	% CHG	†365 DAY CHG	% CHG	FROM 12/31	% CHG
DOW JONES AVERAGES									
3865.51	3241.95	30 Industrials	3850.31	- 15.20	- 0.39	+ 585.67	+ 17.94	+ 96.22	+ 2.56
1819.58	1466.93	20 Transportation	1812.29	- 7.29	- 0.40	+ 330.05	+ 22.27	+ 49.97	+ 2.84
256.46	218.39	15 Utilities	222.19	- 2.04	- 0.91	+ 3.80	+ 1.74	- 7.11	- 3.10
1413.37	1201.66	65 Composite	1406.80	- 6.57	- 0.46	+ 202.94	+ 16.86	+ 25.77	+ 1.87
449.67	408.92	Equity Mkt. Index	448.72	- 0.95	- 0.21	+ 39.80	+ 9.73	+ 6.53	+ 1.48

NEW YORK STOCK EXCHANGE

262.76	237.20	Composite	262.26	- 0.50	- 0.19	+ 25.06	+ 10.56	+ 3.18	+ 1.23
321.94	287.65	Industrials	321.25	- 0.69	- 0.21	+ 31.52	+ 10.88	+ 5.99	+ 1.90
246.95	208.62	Utilities	225.11	- 0.60	- 0.27	+ 16.49	+ 7.90	- 4.81	- 2.09
279.58	219.87	Transportation	278.07	- 1.51	- 0.54	+ 56.48	+ 25.49	+ 7.59	+ 2.81
233.33	198.98	Finance	218.64	+ 0.10	+ 0.05	+ 19.66	+ 9.88	+ 1.82	+ 0.84

STANDARD & POOR'S INDEXES

475.27	431.04	500 Index	474.13	- 1.14	- 0.24	+ 43.09	+ 10.00	+ 7.68	+ 1.65
553.49	496.48	Industrials	552.12	- 1.37	- 0.25	+ 50.99	+ 10.18	+ 11.93	+ 2.21
443.28	364.15	Transportation	441.09	- 2.19	- 0.49	+ 65.29	+ 17.37	+ 15.49	+ 3.64
189.49	157.99	Utilities	168.90	- 0.72	- 0.42	+ 10.91	+ 6.91	- 3.68	- 2.13
48.40	40.30	Financials	44.88	+ 0.02	+ 0.04	+ 4.58	+ 11.36	+ 0.61	+ 1.38
179.47	155.71	400 MidCap	179.09	- 0.38	- 0.21	+ 21.07	+ 13.33	- 0.29	- 0.16

NASDAQ

787.42	645.87	Composite	785.52	- 1.17	- 0.15	+ 106.07	+ 15.61	+ 8.72	+ 1.12
822.98	660.17	Industrials	822.14	- 0.84	- 0.10	+ 92.14	+ 12.62	+ 16.30	+ 2.02
956.91	788.37	Insurance	913.59	+ 2.73	+ 0.30	+ 125.22	+ 15.88	- 7.00	- 0.76
725.65	536.36	Banks	689.65	- 0.09	- 0.01	+ 153.29	+ 28.58	+ 0.22	+ 0.03
348.25	285.44	Nat. Mkt. Comp.	347.77	- 0.48	- 0.14	+ 46.36	+ 15.38	+ 4.16	+ 1.21
330.05	263.79	Nat. Mkt. Indus.	329.78	- 0.27	- 0.08	+ 36.62	+ 12.49	+ 7.02	+ 2.17

OTHERS

484.28	396.41	Amex	479.37	+ 0.59	+ 0.12	+ 82.96	+ 20.93	+ 2.22	+ 0.47
298.83	265.36	Value-Line(geom.)	298.27	- 0.56	- 0.19	+ 32.91	+ 12.40	+ 2.99	+ 1.01
260.17	217.55	Russell 2000	259.63	- 0.12	- 0.05	+ 39.21	+ 17.79	+ 1.04	+ 0.40
4717.19	4242.36	Wilshire 5000	4710.02	- 7.17	- 0.15	+ 465.94	+ 10.98	+ 52.19	+ 1.12

†Based on comparable trading day in preceding year.

MOST ACTIVE ISSUES

NYSE	VOLUME	CLOSE	CHANGE
TeleMex	5,711,700	66 1/2	+ 1
AmExpress	5,227,500	30 3/4	+ 1 1/4
BlockbstrE	4,827,000	28 1/2	+ 1/2
MaxusEngy	3,838,900	5 1/8	- 3/8
NtlSteel B	3,795,000	13 3/4	- 1/8
GenMotor	3,711,000	59 1/2	+ 1/4
Westnghe	3,455,300	14	- 1/8
WalMart	3,384,200	25 1/2	+ 5/8
FordMotor	3,183,800	68 1/4	+ 1
RJR Nabisco	2,720,100	6 7/8	
Merck	2,508,100	37 1/8	- 3/8
GTE	2,377,700	34 1/8	- 1/8
BethSteel	2,322,900	20 7/8	- 1/4
AmT&T	2,305,600	54 7/8	- 1/8
Disney	2,209,900	47 1/8	- 3/8

NASDAQ NNM

MCI Comm	5,742,300	26	- 7/8
SequentCptr	5,121,200	13 3/4	- 1 1/4
Informix	4,893,800	17 1/2	- 1 1/2
SeagateTech	4,686,200	24 1/2	- 1 1/8
Biogen	4,433,800	46 1/4	+ 5
OracleCp	3,694,900	34 7/8	+ 1 1/4
AppleCptr	3,173,200	31 1/8	- 1 1/4
Intel	2,993,500	66 3/4	- 1/4
Novell	2,040,400	22	+ 3/8
Chiron	2,015,300	83	- 3 3/4
MemberSvc	1,896,400	9 3/4	+ 1/32
Ventritex	1,862,000	40 1/4	- 1 1/2
TelefMex	1,800,600	3 1/16	+ 1/16

AMEX

EchoBay	938,300	14 1/4	+ 1/4
EnergySvc	833,700	3 3/8	- 1/16
TopSource	806,000	5 3/8	- 3/8
RoyalOak	787,900	5 1/8	+ 1/8
Atari	616,200	7 3/8	- 1/2

PRICE PERCENTAGE GAINERS...

NYSE	VOL	CLOSE	CHANGE	% CHG
ConvexCptr	88,600	6 1/4	+ 1/2	+ 8.7
EnvrElements	10,700	4 7/8	+ 3/8	+ 8.3
Foxmeyer	41,800	12 1/4	+ 3/8	+ 7.8
Airgas	148,200	23 3/4	+ 1 1/4	+ 7.3

DIARIES

NYSE	TUE	MON	WK AGO
Issues traded	2,753	2,742	2,737
Advances	1,004	1,326	1,204
Declines	1,145	852	918
Unchanged	604	564	615
New highs	114	135	58
New lows	10	11	28
zAdv vol (000)	130,968	206,651	168,829
zDecl vol (000)	135,555	84,321	111,531
zTotal vol (000)	304,615	317,598	322,451
Closing tick ¹	+271	+341	+404
Closing Arms ² (trin)	.91	.64	.87
zBlock trades	7,003	7,498	7,302

NASDAQ

Issues traded	4,746	4,746	4,744
Advances	1,546	1,579	1,723
Declines	1,585	1,521	1,370
Unchanged	1,615	1,646	1,651
New highs	137	177	145
New lows	57	42	34
Adv vol (000)	131,699	160,910	166,821
Decl vol (000)	148,502	110,734	99,141
Total vol (000)	321,930	313,352	298,602
Block trades	5,821	5,499	5,495

AMEX

Issues traded	855	841	838
Advances	296	319	358
Declines	316	302	267
Unchanged	243	220	213
New highs	26	25	24
New lows	5	7	10
zAdv vol (000)	8,528	8,804	10,098
zDecl vol (000)	6,871	5,858	6,688
zTotal vol (000)	19,005	19,472	19,271
Comp vol (000)	23,000	23,488	23,168
zBlock trades	n.a.	357	325

AND LOSERS

NYSE	VOL	CLOSE	CHANGE	% CHG
vjLoneStar	76,000	2 1/8	- 3/8	- 15.0
AmscoInt	308,600	10 1/2	- 1 1/2	- 12.5
WestmorCoal	71,600	4 1/2	- 1/2	- 10.0
Chaus	21,500	2 1/4	- 1/4	- 10.0

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Notice is hereby given that for the Interest Period 13th January, 1994 to 14th April, 1994 the Notes will bear interest at the rate of 3 3/4% per annum. The interest payable on 14th April, 1994 against Coupon No. 28 will be U.S. \$84.38 per U.S. \$10,000 Nominal and U.S. \$2,109.38 per U.S. \$250,000 Nominal. DATED THIS 12TH DAY OF JANUARY, 1994.

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Interest Period 12th January 1994
12th July 1994

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Bond	701.8	12.3%	0.8%
Money Market	359.7	2.9%	0.1%
Small Company	350.8	12.9%	-0.7%
Balanced	196.6	10.0%	0.4%
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THE ASIAN WALL STREET JOURNAL
Korean Economic

and transportation issues. The American Stock Exchange Market Value Index, though, advanced 0.59, or 0.12%, to 479.37.

Shares of the major auto makers were higher again. Ford Motor jumped 1 to 68 1/4 and Chrysler gained 7/8 to 59%. General Motors, though, edged up just 1/4 to 59 1/2. A GM truck plant in Shreveport, La., was idled by striking United Auto Workers union members. The Big Three's shares were among the leaders in Monday's runup.

American Express jumped 1 1/4 to 30 3/4. The financial-services concern is expected to introduce a credit card for corporate purchases today.

Toys "R" Us added 1/2 to 38 3/4 after the Paramus, N.J., retailer said it will repurchase as much as \$1 billion of its

and transportation issues. The American Stock Exchange Market Value Index, though, advanced 0.59, or 0.12%, to 479.37. Shares of the major auto makers were higher again. Ford Motor jumped 1 to 68 1/4 and Chrysler gained 7/8 to 59%. General Motors, though, edged up just 1/4 to 59 1/2. A GM truck plant in Shreveport, La., was idled by striking United Auto Workers union members. The Big Three's shares were among the leaders in Monday's runup.

Biogen rocketed 5 to 46 1/4. Vector Securities said the data from the Cambridge, Mass., company's phase three clinical trials of a treatment for multiple sclerosis likely will be available in the third quarter — nine months earlier than Vector had expected. The firm raised its rating on Biogen shares to "buy" from "neutral."

Barnett Banks fell 1 1/2 to 41 1/2 and SunTrust Banks slipped 3/4 to 45 1/2. Both companies reported improved fourth-quarter earnings, but the results were just shy of the mean estimate of analysts surveyed by Institutional Brokers Estimate System.

Even Above 3800, Some Cheap Stocks Are Left For Bargain Hunters, But There Aren't Many

HEARD ON THE STREET

Continued From Page C1

mid-20s because it "hit our target" during the Troll mania. Now that the stock is down to 14, "it's once again interesting," he says, though he hasn't bought it yet. The company, he says, has a "wonderful distribution network" with some 800 salespeople who call on card shops, gift shops and other retailers.

Russ Berrie is "too small" for inclusion in her institutional portfolios, say Lois Burleigh, director of equity investments at ASB Capital Management, an institutional money manager in Washington. But she says, "I am planning to take a look at it for my own portfolio."

Guilford Mills. David Katz, chief investment officer at Matrix Asset Advisors in New York, is keeping a close watch on Guilford Mills, the Greensboro, N.C., textile maker. The stock is down about five points from its high, partly because "there were no strong fashion trends this year," Mr. Katz says. "If it came down to 19, we would have an interest." Guilford shares

closed yesterday at 23 1/2, up 1/8.

Kmart. The Troy, Mich., retailer generated the most vigorous arguments of any stock on the list. "We just started buying it" this week, says Mr. Katz. "The analyst community has given up on the company. It is selling for less than 10 times normalized earnings. And you get paid a 4.8% [dividend] yield while you wait."

Ms. Burleigh of ASB calls Kmart shares "dirt cheap." ASB already owns some, and she says she may add to the position. The stock was at 20, unchanged, yesterday. She thinks a realistic target would be the high 20s.

But others say they wouldn't touch the stock. "Nice people, great art collection in the corporate offices, but..." says one money manager.

"I hate Kmart," says Mr. Bertelsen of Eagle Asset Management. "They are getting beaten up at the high end by J.C. Penney, at the low end by Caldor, and in the middle by Sears," he says. "And they certainly can't match Wal-Mart" in the low-price store wars. "They have to get a grip on what they're trying to do."

For later information and related news call 1-900-JOURNAL, news category 1-7000.

Treasury Will Offer \$25.2 Billion of Bills, Call 25-Year Bonds

By a WALL STREET JOURNAL Staff Reporter
WASHINGTON—The Treasury plans to pay down \$14.53 billion on the public debt with proceeds from the sale next Tuesday of about \$25.2 billion in short-term bills.

Maturing bills outstanding total \$39.73 billion, including about \$14.10 billion of 66-day cash management bills.

The offering will be divided evenly between 13-week and 26-week bills maturing on April 21, 1994, and July 21, 1994, respectively.

The Cusip number for the three-month bills is 912794K29. The Cusip number for the six-month bills is 912794M50.

Noncompetitive tenders for the bills, available in minimum \$10,000 denominations, must be received by noon EST

Monday at the Treasury or at Federal Reserve banks or branches. Competitive tenders must be received by 1 p.m.

Separately, the Treasury said that on May 15, it will call for redemption, at par, 25-year bonds due May 15, 1999.

There is \$2.38 billion of the 8 1/2% bonds outstanding. The Treasury said that the \$961 million of bonds held by private investors would be refinanced with an issue of five-year notes to be announced Jan. 19.

The 8 1/2% rate on the bond is "significantly" higher than current borrowing costs, said the Treasury, which said that calling the bond will save taxpayers \$150 million to \$160 million.

Bonds held in coupon or registered form should be presented for redemption through a financial institution, at a Federal Reserve Bank or branch, or at the Treasury. Securities not redeemed by May 15 will stop earning interest.

The Cusip number on the bonds is 912810BR8.

NYSE	VOL	CLOSE	CHANGE	% CHG	
ConvexCptr	88,600	6¼	+	½	+ 8.7
EnvrElements	10,700	4¾	+	¾	+ 8.3
Foxmeyer	41,800	12½	+	⅞	+ 7.8
Airgas	148,200	23¾	+	1⅝	+ 7.3
NordRes	86,900	5½	+	¾	+ 7.3
TucsonElec	1,637,800	3⅝	+	¼	+ 6.9
TerraInd	261,300	7¾	+	½	+ 6.9
EmDist5%pf	5,500	7¾	+	½	+ 6.9
Pier1	451,700	10¼	+	⅝	+ 6.5
USBknote	335,300	4⅛	+	¼	+ 6.5
IntegHS	266,700	31⅜	+	1⅞	+ 6.4
Benefcl5%pf	2,140	34	+	2	+ 6.3
CntrywdMtg	429,300	10¾	+	⅝	+ 6.2
MDC Cp	88,700	6½	+	¾	+ 6.1
SphereDrake	38,200	17⅞	+	1	+ 5.9
Winnebago	395,900	11¼	+	⅝	+ 5.9
Coastcast	333,800	21	+	1⅝	+ 5.7
BostonSci	215,000	14¼	+	¾	+ 5.6
CrssTimOil	13,500	14¼	+	¾	+ 5.6
KimminsEnvr	8,700	2⅜	+	⅛	+ 5.6

NASDAQ					
CasinoCrwt	3,300	2½	+	½	+ 25.0
Biogenwt	47,200	26⅛	+	5⅛	+ 24.4
PremAnthesia	147,500	4	+	¾	+ 23.1
HarvardInd B	115,600	8⅝	+	1½	+ 21.1
Ciprico	28,000	6½	+	1⅞	+ 20.9
TargetTherap	441,200	22¼	+	3¾	+ 20.3
CumbrldBcp	812,600	52¼	+	8¾	+ 20.1
Ampex	7,400	3⅛	+	½	+ 19.0
MercerInt	1,406,700	19¾	+	3	+ 17.9
ParallanCptr	149,200	14⅛	+	2⅞	+ 17.7
DRHorton	154,200	17½	+	2½	+ 16.7
Robec	5,000	2¾	+	⅜	+ 15.8
ViroGrp	15,900	3¾	+	½	+ 15.4
CambrBio	1,120,500	3⅞	+	⅞	+ 15.2
AMEX					
GenMicro	20,200	9⅝	+	1½	+ 19.0
AdvMed.pf	2,200	5½	+	¾	+ 15.8
PetersJm	46,100	3⅞	+	½	+ 14.8
SemiPck	6,900	5⅛	+	⅝	+ 13.9
USBiosci	523,900	10¼	+	1	+ 10.8

VOLUME PERCENTAGE LEADERS

VOLUME PERCENTAGE LEADERS					
NYSE	VOL	%DIF	CLOSE	CHANGE	
NtlSteelB	3,795,000	4272.4	13 3/8	—	1/8
BrokenHill	108,400	1189.7	50 7/8	—	1/8
OverShip	267,600	1050.9	25 7/8	—	3/8
AlcateIAsthom	1,019,700	939.9	29 3/8	—	1
TCFFnl	203,800	816.7	30	—	3/8
CarolFrght	150,900	728.4	11 3/8	—	1 1/4
GranCare	150,400	597.0	18 1/8	—	1/2
RodmanRen	134,100	565.6	7	—	1/4
Handleman	511,200	561.4	13	—	1/4
Olin	279,400	557.9	50 3/8	—	1/8
WICOR	85,400	541.5	30 3/4	+	1/8
Winnebago	395,900	533.4	11 1/4	+	3/8
PaxarCp	92,100	510.1	15	—	3/8
SunHlthcr	83,800	503.1	16 1/2	+	3/8
RepGypsum	143,700	484.4	11 1/8	—	1/8
RalstonContl	354,600	464.3	8 3/8		
Bradlees	377,800	463.3	11 7/8	+	1/4
HillsStr	136,300	459.5	21 3/4	+	3/8
Manitowc	81,700	455.0	31 1/4	—	1/4
UnivarCp	63,200	440.8	11 1/2	+	1/2

*Common stocks of \$5 a share or more with average volume over 65 trading days of at least 5,000 shares.
a—has traded fewer than 65 days on any exchange.

BREAKDOWN OF TRADING IN NYSE STOCKS (9:30 a.m. to 4 p.m. EST)

BY MARKET	Tues	Mon	WK AGO
New York	304,614,870	317,598,200	322,450,880
Chicago	14,867,700	14,171,700	15,284,100
Pacific	9,181,200	9,650,800	8,934,700
NASD	38,196,030	28,717,970	27,041,400
Phila	5,426,600	5,528,900	6,124,700
Boston	4,814,500	4,911,900	4,987,600
Cincinnati	5,753,000	5,875,100	5,014,900
Composite	382,853,900	386,454,570	389,838,280

NYSE first crossing 11,600 shares, value \$304,787 (est.)
Second (basket) 859,000 shares, value \$42,459,000
*The net difference of the number of stocks closing higher than their previous trade from those closing lower, NYSE trading only.
†A comparison of the number of advancing and declining issues with the volume of shares rising and falling. Generally, an Arms of less than 1.00 indicates buying demand; above 1.00 indicates selling pressure.
z-NYSE or Amex only.

NYSE	VOL	CLOSE	CHANGE	% CHG
vjLoneStar	76,000	2 1/8	—	3/8 — 15.0
AmscoInt	308,600	10 1/2	—	1 1/2 — 12.5
WestmorCoal	71,600	4 1/2	—	1/2 — 10.0
Chaus	21,500	2 1/4	—	1/4 — 10.0
CarolFrght	150,900	11 3/8	—	1 1/4 — 9.7
Hansonwt	33,900	2 3/8	—	1/4 — 9.5
UnoRestr	13,300	9 1/2	—	1 — 9.5
MalaysaFd	237,900	24 1/2	—	2 — 7.5
vjHexcel	85,500	3 3/8	—	1/4 — 7.4
MaxusEngy	3,838,900	5 1/8	—	3/8 — 6.8
IntertanInc	58,200	5 1/4	—	3/8 — 6.7
AppliedMagn	67,900	5 3/4	—	3/8 — 6.1
SterlingChm	149,700	4	—	1/4 — 5.9
GloblMar	1,287,700	4 1/8	—	1/4 — 5.7
ActavaGp	151,800	8 1/4	—	1/2 — 5.7
AutoSecHldg	67,100	4 1/8	—	1/4 — 5.7
SonatOffshr	100,100	16 7/8	—	1 — 5.6
StdBPaint	62,500	2 1/8	—	1/8 — 5.6
AmIndProp	12,400	2 1/8	—	1/8 — 5.6
EquitRE	6,300	2 1/8	—	1/8 — 5.6

NASDAQ				
ExcelTchwtB	10,500	2	—	1/2 — 20.0
Cyberonics	61,900	10	—	2 1/4 — 18.4
WSFSFnl	26,900	3 1/16	—	1 1/16 — 16.2
EquinoxSys	162,100	4	—	3/4 — 15.8
TransAmWaste wtA	7,000	2	—	3/8 — 15.8
LidaInc	4,600	2 1/4	—	3/8 — 14.3
WatrInst	2,500	2 1/16	—	3/16 — 13.2
OptaFood	2,800	5	—	3/4 — 13.0
VtelCp	83,500	7	—	1 — 12.5
NSAInt	4,300	5 1/4	—	3/4 — 12.5
MMIMed	3,500	5 1/4	—	3/4 — 12.5
LDICp	4,900	6 3/8	—	7/8 — 12.1
RestorInd	19,500	1 7/8	—	1/4 — 11.8
Embrexwt	8,500	1 7/8	—	1/4 — 11.8
AMEX				
OBrienEnvr	134,800	2 1/16	—	1/4 — 10.8
LeePharm	7,200	1 13/16	—	3/16 — 9.4
vjHAL	21,000	1 13/16	—	3/16 — 8.8
MediaLogic	56,900	5 3/8	—	1/2 — 8.5
PLMInt	3,800	2 3/4	—	1/4 — 8.3

MASS APPEAL

EDITED BY STAN GELLERS

3
DNR, FRIDAY, JUNE 10, 1994

Off-Pricers' Clothing Up In 1993

NEW YORK — Men's Wearhouse, Today's Man, S&K Famous Brands and Syms are a few of the off-price retailers that made the strongest unit and sales gains in tailored clothing last year.

According to a recent consumer survey conducted by The NPD Group, Inc., specialty stores are still the major channel of distribution for clothing, but along with department stores are losing market share to the off-price clothing category killers that are now opening branches in major metropolitan areas.

The semi-annual NPD market overview was commissioned by Lanier Clothes, a division of Oxford Industries.

The study revealed that off-pricers and discounters now control over 20 percent of all suit units and dollars. And these retailers — along with mail-order companies and J.C. Penney — are also rapidly gaining market share in sport coats.

On the other hand, Penney's, Sears and other regular-price stores continue to own the suit separates business. Off-pricers apparently prefer to focus on regular nested suits (coat and pants hung together) and sport coats.

The survey also revealed that the percentage of total clothing units sold at off-pricers jumped from 14 to 18 percent. This was followed by a hike in mail-order clothing unit sales from 5 percent to 8 percent.

At the same time, clothing units at all other retail formats suffered last year. Specialty stores sagged 7 percentage points to 22 percent; department stores were off two points to 21 percent; discounters were down one point to 4 percent and all other retailers were off one point to 11 percent.

Meanwhile, the percent of total clothing units sold by J.C. Penney increased from 12 to 16 percent.

Other findings:

- Seventy-two percent of all clothing units were purchased "on sale" in all stores. Department stores promoted the most, while off-pricers promoted much less.
- Off-pricers had the biggest gains in unit suit sales, up 5 percentage points to 22 percent last year. Dollars increased five points to 20 percent.

- Off-pricers scored the biggest unit increases in sport coats, up five percentage points to 16 percent. Mail-order companies were up four points to 9 percent. Dollar sales did even better, with off-pricers up eight points to 18 percent and mail-order firms up four points to 9 percent.
- Off-pricers also put fewer sport coats on sale,

down six points to 56 percent of their units sold. Department stores sold 94 percent of their coats on sale.

In addition, the NPD study reported off-price stores did well in all parts of the country with the exception of the East, where business dropped three percentage points to 18 percent of the clothing sold in that region.

—S.E.G.

Kmart's Chief Feels the Heat After Poor '93

NEW YORK — The heat might be turned up on Kmart's Joseph Antonini, but he says he's staying put.

"Joe Antonini is alive and well and has the support of the board," he said in a telephone interview from his Troy, Mich., headquarters earlier this week.

The chairman and CEO of the nation's second-largest retailer



Kmart's Joseph Antonini

has been under pressure to revive the sagging discount store operation over the past year. At the annual meeting last Friday, a management-backed proposal to sell stakes in the company's specialty chains — Sports Authority, Waldenbooks/Borders, Office Max and Builders Square — was defeated, catching management by surprise.

Analysts read this as a strike against Antonini's leadership, showing shareholder discontent with the way the discount business is being handled. Some observers also questioned the ability of Kmart to continue its \$3.5 billion renewal program of the discount stores.

On Wednesday, Antonini explained that the purpose of the proposal was to create a value for the specialty companies, since they are not traded separately from Kmart Corp., and to provide

incentive for their management teams to build the divisions aggressively.

"The board and management felt that this was in the best interest of the shareholders for a variety of reasons," he said, citing tax benefits, accounting changes and credit worthiness, among other things.

"We had been studying several initiatives over the past year or so, and we will continue to study options," he said, but declined to elaborate on any possible strategies.

Antonini emphasized that Kmart has enough money for capital expenditures from continuing operations to keep up the pace of its modernization program, which started in 1990, and aims to have about 1,600 of its 2,400 stores complete by the end of this year.

In the six years he has been chairman and CEO, Antonini pointed out, the specialty units have grown to a value of about \$3 billion from deficit operations of about \$300 million. Kmart's 1993 volume was \$34.1 billion, second only to Wal-Mart Stores' \$67.3 billion.

Another possibility raised by analysts was that Kmart would have to bring in a chief operating officer to help get back on track.

"There are no sacred cows in this company, but that's not under consideration at this point," Antonini said.

Asked about recurring reports that Kenneth Macke, former CEO of Dayton Hudson Corp., might be joining Kmart, Antonini said he had not heard the rumor and said it wasn't true.

Antonini said inventory would grow slightly this year, but would remain under last year's levels because "we had too much." He added that an overall leaner inventory was in the best interests of the company.

—DIANNE M. POGODA

First Tanger Unit Opens in The Hamptons

NEW YORK — The paint is barely dry, but the new Tanger Factory Outlet Center in Riverhead, N.Y. — gateway to the Hamptons — is off and running for the start of the summer season.

The first unit, a Liz Claiborne outlet store, opened Memorial Day weekend, and many of the remaining 44 units in the first phase will be ready by the end of

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this month, according to the Greensboro, N.C.-based developer.

This latest Tanger center is just off exit 73 on the Long Island Expressway, which is becoming a favorite avenue for off-price retailers discovering the farther reaches of the Island.

Last year, a giant Sam's Warehouse Club opened near exit 64, and in April, Syms opened its 35th branch in Commack, Long Island, at exit 50.

The initial phase of Tanger's Riverhead unit has some 15,000 square feet of selling space and will contain the developer's now-familiar roster of men's wear tenants when completed. Included will be the Bass Co. Store, Cape Isle Knitters, Champion Hanes Activewear, Geoffrey Beene, Levi's Outlet, London Fog, Van Heusen and Windsor Shirt.

Construction of the second phase is slated to begin in July.

Tanger currently operates 22 centers in 20 states, and the new Long Island location will eventually be the public company's largest.

P.S.: The Tanger family is expected to keep a watchful eye on the Riverhead operation from its summer residence in the Hamptons.

—S.E.G.

Brits May Nix Outlet Growth In the Suburbs

LONDON (FNS) — New U.K. Government planning rules that place greater restrictions on out-of-town developments could slow the growth of factory outlets, which are forecast to have apparel sales of up to \$7.5 million (5 billion pounds) by 1997, according to a study by consultants Corporate Intelligence Group.

The planning rules are aimed at slowing the development of out-of-town retail sites in order to protect city-center retailers, CIG said.

Currently there are only three factory outlets in the U.K. with about 60 shops covering 100,000 square feet. But there are 1,500 factory shops next to manufacturing plants and 10 factory warehouse centers.

About 30 factory outlets are either being built or are seeking planning approval, CIG said. These would have about 950 shops covering more than 2 million square feet of selling space. Half the projects involve such U.S. factory outlet developers as McArthur Glen and Prime Richardson in joint ventures with U.K. companies.

The consultants warn that the rules might force outlet developers to increase the leisure or theme-park portions of their bids — at the expense of the retail operations — to improve the chances they will be approved. At least one developer already is amending its plans in this way, CIG said. There also are signs retailers that focus on city-center locations are prepared to fight the development of factory outlets in their areas.

Recently, a joint venture between BAA PLC and McArthur Glen announced plans for a 358,000-square-foot development — Europe's largest — in Ellesmere Port, England, which will open in spring 1995.

"We believe the U.K. could easily support 50 factory outlet centers similar to those in the U.S.," says CIG's Robert Clark. "We see as much scope for factory outlets in the U.K. as for warehouse clubs." It is estimated that U.K. factory outlets will achieve sales levels similar to those in the U.S., or about 3 percent of apparel sales by 1997 and 1.8 percent of non-food sales.

Because of the involvement of U.S. developers in most of the projects, Clark believes many major American brands will open factory outlets in the U.K. as they are developed. Likely candidates include Donna Karan, Polo/Ralph Lauren, Nike, Reebok, Levi's, Wrangler and Van Heusen.

—JAMES FALLON

Men's Off-Pricers Off the Pedestal on Wall Street

Continued from Page 2

business is bad, or there's a recession, the weather and the economy are bad, and there are no strong fashion trends — what a coincidence."

Syms Corp., which operates 37 units throughout the U.S., reported first-quarter earnings dropped 69.9 percent to \$325,000 from \$1.1 million a year ago.

Today's Man, with 25 super-stores primarily in the Northeast, said first-quarter earnings fell 67.8 percent to \$79,100 from \$245,500. In addition, comparable-store sales declined 4.5 percent in the quarter and another 2 percent in May.

Richmond, Va.-based S&K Famous Brands, which operates over 120 units, reported first-quarter earnings fell 35.8 percent to \$482,000 from \$750,500 a year ago. Comp-store sales declined 4 percent in the quarter.

Toronto-based Dylex Ltd., which operates the NBO men's wear chain in the U.S., reported a 7.9 percent decline in sales for the year ended Jan. 29, 1994, as well as lower margins. Although it does not break out results for individual divisions, the company said, "intense competition has adversely impacted NBO's profitability" in the past year.

Bucking the trend, however,

was Men's Wearhouse, the Fremont, Calif.-based off-price chain that operates 190 stores in 21 states. The company's first-quarter earnings increased 76 percent over net earnings for the same period last year. Net sales for the quarter increased 45.2 percent to \$63.9 million, versus \$44 million a year ago.

Analysts believe that Men's Wearhouse is one of the best-run companies in retailing. As a result, the West Coast powerhouse has managed to avoid many of the pitfalls afflicting its competitors.

The Secaucus, N.J.-based Syms attributed the decline in first-quarter earnings to decreases in comp-store sales and the additional operating costs associated with opening new stores.

However, for Ed Johnson of Johnson Redbook Service, there's a deeper reason for the slide in business.

He noted that the profit margin at Syms, which was at 6.8 percent in 1989, has slipped to 3.4 percent in 1993.

"The company has been losing share for a number of years now, and clearly its [Syms] profit margin has been eroding. Maybe they don't have low enough prices," said Johnson.

He added that the retailer's

numbers are not likely to improve greatly in the near future.

"I see no reason for a change. Supposedly, Syms was closed one day a week. Now it's open seven days, and that hasn't helped any. The normal answer is just poor management," said Johnson.

Syms, chairman, could not be reached for comment.

Some industry watchers believe that Syms, along with other off-pricers like NBO and S&K, are victims of the market in which they choose to operate. Syms operates the majority of its stores in the Northeast, particularly in the New York-New Jersey area.

"New York is a very competitive market for men's wear off-pricers. There's no escaping that," said Terry McEvoy, an analyst with Janney Montgomery Scott.

In particular, McEvoy noted the entrance of Today's Man into Manhattan, thus strengthening its presence in the New York metropolitan area.

The Moorestown, N.J.-based Today's Man debuted its 28,000-square-foot Manhattan unit in March with the promise of "dominating" the market. The store opening was accompanied by a television-and-newspaper adver-



tising campaign that reached from New York into New Jersey and Connecticut.

"Today's Man is putting pressure on the smaller chains. As a result, stores like NBO and Syms have had to adopt an increased promotional profile," said McEvoy.

This increased competition, he added, negatively affects business. Although Today's Man has done well thus far in New York, bad weather in its other markets was cited as the primary reason for the first-quarter earning decrease.

As previously reported (DNR, June 8, Page 1), in order to combat slumping business, Today's Man has initiated a three-pronged revival strategy, which includes price reductions, a reallocation of marketing funds to promote lower-priced products and boosting store traffic to increase same-store sales.

"It was advertising that hurt them in Washington and Philly. Its [Today's Man] New York advertising has been successful. In Washington the company was using item-price advertising, not institutional, which is what they need. [That's what they did] in New York," said McEvoy.

"The off-price chains are in direct competition with the department stores and each other. It's tough. It's becoming the Home Depot syndrome — the large category-dominant store against the small hardware store," said Hartman.

One chain that does not directly compete with the category-dominant Today's Man, but is considered by many as the company's toughest competitor, is Men's Wearhouse.

Steven Kernkraut, an analyst with Bear Stearns, said that positives at Men's Wearhouse go well beyond the first three months. "It's much larger than just the first-quarter results," he said. "Men's Wearhouse has consistently had

phenomenally strong earnings."

Unlike Today's Man, whose stores are around 25,000 square feet, Men's Wearhouse's units average 3,000 square feet.

"The Men's Wearhouse system is completely different. There are smaller stores, with a limited selection and price-point promotion. Also, most of the markets they are in are a little better than the Northeast. True, California's economy hasn't been great, but there's not as much competition," said McEvoy. Men's Wearhouse operates units primarily in the West, Midwest and Southeast.

Another difference between Men's Wearhouse and those retailers who have shown significant dips in business is the merchandise mix. Today's Man, NBO, Syms and S&K all carry casualwear, as well as tailored clothing. "Casual clothes have a fashion risk. Also, men don't necessarily want to buy suits in the same place they buy sportswear," said Kernkraut.

In contrast, Today's Man said it is expanding and giving deeper emphasis to its sportswear business.

Additionally, while some analysts said business at Syms, S&K and NBO is not expected to trend up in the foreseeable future, they did indicate that Today's Man could pull it out.

"Today's Man is a great concept. It has lower prices and better selection. The only problem is that the execution has been horrible. For a company like S&K, what you see is what you get. There's no big chance for a turnaround," said Clifford Haigler, an analyst with SouthCoast Capital.

For Men's Wearhouse, however, he said the company should continue to grow and "keep hitting home runs."

He went on to call it "one of the best-managed companies in retailing."

TFA SCHEDULE OF EVENTS

All events at The Fashion Association Fall '94 Press Preview, June 27-30, will be held in the Embassy Room of the Harrison Conference Center, Glen Cove, Long Island, New York, unless otherwise noted.

MONDAY, JUNE 27

All day — Press and industry arrivals

7-9 p.m. — TFA welcoming reception/dinner (Garden Dining Room)

TUESDAY, JUNE 28

8-9 a.m. — Breakfast (Garden Dining Room)

9:30-10:30 — TFA "Trend Seminar." From trends to colors to news-making issues, Massimo Jacoboni presents a runway overview of men's fashion for fall 1994.

10:45-11:45 — Lands' End presents "Beyond Buttontowns," a live fashion presentation.

11:15-11:45 — The 500 Fashion Group and Forstmann Woolens showcase a new tailored clothing concept.

11:45-12:15 p.m. — Ski Industries America, *Ski* and *Skiing* magazines treat you to a preview of the fashions men and women will be wearing on the ski slopes and for other on-snow recreational activities.

12:15-1:30 — SIA, *Ski* and *Skiing* magazines host lunch with special guests Lillehammer medalists Tommy Moe, Liz McIntyre and Diann Roffe-Steinrotter. (Garden Dining Room)

2-5 — Interviews and photography sessions (2d floor of Manor House)

7-9 — Sears presents America's Cup Captain Dennis Conner and its new "Stars & Stripes" collection. Cocktails and dinner are included. (Sea Cliff Yacht Club)

WEDNESDAY, JUNE 29

7:30-8:45 a.m. — Breakfast (Garden Dining Room)

9-10 — "Hot Items." Executives from Corbin, Jockey International, Pendleton, PVH Design Group for Geoffrey Beene, Wellman, Inc., and Code West talk about hot retail items and what's new for fall.

10:15-11 — Levi's/Dockers share some new facts, figures and fashions about how Americans are dressing in the workplace in the '90s.

11:15-11:45 — "Mysteries of the Magic Triangle." TFA's neckwear members present findings of a new neckwear survey.

11:45-1:30 p.m. — TFA neckwear members host lunch (Garden Dining Room)

2-5 — Interviews and photography sessions (2d floor of Manor House)

7-9 — Mondo di Marco welcomes press and industry to a cocktail reception followed by dinner. (Outdoor swimming pool)

THURSDAY, JUNE 30

7:30-8:30 a.m. — Breakfast (Garden Dining Room)

8:45-9:30 — "Designer Cameos." Preview fall '94 collections from Sal Cesarani, Nathan David for Nigel's, Perry Ellis, Alexander Julian, Nicole Miller by Schoeneman, Wallace Muroya and Jamie Sadock.

9:45-10:15 — Guess shows off the "Complete Guess Look."

10:15-10:45 — Haggard offers the lowdown on the "Wrinkle-Free Story" and a new "City Casuals" collection.

10:45-11:45 — DuPont highlights "Women's Fall 1994 Trends" in a multimedia presentation.

11:15-Noon — "A Folio of Women's Wear for Fall." An update on fall fashions from Chaus, Jones Apparel and Leslie Fay.

12:15-1:30 — TFA's farewell lunch (Garden Dining Room)

2-4 — Wrap-up interviews (no photography). Industry and press depart. (2d floor of Manor House)



TRU's 1994 pre-season catalog, left, promises \$309 worth of savings through 60 coupons from Mattel, Fisher-Price, Little Tikes and Hasbro. Jamesway's catalog, right, offers nearly \$70 in coupon savings.



Toys discounters in pitched battle

Toys 'R' Us, Jamesway, Hills launch early catalogs

BY TERESA ANDREOLI

NATIONWIDE DSN REPORT — Toys "R" Us may be the only toy superstore chain left, but discounters have begun to crowd the toys giant's turf in the all-important fourth quarter selling period. Retailers this year made a point of pitching their prices and hottest toys selection early in the cycle.

TRU fired the first salvo Oct. 9 with the release of a 55-page, pre-holiday bonus book, its first-ever pre-season toys catalog. On the same day, the Midwestern regional chain Hills inserted its toy circular into Sunday newspapers, began running local TV spots, and preparing its stores for the holiday season.

East coast regional discounter Jamesway published its first-ever toys catalog, a

64-page book, in mid-October.

Some of Wal-Mart's national TV spots last month pushed toys specifically—quite a departure from the retailer's general, institutional TV advertising.

Several factors have played into the early marketing rush, not the least of which is the race for a greater share of the season's sales and profits.

Fueled with myth-breaking statistics that suggest 40% of female shoppers finish holiday shopping by mid-December (drawn from *American Demographics* magazine), TRU ran the presses early. Those retailers with October/November programs also capitalized on an early Hanukkah rush; the Jewish holiday begins the Sunday after Thanksgiving this year, nearly a month before Christmas and the big shopping frenzy.

Allowing layaway purchases was another reason for the early push. The Jamesway catalog encouraged layaway plans six separate times within its toys booklet. Layaway earned front cover text in the 1993 Hills book.

"Toys 'R' Us has kick-started the whole selling season with its pre-holiday book," said Donna Gibb, a spokeswoman for toymaker Mattel. Over the past few years, retailers and manufacturers have attempted to condition consumers to start holiday toy shopping earlier in the season, she noted.

"We knew it was going to be a competitive year so we got started early," said Susan Sprunk, vp, marketing and advertising for Hills. "The circular was the backbone [of the marketing strategy]... but in-store signage is even more

(See Toys page 68)

Kmart settles scanning dispute

Agrees to \$70,000 donation

TROY, MICH. — For the second time this year—and for the fifth time in the past five years—Kmart has paid fines and penalties to settle complaints from government authorities that its scanners overcharged customers, primarily on sale merchandise.

In the latest case, a settlement with the Michigan attorney general announced Oct. 16, Kmart agreed to donate \$70,000 to the National Institute for Consumer Education, based at Eastern Michigan University, and to designate a unit pricing manager at each Michigan store to halt scanner overcharging. NICE will use the money for consumer education.

(See Settlement page 18)

Syms, Wal-Mart, Filene's score high with consumers

BY JAMES MAMMARELLA

YONKERS, N.Y. — A major retail shopping study by Consumers Union, publisher of *Consumer Reports* magazine, indicates that Americans are spending more time in discount stores at the expense of department stores.

A related CU survey of more than 50,000 readers scored 20 value-oriented chains on satisfaction and value, based on apparel shopping. Results of both studies were published in the November 1994 issue of *Consumer Reports*.

The destination study compares where respondents prefer to shop today vs. five years ago. Food shopping was excluded from the questionnaire.

The most dramatic increase over the past five years favored warehouse stores and superstores. Nearly half of all respondents said they shop more in these types of stores today than in the earlier period.

While one in eight respondents said they are shopping more in department stores today, about one-third said they spend less time in that channel, according to *Consumer Reports*. Those proportions were reversed in the case of discount department stores.

The findings reveal that shoppers desire service, but are willing to trade service for a better value/price deal. This is the equation driving consumers into warehouse clubs, off-price apparel stores and mass merchants.

In satisfaction, no discount chain scored as high as the highest-rated department and specialty stores. Nordstrom garnered an 87% rating, leading all chains.

Overall, the consumer satisfaction score, which summarizes readers' average satisfaction with the shopping experience on

(See Consumer page 70)

Soderquist headlines Montgomery Securities conference

BY RICHARD HALVERSON

SAN FRANCISCO — Led by Wal-Mart vice chairman and coo Don Soderquist, executives of 13 mass market chains pitched their stocks during the 24th annual investment conference of Montgomery Securities held here at the end of September.

More than 1,700 institutional investors and analysts gathered to listen to the retail leaders, along with presentations by scores of other corporations. Montgomery helped underwrite the initial public offerings of many of the companies.

In a mid-conference interview, Montgomery analyst Bo Cheadle expressed a bearish view of the future of the club business, but a modest, optimistic position on regionals that must compete with Wal-Mart and Target.

"There's room for regionals,"

Cheadle said, "but they need a niche. They'd better find a niche, there is no place to hide."

As for clubs, they need a catalyst to turn them around, Cheadle said. He also conceded: "I see no such catalyst."

Clubs suffer, in large part, because category killers have taken away their edge. In office products, specialty stores stock 5,000 to 6,000 skus vs. 700 at most for clubs.

Moreover, consumers tend to feel they wind up spending too much money when they shop at a club, he said. The idea of spending \$100 to \$500 each time they visit a club is too risky in a slow economic period, Cheadle said.

In addition, the cannibalization of sales from overstoreing, such as in Dallas, scares analysts.

The following are highlights of some of the presentations:

- Wal-Mart, Don Soderquist, vice chairman and coo: International has become the company's fourth division, following discount stores, Sam's Club and supercenters. By year's end, Wal-Mart will open four Value mini clubs in Hong Kong and two full-size Sam's Clubs next year in China.

In '95, Wal-Mart will open three Sam's Clubs and one supercenter in Brazil, the first of three Sam's Clubs and three supercenters in that country.

'There's room for regionals, but they need a niche. They'd better find [one]. There is no place to hide.'

—BO CHEADLE
MONTGOMERY SECURITIES

It will enter Argentina with the first two of three Sam's Clubs by July '95 and the first of three supercenters.

In Mexico, Wal-Mart will open 10 to 12 more Sam's Clubs on top of the 19 units already there, and 10 to 12 supercenters in addition to the four that already exist.

Profits are lagging behind the 24% sales growth in '94 because Wal-Mart invested heavily in Pace, buying and converting 99 units from Kmart. Its purchase and conversion of 122 Woolco units from Woolworth Canada also impacted profits. Neither investment will become profitable until next year.

In Red Bluff, Calif., Wal-Mart opened another distribution center in September. Next year it will open another hard lines DC, a soft lines DC and its third food DC to support supercenter expansion.

In 1995, Wal-Mart will open 100

(See Montgomery page 70)

CONSUMER

(Continued from page 3)

a 100-point scale, revealed little variation.

In fact, the magazine noted in a footnote that differences of less than five points were not meaningful.

Consumer Reports featured results on 10 discount chains.

Wal-Mart received the highest satisfaction score in the discount department store category with a 74% rating. Supercenter pioneer Meijer tied for second place with Target, at 72%. Several regional chains scored just a few points lower, with a slight edge by ShopKo, 70%.

Caldor, 62%, and Ames, 61%, scored lowest in satisfaction among all the chains in the survey, according to the report.

The rest were: Bradlees, Venture and Montgomery Ward, 69% each; Kmart, 68%; and Fred Meyer, 67%.

The keys to scoring high in satisfaction were linked to providing good service within departments and at the cash register, offering good value/price in merchandise, and stocking apparel in season with broad assortments.

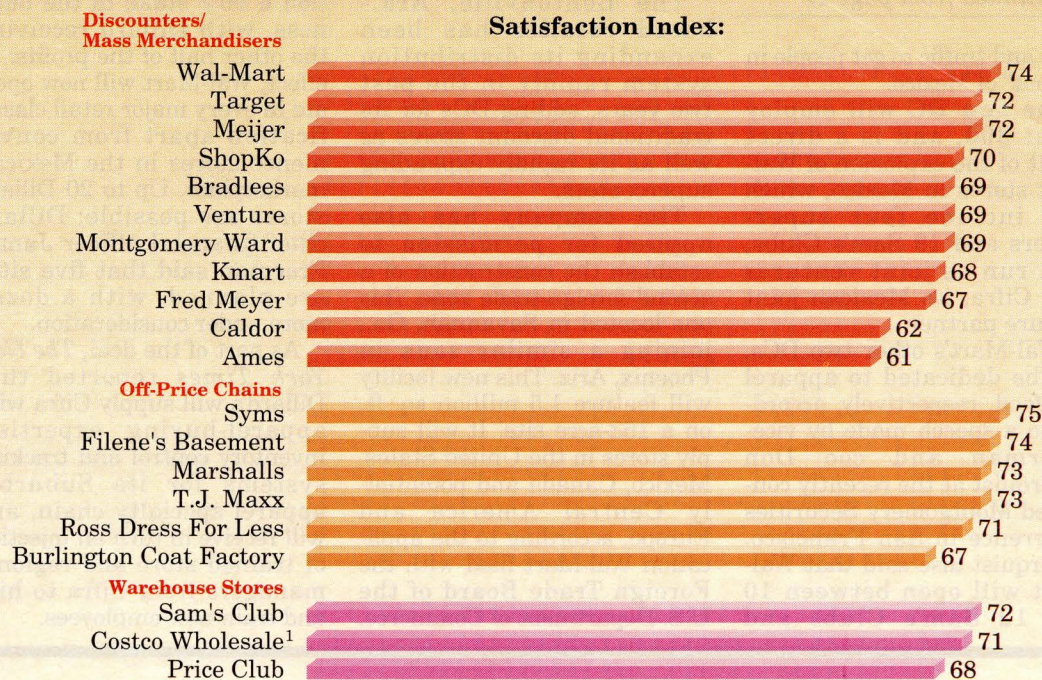
Wal-Mart and Target outdistanced their general merchandise rivals on value. The only other above-average value ratings were earned by Meijer and Venture.

Among the off-price chains and warehouse clubs, there was no differentiation in value ratings.

Chains in these groups were also closely packed in satisfaction ratings. For example, Burlington Coat Factory scored 67% and Ross Dress For Less rated 71%, compared to leader Syms, which scored 75%.

One other finding stood out in the survey. Men are shopping more—and women are shopping less—than they were five years ago. ■

SYMS, WAL-MART, FILENE'S BASEMENT SCORE HIGHEST AMONG U.S. SHOPPERS



Source: Consumer Reports, November 1994; DSN charts. ¹Costco Wholesale and Price Club merged in 1993. Members can shop in either store.

MONTGOMERY

(Continued from page 3)

new discount stores, expand or relocate 100 more existing stores, and open 10 new Sam's Clubs and 100 supercenters.

● Staples, Tom Stemberg, chairman and ceo: Staples is shifting to smaller markets such as Greenville, N.C., and Bangor, Maine, and will focus on three business segments: small businesses with 20 workers or less; home office workers and students; and medium and large businesses.

Staples will retail through three channels: North American superstores; contract and commercial; and international joint ventures such as those it has in Great Britain and Germany. Contract and commercial volume is projected to increase to \$700 million by the end of 1998 from \$200 million in '94, with much of the growth coming from new big business customers.

Store profitability is projected to tally an operating profit margin of 10.33% after the third year, compared to 2% in the first year.

Staples will emphasize capital goods such as computers, now 4% of sales, under the management of Martin Hanaka, president and coo.

In Edmonton, Canada, Staples opened a new 20,000-sq.-ft. prototype that eliminates the forced entry aisle and has begun to reset all of its units.

● Bed Bath & Beyond, Warren Eisenberg, chairman and coo: Department and store managers display an entrepreneurial spirit because all have stock options; all store managers are merchants who can tweak the merchandise mix in their stores.

BB&B keeps its expenses low by doing only minimal

advertising—reserved for new openings and four to five circulars a year, no distribution centers, and inexpensive store fixtures. This posture allows BB&B to enter markets with just a single store.

BB&B will open 12 new stores this year averaging 48,000 sq. ft., up from nine in '93, plus expand or relocate four more.

The cost of new systems, all based on an AS 400 computer from IBM, caused its operating margin to slip less than a point, but investment in systems will begin paying off in '95.

BB&B loaded up on "a lot of goods early," anticipating a good Christmas, but expects to end the year with the same inventory level of 1993, valued at \$50 per sq.-ft.

● The Men's Wearhouse, George Zimmer, chairman and president: Men's Wearhouse has opened 10 stores in Los Angeles, a new market.

The company licensed two designer labels, Pierre Balman and Vito Rufolo, for private label programs, and enhanced its shoe departments.

Despite the trend toward casual dress, the market for tailored clothes will grow this year to \$4.1 billion from \$3.8 billion in '94.

With the consolidation in tailored clothing stores, Men's Wearhouse sees the potential for 500 stores in more than 200 markets.

For '95, the chain will add 50 more stores to a count of 230. The company also is considering expansion into Mexico and Canada.

● The Good Guys, Robert Gunst, president and ceo: The chain is entering Seattle, a new market, with a new store design of 18,000 sq. ft. Each customer will deal only with a sales associate, instead of various store personnel.

Expansion into Portland, Ore., will be next for the California CE chain of 52 stores. The Good Guys are considering Phoenix as another expansion market on the way to its goal of 100 units.

Of a \$41.4 billion consumer electronics market, specialty chains account for 39% and discounters for 27%.

The Good Guys are hard goods merchants and stock no music or video software and only a limited amount of video games.

Computers account for 6% to 7% of sales, but are not enormously profitable. The chain had expected computers to account for only 4% to 5% of sales, so it entered the year with too little inventory. Computers won't become a dominant category.

● PETsMART, Sam Parker, chairman and ceo: The chain has completed the rollout of Discovery (Channel) Centers to all its 162 stores. Stocking 900 skus, the stores market pet-related educational games, toys and puzzles.

The acquisition of the 29-unit Petzazz chain bolstered '93 consolidated sales to \$478.6 million and income to \$11.1 million, widening the chain's lead over its closest competitors, Petco and Petstuff.

After four years, a PETsMART store of 25,000 sq. ft. usually generates sales of \$5.9 million and a profit margin of 15%.

The chain will add about 20 more veterinarian clinics by the year's end, making it the largest vet clinic chain in the United States, with about 77 units.

PETsMART expects to end the year with 177 units and to open 40 to 50 more in '95. It entered a new market, Chicago, with eight stores and will open nine more there next year.

● Target, Joseph Vesce, who recently resigned as chairman and ceo of Mervyn's: Target will open its first Super Target next March in Omaha, Neb., and its second in Lawrence, Kan., in October 1995. Super Targets will range from 165,000 sq. ft. to 195,000 sq. ft., including 40,000 sq. ft. to 45,000 sq. ft. for food items.

Target is engaged in a contiguous expansion program that will take five years to reach the Northeast and the Middle Atlantic states.

Mervyn's, the junior department store division of Dayton Hudson, has remodeled 11 of its stores to its Colorado Project prototype, making them more akin to a Target Greatland unit.

DH is becoming a boundary-free organization, and Mervyn's uses the Target system of store-by-store markdowns instead of a chainwide system.

In turn, Target uses Mervyn's alarm system, saving 30% over the cost of using an outside alarm service.

● Dollar General, Cal Turner Jr., chairman, president and ceo: The chain is building a new size store, 6,800 sq. ft., against an average of 6,000 sq. ft. It expects to end the year with

more than 2,000 units.

In merchandising, Dollar General is bumping up the mix of hard goods to soft lines to 50/50 ratio from 40/60.

It also is buying more continuity products, instead of closeout goods, which now represent 8% of both hard and soft lines. The chain also is focusing on imports, which have increased to 24% of sales from 19% and are headed for a possible 30%.

Dollar General is testing higher price points following the success last year of \$35 quilts and boomboxes. It now is testing a console stereo, also at \$35.

Next July, it will open a third distribution center in Ardmore, Okla., that will cover 535,000 sq. ft.—expandable to 1 million sq. ft. and capable of supporting 700 to 750 stores.

Year-to-date comparable store sales are running 14.1% ahead of 1993.

All employees are now on an incentive pay plan, compared to 58% last year. Of total bonus dollars, about two-thirds go to store level managers and employees.

Dollar General might hire an outside president and coo within a year, but Turner will remain as chairman and ceo. ■

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FINANCIAL/CREDIT

Burlington Coat Factory Losses Widen in Period

Sluggish outerwear sales blamed

BURLINGTON, N.J. (FNS) — Stung by soft sales of outerwear and higher expenses, Burlington Coat Factory Warehouse Corp. reported first-quarter losses widened to \$7.5 million from \$2.9 million a year ago.

In the quarter ended Oct. 1, sales rose 24.1 percent to \$299.2 million from \$241.2 million, with same-store sales up 2.6 percent. The company said same-store sales rose 3.6 percent in July and 10.3 percent in August. However, milder weather in September dented demand for outerwear and contributed to a 6.5 percent same-store sales decline.

In a conference call with analysts, Robert La Penta, chief accounting officer, said same-store sales for women's outerwear declined 21 percent, though women's sportswear was up 7.4 percent. Men's wear posted a 6.6 percent same-store sales gain, while men's outerwear same-store sales declined 14.1 percent.

Selling, general and administrative expenses rose to 36.9 percent of sales from 34.8 percent, due, the company said, to increases in payroll, payroll related expenses and advertising. Borrowings against its credit facility resulted in an increase in interest expense to \$3.7 million from \$2.5 million.

In the conference call, Monroe G. Milstein, chairman and chief executive officer, admitted that warm weather has continued to hurt business into the first week of November, but declined to make a forecast for second-quarter earnings.

In the quarter, the company opened ten Burlington Coat Factory Stores, and one specialty men's store. An additional 10 to 15 Burlington Stores, three to six Luxury Linens stores, two to three Totally 4 Kids stores and two Decelle stores are slated for the rest of the fiscal year.

Clinton Still Romancing Dole For Lame-Duck GATT Vote

Continued from Page 2

provision affecting telecommunications, and a third would eliminate the guaranteed 4 percent minimum rate paid on savings bonds and go to an entirely floating-rate with the floor on allowable interest earned on savings bonds.

"The idea of all of this is to support GATT this year," Dole said at the press conference. "But if we can't fix it, we can postpone it." He added that the Administration appears eager to work with him, noting, "Mickey Kantor calls me about every 10 minutes."

In trying to explain Helms' objections to the agreement, Packwood said Helms was listening to the objections of textile magnate Roger Milliken. He mistakenly noted that Helms and Milliken were both from North Carolina. (Milliken lives in South Carolina.) "Senator Helms comes from North Carolina, as does Mr. Milliken," Packwood said. "Mr. Milliken doesn't like this bill and that motivates Senator Helms."

Milliken declined to comment on Packwood's statements.

Congress is to reconvene in a lame-duck session to consider the GATT bill. The House is to vote Nov. 29 and the Senate is to follow with a Dec. 1 vote.

Helms threatened President Clinton in a letter Monday that, if the GATT vote were delayed until next year, Clinton's foreign policy proposal would be considered "fairly and fully" by the Senate Foreign Relations Committee, which Helms is expected to chair when the Republicans take over Congress when the 104th Congress convenes in January.

Meanwhile, Vice-President Al Gore, along with Clinton cabinet members Laura Tyson, chairwoman of the Council of Economic Advisors; Mickey Kantor, U.S. Trade Representative; Alice Rivlin, chairman of the Office of Management and Budget; and Mack McLarty, special advisor to the President, traveled to Capitol Hill to tout the benefits of GATT.

Asked what the Administration's response was to Helms' letter, Gore said, "GATT should not be mixed up with any other issues. It's far too important and a delay would kill GATT and hurt our country immeasurably. There is no reason to delay it other than to kill it."

Gore said that GATT would cut tariffs worldwide by \$744 billion and that more than 10 million U.S. jobs are linked to exports. "Two weeks from now we will reach a pivotal point when Congress decides whether the U.S. will continue to lead the world in free-trade issues. This is a critical vote for U.S. leadership and for the health of the U.S. economy. Anyone who says they are for a GATT delay is calling for a death sentence on the biggest tax cut in the world and for the death of the economic health of the U.S. I don't know why any member of Congress would want that on their record."

House Speaker Thomas Foley (D., Wash.), along with acting chairman of the House Ways and Means Committee Sam Gibbons (D., Fla.), predicted that GATT would pass the House. Gibbons called the last-minute challenges "folderol."

Senate Finance Committee chairman Daniel P. Moynihan (D., N.Y.), who Sunday predicted there were just 26 votes committed to defeating a technicality that could be raised about GATT's funding, said he was confident but "not overly confident. We are hugely concerned" about the fate of GATT, he said.

Syms Net Drops in 3d Quarter

SECAUCUS, N.J. (FNS) — Citing soft sales of men's tailored clothing, Syms Corp. reported earnings slumped 21.4 percent in the third quarter and 39.5 percent in the nine months ended Oct. 2.

The off-pricer earned \$1.46 million, or 8 cents a share, in the quarter, down from \$1.86 million, or 11 cents, a year earlier. Sales increased 6.1 percent to \$77.8 million from \$73.3 million, but same-store sales slid 7.3 percent.

In the nine months, earnings dropped to \$3.4 million, or 19 cents, from \$5.7 million, or 32 cents, a year earlier. Sales increased 3.2 percent to \$226.5 million from \$219.5 million.

Syms attributed the profit decline to lower same-store sales and higher operating costs as a percent of sales in order to support five new stores in 1993 and four in 1994.

Arthur Weber, vice-president, CFO and treasurer, said Syms continues to see weak sales of men's tailored clothing as a result of increasing competition, unseasonably warm weather, and a market trend towards casual dressing. He said tailored clothing makes up about 60 percent of Syms' sales mix.

Sales so far in the fourth quarter "are still a little slow," according to Weber, and he looks for greater improvement in the first quarter. Syms operates 38 stores in the Northeast, Midwest, Southeast, and Southwest.

Jacobson's to Open First Kentucky Unit

JACKSON, Mich. (FNS) — Jacobson's, Inc., will open its first store in Kentucky in mid-November.

The 105,000-square-foot store will be located in the Oxmoor Mall in Louisville, and will carry men's, women's and children's apparel, along with housewares, gifts and home textiles.

The store will bring Jacobson's total to 25. The chain currently operates 14 northern division stores in Michigan, Ohio and Indiana, and 10 stores in Florida.

Tommy Hilfiger, Tommy Boy In Settlement

NEW YORK (FNS) — Tommy Hilfiger USA and Tommy Boy Music, Inc., reported Wednesday they have reached an out-of-court settlement of Hilfiger's suit charging Tommy Boy with copying the apparel maker's red, white and blue flag.

Terms of the settlement were not released, although both companies announced a contribution will be made to the Fresh Air Fund, an independent charity, in the name of Tommy Hilfiger.

1st Levi's-Owned Original Levi's Set to Debut in London Friday

Regent St. store is 10,000 sq. ft.

By JAMES FALLON

LONDON (FNS) — The first Levi Strauss-owned Original Levi's store in the world is opening here and is aimed at raising the profile of the jeanswear brand while testing interactive sales techniques Levi's hopes to apply elsewhere.

The 10,000-square-foot store on Regent Street opens Friday. Janie Ligon, the company's U.K. general manager, said it is part of Levi's strategic plan to develop its brand image. "As denim brand leader, we must continue to strengthen our brand, maintain consumer appeal and push back the marketing barriers," she said. "We are particularly fortunate to be able to devote an entire store to doing just that."

The store's focal point will be a "Fit Center," which Levi's said adds a tailoring touch to buying jeans. The center's interactive computer program stores more than 400 different pairs of jeans and enables customers to identify the perfect fit within three minutes. Any adjustments in length will be done at the store at no charge, the company said.

A Levi's spokesman in its San Francisco headquarters in the U.S. said that the interactive program in the London store is different from Levi's "Personal Pair" computerized custom-fitting service, which was recently introduced at the Original Levi's store in Cincinnati. The technology being used in the London store is essentially an interactive catalog that acts as a guide to the store. The "Personal Pair" fitting program actually takes a woman's measurements and creates the specs for a pair of jeans for her.

Other aspects of the new store here include a visual display of the 140-year history of the brand; new point-of-sale techniques and a "501 Jeans Bar" with what Levi's said is the most comprehensive range of 501 jeans available. It will include exclusive and limited-edition products. Levi's said the store is designed to be a test bed for new merchandising ideas for both its retailers and franchisees. "It allows us to control the way our brand is projected and provides an ad a day for the brand," Ligon said.

The Levi's spokesman in San Francisco explained that the company operates, licenses or franchises more than 900 Original Levi's or Levi's Only stores around the world. The ones in the U.S. are a joint venture with Designs, Inc. The London store is the first Original Levi's store totally owned and operated by Levi Strauss.

Bancroft Plaza Retail Chain Files Chapter 11 Petition

NEW YORK (FNS) — Bancroft Plaza, Inc., a five-store chain selling men's and women's apparel, has filed a Chapter 11 petition here citing temporary cash flow problems.

The cash flow difficulties, Bancroft said in court papers, stemmed from a dispute with R. Siskind & Co., a consignor, over the quality of goods delivered that prevented the retailer from fully restocking merchandise for the fall season.

Bancroft, which wants to cut costs and downsize as part of its reorganization, will close its store at 477 Madison Avenue, according to Barton Nachamie, of Todtman, Young, Tunick, Nachamie, Hendler & Spizz, counsel to the debtor.

Nachamie said K&M Menswear will provide the firm with \$2 million in merchandise on consignment, which will get inventory levels "up to target" over the next few weeks.

Bancroft also has an agreement with PNC Bank under which the bank agreed to reduce its secured loan to \$550,000 from \$900,000 in exchange for payment of 20 percent of Bancroft's sales.

At the time of the filing, Bancroft showed \$4.5 million in liabilities, \$1.5 million of that unsecured. Assets totaled \$1.5 million.

The top 20 trade creditors include: Rosenthal & Rosenthal, owed \$186,434; Finleigh Clothes, \$67,257, and Swank, Inc., \$32,483. Three of Bancroft landlords are listed among its largest unsecured creditors, with Roosevelt Hotel Corp., owed \$247,547, the largest single creditor.

Stage II Earnings Jump 33%

NEW YORK (FNS) — Stage II Apparel Corp., distributor of men's and boys' casual apparel and activewear, reported third-quarter earnings rose 33.3 percent to \$384,000, or 9 cents a share, from \$288,000, or 7 cents a year ago.

Sales gained 19.4 percent to \$21.7 million from \$18.2 million.

In the nine months ended Sept. 30, Stage II lost \$242,000 against a profit of \$619,000 in the year-ago period. Sales dipped 2.2 percent to \$47.1 million from \$48.2 million.

Jack Clark, chairman, said that the company is positioned for growth as a result of its recent acquisition of Townsley Ltd., distributor of men's and boys' sportswear and activewear under brand names such as Sasson, Pony and Coleman. Townsley, acquired in October, had fiscal 1993 revenues of \$37 million.

THIS WEEK

Fed Chairman Alan Greenspan testifies today to Senate Banking Committee on Daiwa Bank and supervision of foreign banks.

FRIDAY'S CLOSSES

DOW JONES	5,048.84
AMERICAN	531.27
S&P 500	599.97
NASDAQ MARKET	1,030.17

THE

TICKER

Tread lightly

Wall Street analysts are urging caution after last week's rally, which saw the Dow Jones Industrial Average close above 5,000 for the first time and end in record territory three consecutive times. Analysts said fewer stocks were taking part in the upside move. The market is being driven by the panic to participate, in which managers are buying to capture the performance that they have fallen behind on, especially with corrections in the tech stocks that were so heavily owned, they said. The market is a like a house on stilts from which each day another stilt is removed.

Hiring slowdown

Fewer companies are looking to hire workers during the first quarter of next year than a year earlier due to an uncertain economic outlook, according to a survey by Manpower Inc. The survey of 15,000 companies found 20% planned to take on new workers, down from 22% for the first quarter of 1995. Staff cutbacks were planned by 12% of companies, unchanged from a year ago. The survey also showed that in construction the first-quarter outlook was slightly positive for the first time in 10 years, with 19% of companies intending to add workers and only 16% planning lay-offs. Government jobs were, however, expected to be extremely scarce, with 12% needing additional workers and 11% forecasting staffing declines.

Autos spur orders

Orders for U.S.-made machine tools rose a surprisingly hefty 8% in October from a month ago, fueled by demand from auto makers, an industry trade group said. Total orders rose last month to \$483.2 million from \$447.4 million in September, the Association for Manufacturing Technology said. This was up 34.3% from \$359.8 million a year ago. AMT also said orders for machine tools, which are used to cut and shape metal in making everything from kitchen pots to aircraft, so far this year have risen 12% over the first 10 months of 1994.

Santa helpers stay

Federal Express promised to continue normal operations in spite of a threat of slowdowns in a labor dispute with its pilots. Pilots were negotiating for their first contract with the package hauler since the Air Line Pilots Association won certification in 1993, but the company rejected the last offer submitted before a federally ordered cooling-off period ended at midnight Saturday. Rather than strike, union leaders said their members would work to the letter of all Federal Aviation Administration and company regulations and refuse to fly overtime during the peak Christmas season. The company warned pilots they could face disciplinary action, including dismissal, for a slowdown. FedEx, the world's largest overnight delivery company, delivers nearly 2.4 million packages a day. On its busiest day of last year's holiday season, it shipped 3.4 million.

Ailing Syms' big bet

Clothier goes upscale in risky expansion plan

By SONIA REYES

Daily News Business Writer

Retail mogul Sy Syms has seen better days.

Nearly a decade ago, Syms was flying high. Sales at his chain of retail clothing stores soared as consumers flocked to designer merchandise sold at discount prices. Sy did well, too. He brought his company public in September 1983 at \$15 a share and became a multi-millionaire virtually overnight.

Today, it's a different story. Sales and profits are flagging at the company's 37 stores and the stock is sagging as Syms' shops have been eclipsed by more aggressive retailers such as Today's Man and Filene's.

For shareholders, that's meant a rocky ride. With Syms shares trading at \$7.625 at Friday's close, \$100 invested in the company in 1983 is worth a little more than \$50 today.

Things have been so bad for the stock, even company insiders are dumping it. From Oct. 16 to Oct. 18, Syms' daughter and the company's president, Marcy Syms, sold 110,000 shares for between \$7.28 and \$7.37 each, according to Securities and Exchange Commission documents.

That move came as the stock slid 17% on news that Sy Syms had abandoned plans to take the company private by buying any shares in the company he and his family did not already own. The Syms family controls 80% of the company's stock.

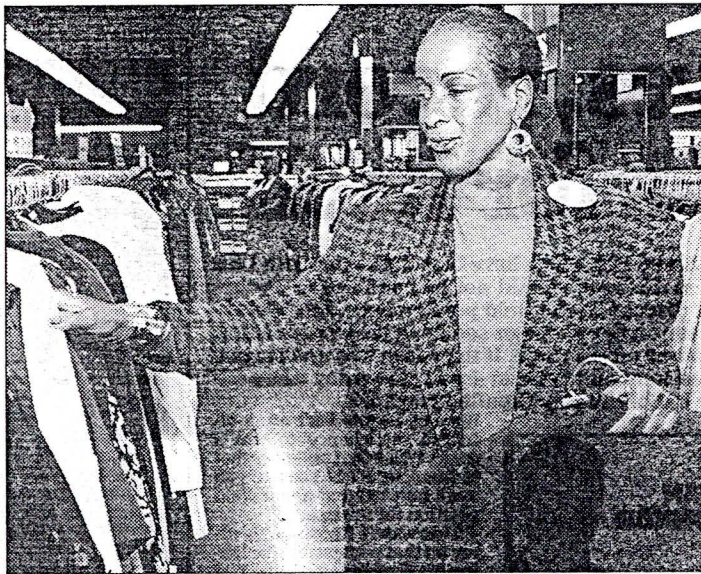
With the company in the doldrums, the family is embarking on an aggressive, highly risky expansion strategy, the centerpiece of which is a new, five-story, 50,000-square-foot store at Park Ave. and 54th St.

That's where Syms, one of the city's quintessential off-price retailers, plans to invest \$4 million to \$6 million to build a gleaming, upscale shop resembling Saks Fifth Avenue or Bloomingdale's that will open by next fall.

The move is a dramatic change for the Syms family, which made its name with large, no-frills stores with black walls and the feel of a warehouse like the flagship store on Trinity Place in lower Manhattan.

The Syms family sees no dichotomy between its downtown bargain persona and the more upscale image it is trying to generate on Park Ave. Family members say it is a natural extension of their familiar motto, "An educated consumer is our best customer."

"Syms sells serious clothing, the kind professional businesspeople like to wear," says Marcy Syms. "Our educated consumer premise is aimed toward people who look for quality at



SUSAN STAVA

FLAGSHIP: Syms saleswoman Diane Robertson cruises aisles in Trinity Place store.

bargain prices. That's not inconsistent with the Park Avenue shopper."

Syms says the family was drawn to Park Ave. because it is chock full of workers and because there are hardly any major retailers on the street. The family sees a captive audience of thousands of office workers — within a 10-block radius of the new store, there are 64 office buildings that house 1500 companies.

The move to Park Ave. also fits with the company's strategy to become a bigger presence in cities where it already has stores.

But some experts say that Syms may be expanding too late in the game, especially in New York. Some wonder if the Syms family isn't trying to expand its business so it doesn't

lose face against big names that have been swifter to take on Manhattan, like Today's Man. That's a claim Marcy Syms denies.

Experts also caution that the Park Ave. site is a high-rent district that could strain Syms' already tattered bottom line.

"They'll be rent-poor," says retail consultant Alan Milstein. "It's one of the toniest, fanciest neighborhoods, inhabited by top-flight corporations."

Indeed, it may not be the best time for Syms to be investing millions in new stores, experts say. Profits have fallen nearly 50% in the past four years.

Last year, the company posted profits of \$8.5 million compared with \$10.8 million in 1993. Two years earlier, it saw profits of \$14.3 million. Revenues grew slightly last year to \$326 million from \$318 million in 1993.

Retail analysts say Syms' profit pic-



SEE THE SYMILARITY? Sy and Marcy Syms are expanding troubled firm.

ture has been hurt not only by new competitors like Filene's, but also by department stores that offer frequent sales and lower-priced designer goods, like Syms.

That doesn't worry Marcy Syms. She says the stores are keeping their retail formula of offering major designers of men's and women's apparel like Geoffrey Beene, Calvin Klein, Yves Saint Laurent and Ralph Lauren at discount prices.

Marcy Syms says shoppers will be lured to her stores with something the department stores don't offer: mark-downs on regular merchandise every 10 days until the third and final mark-down.

Furthermore, she says, she is not worried about the firm's expansion because the company won't incur any debt by opening new stores.

"That's why our growth has been cautious," she says. "We never get into debt to expand. We've paid for everything along the way."

"They'll be rent-poor. It's one of the toniest, fanciest neighborhoods, inhabited by top-flight corporations."

Retail consultant Alan Milstein

Tultex Earnings Skyrocket On Sale of Yarn Facility

4th-quarter profits hit \$9.5M

MARTINSVILLE, Va. (FNS) — Helped by a \$2.7 million special gain from the sale of a yarn facility, profits at Tultex Corp. climbed to \$9.5 million, or 31 cents a share in the fourth quarter from \$2.2 million, or 6 cents a share a year ago.

Wall Street analysts estimated Tultex would earn 26 cents in the latest quarter.

Sales rose 8.4 percent to \$168.3 million from \$155.2 million. Sales of activewear grew 18 percent in the latest quarter.

In the year ended Dec. 31, Tultex earned \$9 million, or 26 cents, against \$5.9 million, or 16 cents a year ago.

Sales were up 6 percent to \$565.4 million from \$533.6 million.

Charles W. Davies, president and CEO, said "1994 has been a year of recovery and we are pleased with performance relative to inventory control and sales of our activewear products."

The company reduced consolidated inventories by \$27 million or 17 percent, and cut total debt by \$23 million, or 10 percent.

However, he added that the hockey and baseball strikes hurt the company's licensed sports apparel business in the fourth quarter. Davies continued, "We expect those effects to continue through the first half of 1995."

Davies noted that despite weakness in licensed apparel, Tultex has begun 1995 "on a more positive note than a year earlier." He highlighted leaner inventories, plants running at full capacity to meet increased demand, price increases and reduced manufacturing costs and debt.

He added, "We are also seeing the benefit of our increased marketing efforts as combined sales of Discus Athletic and Logo Athletic brands doubled in 1994 over 1993."

Tultex also manufactures activewear and licensed sports apparel under the Tultex and Logo 7 brand names.

Strong Activewear Sales Heat Up Oneita Earnings in First Quarter

CHARLESTON, S.C. (FNS) — Powered by robust activewear sales, Oneita Industries Inc. reported a substantial hike in earnings in the first quarter ended Dec. 31.

In the quarter, the T-shirt, sweatshirt, and infant's wear maker earned \$1.38 million, or 20 cents a share, versus \$250,000, or 4 cents a share, a year ago. Sales increased 17 percent to \$40.1 million from \$34.2 million.

Herbert Fleming, president, said the company is running at full capacity due to a strong increase in orders, reflecting strength in activewear sold to the imprinted sportswear industry. Fleming said its order position "allows us to continue to be optimistic for improved operating earnings for the balance of the year."

Oneita's direct business to retail customers is continuing to reorganize with an aim on reducing costs and improving customer service, Fleming said.

In January, the company opened a new 394,000-square-foot distribution center in Atlanta, Ga., which enabled Oneita to consolidate five older distribution locations. This is expected to save the company \$1 million in freight and handling costs annually. It is also expected to save customers direct freight costs and provide them with better delivery options.

Price increases for most of its products, first announced in December, became effective in February.

Investor Groups Acquire Anvil

NEW YORK (FNS) — Vestar Capital Partners, a private investment firm that specializes in management buyouts, together with an investment group has acquired Anvil Knitwear from Astrum International Corp. for \$110 million, mostly in cash.

Anvil is one of three businesses operated by Astrum, which was formerly called E-II and was part of the Meshulam Riklis empire. The other Astrum businesses are Samsonite, which manufactures luggage, and Culligan, a water-purifying equipment company.

Anvil manufactures T-shirts and other activewear under the Anvil and Cotton Deluxe brands for sale to the imprinted apparel market. It operates two textile mills and five cut-and-sew facilities in North and South Carolina. It has 2,600 full-time employees.

Management will continue in place with Bernie Geller as chief executive officer. The company declined to disclose volume figures.

Kellwood Gets Increased Credit Line

ST. LOUIS (FNS) — Kellwood Co. completed an increase of credit line to \$100 million replacing a \$75 million facility.

Banks participating in the credit facility are Bank of America-Illinois, Bank of New York, Chemical Bank, Mercantile Bank of St. Louis, Mitsubishi Bank and Societe Generale.

Kellwood markets and manufactures apparel and recreational camping equipment.

Stein Mart Stock Drops 27.5 % on Poor Outlook

JACKSONVILLE, Fla. (FNS) — Shares of Stein Mart Inc. tumbled 27.5 percent Wednesday after the company said late Tuesday that profits for the fourth quarter and year would fall below analysts' estimates.

Stein Mart plunged 3 1/8 to 11 3/8 in over-the-counter trading Wednesday.

Reflecting Stein Mart's poor earnings forecast, Raymond James Financial Inc. and Smith Barney Inc. lowered their recommendation on the company's stock to "neutral" from "buy." NatWest Securities Corp. also lowered its rating to "hold" from "trading buy."

The company reported that earnings for the fourth quarter ended Dec. 31 are expected to come in "somewhat ahead" of the 45 cents earned a year ago, but lower than analysts' estimates of 55 cents. Profits for the full year are expected to be below analysts' range of 82 to 87 cents a share.

The off-pricer earned 70 cents in 1993.

NatWest analyst Robert Buchanan lowered his fourth-quarter estimate to 47 cents from 54 cents in the quarter. Buchanan cut his full-year estimate to 77 cents from 84 cents in the year.

As previously announced, Stein Mart's sales for the year rose 22.3 percent to \$419.2 million and cent. Both net and same-store sales were below company plan.

Stein Mart blamed lower gross margin in the current year, due to higher occupancy costs as a percentage of sales. The company noted these increased costs reflect lower-than-budgeted sales and additional expenses from renovation, enlargement and relocation of six stores.

Stein Mart operates 80 off-price stores in 18 states.

Banana Republic Opens 1st of Four Units in Canada

Continued from Page 2
deals on several properties." Dylex, one of Canada's largest chains, went bankrupt last month and is closing many stores.

Winter suggested Banana Republic has no real competition in Canada, and could take market share from such chains as Roots, River Road and Eddie Bauer.

—BRIAN DUNN

Group Hikes Stake In Syms to 6.3%

NEW YORK (FNS) — A group including investment firm Tweedy Browne & Co. LP lifted its stake in Syms Corp. to 6.3 percent, or 1.1 million shares.

In a filing with the Securities and Exchange Commission, the group said it bought 150,223 common shares between Nov. 14 and Dec. 30 at prices between \$6.50 and \$7.38 a share.

WestPoint Stevens Profits Up Before Special Charges

WESTPOINT, Ga. (FNS) — Citing strong results at both its Home Fashions and Alamac Knits divisions, WestPoint Stevens Inc. posted fourth-quarter earnings of \$15.2 million, or 45 cents a share before special items.

A \$59.2 million charge for amortization of excess reorganization value and write-off of deferred financing fees of \$5.4 million resulted in a net loss of \$49.4 million for the quarter ended Dec. 31, 1994.

In the year-ago quarter, earnings before special items were \$10.2 million, or 31 cents. After a similar \$59.2 million charge for amortization of excess reorganization value the net loss was \$49 million.

Sales rose 8.4 percent to \$424 million from \$391 million.

In the year, the company earned \$38.9 million, or \$1.15 a share, before a \$236.9 million charge for amortization of excess reorganization value and the \$5.4 million refinancing charge. After the charges, the net loss was \$203.4 million.

Pamela Singleton, Merrill Lynch & Co., said earnings for the year were at the high end of her range of estimates, \$1.10 to \$1.15 a share.

Year-ago earnings totaled \$20.6 million, or 61 cents a share, before a \$236.9 million charge for amortization of excess reorganization value and a \$124 million after-tax restructuring charge. After these items, the net loss totaled \$340.3 million.

Sales rose 6.4 percent to \$1.6 billion from \$1.5 billion.

Holcombe T. Green, WestPoint's chairman and CEO, said the outlook for 1995 is positive, adding "We expect another year of substantial improvement."

U.S. Investment Firm Explains Its Action on Bidermann SA

PARIS (FNS) — The chairman of a New York investment company said were aimed not at bankruptcy of a company, but at protecting his investment company's \$13 million claim against Maurice Bidermann.

Jeffrey Steiner, chairman of Rexnord Holdings Inc.'s parent, The Fairchild Corp., speaking at a press conference here, said he is willing to assist in the restructuring of Maurice Bidermann's apparel manufacturing conglomerate, but that the executive was freezing Rexnord out of the negotiating process.

Steiner said he wanted Rexnord to be a part of the restructuring negotiations in order to protect Rexnord's 99,511 shares of Bidermann SA stock, which it gained control over as a result of the \$13 million claim.

As reported, financially troubled Bidermann SA said in court papers that it would be forced to file for bankruptcy if it were not restructured. Rexnord's U.S. Federal Court order enforcing the \$13 million claim effectively blocked one recent restructuring move, which received wide press coverage here.

A Bidermann SA bankruptcy could put thousands of French workers on the unemployment line. Steiner called Wednesday's press conference to detail Rexnord's moves.

Bidermann SA's financial troubles have increased the likelihood that Maurice Bidermann would seek to raise cash by selling Bidermann Industries USA (BIUSA), the New York-based maker of Arrow shirts, Gold Toe socks, Yves Saint Laurent men's wear and the licensed Ralph Lauren Womenswear collections.

As reported, the board of BIUSA has hired a Wall Street bank to pursue possible purchasers.

Z.H.G. Industries Files Chap. 11

NEW YORK (FNS) — Pressed by intense offshore competition, Z.H.G. Industries Inc., a \$9-million-a-year knitted sweater manufacturer at 425 East 58th Street, has filed for Chapter 11 here, seeking time to reorganize.

According to the petition, Z.H.G. has assets of \$2.6 million and liabilities of \$5.9 million, including about \$4.9 million in unsecured debt.

Howard Bader, of Ballou, Stoll, Bader & Nadler, counsel to Z.H.G., said Able Factors, Z.H.G.'s prepetition factor, is providing the

company with debtor-in-possession financing.

Current assets include \$610,000 in accounts receivable and \$750,000 in merchandise inventory. Current liabilities show \$2.1 million in accounts payable, \$1.1 million in loans and \$740,000 due Able Factors.

The top unsecured creditors are: Belmont Dyers, Belmont, N.C., with a claim of \$575,926; Bertner Yarn, \$145,213; Carolina Yarn Products, Charlotte, N.C., \$386,774; and Southern Industries, \$193,758.

MEN'S STORES CHEERING NYC APPAREL SALES TAX PROPOSAL

*But want elimination to
apply to sales of over \$100*

By DON KAPLAN

NEW YORK — Independent New York City men's specialty stores applaud Mayor Rudolph W. Giuliani's proposal to eliminate the sales tax on apparel, but feel the ceiling should not stop at \$100.

The mayor's plan would also allow super-stores easy access to New York City's previous manufacturing/industrial areas by rezoning these areas. Since the early '70s, zoning regulations have prevented these giants from setting up shop.

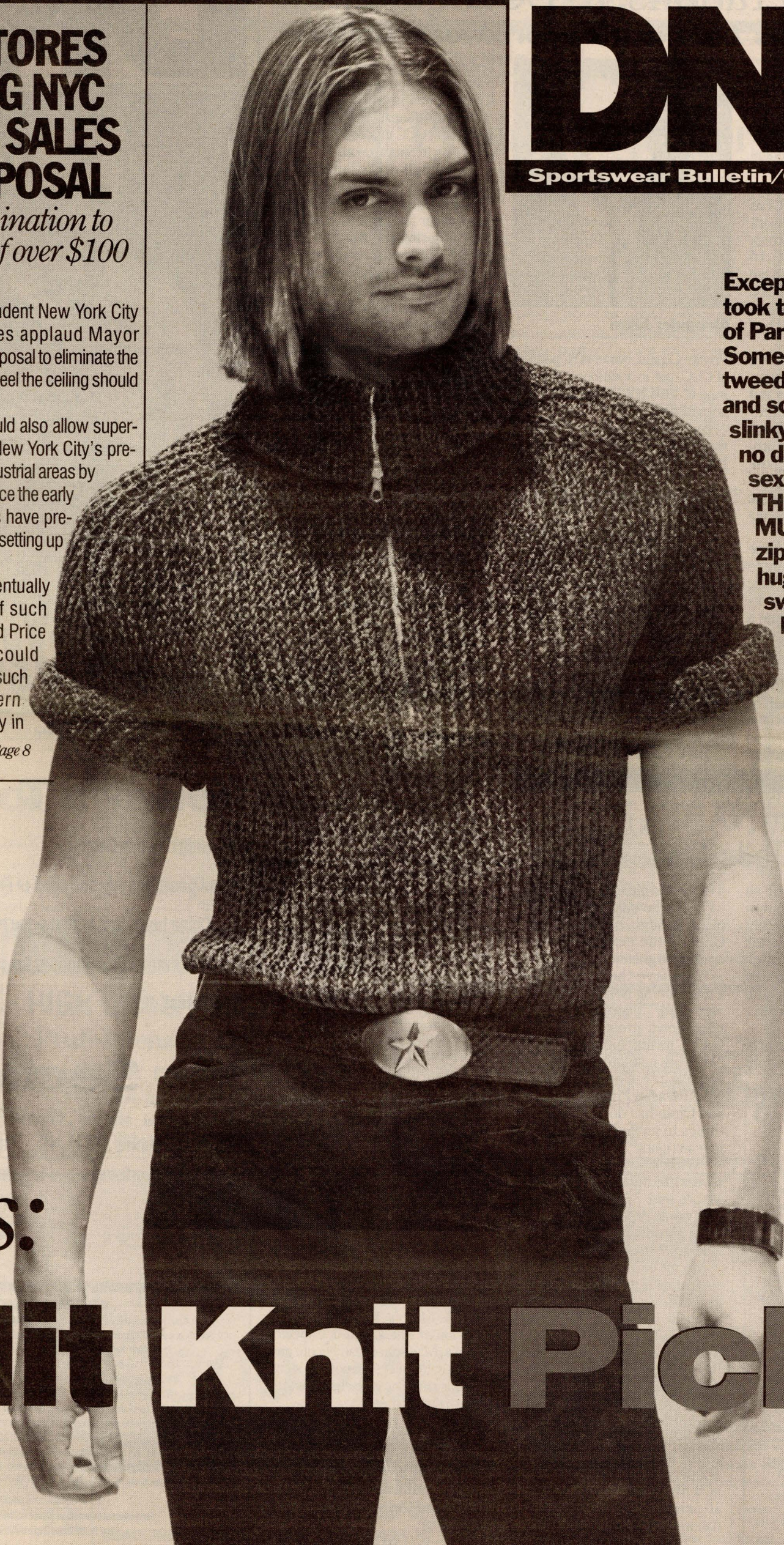
The action would eventually speed up the arrival of such stores as Wal-Mart and Price Club/Costco, which could open mammoth units in such areas as Soho, western Harlem, Long Island City in

See MEN'S, Page 8

DNR

Sportswear Bulletin/Collections

Exceptional sweaters took to the runways of Paris for fall '95. Some were beefy and tweedy, others fuzzy and soft, still others slinky and sexy. And no designer does sexy better than **THIERRY MUGLER**, whose zip-front body-hugging ribbed sweater is shown here. For more on Paris sweaters, see Pages 6-7.



Paris:

Hit Knit Picks

Men's Stores Hail NYC Apparel Sales Tax Plan, but Want Higher Ceiling

Continued from Page 1

Queens, and Sunset Park in Brooklyn where they are currently not allowed to operate.

However, it's the \$100 limit on the apparel-tax plan that has caused retailers concern.

"If it's feasible to remove any part of the apparel tax," said Monroe Milstein, chairman and CEO of Burlington Coat Factory, "they should remove it completely; there should be no dollar limit on it."

Milstein — who already has a Burlington Coat Factory location in the city as well as numerous locations in New Jersey, where there is no sales tax on apparel — said he would welcome the competition the superstores would bring into the city and does not rule out the possibility of more Burlington Coat Factories in zones affected by the proposal "if the economics were right," he said.

However, Milstein remains firm in his opinion about the proposed apparel tax cut. "If [Giuliani] really believed that apparel is a basic commodity that people need, then the tax should be lifted on all apparel sales, not just those for under \$100."

In an telephone interview with DNR, Mayor Giuliani said that New York City retailers lose \$3 billion a year in sales because many New Yorkers head out to the surrounding areas to avoid paying higher prices on apparel because of the various city taxes.

In his familiar matter-of-fact manner, he said: "There is no question that four or five years down the road the plan would create entirely new retail areas in the city, as well as satellite retail areas around the larger stores."

However, the proposal faces stiff opposition from small business groups who have voiced concern regarding the reputation of superstores to destroy small businesses in the surrounding areas. The proposal also faces a series of hurdles that could take years to overcome.

Realistically, the mayor said it could be at least a year before any part of the plan could go into effect. Even before it goes before the



Sy Syms; Syms

that the sale be wrapped up onto four separate slips?" he asked.

"Would I then be somewhat a party to larceny, because I've gotten my customer to spend the money, but then written it out on four sales checks instead just one — simply to save them extra sales tax?" He added, "It certainly opens up an awful lot of possibilities."

As far as the \$100 ceiling, Syms said, "Whether or not \$100 is the number, I don't know. But generally, any suit sale is over \$100, so I would say that [number] has to be looked at very carefully."

Overall, Syms felt sales that are usually more than \$100 are what motivate consumers to leave city in the first place. "When you think closely about it, to travel to New Jersey [the customers] would really have to have a bigger sale [than \$100] in mind. I don't think [they're] going to be motivated to save three or five dollars in tax when [they]

[before any actual building could take place]."

Overall, though, the merchant felt the proposal was a step in the right direction.

"I'm all with the mayor," Syms said. "I think the fact that he's looking into these things is all very exceptional and exciting."

In many cases, smaller retailers echo the thoughts of some of the larger players.

"One hundred dollars or less is not enough," said Elliot Rabin, owner of Peter Elliot, a small high-end men's wear store on Madison Avenue. "The number should be

taking substantial chunks of his business away. "We've been here since 1924 and as an established business we don't deserve to be struggling the way we are."

According to the mayor, the proposal is the answer to this dilemma.

"We're removing the commercial rent tax from almost all of the small retailers in the city," Giuliani said, adding that it should

improve their margin of profit. "We're also going to be reducing the unincorporated business tax, as well as a whole group of things that are being done to try to first stabilize, and then expand, small business."

Regarding the plan's approach to the apparel tax, Saks agrees with other retailers who say the mayor's proposal is a step in the right direction, but not enough. "It is not a workable proposition. What happens if the customer wants to buy more than \$100 worth of [merchandise]?" Saks asked.

Saks' fear of superstores is in line with that of many other small businesses in the city. "Superstores in the city will definitely hurt us," he said, noting their reputation for destroying small retailers.

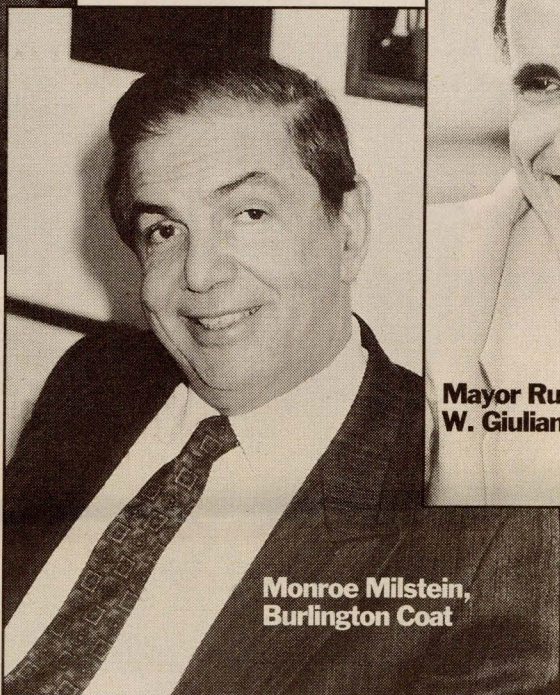
But, Giuliani insists the presence of superstores would actually help small businesses by bringing more traffic into their areas. "The net effect of this massive additional commercial activity in the city would actually help the development of more small stores in the city," he said.

"The actual experience from places that [these store have opened up in] and information from the studies we've done have shown that [these stores] actually increase small business," the mayor said.

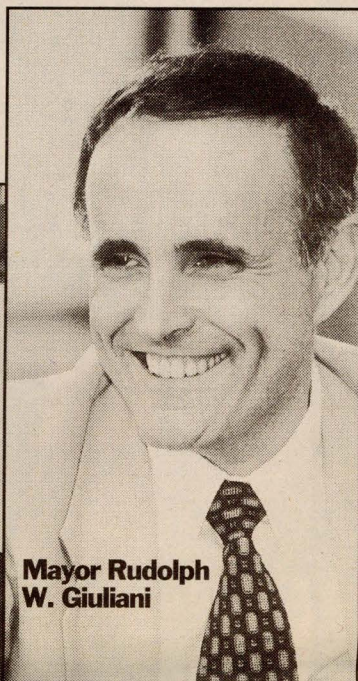
"There's a certain amount of fear and worry on the part of some small businesses. But I met with some of them and I think they understand that, first of all, we're very flexible and we're willing to look at their concerns and try to add things to the program that would specifically help small businesses. And, although there is a certain amount of doubt about this among small businesses, when they look at the studies that have been done and actually see that small businesses have been helped by the development of the larger stores, they begin to understand."

"In essence, by keeping a larger portion of that \$3 billion in the city, the money we now lose to the surrounding areas," he said, "a lot of it would get spent in the large stores, but some of it would also get spent in the small stores."

Giuliani continued, "Small businesses really don't have much to fear here. We lose so much business to surrounding areas that if we can recapture a billion or a billion and a half dollars, not only would the large stores profit from it, but a lot of that business would go to the smaller stores — just by the nature of things. So what we're doing here is essentially boosting the economy and the commercial activity in the city."



Monroe Milstein, Burlington Coat



Mayor Rudolph W. Giuliani

"One hundred dollars or less is not enough," said Elliot Rabin, owner of Peter Elliot.

"The number should be higher so that it would affect the high-end market," he complained, citing that most apparel sales in the city usually run over \$100.

City Council and the City Planning Commission, the administration must conduct an environmental-impact study mandated by the state. "A year might even be a little bit overly optimistic," Giuliani said.

According to the mayor, eventually up to 50 new superstores could be operating around the city. "This would recapture for the city a great deal of the business that the city is losing to the surrounding areas," he said.

However, the tax angle continues to catch most men's wear retailers' attention.

Sy Syms, chairman of Syms Corp., said he was happy about the mayor's efforts, although he was cautiously optimistic regarding the finer details.

"What happens if a customer walks into my store and spends \$400, but then asks

to drive to New Jersey." He added, "However, if they're planning on spending three or four hundred dollars, yes, now tax becomes a factor."

This merchant felt the tax cut would have the greatest impact if it were entirely eliminated. "Then it actually would become a little bit of a hassle for the [consumer] to go to New Jersey."

Syms already has various locations throughout New Jersey, as well as the original Syms unit in downtown Manhattan.

Regarding the plan's call for the rezoning of industrial zones for retail purposes, Syms said, "My company has an interest in one of the zones." But upon initial contact with City Hall shortly after the proposal was made, Syms to his dismay found out that "we're talking at least four years down the line

higher so that it would affect the high-end market," he complained, citing that most apparel sales in the city usually run over \$100.

In general, though, he felt the plan was positive. "Anything that brings more people into the city, creates more jobs and uses space taken up by empty buildings is a good idea and is good for the city," he said.

Cliff Hunt, GM of Paul Smith, located on lower Fifth Avenue, shares the feelings of other merchants, calling the elimination of the apparel tax as it is proposed is a "pusillanimous gesture."

It's a half-hearted move, he said, adding, "It shows a lack of courage and is very limited." If the mayor hopes to initiate this kind of plan, "he should go all the way."

However, Giuliani remains firm in his belief that de-taxing \$100-or-less apparel sales is substantial enough not only to keep people shopping in New York but within their own neighborhoods. "[The plan] is also designed for another purpose," he said. "It's not just engineered to deal with competition with [the city's] surrounding areas. It will help the smaller retailer, because someone can buy clothing for \$100 or less, save on the sales tax and be inclined to stay in the neighborhood to do more purchasing."

On Orchard Street, also on the Lower East Side, once a flourishing garment district, Avie Saks of Ben Freedman, men's specialty store, likes the idea of cutting commercial occupancy tax, since he attributes the area's decline to the city's commercial taxes.

"In my opinion, these taxes are what killed many of the retailers here," he said. Saks felt high property taxes have been

Shares of Edison Bros. Tumble in Heavy Trading Say firm is weighing Chap. 11

By RICH WILNER

NEW YORK (FNS) — Shares of Edison Bros. Stores Inc. stock continued to get battered Wednesday in heavy trading amid increased talk that the company was weighing a Chapter 11 filing.

The St. Louis-based operator of 2,735 primarily mall-based apparel and footwear specialty stores reported a barrel of bad financial news Tuesday, (as reported in DNR), including a \$25.7 million loss in the second quarter, that the company is unable to complete a \$300 million bank financing and is in violation of financial covenants under its bank agreement and that several factors have stopped checking shipments.

Edison Bros. Stores (EBS) also said comparable-store sales in the quarter slipped 3.2 percent and that it planned to close at least 250 stores over the next 16 months.

Following the announcement, EBS shares tumbled 2 5/8, or 39.6 percent, to 4, a 52-week low, on the New York Stock Exchange. Two million shares changed hands, nearly 50 times the average trading volume of nearly 42,000 shares. On Wednesday, EBS shares fell another 1/2 to 3 1/2 on 1.4 million shares traded.

EBS executives remain undecided on how to alleviate their financing problems, sources said Wednesday. With the need to obtain financing for holiday goods crucial, EBS brass must decide between accepting an asset-based financing deal from its bank group or filing a Chapter 11 petition, sources added.

"It's just a question of executives deciding which path hurts less," said one source. "Pledging assets to the bank will not sit well with factors. Plus, the company has to feel confident that it could work itself out of 250 or more store leases by yearend 1996."

"If executives decide they can't work out of all those leases and can't risk alienated factors any further, they might decide it's less painful to file Chapter 11, get stuff in for holiday, close down the money-losing stores and go on from there," the source added.

EBS executives did not return calls seeking comment.

Factors interviewed Wednesday said they continue to refuse to guarantee payment on shipments to EBS and say they will maintain that position until they receive some assurance from the retailer. "I've called them to try and get some information on how they will proceed, but they are not returning my calls," one factoring executive said.

Also, Standard & Poor's and Moody's Investors Service, two debt-rating agencies, downgraded EBS's shelf registration and said the issues remain under review for possible additional downgrades.

C.R. Anthony Earnings Plummet 50% in Period

OKLAHOMA CITY, Okla. (FNS) — Squeezed by margin pressures, C.R. Anthony Co. reported profits tumbled 49.7 percent in the second quarter ended July 30.

The family apparel retail chain earned \$806,000, or 9 cents a share, down from \$1.6 million, or 18 cents, a year earlier. Sales rose 5.3 percent to \$77.2 million from \$73.3 million, with same-store sales ahead 2.2 percent.

In the half, C.R. Anthony lost \$621,000 against earnings of \$148,000, or 2 cents, a year earlier. Sales increased 7 percent to \$139.5 million from \$130.4 million and same-store sales gained 3.8 percent.

Michael E. McCreery, vice-chairman and chief administrative officer, said gross margins in the quarter slid to 32.9 percent from 34.7 percent, primarily due to

heavy markdowns in women's apparel. He also said the company carried a larger mix of lower-margin denim apparel this year.

The quarter also included costs for severance and to expand advertising and add new stores. A realignment has reduced 14 percent of head count in its general office through attrition and terminations that is expected to produce \$1 million in annual cost savings, McCreery said.

The company also said it entered a new \$60 million loan agreement that reduces required annual amortization of debt from \$3 million to \$2 million.

In addition, C.R. Anthony, which emerged from Chapter 11 bankruptcy proceedings in July 1992, said it has retained a financial advisor to increase shareholder liquidity and value.

B.U.M. Int'l Has 2d-Qtr. Loss

LOS ANGELES (FNS) — B.U.M. International Inc., which owns the B.U.M. Equipment trademark, said it lost \$3.3 million on sales of \$19.2 million in the second quarter ended July 2.

Year-ago results were not comparable because they include only retail operations. B.U.M. International was formed in November

1994 when Cami's Inc., which operates B.U.M. Equipment Factory Stores, merged with Chauvin International, the owner of the B.U.M. trademark.

In the latest six months, B.U.M. lost \$5.3 million on sales of \$44.9 million. B.U.M. said same-store sales at its outlet stores fell 15 percent in the quarter and 10 percent in the half.

New Hills Management Eyes Improved Sales Sees cash flow even with '94

NEW YORK — The new management of Hills Stores Co. on Wednesday projected a 0.5 percent same-store sales gain for the second half and said cash flow for the year should be at least even with the \$137 million attained in 1994.

Same-store sales for the regional discounter declined almost 2 percent in the first half. August was particularly poor, with same-stores sales dropping 6.2 percent.

"We think [0.5 percent] is very realistic and, if anything, we think it's beatable," Jack Smailes, president, said in an interview Wednesday. "The thing to do is plan conservatively."

Hills, a 159-unit chain that emerged from Chapter 11 bankruptcy protection in 1993, achieved a 3 percent same-store sales gain in last year's second half. Eight weeks ago, Dickstein Partners took control of the chain.

On Wednesday, Smailes; Mark Dickstein, president of Dickstein Partners and chairman of Hills; Robert Stevenish, senior executive vice-president and chief operating officer, and William Friend, vice-president and secretary, met with analysts and shareholders here to outline Hills' plans.

Dickstein, as reported, won a proxy fight and took control of Hills' board in June. Then Michael Bozic resigned as president and CEO, and Smailes — who initially resigned — was named to succeed

him as president and acting CEO. Smailes had been executive vice-president and general merchandise manager and Stevenish was Hills' executive vice-president of stores and distribution.

Initially, Dickstein offered to bid \$27 per share to acquire Hills in an auction, but withdrew the offer in July, citing the high costs related to the change in control.

Hills' share price has been buffeted over the last month, falling from 20 1/2 on July 19, the day before Dickstein withdrew its offer, to 13 5/8 on Tuesday on the New York Stock Exchange. Hills stock was unchanged Wednesday.

In an interview, Stevenish said Hills expected to continue cutting expenses by 0.5 percent of sales this year and would spend about \$40 million to open three to five new stores and remodel 20 existing units in 1996.

Hills previously planned to open about 15 stores per year. This year's expansion plan already had been trimmed from 13 to 10 new units and the capital budget was trimmed from \$68 to \$54 million.

Stevenish declined to comment on reports that Hills was one of four companies interested in acquiring financially strapped Jamesway Corp.

Smailes said the management changes have gone smoothly and officials were more worried about lackluster sales trends.

—MARK TOSH

Syms Corp. Plans to Go Private, To Offer Holders \$8.75 a Share

SECAUCUS, N.J. (FNS) — Syms Corp., citing lack of interest from Wall Street, said it plans to go private, with an offer to public shareholders of \$8.75 a share.

The stock closed Wednesday at 8 3/4, up 1/4. The company went public in September 1983 at \$15 a share and has traded as high as 18 5/8 and as low as 6 1/2.

Harry C. Kleinman, vice-president and chief financial officer, said the company decided to go private because the many costs of operating as a public company were not being compensated with stock price gains.

"We just really didn't have a lot of interest in the investment community in the company," Kleinman said.

Kleinman said the fact that Syms is so closely held and is a small capitalization issue caused the stock to draw the attention of only a few analysts.

"We had a limited following of analysts and we felt that it just didn't make sense for us to be public company," Kleinman said.

MERCHANT FACTORS CORP. has opened an office in Stamford, Conn., to provide factoring and asset-based lending in Connecticut and New England through Merchant Financial Corp., a wholly owned subsidiary. Steven Frisone, an account executive who left Merchant about a year ago, has rejoined the firm to run the Stamford office.

DNR

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CS First Boston Inc. Is Fined \$450,000 For Violating Program-Trading Rules

By DAVE KANSAS

Staff Reporter of THE WALL STREET JOURNAL
NEW YORK — The New York Stock Exchange and the Chicago Board Options

Exchange fined CS First Boston Inc. \$450,000 for violations of certain program-trading procedures that involved a canceled trade of about \$1.5 billion.

Andrew A. Ellner, former head of CS First Boston's equity program-trading desk, was also fined \$125,000 for violations uncovered in the joint investigation. Mr. Ellner, who hasn't worked in the securities industry since 1994, according to the Big Board, will also be barred from trading activities at the NYSE and the CBOE for two months, the exchange said. CS First Boston is a unit of CS Holding AG of Switzerland.

According to a Big Board disciplinary report, Mr. Ellner entered and subsequently canceled a program trade to purchase more than 34 million shares in end-of-market transactions in June 1993 during a so-called triple-witching session of index option and future expirations. The orders were entered for CS First Boston's proprietary trading account, the Big Board report said.

The cancellation caused a big shift in the published imbalances at the close of trading. Instead of a buy imbalance, as originally published by the Big Board, following the cancellation the market had an imbalance of shares for sale.

The Big Board's hearing panel found that CS First Boston failed to adequately supervise the operations and employees of its program-trading desk. The panel also said the firm's daily program-trading reports were inaccurate and incomplete on numerous occasions from April 1988 to December 1993.

The CBOE and the Big Board also said that on June 18, 1993, CS First Boston entered and executed end-of-market sell orders in which the firm held a short position but which weren't marked short, and were executed at the close of trading.

The CBOE said CS First Boston entered more than 10 million shares of such orders, of which seven million were executed.

Both Mr. Ellner and the firm consented to the findings without admitting or denying the allegations.

Mr. Ellner couldn't be reached. "This was an isolated incident that occurred in a period of less than two hours on one trading day over two years ago," said William P. Bowden Jr., CS First Boston's general counsel. "The firm took immediate corrective action at the time, has cooperated fully with the NYSE and the CBOE throughout their investigation and is pleased that this matter is now fully resolved."

SYMS CORP.

Shareholder Group Offers To Buy Remaining Stock

A group of Syms Corp. shareholders that has a controlling stake in the apparel retailer said it's offering to buy the chain's remaining shares for \$8.75 each, or \$34 million, in a bid to take the company private. The group, led by Sy Syms, chairman and chief executive officer of Syms, owns about 78% of the company's 17.7 million shares outstanding. Syms rose 25 cents to \$8.125 in New York Stock Exchange composite trading yesterday. The Secaucus, N.J., company operates 37 stores.

Home Oil Supply Anderson's Bid; Of Both Concer

By a WALL STREET JOURNAL STAFF

CALGARY, Alberta — Shares of both Home Oil Co. and Anderson Ltd. fell after Home Oil Co. announced its unanimous support for Anderson's share-swap offer for Home.

Both stocks continued a Tuesday, when Amoco's bid wouldn't raise a competing Canadian dollar (US\$565 million) offer for Home.

The recent stock movement narrowed the gap between Amoco's now valued at C\$783.41 and Home's stock close to Amoco's hostile bid, with Home's stock close to Amoco's share offer.

In brisk trading of 1.5 million shares, Anderson's stock closed at C\$12.375 on the Toronto Stock Exchange, down 12.5 Canadian cents from the same amount to close on the Toronto exchange.

The erosion of Anderson's stock casts doubt on whether the Calgary oil and natural-gas company will double its size. But some analysts agree.

"There's been a remarkable amount of buying support for Anderson's bid," said Molyneux, an analyst with Capital Corp.

But Wilf Gobert, a Calgary broker, said things are looking bleak for Anderson, and that Amoco, a Canadian concern, may raise its bid in a minute. Both the Amoco and Anderson bids expire Sept. 7.

Home, a Calgary oil company, said its board decided to support Anderson's offer in the absence of a better offer.

Wall Street Journal 8/31/95

DAILY NEWS Business

QUOTE OF THE DAY

'These are three egotistical people, and it's hard to get guys like that on the same side of the table.'

A Wall Street trader said of Turner, Levin and Malone

Pru to pay 110M

Judge okays risky partnerships settlement

By GREG B. SMITH

Daily News Staff Writer

Prudential Securities has agreed to cough up \$110 million for thousands of investors who claim they were swindled by "risk free" limited partnerships that were anything but that.

The settlement, approved yesterday by Manhattan Federal Judge Milton Pollack, is one of the largest ever reached in a securities case, and is the final fallout from Prudential's sale of \$8 billion in limited partnerships that cost 350,000 investors millions in losses.

The settlement is in addition to the more than \$660 million the firm has already paid to an investors' fund set up by the Securities and Exchange Commission. That money was paid to settle civil and criminal charges brought by regulators and prosecutors.

During the high-flying 1980s, limited partnerships sold by Prudential-Bache, the former name for Prudential Securities, were promoted as safe and conservative, when in fact they were very risky.

The SEC stepped in and charged that Prudential hid the fact that the partnerships were highly speculative investments.

Last fall, Prudential admitted to criminal wrongdoing, but dodged prosecution by agreeing to pay out more than \$600 million to 250,000 investors. The agreement was made by the SEC and Manhattan U.S. Attorney Mary Jo White.

Not all investors were covered. An estimated 100,000 so-called "loose" investors then filed suit against Prudential, and on Aug. 9, after intensive negotiations, both sides privately reached agreement.

The resulting settlement was made public yesterday when Judge Pollack approved the deal, calling it "an outstanding achievement for the benefit" of those affected.

The settling defendants also include Prudential Insurance Co. of America, Prudential Securities Group Inc. and a number of Prudential-Bache partnerships and former top executives — including George Ball, the former chair-

man of Prudential Securities.

"While investors incurred substantial losses from the moment they purchased these partnerships, the plan produced tremendous amounts of commissions, management fees and profits for the PSI settling defendants," said Pollack in his ruling tentatively approving the accord.

Melvyn Weiss, an attorney for the investors, said on Sept. 17 all Prudential investors not covered by the SEC settlement will be notified of the new agreement by mail.

A hearing to determine the settlements investors can expect will follow later in the fall.

"This should wrap it all up," Weiss said. "If they don't come forward on this one, they'll miss out."

Weiss said investors will likely not get "one hundred cents on the dollar," and that the final amount won't be known until a hearing is completed.

So far, Prudential has paid \$1 million into a special fund, with another \$109 million due by Sept. 9.

— With News Wire Services

2 SUNY schools among Money's 10 best values

Two State University of New York schools are among the top 10 best college values in Money magazine's survey of the top 100 college buys.

SUNY-Binghamton ranked seventh on the list, while SUNY-Albany came in as the 10th best buy in the country. New Jersey's Trenton State College was ranked fourth.

Money cited Albany for its exemplary programs, despite a "brutal" 29% tuition hike. SUNY-Albany's tuition this year is \$3,956, plus \$4,836 for room and board.

SUNY-Binghamton was cited for its strong liberal arts education, despite a 27% tuition hike. Binghamton costs \$3,779 annually, plus \$4,654 for room and board.

For the third year running, New College of the University of South Florida topped the magazine's list. The rest of the top five were Rice, Northeast Missouri State and Calif. Institute of Technology.

The Money survey analyzed such factors as entrance exam scores, faculty resources, graduation rates and tuition fees.

— Patricia Winters

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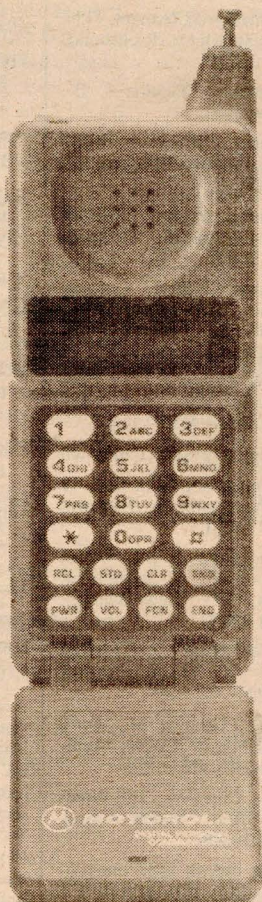
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Sy and Marcy Syms are famous for 'educated consumer' TV ads.

Syms family plans to take the apparel chain private

REUTER

SECAUCUS, N.J. — Syms Corp., the chain of discounted apparel stores, is going private.

Sy Syms, chief executive officer and holder of about 54% of the company's stock, along with his daughter Marcy Syms and son Stephen Merns, have agreed to pool their shares and take the company private.

Syms operates 37 apparel stores that sell first quality in-season items bought directly from manufacturers. The Syms stores are located in the Northeast, Midwest, Southeast and Southwest.

Marcy and Sy Syms have become fa-

miliar faces in New York area television commercials, using the phrase, "An educated consumer is our best customer."

Chuck Kleinman, a spokesman for Syms, said that four million shares are publicly held, putting the cost of the buyout of non-family held shares at about \$35 million.

Kleinman said the Syms group decided to take the company private "because we weren't seeing many of the benefits of being public."

Syms Corp. would buy back the outstanding shares for \$8.75 cash a share. Sy Syms now owns 10 million of those shares.

Syms stock closed up 1/4 at \$8.12 1/2 on the New York Stock Exchange.

Sales Shrivelf in August Sizzle; Apparel Is Limp

Continued from page one

overcapacity of stores and tough comparisons to last year all factored into the dreary August figures.

Steep same-store sales declines plagued many specialty chains, while department stores and major discounters showed slight increases for the most part. For some regional discounters, August was a crushing defeat.

Not all was bleak. Retailers cited a pickup in apparel sales in the last week of August as the temperatures cooled. Analysts agreed that September, rather than August, will become the month for back-to-school sales.

Notable gainers included Wal-Mart, Kmart, Sears, Neiman Marcus and Dayton Hudson.

But the losers easily outnumbered the winners. Taking big hits were Ann Taylor, Gap Inc., The Limited, Venture, Caldor, Filene's Basement, Gottschalks, Talbots, Kohl's and Charming Shoppes, among others.

"I can't remember a month this soft in the last four years," said Robert Buchanan, analyst at NatWest Securities, with the exception of last March, when business shifted into April due to the late Easter. "Fashion remains in the doldrums, and people are just not as concerned with apparel as they used to be."

"If this is an overture to the fall season, it's a death march," said Barry Bryant, analyst at Ladenburg Thalmann & Co. Inc. "It is one of the weakest months

store sales slipped 2 percent.

Victoria's Secret Stores' same-store sales declined 5 percent, reflecting a "severe short-fall of fashion sleepwear," which registers high margins. Cacique, the intimate apparel division, dropped 23 percent.

At Limited Too, for young

“Back-to-school simply didn't happen.”

— Limited, Too, management

girls apparel, management said, "Back-to-school simply didn't happen." Same-store sales for the division sank 14 percent for the month.

However, Victoria's Secret Catalog grew 15 percent, and Bath & Body Works' same-store sales climbed 25 percent.

Buchanan noted that children's apparel was especially weak this month, as sales for children's wear fell at Gap Inc. and J.C. Penney Co., among others. At Gymboree Corp., same-store sales fell 6 percent. The company's stock closed down 3 to 29 3/4 in over-the-counter trading Thursday.

"Mothers aren't buying for back-to-school. They are stretching things out [until after classes commence]," Buchanan said.

The leading department store chain for the month was Neiman Marcus Group Inc., with a 4.6 percent rise in same-store sales, as total sales grew 6.3 percent to \$134 million.

The Neiman Marcus division's same-store sales moved up

came to \$2.74 billion. The company pointed to double-digit sales gains in junior apparel, with robust sales of denim dresses, cardigan looks over slip-dresses, men's wear looks, denim Canyon River Blues and licensed apparel. Dresses were strong in women's as well as

sportswear, including leggings sets and denim skirts and jumpers.

J.C. Penney same-store sales slid 0.4 percent, while total sales inched up 1 percent to \$1.22 billion. A Penney's spokesman noted sluggish sales of children's apparel but highlighted strength in women's casual sportswear, particularly tops, junior tops and shorts, sleepwear, handbags and children's shoes.

Led by a solid 7.2 percent increase at Target, same-store sales at Dayton Hudson Corp. rose 3.5 percent. Mervyn's same-store sales decreased 3.4 percent, and the department stores same-store sales dipped 1.2 percent.

A Dayton spokeswoman noted weak apparel sales overall, with warm weather hurting sales of fall and back-to-school offerings. Casual sportswear and men's were sluggish at Mervyn's, and petites, moderate and children's wear all fell short of expectations at the department store division. Top performers included career and special sizes at Mervyn's, and intimate apparel and men's sportswear at the department stores.

Dillard Department Stores Inc. same-store sales rose 2 percent, and total sales increased 5 percent to \$446 million. The Bon-Ton Inc. same-store sales were up 3.5 percent. Same-store sales at May Co.'s department stores edged up 0.8 percent.

Other losers in the department store sector: Gottschalks Inc. same-store sales decreased 5 percent, Kohl's Corp. fell 3.9 percent, Mercantile Stores declined 2.2 percent, and Carson Pirie Scott slid 1.1 percent.

Among the large discounters, Wal-Mart Inc. same-store sales rose 3.4 percent, and Kmart Inc. was up 2 percent. Wal-Mart's total sales advanced 12.5 percent to \$7.11 billion, while those at Kmart increased 2.9 percent to \$2.53 billion.

Some regional discounters probably wished they kept closed last month. Venture Stores Inc. plummeted 13.1 percent, Jamesway Corp. same-store sales dropped 12 percent, and Caldor Corp. was down 10.4 percent.

Ames Department Stores Co. edged up 1.6 percent, while Dollar General Corp. and ShopKo Stores Inc. increased less than 1 percent.

In the off-price group, same-store sales at Filene's Basement Corp. declined 10 percent, Dress Barn Inc., 8 percent, and Value City Department Stores Inc., 4.4 percent.

Carole Little Settles Ex-VP's Dismissal Suit

Continued from page 2

case, but no further arrests have been made, and an investigation into the violence surrounding the Carole Little company continues.

As reported, the California Department of Industrial Relations, division of Labor Standards Enforcement, announced late in May that it was investigating industry rumors that Holzinger had taken kickbacks in connection with her work at Carole Little.

Anderson said recently that she has not been contacted by the state regarding the kickback rumors. A source involved in the investigation confirmed on

Thursday that the Department of Industrial Relations has not yet spoken to Holzinger. "The investigation continues," he said.

Court papers filed by the Little company in the Holzinger lawsuit promised three witnesses who would testify to Holzinger's having taken kickbacks. The company, according to Holzinger, also charged her with having an affair with murdered contractor Jack Antonyan. But in interviews with WWD, both Holzinger and Jack Antonyan's brother Garnik denied the affair.

"It's absurd," Garnik Antonyan said. "I know Karin and I know my brother. It never happened."

California Senate Measure Links Vendors to Violations

Continued from page 2

production."

Meanwhile, despite all the clamor in Washington about worker violations in apparel manufacturing, Labor Secretary Robert Reich in a speech Thursday on the state of the nation's labor force made only a passing reference to sweatshops. In describing a growing deterioration in working standards and wages among blue and white collar workers, Reich recited a list of remedies, including increasing

the minimum wage, providing more low-interest college loans, offering affordable child care and "enforcing the nation's labor laws, coming down hard on employers who cheat and abuse their workers, and shutting down sweatshops that are springing up all over major urban areas."

Reich, who is meeting Sept. 12 with retailers to enlist their support in combating sweatshops, made the comments in a speech before the Center for National Policy.

“Mothers aren't buying for back-to-school. They are stretching things out [until after classes commence].”

— Robert Buchanan, NatWest Securities

of the year, and the first two weeks in September will be critical."

Dillon Read analyst Peter Schaeffer noted in a report that the results are "just a combination of the generally poor retail environment that has prevailed over the past two years."

The end-of-the-month pickup wasn't enough to offset the difficulties. Among them, Charming Shoppes, 24 percent; Designs Inc., 12 percent; American Eagle Outfitters Inc., 11 percent; Chico's FAS, 8.5 percent, and Cato Corp., 8 percent.

Severe shortfalls were also posted by Ann Taylor Stores Corp., which tumbled 11 percent, and Limited Inc. and Gap Inc., which both dropped 6 percent.

Even Talbots Inc., which has consistently outshone the rest of the industry for several seasons, posted a 4.4 percent same-store sales decline last month.

Limited's women's retail group fell 8 percent on a comparable-store basis, with Limited Stores down 5 percent and Express off 3 percent. Sharper same-store declines were experienced at Lane Bryant, 13 percent, and Lerner New York, 10 percent. Henri Bendel's same-

in the mid-single digits, while Bergdorf Goodman, including its men's store division, was off slightly. The NM direct business came in a bit ahead.

Ladenburg Thalmann's Bryant said that while back-to-school last month was "just shy of a disaster," women's better apparel and men's collection sportswear continues to do well.

Schaeffer added that going forward, the "only real driver of same-store sales for the majority of retailers will be the elimination of competition through acquisition, consolidation and bankruptcy."

Department store results were also disappointing, particularly Broadway Stores Inc., with same-store sales down 9.2 percent, reflecting a disruption in shipments prior to Federated Department Stores' merger agreement with Broadway.

Federated's same-store sales crept up 0.9 percent, and total sales came to \$1.03 billion. Federated highlighted stellar sales of women's better sportswear, petites, swimwear, dresses, suits, intimate apparel and accessories.

Sears Merchandising Group domestic same-store sales advanced 3 percent, and total sales

stores, has 17.7 million shares outstanding. Its merchandise is 32 percent women's wear; the remainder is men's.

In the proposal, stockholders whose shares would be retired would receive a cash price of about \$8.75 a share. Acquirers include Sy Syms, chairman and chief executive officer, who owns 69.9 percent of the company; his daughter Marcy Syms, president, with 299,591 shares, and Stephen A. Mearns, vice president, secretary and merchandise manager, with 247,591 shares.

Syms' earnings fell 21.7 percent to \$8.5 million, or 48 cents a share, last year, while sales inched ahead 2.4 percent to \$326.7 million.

● NAFTA-GATT — NOW WHAT?:

Coopers & Lybrand is sponsoring a free conference on NAFTA and GATT, Sept. 19, at The Fashion Institute of Technology Amphitheatre, 227 West 27th St., at 8 a.m. Speakers discussing new rules on importing and exporting and market opportunities will include Caroyl Miller, deputy chief textile negotiator, Office of the U.S. Trade Representative; Chuck Hayes, Guilford Mills ceo, and FIT president Allan Herschfield. C&L's panel members will be Kathy Yohalem, director of strategic marketing; Mark Levine, custom and international trade practice, and Arthur Leibowitz, retail, apparel and distribution group.

COUNTER PUNCH

● LIMITED ON MIRACLE MILE:

A complex of Limited Inc. stores will open this month in the new Manhasset Retail Center under construction on the former B. Altman site on Long Island's Miracle Mile.

Expected to open are Abercrombie & Fitch, Victoria's Secret, Express and Structure units. They are among the Limited's best-performing chains. The company has been struggling with most of its women's units. Limited officials were not available for comment on the project.

The Limited typically operates several of its retail formats in the same malls. However, it's rare when the company occupies the bulk of a center's retail space.

● SYMS PRIVATE PLAN:

Syms Corp. plans to go private, with an offer to public shareholders of \$8.75 a share.

The stock closed Thursday at 8 5/8, up 1/2, on the New York Stock Exchange. The company went public in September 1983 at \$15 a share and has traded as high as 18 5/8 and as low as 6 1/2.

"We just really didn't have a lot of interest in the investment community in the company," said Harry C. Kleinman, vice president and chief financial officer.

Since closely held Syms is a small capitalization issue, it drew the attention of only a few analysts. The company, with 37 off-price

Oxford Execs' Bonuses Cut by Poor Earnings

Firm's profits fell 45 percent

NEW YORK (FNS) — Executive officers at Oxford Industries Inc., Atlanta, missed out on bonuses in the company's fiscal year ended June 2 due to poor results, according to Oxford's just-released proxy statement.

Among the reasons cited for the lost bonuses was a 44.9 percent tumble in profits to \$10.6 million and the reduction in return on average shareholders' equity to 8.1 percent from 15.8 percent.

The biggest hit was taken by J. Hicks Lanier, chairman and CEO, who had received a bonus of \$100,000 the year before.

His salary in fiscal 1995 was raised to \$364,000 from \$336,000. At Lanier's recommendation, however, the compensation committee agreed not to increase his salary for fiscal 1996.

Lanier realized \$189,375 by exercising stock options on 14,000 shares. In fiscal 1995, Lanier received 25,000 shares in stock options exercisable at

\$27.56 each. Oxford's shares are trading at around \$18 on the New York Stock Exchange.

Ben B. Blount Jr., executive vice-president of planning and development, was paid \$279,520 last year versus \$300,879, which included a \$40,000 bonus. Blount realized \$118,250 last year by exercising stock options.

R. William Lee Jr., who retired as executive vice-president of finance and administration in July 1995, received a salary of \$217,900 last year against a salary of \$240,900 plus bonus of \$37,500 the prior year.

Knowlton J. O'Reilly, group vice-president in charge of the women's wear operations, saw his salary increase to \$299,200 from \$284,000 but missed out on his bonus for the third year in a row.

Men's wear accounted for 74 percent of sales, up from 73 percent the year before. Sales totaled \$657 million.

Edison Stock Rises on News That Financing Deal Is Near

NEW YORK (FNS) — Edison Bros. Stores Inc. stock rose 1 to close at 4 5/8 Monday as word spread that the company could be close to an asset-based financing agreement with its bank group.

Also, a West Coast-based buyer known for investing in troubled companies that can be turned around has purchased about 1 million shares, or 5 percent, of the ailing company's stock.

The investor, Joseph Harrosh, sees a major turnaround even though the company is losing money, faces \$350 million in debt and recently slashed its dividend, according to CNBC financial correspondent Dan Dorfman.

Meanwhile, several industry sources said Edison Bros. faces an uphill battle to get its bank group to agree to the asset-based financing deal.

The St. Louis-based chain also has stopped sending checks to vendors, sources added, and must act quickly to secure financing to ensure an uninterrupted flow of goods into its stores.

Murasky Resigns as CFO of Kmart

TROY, Mich. — Thomas F. Murasky, 50, has resigned as executive vice-president and CFO of Kmart Corp. "to pursue other career interests," the company said Monday. The resignation of Murasky, who has been with the company for 22 years, is effective Sept. 30.

Kmart said it has launched "an executive search" to fill the position. On an interim basis, Marvin P. Rich, executive vice-president of strategic planning, finance and administration, will serve as CFO.

Syms Shareholders File Suit Against Plan to Go Private

SECAUCUS, N.J. (FNS) — Syms Corp. said some shareholders have filed suit against the company regarding its plan to go private.

As reported, Syms on Aug. 30 announced plans to take the company private, offering public shareholders \$8.75 a share. Shares of Syms closed Monday at 8 7/8, unchanged, on the New York Stock Exchange.

The company said that "complaints described as" class-action suits related to the proposed transaction were filed against Syms and its board of directors in New Jersey Superior Court by shareholders.

Syms' board is reviewing the complaints.

Syms also said it has retained Rothchild Inc. as investment bankers and Kirkland & Ellis as legal counsel to evaluate the fairness of the proposed plan to go private.

Under the plan, holders of about 73 percent of Syms stock have agreed in principle to acquire 100 percent ownership in the company. Among the acquirers would be Sy Syms, chairman and CEO, who owns 69.9 percent of the company, according to Syms' latest proxy.

The company went public in September 1983 at \$15 a share and has traded as high as 18 5/8 and as low as 6 1/2. Syms, which operates 37 off-price stores, had sales of \$326.7 million last year.

Hills Stores Files Lawsuit Against Former Directors

Smith Barney also sued

NEW YORK — Hills Stores Co. said Monday it has filed suits against its former directors and Smith Barney for their actions in a proxy fight in which Dickstein Partners won control of the discount chain in July.

Hills, which operates 159 stores in 12 Midwestern and Middle Atlantic states, filed a complaint in Delaware Chancery Court in which it seeks damages from former directors Michael Bozic, Susan Engel, Thomas Lee, Richard Loynd, Norman Matthews, James L. Moody Jr. and John Reen.

Hills said its complaint claims the former directors breached their fiduciary duties to shareholders in failing to approve the change in control, after Hills' shareholders elected the slate of directors proposed by Dickstein.

Further, the suit alleges that the former board's refusal to approve the change in control in effect

incentivized existing management to resign in order to collect severance payments. According to Hills, about \$30 million of the \$32 million severance payouts made by Hills on July 5 went to the seven former directors.

Hills also is suing the former directors for unspecified damages resulting from their alleged "failure to insure that the transition was smooth and cost-efficient."

In a second suit, filed in New York State Supreme Court, Hills alleges Smith Barney "aided and abetted the directors' breach of fiduciary duty and was grossly negligent in advising Hills that a \$27-per-share offer for Hills was inadequate from a financial perspective at a time when Smith Barney knew or should have known that Hills' operating performance was materially weaker than had been previously forecast by the company."

As reported, after a long proxy battle, Hills shareholders elected the Dickstein slate of directors, but on July 20, Dickstein Partners withdrew its \$27-per-share bid for the discounter. Hills stock, which traded as high as 20 1/2 on July 19, lost 5/8 to close Monday at a 52-week low of 11 1/2 on the New York Stock Exchange.

Hills said it is seeking to recover all damages stemming from Smith Barney's actions.

Hills chairman Mark Dickstein said, "The outgoing board's actions, which incentivized three board member-employees and four other employees to resign and receive \$30 million of severance while undermining any reasonable chance of a low-cost refinancing of the company's debts, are perhaps the most egregious example in recent memory of a board acting against shareholder interests."

The three board member-employees were Bozic, president and CEO of Hills since 1991, Reen, executive vice-president and CFO, and Matthews, retail consultant.

Family Bargain Gets \$600,000 In Settlement

NEW YORK (FNS) — Family Bargain Corp., which operates 102 off-price apparel stores, will receive \$600,000 as part of a legal settlement with former shareholders of its General Textiles unit.

Family Bargain purchased General Textiles out of bankruptcy protection in 1992, and agreed to sue the former shareholders on behalf of General Textiles' creditors.

General Textiles' former shareholders were accused by creditors of receiving illegal payments during a 1989 leveraged buyout of General Textiles by a third party.

Creditors of General Textiles will receive \$700,000 under the settlement agreement, Family Bargain said in a statement.

DNR

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BAILY
FABRICS

TCL's Malone could kill Time-Turner merger deal

TURNER From Page 29

Turner was a bold move, it was a plan he was pressured into by large shareholders unhappy with the direction and performance of the company.

"I think win, lose or draw, Levin is gone in 12 to 18 months," Bibb said.

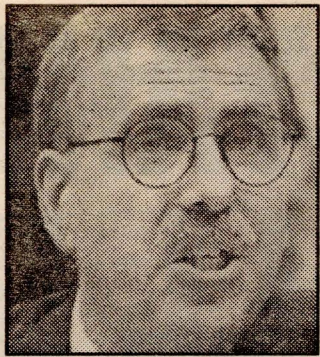
As chairman of TCL, the country's largest cable system operator, Malone can object to the terms of the deal and threaten to drop Time Warner programming from his cable systems. But such a move would be "shooting himself in the foot," Bibb said.

While the talks grind on, analysts said it becomes less likely a deal will be struck with each passing day and the pressure increases on Levin to seal a deal after making such a bold public move as to bid on Turner.

"Clearly, having been so publicly exposed, he's under a great deal of pressure get this done," said Richard Grand Jean, a principal with Global Film Equity Corp.

As the talks become tenuous, sources said it's feared the deal could die Friday during a regularly scheduled meeting of the TBS board in Atlanta.

One source said if the



GERALD LEVIN
Time's wasting.

deal does fall apart, Levin will be under pressure to explain to shareholders what his plans are. "He better have a next move, one he's ready to announce the next day," the executive said.

As the talks have slowed Time Warner stock has cooled off as well. Time Warner shares fell $\frac{3}{8}$ yesterday to $41\frac{1}{8}$. The company's stock has shed more than 10 percent from its year high of $45\frac{5}{8}$ just two weeks before the merger talks became public.

Shares of Turner Broadcasting Systems class B stock fell $\frac{3}{4}$ to $28\frac{1}{4}$. Turner shares have fallen more than 10 percent also since hitting a year high of $31\frac{7}{8}$ the day news of the proposed merger became public.

If talks fall apart, analysts said the futures of both Turner and Levin will be dramatically different. Investment banker Bibb said TBS will undoubtedly have a new parent after agreeing to be purchased by Time Warner.

SYMS SET TO PAY \$42M IN BUYBACK

By CYNTHIA VESPERENY

After 12 years of being beat up on Wall Street, off-price retailer Sy Syms is fed-up — so much so that he's willing to pay \$42 million to run his own show again.

Syms, whose Syms Corp. owns 37 off-price apparel stores, hopes to take the company private by November. He's offering \$8.75 a share for shares held by non-family members, or approximately 22 percent of the company.

"It didn't make sense for us to continue to be a public company," said President Marcy Syms, who is Sy's daughter. "We didn't reap any of the benefits."

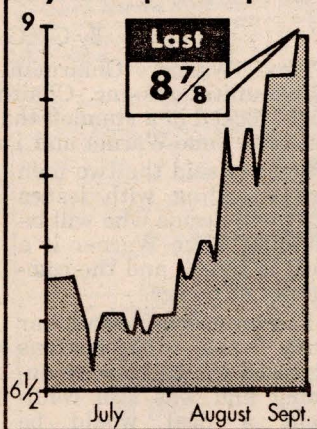
Retail stocks were sought-after at the time of the initial public offering, she said. But the company never had the support of big institutional investors, and the stock price never responded to moves such as store openings.

Stock of the Secaucus, N.J.-based company was priced at 15 a share in a 1983 offering, but has slid steadily.

The price has languished in the range of 7 to 8 since

Bidding it up

Syms Corp. stock price



Source: Bloomberg

hitting a 52-week low of $6\frac{3}{8}$ in December. Yesterday it closed unchanged at $8\frac{7}{8}$.

Most analysts said Syms might as well go private.

"It costs a lot of money to be a public company, and he's not getting anything out of it," Andrew Weinberg, an analyst at Raymond James, said of the 69-year-old Sy Syms.

"He's a fairly savvy guy. He built this company."



SY SYMS

Educated retailer.

Marcy Syms, a familiar face to TV viewers because of her commercials, has joined her father and brother, Syms Secretary Stephen Merns, in the takeover bid. They are establishing a new company, as yet unnamed, which would merge with Syms.

Investment bankers Rothschild Inc. and law firm Kirkland & Ellis were hired by a committee of the company's independent di-

rectors to make a recommendation.

But besides saving money by eliminating public reporting and annual meetings, going private would mean Syms wouldn't have to deal with disgruntled shareholders.

"It's dominated by Sy Syms, even though it's a public company," said Allan Roness, director of research at J.W. Charles & Co. "Sy Syms did what Sy Syms wanted to do. He likes to run his own show."

And that could prove to be a problem even if the company goes private.

With competition heating up from rivals such as Burlington Coat Factory and Today's Man, Syms will need a shrewd strategy to stay afloat, analysts said.

"The off-price industry is a troubled one," said Kurt Barnard, publisher of Barnard's Retail Marketing Report. But he said that by buying back the shares at \$8.75, Syms could later resell them at a high price.

Syms is now spending \$3 million to \$4 million to open a 40,000-square-foot store at Park Avenue and 54th Street.

THE POST WEATHER

TODAY: Mostly sunny skies and turning breezy. High in the mid 70s.

WEDNESDAY: Partly cloudy with a chance of showers, 80 to 85.

THURSDAY: Mainly cloudy with a chance of showers. High in the 80s.

FRIDAY: Partly cloudy, slight risk of a shower. High from 75 to 80.

NEW YORK CITY

TODAY: Continued sunny and pleasant with a south wind near 10 m.p.h. High in the mid 70s, cooler near the shore.

Tonight: Increasing clouds. Low near 65.

TOMORROW: Partly cloudy with a risk of showers, thunderstorms. High 80 to 85.

Yesterday at Central Park: Temp: High 75, Low 53, Mean 64. Departure from normal: Today -6, this month +28, this year +418.

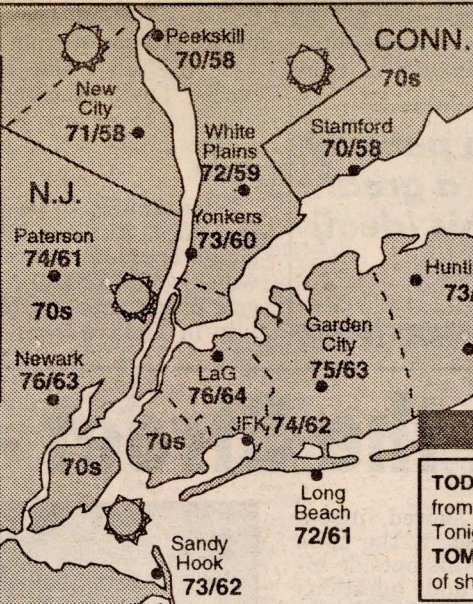
Cooling degree days: Today 0, this month 96, since Jan 1, 1995: 1221. Last season to date: 1142, Normal to date: 1016.

NO. NEW JERSEY

TODAY: Mostly sunny with increasing clouds late, breezy. High in the mid 70s.

Tonight: Clouding up. Low from 60 to 65.

TOMORROW: Partly cloudy with a risk of showers and thunderstorms. High 80-85.



WESTCHESTER COUNTY

TODAY: Lots of sunshine with a south wind near 10 m.p.h. High in the low 70s.

Tonight: Increasing clouds. Low near 60.

TOMORROW: Partly cloudy with a risk of showers, thunderstorms. High near 80.

LONG ISLAND

TODAY: Mostly sunny with a south wind from 10 to 15 m.p.h. High from 70 to 75.

Tonight: Increasing clouds. Low around 60.

TOMORROW: Partly cloudy with a chance of showers, thunderstorms. High in the 70s.

MARINE FORECAST

New York Harbor: Wind southwest near 15 knots, waves near 1 foot, excellent visibility.
Long Island Sound: Wind southwest 15 knots, seas near 2 feet, excellent visibility.
Atlantic Ocean: Wind southwest 15 knots, seas near 2 feet, excellent visibility.
Wednesday: Southwest wind around 15 knots, seas from 2 to 3 feet, showers?

Sunset today: 7:12 p.m.
Sunrise tomorrow: 6:34 a.m.

TIDES

	TUE	WED	THU		TUE	WED	THU
High Tide for	a.m.	p.m.	a.m.	p.m.	a.m.	p.m.	a.m.
Coney Island	10:35	10:56	11:18	11:40	12:02	12:24	12:46
Fire Island	10:00	10:21	10:43	11:05	11:27	11:51	12:18
Hempstead Harbor	02:12	02:24	02:53	03:00	03:35	03:36	03:48
Huntington	01:52	02:11	02:36	02:55	03:22	03:42	04:06

NATIONAL TRAVEL FORECAST

LOS ANGELES

Becoming sunny, nice
Fog near the shore then turning sunny, nice, 91.
Tonight: Some fog, mild.
Tomorrow: Becoming sunny, continued warm. High 91, low 72.

CHICAGO

Chance of a shower
Cloudy with a chance of showers, fog, high 79.
Tonight: Clearing a bit.
Tomorrow: Becoming mostly sunny, pleasant. High 78, low 62.

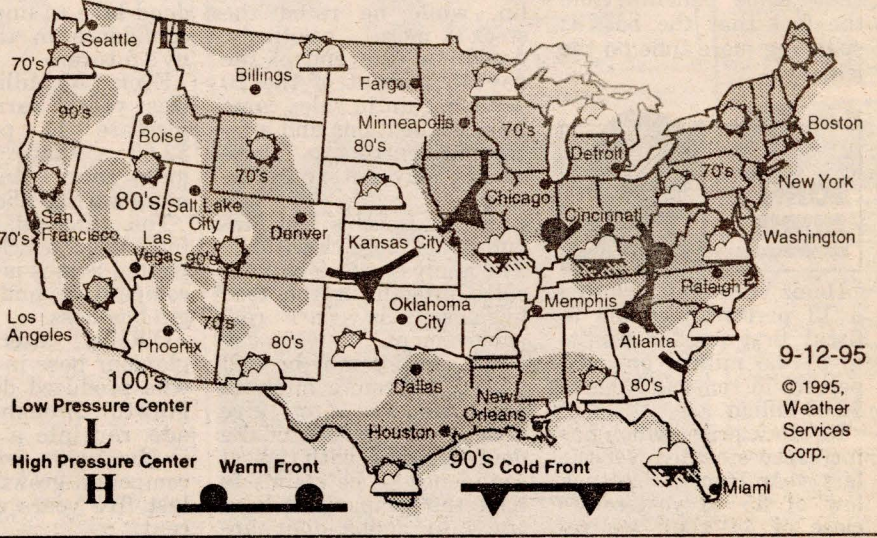
MIAMI

Slight risk of thunder
Partly cloudy with a risk of thunderstorms, 89.
Tonight: Partly cloudy.
Tomorrow: More clouds than sunshine. Thunder? High 89, low 78.

WASH. D.C.

Good bet for showers
Mostly cloudy with showers, maybe thunder, 78.
Tonight: More showers.
Tomorrow: Early showers then clearing skies. High 83, low 66.

	Today	Tomorrow	Next Day		Today	Tomorrow	Next Day
Atlanta	cldy 81/68	cldy 86/70	pclcy 89/69	Kansas City	tstm 77/62	pclcy 82/66	sunny 83/59
Boston	sunny 76/63	cldy 77/64	pclcy 74/57	Las Vegas	sunny 101/70	sunny 102/72	sunny 103/74
Buffalo	pclcy 75/64	shwrs 75/59	shwrs 73/56	Los Angeles	sunny 91/70	sunny 93/72	sunny 92/72
Charleston	pclcy 82/71	pclcy 86/71	pclcy 86/72	Miami	pclcy 89/78	pclcy 89/78	pclcy 91/78
Charlotte	cldy 79/67	pclcy 84/66	pclcy 88/68	Minneapolis	cldy 77/58	pclcy 77/59	sunny 75/51
Chicago	cldy 74/63	sunny 78/62	pclcy 76/60	New Orleans	pclcy 89/70	pclcy 89/71	pclcy 90/70
Cleveland	cldy 75/64	shwrs 78/61	cldy 74/59	Orlando	tstm 89/73	tstm 91/72	pclcy 92/74
Dallas	tstm 93/72	tstm 89/68	pclcy 90/66	Philadelphia	pclcy 79/63	cldy 82/64	cldy 81/61
Denver	pclcy 79/48	sunny 82/50	pclcy 85/52	Phoenix	sunny 104/78	sunny 104/79	sunny 105/79
Detroit	pclcy 77/62	shwrs 75/60	shwrs 75/59	San Francisco	sunny 76/56	sunny 75/58	pclcy 71/57
Honolulu	pclcy 91/74	pclcy 91/73	pclcy 91/76	Seattle	pclcy 77/55	pclcy 78/57	pclcy 74/57
Houston	pclcy 92/75	tstm 91/75	tstm 89/72	Washington	cldy 78/66	cldy 83/66	pclcy 83/64



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BUSINESS

New
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North Edition

October 4—17, 1995

\$2.00

SECAUCUS

Sy Syms Wants to Take Syms Private

by Diana G. Lasseter

Companies do not always live happily ever after when they go public. After trading publicly for 12 years, the Syms family plans to buy all its company's stock back. The move says a lot about the state of retail.

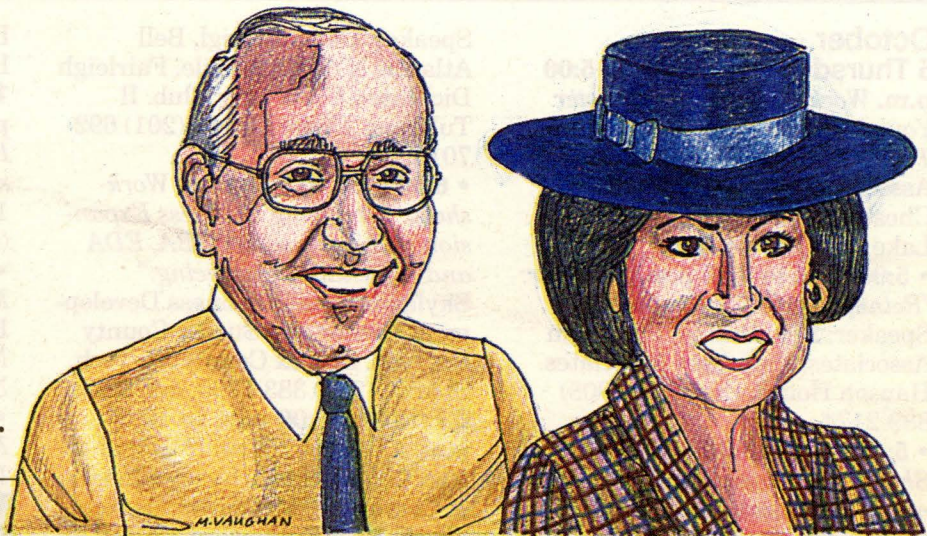
In her book, "Mind Your Own Business—and Keep It in the Family," which she wrote in 1992 after nearly 15 years of working for her family-owned business, Marcy Syms said a successful company should be able to "analyze its own strengths and shortcomings to protect its future." Perhaps that is what her family, owner of Syms, the off-price apparel chain, is doing now—protecting its future.

The Secaucus-based company has announced that a group of shareholders led by CEO Sy Syms, 68, is making a takeover bid for the company at \$8.75 a share. The shareholder group has proposed setting up a separate company with which Syms would be merged for the purpose of taking the publicly traded apparel firm private. In early September, the same group of shareholders said it is considering separating the company's retail and real estate assets if it gains control of the company. Sy and the other shareholders, including daughter Marcy and son Stephen Merns, together hold 73% of Syms' shares. At the time of the announcement, Syms' stock was trading at around \$8 a share. Officials at Syms would not comment on the move to go private.

For years the name Syms and its ad slogan,

"An educated consumer is our best customer," have been synonymous with discount clothing. Since 1974, Sy and later Marcy, who is now president, communicated their company's philosophy through TV commercials that added to the firm's high visibility and strong reputation. As recently as 1994, Syms was rated the number one off-price retailer in America by *Consumer Reports* magazine. Its niche has been selling, at reduced prices, mainly men's tailored clothing, but also women's clothes, shoes, children's wear and luggage.

Off-price buying and selling means buying for less than wholesale and selling for less than normal retail. Says James Mammarella, an off-price apparel writer for the New York City publication *Discount Store News*: "Off-price apparel is built



FAMILY TRADITION: Sy and Marcy, who has a fondness for hats, have 38 stores like this company-owned one in Cherry Hill



around the idea of a treasure hunt. It's a totally different kind of shopping." Adds David Mahler of *Inside Retailing*: "Syms is one of the pioneers in the industry." Syms now operates 38 stores around the country and employs some 2,300 people. Family-run and closely held, Syms stock has not been very active on Wall Street.

Sy in 1959 opened his first Syms store in Manhattan, which sold clothes with traditional pricing. The business really took off in the mid-1960s, when Sy discovered off-price retailing. Within eight years, he was able to buy out his partner. Marcy joined the company in 1978 as a switchboard operator and became president five years later at age 32. Syms was incorporated in New Jersey in 1983, and that September its stock began trading at \$15 a share.

The company was prospering before it went public, and it continued to do well after. From 1984 to 1987, sales rose from \$204.2 million to \$256.7 million, and profits increased from \$12.7 million to \$17.7 million. During that time, Syms nearly tripled its number of stores from eight in 1982 to 22 at the end of 1987.

Syms had a rough year in recession-affected 1990, when the company had bloated inventory and savaged margins. It continued to have slow sales and profit gains through the early 1990s. In

continued on page 54

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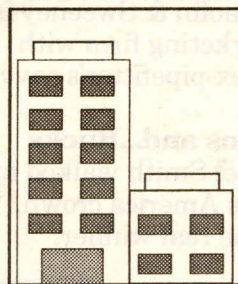
TOP OF THE NEWS

Big Changes at AT&T



Telecommunications giant AT&T is splitting into three separate companies. What will this mean for its future? One thing is for sure—many jobs will be lost6

Focus: Commercial Real Estate



The face of commercial real estate from design to development promises to look drastically different in the 21st Century. Technology will change everything30

CALENDAR

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November

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26	27	28	29	30		

Events for the Calendar should be submitted four weeks in advance, if possible. Please mail to 391 George Street, New Brunswick, NJ 08901 or you can send by fax to (908) 249-8886

NORTH

October

5 Thursday • 1:00 p.m. to 5:00 p.m.

Workshop: "How to Master Your Most Powerful Marketing Tool—The Telephone." Davies & Associates. Perillo Plaza, 577 Chestnut Ridge Road, Woodcliff Lake. (201) 391-4000.

• 5:00 p.m. to 7:00 p.m. Seminar:

"Reinventing Your Business." Speaker: Bill Granda, Paradigm Associates. Paradigm Associates. Hanson House, Cranford. (908) 889-2174.

• 5:30 p.m. to 7:30 p.m. Trade Show:

"Morris on Display/Business After Hours: Mini Trade Show." Morris County Chamber of Commerce and West Essex Chamber of Commerce. Sheraton Tara Hotel, Parsippany. (201) 539-3882 or (201) 226-5500.

• 5:30 p.m. to 7:30 p.m. Business Card Exchange:

"RBP Networking After Hours." Regional Business Partnership, Belleville, Bloomfield and Montclair Chambers of Commerce, and New Jersey Association of Women Business Owners, Essex County Chapter. Forest Hills Field Club, Bloomfield. (201) 242-6237, ext. 222.

• 6:00 p.m. to 9:00 p.m. Meeting:

"Beating Your Competition."

Speaker: Dennis Strigl, Bell Atlantic NYNEX Mobile. Fairleigh Dickinson University Club. II Tulipano, Cedar Grove. (201) 692-7015.

• 6:30 p.m. to 9:30 p.m. Workshop:

"Financing Business Expansion and Acquisition: SBA, EDA and Alternative Financing." Skylands Small Business Development Center and Sussex County Vo-Tech. Sussex County Vo-Tech, Sparta. (201) 383-6700, ext. 228.

6 Friday • 6:00 p.m. to 10:00 p.m.

Chamber Event: "Night at the Races." The North Jersey Chamber of Commerce. Meadowlands Race Track, East Rutherford. (201) 470-9300.

10 Tuesday • 9:00 a.m. to 10:30 a.m.

Program: "DOT and Drug/Alcohol Compliance." IMA Management Association. 935 Allwood Road, Clifton. (201) 473-8770.

• 9:00 a.m. to 12:30 p.m. Workshop:

"Fundamentals of Exporting." Kean College SBDC and NJAWBO, Union County Chapter. Kean College, Union. (908) 527-2946.

11 Wednesday • 8:00 a.m. to 12:00 p.m.

Open House. IMA Management Association and Bergen County Technical Schools.

Bergen County Technical Schools, Hackensack. (201) 473-8770.

12 Thursday • 8:15 a.m. to 1:15 p.m.

Meeting: "Industrial Gases Innovations: Trends, New Developments and Forecast." BOC Gases, 100 Mountain Avenue, Murray Hill. (908) 464-8100.

• 8:00 a.m. to 10:00 a.m. Breakfast Meeting:

"RBP's Image of the City." Regional Business Partnership. Newark International Airport, Newark. (201) 242-6237, ext. 225.

• 8:00 a.m. to 10:00 a.m. Breakfast Meeting:

"Business Over Breakfast." Industrial/Commercial Real Estate Women (ICREW). Marriott Hotel, Newark Airport. (908) 526-7600

• 8:00 a.m. to 11:30 a.m. Seminar:

"Brownfields Economic Development—Understanding the Issues and a 'How to' Approach to Redevelop a Contaminated Site." National Association of Industrial and Office Properties (NAIOP), N.J. Chapter. The Newark Club, Newark. (908) 417-9010.

• 4:30 p.m. to 7:30 p.m. Business Card Exchange:

"The Annual Business Show and Card Exchange." North Jersey Regional, Greater Paterson and Tri-County Chambers of Commerce. Wayne Manor, Wayne. (201) 470-9300.

• 5:00 p.m. to 8:00 p.m. **Networking Event:** "Business After Hours." Commerce and Industry Association of New Jersey, NJAWBO, Northern Region, Holiday Inn & Conference Center. Holiday Inn & Conference Center, Saddle Brook. (201) 261-4600.

• 6:30 p.m. to 8:30 p.m. Monthly Seminar:

"MIDISOFT Music Software." New Jersey PC User Group. Bergen Community College, Paramus. (201) 853-7432.

13 Friday • 7:44 a.m. to 8:50 a.m.

Breakfast Meeting: "Good Morning, Morris!" Speaker: Joseph A. Trunfio, Northwest Covenant Medical Center. Morris County Chamber of Commerce. Hanover Marriott Hotel, Hanover. (201) 539-3882.

• 10:00 a.m. to 9:30 p.m. Two-Day Showcase:

"The 15th Annual Greater Paramus Chamber of Commerce Home and Business Show." The Greater Paramus Chamber of Commerce and AT&T. Garden State Plaza, Paramus. (201) 261-3344.

• 7:30 p.m. to 10:30 p.m. Gala Event:

Mountainside Hospital. The Hilton at Short Hills, Short Hills. (201) 429-6130.

17 Tuesday • 11:30 a.m. to 2:00 p.m.

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BUSINESS INDEX
BLOOMBERG REPORT
SCRAPBOOK
BANKRUPTCIES

BUSINESS News New
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Cicio Reduces Duties, Alters Contract With FRCH Design

NEW YORK — FRCH Design Worldwide said Wednesday that Joseph Cicio has modified his contract to pursue other career interests, while continuing as creative director on select projects.

The announcement confirmed a WWD report on Tuesday.

There was speculation that Cicio will rejoin the fashion industry, in retailing or wholesaling, based on his track record. Before joining FRCH last April, he was chairman and chief executive of the now-defunct I. Magnin chain. Before that, he served for many years in key posts at R.H. Macy, Magnin's parent company, as a merchant, product developer, store designer and visual merchandiser, as well as in marketing, advertising and fashion direction.

"This gives me the chance to

explore other opportunities," Cicio said Wednesday. He did not elaborate.

When he joined the FRCH retail design and architectural firm, based here and in Cincinnati, it was restructured. It had been called SDI/HTI, but was renamed FRCH to reflect the addition of Cicio to the partnership.

With his revised contract, Cicio is no longer a partner, but the firm will still be called FRCH. Cicio will direct design teams on certain projects and participate in presentations to clients and prospective ones.

The other partners are Edward C. Hambrecht, vice chairman and managing principal; James T. Fitzgerald, chairman and ceo, and Kevin R. Roche, president and chief operating officer.

— David Moin

He-Ro Shrinks 1st-Quarter Loss

NEW YORK — The He-Ro Group Ltd. narrowed its first-quarter loss to \$89,000 from a loss of \$274,000 a year ago.

In the quarter ended Aug. 31, operating income of the eveningwear manufacturer rose 62 percent to \$525,000 from \$324,000. Sales slipped 5.7 percent to \$13.7 million from \$14.5 million.

Gross margins edged up to 42 percent of sales from 40.7 percent.

to improve its performance as a result of cost control and enhanced operating efficiencies," William J. Carone, co-chairman, said in a statement. However, he added that sales have been hurt by continued weakness at retail for evening and special occasion wear.

He-Ro's proprietary labels include Niteline by Della Roufogali and the licensed designer label Black Tie by Oleg Cassini.

Syms Proposal To Go Private Is Dropped

SECAUCUS, N.J. — Syms Corp. said Friday it has withdrawn its proposed plan to take the company private.

A company statement provided no further details, and Syms officials could not be reached for comment.

On Aug. 30, Syms announced plans to go private, offering public shareholders \$8.75 a share. Under the plan, holders of some 73 percent of Syms stock agreed in principle to acquire the firm. Among the buyers would be Sy Syms, chairman and chief executive officer, who owns a 69.9 percent stake. Following the announcement, several class action suits were filed against the company.

The firm's stock, closed Friday at 9, unchanged, on the New York Stock Exchange. Syms, with 37 off-price stores, had sales of \$326.7 million last year.

Dyersberg to Buy 2M of Its Shares

DYERSBERG, Tenn. — Dyersberg Corp. plans to repurchase up to 2 million of its 14.2 million common shares currently outstanding.

Morgan Stanley & Co. will act as the agent for any shares repurchased. The company said that at current prices, the stock is an attractive investment opportunity. On Wednesday, the day of the announcement, the

Women's Apparel Prices Drop 3.2% in September

Continued from page 2

prices," Steidtmann said. "I'm getting slightly less optimistic in terms of pricing for Christmas. It will be a very promotional Christmas for apparel retailers."

As a consequence, retailers will have to shoot for increasing the amount of apparel sold in order to compensate for the lower prices, a strategy that Steidtmann said "is becoming very institutionalized."

Robert Untracht, national director of retail services at Ernst & Young, said consumers aren't likely to change their buying habits based on lower prices anytime soon.

"The only thing you hear now is the retailers have the customers totally trained to wait for a sale. Customers know the first price that comes out of the box isn't the lowest," Untracht said.

"I think the next few years will be the deciding moments for a number of chains that are operating at the edge, are unable to raise prices and can't increase their volume," he added.

In another measure of the seemingly permanent deep discounting at retail, women's apparel prices for the month posted a second consecutive decline, dipping 1 percent against August. Typically in September prices show a slight uptick, such as last year when they increased 0.3 percent for the month.

tion on a year-to-year basis, it's not anywhere near that of women's retailing. In September, men's retail apparel prices compared with the year before were down 1.8 percent. Compared with August, men's apparel prices last month increased 0.2 percent. Girls' apparel prices were down 1.6 percent for the month and were off 3.1 percent from September 1994.

All apparel prices declined 0.2 percent in September against August and were down 1.3 percent over the 12-month period.

By contrast, retail prices for all consumer goods increased 0.1 percent in September and were up 2.5 percent over the year, considered by economists to be a mild rate of inflation.

Within the separate women's categories tracked by Labor, prices for coats and jackets declined 1.6 percent in September and were down 4 percent for the 12 months, as prices for dresses increased 0.3 percent for the month and were down 5.7 percent from September 1994. Prices for separates and sportswear declined 1.3 percent last month and were down 5.3 percent over year-ago levels, and underwear, nightwear, hosiery and accessories prices increased 0.2 percent for the month and were up 1.6 percent from September 1994. Suit

continued from page 1

1993, sales dropped from \$320 million to \$319 million, and net income plummeted from \$15 million to \$11 million. Last year, when the company opened five new stores, sales increased to \$327 million, but net income fell to \$8 million.

The past several years have been rocky for the whole apparel market, and particularly for off-price stores. Off-price chains like Today's Man, Ross and many others have crowded the industry, while department stores have become increasingly savvy. Discounters like Wal-Mart

are also appealing to a large chunk of consumers. "Off-priced stores are caught in a squeeze," explains Howard Eilenberg, a retail analyst with Johnson Redbook in New York City. "Off-priced stores traditionally offered merchandise at 25% to 30% off, and department stores lost their market share to them. Those were the years that made stores like Syms. But then department stores woke up and learned how to control expenses. Now their prices are equal or even better than off-price." In its discount-industry annual report

published in July, *Discount Store News* wrote, "Change—whether in buying, execution, cost control or strategy—is in order for many chains with depressed earnings: Filene's Basement, Dress Barn...Syms."

So change it is. But what can Syms gain by going private? According to David Sorin, managing partner of Princeton's Buchanan Ingersoll, a law firm that specializes in helping companies go public, going private is less common than going public, but it is not infrequent. Being a publicly held company is an expensive propo-

sition because of all the legal and accounting charges involved in filing SEC documents. So Syms could well be looking to avoid those costs. Sorin also says, "Companies often go private if they believe the public market is not valuing the company properly. A company can also make money by buying back the stock and then later reselling it at a higher price."

Sorin adds that going private is usually done with an overall restructuring in mind. That may well be the case since Syms plans to separate its real estate and retail assets. According to SEC documents, shareholders are exploring the "possible contribution of its [Syms] retail operations to a limited liability company or a limited partnership for purposes of separating the retail operations from its real estate assets." Explains Sorin: "If Syms is spinning off its real estate, it may be because it feels that is more valuable. The parts of the company separately valued may be greater than the whole." Of its 38 stores, Syms owns 21 and leases the rest.

According to Syms's 1994 annual report, the company's plans for 1995 were to focus on increasing profitability in its existing stores, while opening one new store in Manhattan. It has just signed a lease for its 38th store at 400 Park Avenue. Syms reported sales for the first 1995 quarter of \$79 million, compared with sales of \$78 million for the same quarter last year. Net income was \$1.0 million, compared with net income of \$1.3 million last year. The strategy for 1996, as stated in the 1994 annual report: continued expansion.

Some Syms stockholders have filed class action suits in New Jersey Superior Court against the company, which Sorin says could be because they feel the takeover group is buying back the stock when it is trading at less than it is worth. According to Syms's most recent proxy statement, the largest holder of common stock after Sy Syms and the Sy Syms Revocable Living Trust, is Tweedy, Browne Co. L.P. of New York City, an investment firm, with 1,115,270 shares. Officials at Tweedy, Browne were unavailable for comment.

One executive from a top Syms competitor, who did not want to be identified, says, "Syms was a good concept 10 or 15 years ago. It used to be considered stronger and better than it is today. The truth is, you can buy the same tailored clothes in a nicer environment and with more current merchandise than at Syms. Why wouldn't people do that?"

Is it the end of an era for Syms or the beginning of a new one? In her book *Marcy* tells of how, in the late 1960s, Sy fended off U.S. Steel, which was trying to put up a 50-story office building on a site that was home to one of his stores in Lower Manhattan. That kind of dedication has seen Syms through the past 36 years. But whether Syms can fend off today's younger and fiercer competition remains to be seen. ♦

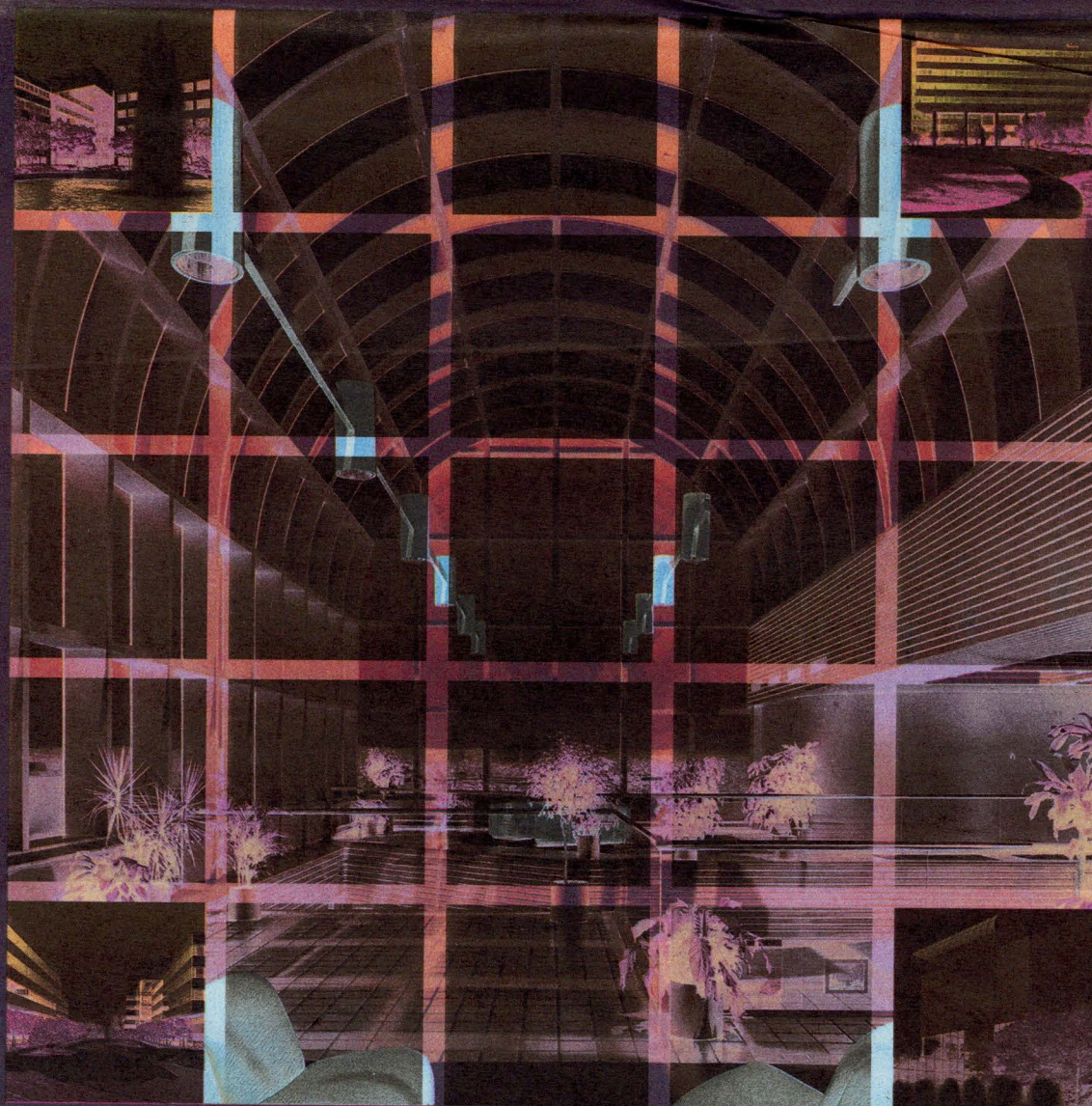
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AT DEADLINE

Look for union label again

The New York City Central Labor Council is announcing this week plans for the group's first organizing drive in three decades. The CLC will spend \$250,000 from the AFL-CIO on the campaign's initial phase, which is expected to focus on unionizing retail food store workers. Future targets include hotel and restaurant employees and garment, textile and department store workers.

47th St. Photo liquidates

The court-appointed trustee for 47th Street Photo Inc. has decided to liquidate all the company's assets, except its 45th Street store, after more than three years of Chapter 11 bankruptcy protection failed to turn the business around. Tuttanauer Co., a major 47th Street creditor, will run the main store for six months. Tuttanauer also has negotiated an option to buy the name and logo of the defunct company for about \$1 million. Tuttanauer representatives could not be reached for comment.

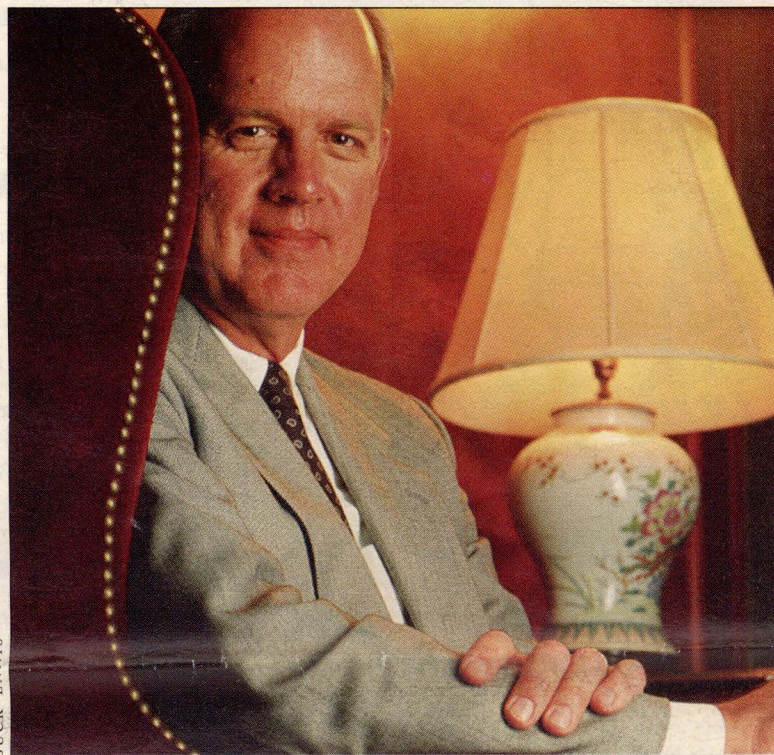
Syms takes it private again

Syms Corp. plans to go private with an offer to stockholders of \$8.75 a share. The company, which went public in 1983 at \$15 a share, is a small capitalization issue. The Secaucus, N.J.-based retailer operates 37 off-price stores. It has 17.7 million shares outstanding. Store officials were unavailable for comment.

J-School loses its Freedom

The Freedom Forum Media Studies Center is abandoning its offices at Columbia University. See **DEADLINE** on Page 39

Banking's new war zone



CHASE CHOICE: Walter Shipley, now chairman and CEO of Chemical Banking Corp., will take on both those roles at the merged Chase-Chemical operation.

New Chase dominates local middle market

BY FREDERICK GABRIEL

The financial titan born out of the merger between Chemical Banking Corp. and Chase Manhattan Corp. will have unprecedented power over the profitable New York middle market.

It will use that power—and its newfound financial muscle—to invest in technology and unfurl an

array of products that will put the squeeze on rivals.

Banks that can't keep up "will see their profits and market share erode over time," says Charles B. Wendel, a middle-market banker turned president of Financial Institutions Consulting Inc.

After the merger, the new See **NEW CHASE** on Page 35

Citi, Chase duel for retail

SPECIAL REPORT

BY JUDITH MESSINA

The merger of Chemical Banking Corp. and Chase Manhattan Corp. could set the stage here for a head-to-head battle with Citibank for consumers' dollars.

But it's the region's small thrifts and medium-sized commercial banks that will get blasted in the process. Many will be forced to merge or put themselves up for sale as the long consolidation of New York banking continues.

The new bank, to be known by the weightier Chase Manhattan name, will dwarf its New York rivals. Its branches will outnumber Citibank's two to one—even after it strips down to an estimated 400 sites—and its \$66 billion in deposits will amount to nearly a third of the consumer deposits in the region. That's more than double Citibank's \$32 billion stake and four times the \$15 billion share of distant rival Bank of New York.

The merger will combine Chase's power in mortgage servicing and mutual funds with Chemical's strength in mortgage originations and insurance sales.

The numbers are impressive. But the new Chase will have to run hard, say analysts, to match Citibank's retail momentum, which goes back to the late 1970s, when it was the first bank to introduce automated teller machines. Its ATMs are still considered by many to be the most versatile and user friendly.

In the past four years, while

Chemical has been preoccupied with its merger with Manufacturers Hanover Trust and Chase has been struggling, Citi has been slashing expenses and sinking tens of millions of dollars into back-office technology and electronic banking. Although Citibank has little to show for its investment in electronic home banking, this is clearly the next battleground.

"Citibank made a major bet on technology, on delivering retail banking at the lowest possible cost," says David Beim, Columbia University finance professor and a former investment banker. "If that's the wave of the future, Citibank is ahead. In terms of retail

See **CITIBANK** on Page 34

MERGER

Retail Market Leaders

Share of deposits in NY region

TOTAL DEPOSITS: \$230 Billion

Chase/Chemical	28.5%
Citibank	14.0%
Bank of New York	6.7%
GreenPoint ¹	5.9%
Dime/Anchor	5.6%
Republic ²	3.9%
Bankers Trust	3.4%
Morgan Guaranty	3.0%
NatWest	2.3%
Emigrant	2.2%

¹ Includes acquisition of Home Savings Bank branches in New York

² Republic National Bank of New York and Republic Bank for Savings

SOURCE: SHESHUNOFF INFORMATION SERVICES INC.

JENNIFER REYNOLDS

AnnTaylor restyles under pressure

Retailer trims growth, loses key executives

BY YLONDA GAULT

It's the dawn of the autumn selling season—a time when most retailers are outfitted in flannel slacks and wool jackets. But at AnnTaylor, glaring evidence of two disastrous selling seasons still crowds the selling floor: piles of

polo tops reduced to \$19.90, cropped, baby T-shirts slashed to \$8.90.

Chairwoman and Chief Executive Sally Frame Kasaks simply "took her eye off the ball," analysts say, and made all the wrong fashion choices for her career-oriented customer.

But six months of battered stock prices, dismal earnings and key executive departures have sounded a wake-up call for Ms. Kasaks.

Last week, when the company released steep comparative store sales declines, Ms. Kasaks

told analysts that she would drastically scale down an aggressive store expansion program and redefine the goals of her \$650 million chain. For the remainder of the year, Ms. Kasaks—whose recent focus had been on launching an AnnTaylor catalog and a new retail concept called AT Loft—will devote her time and energy to overseeing the chain's mainstream merchandise.

The tough, but highly talented chairwoman See **ANNTAYLOR** on Page 36

The Trends Are 'Pitti Lite' — The Technology, Tactility

The four-day show opened Thursday

By SOPHIE D'AULNAY

FLORENCE — If there's one rallying cry in the fall/winter '96/97 collections on show at the 49th Pitti Uomo trade fair here this season, it's the wearable lightness of being.

The four-day show closes Sunday.

Trends are split into two directions — technical aspects and textural ultra-softness.

But on both ends, there's one certainty: Designers and manufacturers are taking next winter lightly for ultimate comfort and performance.

Synthetic fabrics, in "polyester" cocktails with a sheen or blended with wool or cashmere, have infiltrated tailored clothing, as in a four-button black suit or a polyamid outer jacket at Piero Gazzarrini, or in a one-button black jacket at Reporter.

Even leather specialist Longhi had some silk/polyurethane/polyamid jackets with a soft hand, reversible to quilted gray wool. Vestium Officina used what they call "poly" cocktails here in suiting patterns for unusual four-button jackets and car coats.

At L'Altro Uomo, Wuilmart showed a fireman red rubber polyurethane jacket lined in polar fleece. The most technically advanced fabrics were on show in Pitti's new Sport & Sport section for outdoors-wear and active sports apparel. Napapijri Geographic, for example, focused on high-performance wear, like Cordura jackets with Kevlar fiber, or ceramic-injected polar fleece tops.

Nibbling at nylon's popularity, neoprene has gained importance, not only in the streetwear or outdoors collections, but also in more refined sportswear pieces like Piero Gazzarrini's smart black

neoprene parka jacket. Lino Leonelli, in the Street Style section, turned out cobalt neoprene blousons with pants to match, while in L'Altro Uomo, Kevin paired neoprene with Lycra spandex-injected wool for knit tops and cropped jackets.

Suits are fitted, but their construction has been taken seriously to minimize constraints and maximize suppleness at classic tailored manufacturers like Cantarelli and Zegna. Lycra spandex has greatly contributed to the comfort factor, blended with cashmere for suits and sport coats at Zegna, as well as blended with wool for classic gray business suits at P.A.R.O.S.H., or injected into black knits at Cividini.

Corduroy is still strong. Zegna had some bright lime green, rust or orange cashmere/cotton corduroy jackets with vests and even ties to match, while P.A.R.O.S.H. showed some double-stretch corduroy jackets and Versace's V2 line had lively pastel-toned wide-wale corduroy suits. D'Avenza Roma had some silk corduroy jackets, and Ice Sport showed washed-corduroy zip blousons.

Coats are key — several sporting wide fur collars. The most luxurious was D'Avenza Roma's beige vicuna coat with a black mink collar and detachable lining, grazing just below the knee. Maurizio Baldassari had a checked fitted raglan coat with a corduroy

collar, while Mondo di Marco showed a feather-weight chocolate wool/nylon twill coat with a mouton collar and quilted lining, and Zegna had a luscious unlined cashmere herringbone raglan coat.

Texture is still a permanent fixture, from Maurizio Baldassari's sport jackets in textured chenille or soft boucle wool to Mondo di Marco's wool/nylon/acrylic shirt-jacket with a boucle effect.

The color palette on view at Pitti is dark with a wide range of grays and browns along with some deep plums or paler beiges. Black is back in everything from sportswear to tailored clothing, but colorful touches of orange, green, red and purple pop up in knits like

Cividini's striped cashmere polo shirts.

There are no bulky sweaters this season. Knits are fine-gauge, thin and ultra-light to wear under jackets. Mondo di Marco had a baby alpaca crisscross V-neck as well as a spongy boucle mousse wool/nylon polo shirt. Luciano Barbera achieved some of the softest and lightest knits around with a fluffy cashmere/silk polo shirt with a contrast collar. He pursued his light touch in an unstructured three-button baby alpaca jacket with a mohair knit collar. The cutting edge of knitwear came off in two-toned boucle synthetic turtlenecks at Lino Leonelli or in plastic-printed wool at Kevin.

Syms Profits Soar 72% in Third Quarter

NEW YORK (FNS) — Profits at Syms Corp. surged 72 percent in the third quarter to \$5.6 million, or 31 cents a share, from \$3.2 million, or 18 cents a year ago.

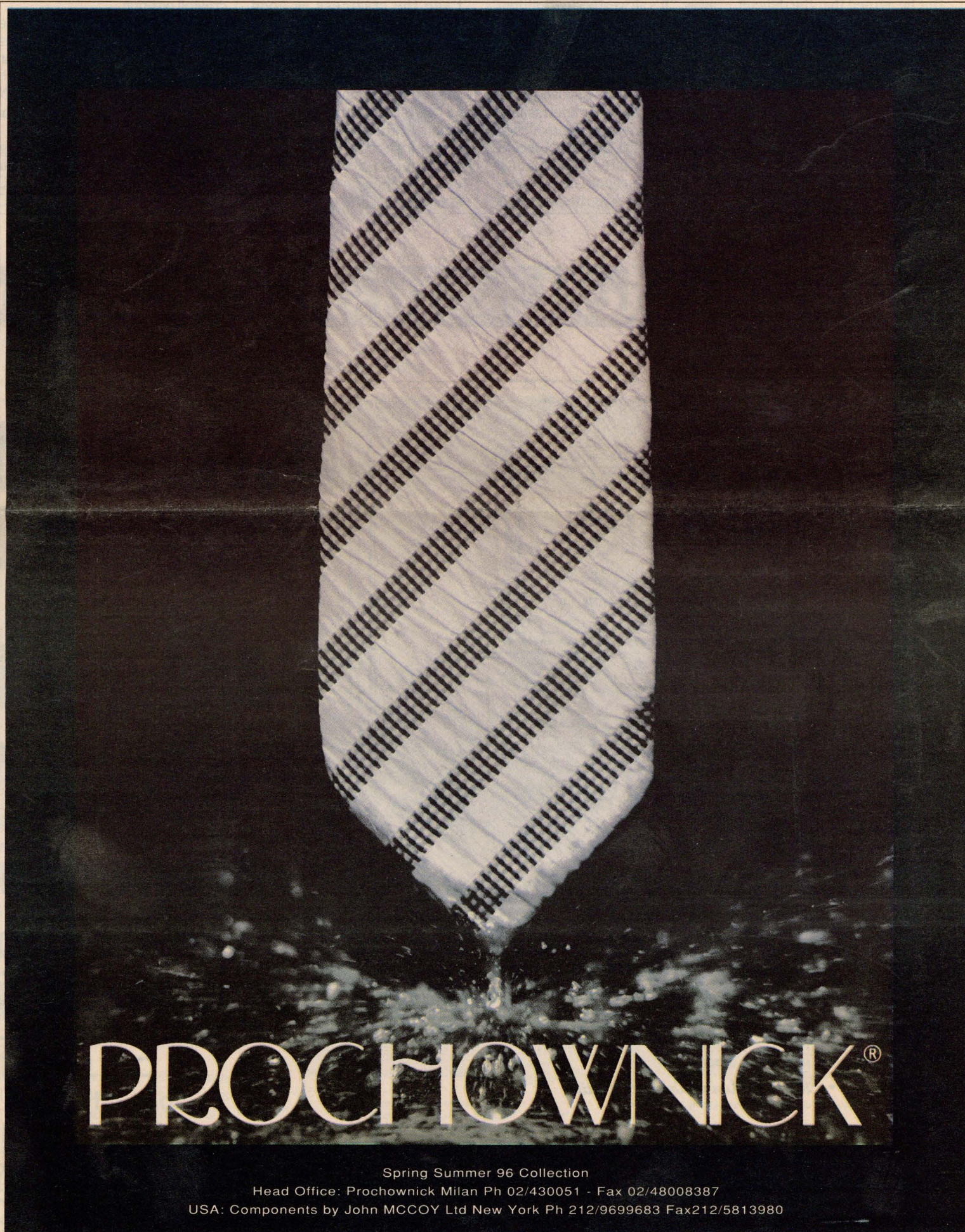
In the quarter ended Nov. 25, sales slid 0.4 percent to \$93.4 million from \$93.8 million.

Sy Syms, chairman and CEO, said that the latest results reflect "a culmination of a year's work to set the company back into a structure we feel comfortable with." He noted that Syms began a program to "not worry so much about volume, but more about margins," while still maintaining low prices for the consumer.

"We did not anticipate it to be that dramatic, but now the idea is to maintain it," Syms said.

In the nine months, earnings gained 38 percent to \$7.3 million, or 41 cents a share, from \$5.3 million, or 30 cents, a year earlier. Sales were up 0.5 percent to \$245.5 million from \$244.2 million.

Syms Corp. operates 37 off-price apparel stores.



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Barneys Gets Another \$20M in DIP Financing

Continued from page 2

counsel to the unsecured creditors' committee, made no objection to the second portion of Barneys' financing deal.

Stroock & Lavan was one of five law firms vying to represent the 15-member committee. It got the nod Monday evening. The trade, which won three seats on the committee, is owed roughly \$44 million.

Tuesday's hearing was in stark contrast to the first DIP hearing, which lasted eight hours over two days and was marked by heated questioning by Isetan attorneys of Barneys' witnesses. The lack of extended argument did not go unnoticed by Judge Garrity.

"I'm very pleased that the parties were able to come to an understanding," said Garrity, noting that there are some "very significant issues confronting the debtors at the start of the case."

Meanwhile, a dress and suit vendor, Margot Designs Inc., here, owed between \$20,000 and \$30,000 by Barneys, said it would not be shipping \$60,000 in spring goods to the embattled retailer because of uncertainty over the sufficiency of the DIP facility.

"Barneys' buying office told us the day after it filed Chapter 11 that we shouldn't be concerned about the store's DIP facility and that we would get paid no matter what," said Philip Ittelson, president of the company.

Ittelson said he remained concerned and checked with his accountant, who told him not to ship until the DIP was secured.

"Fortunately, I had someone tell me it wasn't true," said Ittelson. "Otherwise I would have gotten burned again."

Despite Barneys having \$48 million of a total \$100 million DIP deal approved by the court,

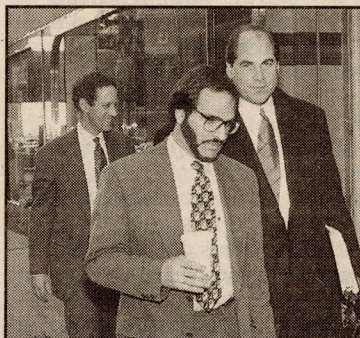
Ittelson said Tuesday he remains unconvinced that payment is guaranteed. He said he has arranged alternative channels to sell the Barneys goods, including stores run by the vendor.

"I asked Barneys for COD terms on the January shipment, but they refused, saying I should ship with the expectation that payment was guaranteed," Ittelson said.

As for Isetan and its plan to keep fighting through the Chapter 11, Jomori told WWD, "Barneys charges that former Isetan management had a better understanding of retailing and that current management doesn't understand Barneys business and the original agreement. But everything new management has done was reasonable and designed to protect our investment and loan."

Jomori came to Isetan from Mitsubishi, the retailer's main

bank, shortly after Kuniyasu Kosuge resigned as Isetan president in May 1993. Kosuge had developed the relationship with Barneys. [That relationship is now the crux of the conflict between the two companies that led Barneys to file Chapter 11.]



The Barneys team, from left: chief financial officer Irvin Rosenthal, attorney John Campo and president Charles Bunstine.

Jomori said that he was not sure how much Isetan will lose from its Barneys deals. But Isetan's financial condition will not be severely damaged, he said, noting that the Japanese firm has a net worth of about \$1.4 billion.

Turning to Barneys Japan, Jomori said that although the contract to form the joint venture in Japan was signed at the same time as the contract over real estate rent for three Barneys stores in the U.S. — Madison Avenue, Chicago and Beverly Hills — the two contracts don't affect each other.

"There is no reason to put an end to the business of Barneys Japan," Jomori said, adding, "Barneys Japan is the only project with Barneys that Isetan is satisfied with."

— With contributions from Koji Hirano, Tokyo Fairchild News Service

PHOTO BY ROBERT MITRA

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Syms Quarter Net Up 72%

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so much about volume, but more about margins," while still maintaining low prices for the consumer.

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Syms Corp. operates 37 off-price apparel stores.

Delta Burke Licenses Renlyn To Produce Large-Size Line

NEW YORK — One of the original "Designing Women" is at it again: Delta Burke has licensed Renlyn New York to produce large-size suits under her label.

The collection will open March 1 for fall, and is priced to retail at \$180 to \$200, according to Richard Elias, president of Renlyn. The suits will run in sizes 14 to 26 and will be made primarily in fabrics of polyester and rayon blends.

Elias projected first-year sales of \$2 million to \$3 million.

The line will be shown at Renlyn's showroom at 498 Seventh Ave. here, where the company shows its Renlyn and

E.R. Gerard lines, as well as at the Delta Burke Design showroom, at 1407 Broadway, where Burke's array of licensed collections are shown in coordinated outfits.

Burke, who became well known as interior designer Suzanne Sugarbaker in the television series "Designing Women," now has nine licenses aimed at plus-size women.

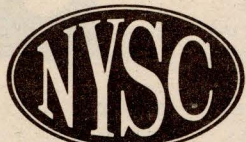
In addition to the Renlyn deal, two other licenses were signed this month: one for belts, with A. Brod Belts, and one for hosiery, with La Leg Hosiery. Burke's other licensed lines are for dresses, jeans, denim sportswear, knitwear, woven separates and career separates.

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Ames Bids on 10 Jamesway Sites

NEW YORK — Ames Department Stores submitted a bid Tuesday to acquire 10 former Jamesway locations. Terms of the bid, made during a bankruptcy court auction, were not available.

According to sources, several bulk bids for Jamesway's 90 stores were received, with a few supermarkets expressing interest in some locations.

Jamesway filed for its second Chapter 11 last October and then decided to liquidate its assets.

An Ames spokeswoman said, "Ames has submitted a bid for 10 Jamesway locations. Acquisition of the locations is subject to bankruptcy court approval."

She didn't specify the locations the 305-unit Ames is seeking.

Back-to-School Business Gets High Marks at Retail

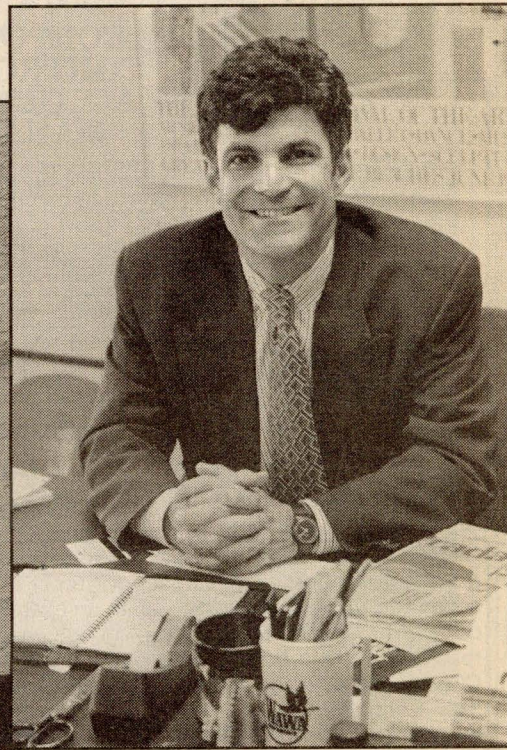
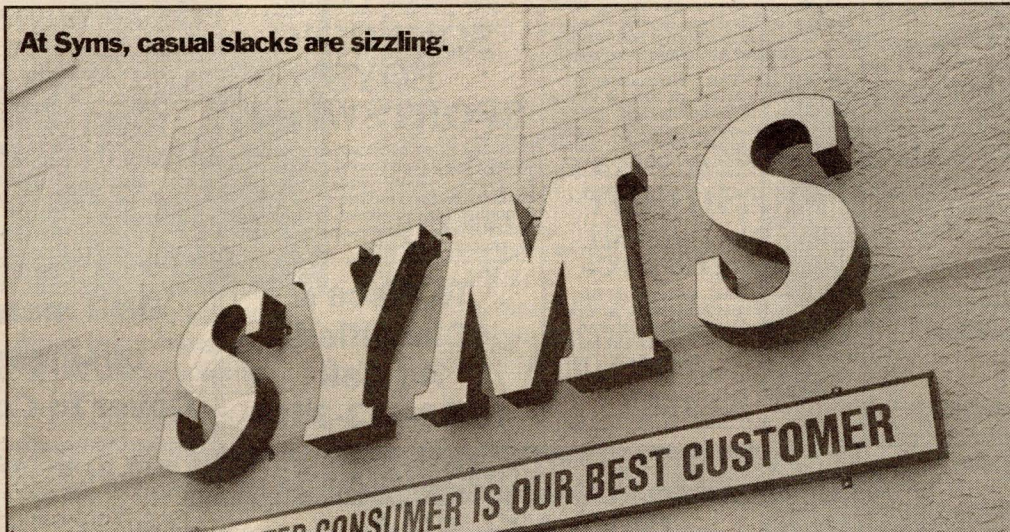
Lightweight basics, novelty merchandise setting pace now

By DON KAPLAN

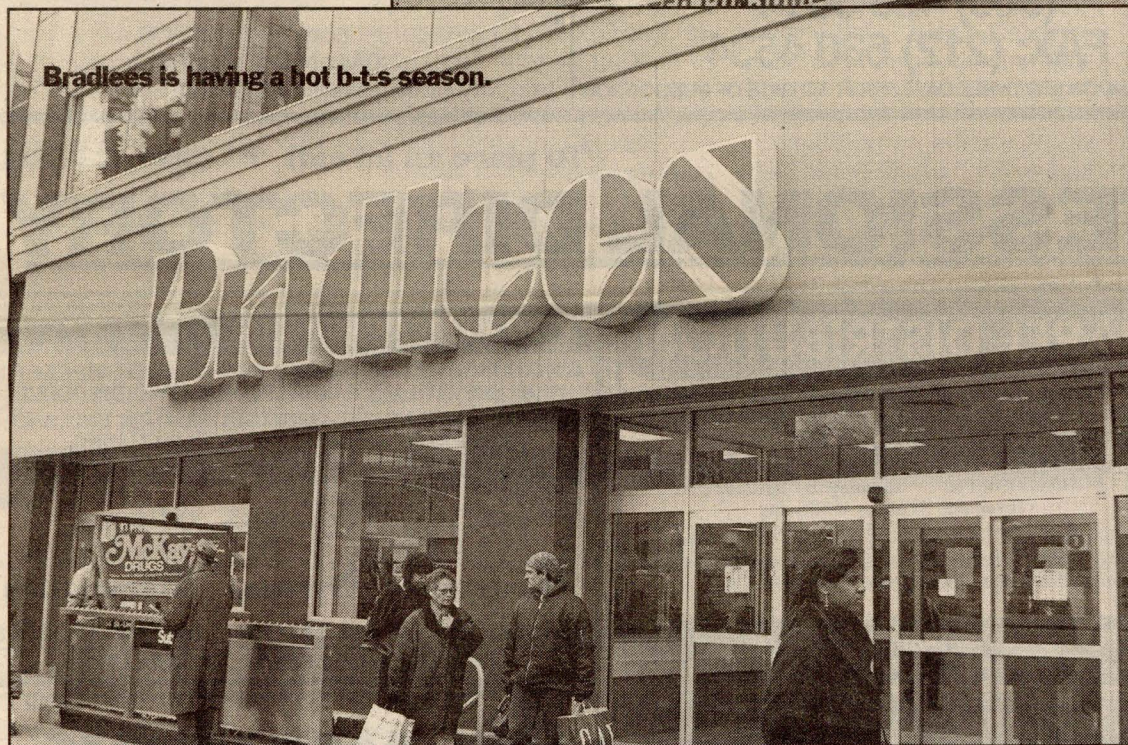
NEW YORK — Back-to-school young men's and boys' apparel business is getting good grades at discounters and mass merchants.

Denim, casual pants, novelty T-shirts and basics are all items that retailers reported as strong sellers since the b-t-s season finally kicked in about three weeks ago. Discounters have their fingers crossed that in the next few weeks the temperature will drop and prompt consumers to buy more cold-weather-related items such as fleece and outerwear.

At Syms, casual slacks are sizzling.



Bradlees is having a hot b-t-s season.



"They're [consumers] buying more according to the climate than the calendar these days."

—Steven Milstein, Burlington Coat Factory

Also, an emerging trend has found parents buying their kids' b-t-s merchandise much closer to the time of need. This habit — a micro-pattern of a similar industry-wide consumer trend — comes as no surprise to discounters who are used to tailoring their businesses to quirky market changes.

"My men's business is ahead," said Steven Milstein, vice-president of the 230-unit Burlington Coat Factory. "The reality is that we do twice as much children's [and young men's] business in September than we do in August. So when I say business is good, I'm saying it's ahead of last year for this period." The retailer gave an A-plus to sales of denim, novelty T-shirts and knit tops with novelty collars. In boys', he noted uniforms, Mickey Mouse licensed apparel, corduroys, denim, vests, long cotton underwear and sleepwear.

"Fall business is staggered more throughout the season," Milstein noted, addressing the public's buy-now, wear-now attitude. "But in September, we do double the business that we do in August."

Milstein continued: "We're seeing the big surge coming in about two to three weeks after school opens. We haven't seen it entirely in the Northeast yet, since school is just opening up this week. But we expect to do more business next week in the New York area in b-t-s than we did this week."

According to the executive, the buying pattern reflects a change in attitude. "The kids go back to school in shorts and T-shirts. After they've been in school for three weeks and the weather begins to turn, then the parents go in and buy the kids' wardrobe."

He added, "So they're buying more according to the climate than the calendar these days."

Milstein also said his sales team has heard that older kids prefer to wait and see what the other kids are wearing. "They don't want to wardrobe-shop before school starts," he noted. "So they're buying a few weeks into the season and then coming back in October."

At Secaucus, N.J.-based Syms, better casual bottoms, corduroys, knits, sweaters and outerwear

have scored with b-t-s customers.

"This year b-t-s sales have been strong," said Ron Zindman, vice-president/GMM, men's, for the 37-unit discounter.

"I would say that knits and sweaters will continue to be strong this season along with casual slacks, but not necessarily denim," he said. "Although denim has been fine, I've seen casual slacks in twills, khakis and brushed cotton performing much better."

The executive agreed with Milstein regarding consumers and their late-season buying habits, but said the behavior is not new for Syms.

"I think people are just generally buying more and more as they need it," Zindman said. "It was not an early b-t-s. I'd say it finally kicked in the last few weeks. But our customer has always been someone who buys as he needs it. That's traditional in most off-price stores. So [buy-now, wear-now] may be new to the rest of the industry, but it's nothing new to us."

The retailer cited the store's

flannel business as an example of Syms' staggered b-t-s sales. "We've not seen an early flannel-shirt business, but it will probably kick in as it gets colder."

For Bradlees — the Braintree, Mass.-based discounter — fall '96 represents a new beginning for the company. At this time last year, Bradlees found itself struggling in newly declared bankruptcy.

More than a year after the company filed for Chapter 11 protection, the retailer is employing fresh strategies that have allowed it to gain momentum as it races toward emergence.

"B-t-s has been good for us," said Jim Sparks, vice-president/GMM, men's, at the 137-unit mass merchant. "There were double-digit increases in men's and boys' and we beat our plan."

He quickly added, "But it's hard to use us as a gauge because last year at this time [we had just declared Chapter 11]. And it was the month when the company's inventories were the lowest for the whole year." Regardless, Sparks said this past week was good at Bradlees' men's department since kids in the Northeast are heading back to school.

"They've been buying everything," he said. "Denim was very strong, licensed apparel, novelty items and pro teams." Sparks added that the discounter also saw a lot of sales in its basic areas with both national and private-brand underwear.

Despite the brisk sales, Sparks reiterated: "It's really hard to

make a story out of us since we had nothing at this time last year. We ran adds with no goods, the stock levels were at an all-time low, receipts were cut off in the middle. We had filed [Chapter 11] on June 23, and nothing came in the whole month of July. Basically we went into August with goods just trickling in here."

The executive said, however, that management's new plan of operations has been very effective. "Last year there was no transition. All of our dark-color, wear-now merchandise was lost in Chapter 11," he said. "This year that category was a major strategy for us. So we sold a lot of T-shirts in darker colors, shorts, polos and striped T-shirts in fall colorations and silhouettes, and that's what's been good for b-t-s."

Going forward, Sparks is optimistic that Bradlees' strong b-t-s business would easily merge with its regular fall business and continue to be strong for the rest of the season.

"Already we've had some early indication that basic fleece is selling, and nylon is hotter than a pistol in every classification — wind suits, jackets, shirts and pants," he said.

"I think my men's business is going to be very good for fall," Sparks added. "Some of the strategies that Bradlees has been working on are working. The stores look better, the product is more focused, we've upgraded and the quality is better. All the things that we've been trying to do are really coming together."

Earnings at Syms Rebound 94 Percent in First Quarter

NEW YORK — Aided by higher margins and cost controls, Syms Corp. reported earnings surged 94 percent in the first quarter ended June 1 excluding a year-ago store closing charge.

The 40-unit off-pricer, based in Secaucus, N.J., earned \$3.4 million, or 19 cents a share, up from \$1.7 million, or 10 cents, before the charge the previous year.

The charge of a \$1.2 million provision for the costs of stores reduced the year-ago net to \$1 million, or 6 cents.

Sales rose 5.2 percent to \$83.4 million from \$79.2 million.

Sy Syms, chairman, said sales increased across all geographic regions and gross margins increased more than two full percentage points versus the previous year.

Selling, general, administrative and occupancy costs decreased as a percentage of net sales. The company said it has been continuing its efforts to reduce expenses.

According to Syms, the company is well positioned for the fall opening of a second store in Manhattan, at Park Avenue and 54th Street, and the expansion of a store in Falls Church, Va.

Yes Clothing's Loss Deepens To \$3.3M For Fourth Period

LOS ANGELES — Yes Clothing Co., which has been struggling for several years with a liquidity crisis, widened its loss in the fourth quarter to \$3.3 million from \$2.6 million.

The junior apparel manufacturer, which has not made a profit since 1991, had slim sales of \$1.28 million, down from \$5.1 million a year earlier. In the year, Yes lost \$7.8 million on sales of \$4.6 million, which compares with a loss of \$4.7 million on sales of \$28.6 million a year earlier.

In early June, Georges Mar-

ciano, former chief executive officer and designer at Guess Inc., sold most of his majority stake in Yes Clothing to Guy Anthome, a director and former president, for \$35,000, after investing \$10 million trying to turn around the operation.

Marciano, who said he will pursue other interests, recently transferred licenses for Georges Marciano Surf and Misfits labels from Yes back to his own Georges Marciano Design Studio, based in Beverly Hills. Anthome is expected to steer Yes in a new merchandising direction.

Magistrate Refuses Bid to Block Sales of Disputed Cashmere Coats

NEW YORK — A U.S. Magistrate in Boston last week denied a request that manufacturers and retailers charged in a civil suit with selling mislabeled cashmere coats be enjoined from selling the coats because conflicting lab results would make the charges difficult to prove.

As a result, the coats, made by Harve Benard and George Weintraub & Sons, will be allowed to hit the shelves this month.

The Boston-based Cashmere and Camel Hair Manufacturers Institute filed suit in Boston Federal Court on Jan. 24 charging the manufacturers with producing coats that overstated their cashmere content.

The suit also charged Saks

Fifth Avenue, May Co. and Filene's Basement with selling the mislabeled coats and sought to stop their sale.

The Cashmere Institute, in a statement, said that although it failed to win the injunction, it did force the coats to be relabeled as containing 10 percent "recycled" cashmere.

A spokesman for Harve Benard said the company "will continue to oppose the suit vigorously in court."

He added, "The company is eager to move to a full trial on the merits as soon as possible so that it can reveal the true intentions of the CCMI and resolve this matter once and for all."

Joan Krey, general counsel to

Saks, said the magistrate's recommendation found that Saks had never sold mislabeled coats. She said Saks has not yet determined whether it will sell the garments in question, adding, "We are sure Harve Benard will comply with any labeling requirements."

"We're pleased with the decision, because the judge said all the defendants acted in good faith and emphasized that the dispute is only about conflicting test procedures used by various testing laboratories," Krey said.

Officials at George Weintraub & Sons, May Co. and Filene's Basement could not be reached for comment.

— Rich Wilner

Charming Shoppes' Same-Store Sales Rise 12%

NEW YORK — Posting its third consecutive month of strong same-store sales, specialty retailer Charming Shoppes Inc. said June same-store sales rose 12 percent.

Charming reported same-store sales gains of 8 percent and 10 percent in April and May, respectively.

In a statement issued Monday, the 1,192-unit specialty chain said total sales in June inched ahead 1.3 percent to \$107.9 million from \$106.5 million.

Most major retailers will report June sales Thursday, but a few companies issued sales statements early this month.

Charming noted its year-to-date same-store sales were up 6 percent.

Total sales, however, slipped 2 percent to \$434.4 million from \$443.4 million.

Based in Bensalem, Pa., Charming Shoppes operates Fashion Bug and Fashion Bug Plus stores in 46 states. It has closed 224 units over the past year.

Family Bargain Corp. said Monday that June same-store sales increased 7.3 percent.

Total sales surged 49 percent to \$22.6 million from \$15.1 million, which the company said reflected last November's acquisition of Factory 2-U.

For the year to date, same-store sales were up 10 percent. Total sales were up 59 percent to \$89.9 million from \$56.4 million.

The company operates 138 Family Bargain Center and Factory 2-U off-price stores.

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Proffitt's Reaches Deal To Acquire Parisian

Parisian CEO Hess to remain

NEW YORK — Proffitt's is swallowing up yet another regional department store chain.

In a move that would create a \$2 billion retailing powerhouse, Proffitt's Inc. is acquiring Parisian Inc.

Proffitt's said it will pay \$110 million in cash and about 2.9 million shares of Proffitt's stock for the 38-unit chain, in a deal valued at \$210 million at the current price of Proffitt's stock. Proffitt's will also assume \$243 million in Parisian debt.

In the transaction, expected to be completed by the end of October, outstanding options to purchase shares of Parisian common stock will be converted into options to purchase 406,000 shares of Proffitt's common stock.

The news came out after the close of the market Monday when Proffitt's stock rose 3/8 to 34 1/2 in over-the-counter trading.

The boards of both Proffitt's and Parisian approved the deal unanimously, but the deal is still subject to approval of Parisian shareholders.

Donald E. Hess, president and CEO of Parisian, will continue in his post for the Parisian division and his family will have "a substantial equity interest" in Proffitt's.

Privately held Parisian operates stores in Alabama, Florida, Georgia, Indiana, Michigan, Ohio, South Carolina and Tennessee.

According to its 10-K report for the year ended Feb. 3, 1996, filed with the Securities and Exchange Commission, Parisian earned \$8.8 million against a loss \$5.5 million a year earlier. Parisian files financial information with the SEC because it has \$125 million in 9.875 percent senior notes outstanding.

For the latest 12 months ended May 4, Parisian sales totaled \$674.5 million.

The Birmingham, Ala.-based retailer will be added to the list of operating divisions at Proffitt's, which has been hot on the acquisition trail over the past two years. In February, Proffitt's purchased Younkers Inc., and in March 1994, it bought McRae's Inc. In addition, Proffitt's acquired four department stores in Tennessee from Parks-Belk Co. in April 1995.

Proffitt's currently operates three divisions, which consist of 25 Proffitt's stores, 29 McRae's units and 49 Younkers locations. In the year ended May 4, before special items, Proffitt's earned \$39.6 million, or \$1.83 a share, on sales of \$1.34 billion.

After the Parisian acquisition, the company will operate 141 stores in 19 states.

"This transaction is a significant step in achieving our strategic growth plans and will enhance our competitive position in the consolidating department store industry," said R. Brad Martin, chairman and CEO of Proffitt's, in a statement.

He noted that "... the Parisian affiliation will afford Proffitt's an additional vehicle for growth similar to the roles which the Lord & Taylor and Bloomingdale's divisions play in the May Co. and Federated organizations."

Martin added that the company plans to expand Parisian's presence in new and existing markets. He also said the merger is expected to be additive to Proffitt's earnings upon the realization of the synergies between the two companies.

Hess, who will join the board at Proffitt's, noted that with its "superior performance standards and proven track record, Proffitt's is a perfect partner for Parisian."

Proffitt's is based in Knoxville, Tenn.

Name Lerew President Of Fred Meyer

NEW YORK — Curt Lerew 3d has been promoted to president and chief operating officer at Fred Meyer Inc.

Lerew, 48, succeeds Cy Green, who retired earlier this year after 48 years with Fred Meyer, including 24 years as president and chief operating officer. Lerew is only the fifth president the 162-unit company has had since it was founded in 1922.

Lerew joined the Portland, Ore.-based Fred Meyer in October 1991 as senior vice-president of the Food Group. In early 1996, he was promoted to executive vice-president of sales and operations.

Kmart Corp. Closing 3 Singapore Units

NEW YORK — The latest casualty in the unpredictable Far East market is Kmart Corp., which is closing its three Singapore units.

The move comes as a result of a decision by the Troy, Mich.-based retailer and its Far East partner, Metro Private Ltd., to terminate their three-year-old joint-venture agreement to operate Kmart stores in the Asian island nation. Kmart is the majority shareholder with a 50.1 percent equity in the joint-venture company, Kmart Metro Private Limited.

"The Singapore joint venture does not offer profit potential, nor does it fit with our strategy of focusing on our core operations in the United States, North America and South America," said Floyd Hall, Kmart chairman, president and CEO.

"We are still determining how we are going to unwind those stores," a Kmart spokeswoman said, adding that the stores could not be closed immediately due to several unspecified issues with the owners of the land on which the stores were built.

J.H. Baireuther Joins Bon-Ton

NEW YORK — James H. Baireuther has joined Bon-Ton Stores Inc. as senior vice-president and chief financial officer. He succeeds Carlos Alberini who left 14 months ago to join Melville Corp.

In his new post, Baireuther will report to Michael L. Gleim, vice-chairman and chief operating officer.

Most recently, Baireuther served as senior vice-president and CFO at DAC Vision, a Garland, Texas-based manufacturer of optical supplies.

From 1989 to 1993, Baireuther was executive vice-president and CFO of Eye Care Centers of America, a retail optical superstore chain owned by Sears. Baireuther has also held positions at Sears, Roebuck & Co., primarily involving mergers, acquisitions and financial management.

Neiman Marcus Group Sales Rise 6.8 Percent in June

NEW YORK (FNS) — The Neiman Marcus Group Inc., continuing its string of robust sales months, reported same-store sales jumped ahead 6.8 percent in the five weeks ended June 29.

Same-store sales for the upscale retailer, based in Chestnut Hill, Mass., increased 16.4 percent in February, 6.7 percent in March, 6.3 percent in April and 6.4 percent in May.

The June gain was led by a high-single-digit same-store increase at Neiman Marcus Stores, according to an NMG spokesman.

Bergdorf Goodman Men registered a high-single-digit same-store sales gain while sales at the overall Bergdorf chain rose in the mid-single digits.

Overall sales in June for the company rose 11.6 percent to \$180 million from \$161.3 million.

The NMG spokesman said NM Direct catalog's sales were off slightly, but were generally in line with plan.

Sales in the 48 weeks ended June 29 rose 8.8 percent to \$1.93 billion from \$1.77 billion, with same-store sales up 5.6 percent.

June Sales Dip at Rose's, Venture While S&K's Sales Rise Slightly

NEW YORK (FNS) — June was a tough month for Rose's Stores and Venture but S&K Famous Brands bucked the trend by posting same-store sales increases.

S&K, based in Richmond, Va., reported same-store sales nudged up 2 percent in the month. Overall sales for the men's wear retailer rose 7 percent to \$11.6 million from \$10.9 million.

In the 22-week year-to-date period, same-store sales rose 4 percent, with total sales ahead 10 percent to \$53.5 million from \$48.5 million.

"Our sales in May and June show the positive results apparent in recent months, and we are gratified with the continued upward trends, particularly in suits," said Stuart C. Siegel, chairman and CEO. S&K's sales climbed 9 percent in May.

S&K operates 188 stores in 27 states.

Rose's Stores Inc. said June same-store sales dipped 0.2 percent and total sales slipped 1.2 percent to \$49.9 million.

For the 22-week year-to-date period, same-store sales were down 2.4 percent. Total sales fell 3.4 percent to \$268.4 million.

Rose's operates 105 discount

stores in ten Southeastern states.

Venture Stores Inc. reported June same-store sales slumped 26 percent, reflecting the retailer's transition from a discounter to a family-apparel chain.

Total sales for the month declined 30.3 percent to \$124.1 million.

For the 22-week year-to-date period, same-store sales fell 20.9 percent, while total sales decreased 23.7 percent to \$581.3 million.

"We are pleased with our continued margin performance and we have new initiatives in place for fall to promote sales of high-margin business categories, such as children's apparel, and other items," Robert N. Wildrick, chairman, noted.

Increased volume from these areas is planned to partially offset when Venture exited lower-margin categories as part of its repositioning strategy.

As previously reported, Venture recently closed on a \$225 million secured revolving line of credit from BankAmerica Business Credit that will provide additional liquidity to support future sales-growth strategies.

Venture, based in O'Fallon, Mo., operates 107 stores in nine states.

Blue Bird Fabrics Files Chap. 11

NEW YORK (FNS) — Blue Bird Fabrics Corp., a 70-year-old manufacturer of dyed-yarn products for the neckwear, dress and upholstery industries, has filed for Chapter 11 protection here, citing a weak neckwear business.

Blue Bird's bankruptcy petition listed liabilities of \$1.64 million, including \$1.2 million unsecured debt, and assets of \$1.62 million.

The company, at 31 East 32d St., blamed an "unprecedented slump in the U.S. neckwear market" and overall higher costs for its financial problems. Blue Bird noted, however, that it has recently seen a upturn in its neckwear business.

The case is assigned to Bankruptcy Judge Prudence Abram.

OBITUARIES

Armand Brunswick, Founding Partner of Textile Import Corp.

NEW YORK — Services were held Friday in North Lauderdale, Fla., for Armand Brunswick, 78, one of the founding partners of Textile Import Corp. and its women's wear division, Chantal Fabrics.

Brunswick died July 2 in Tamarack, Fla.

• He founded the company in 1958 together with Sidney Altholz,

Herman Hess and Jacques Artel. Working in both fabric design and sales, he traveled extensively to visit overseas mills. Textile Import Corp. was one of the first companies to import worsteds from South America and also a prominent early importer of Harris Tweeds.

Early in his career he was with the former Morell International Textiles. He retired in 1980.

Brunswick is survived by his wife Gloria, daughter Debra and two grandchildren.

Textile Import Corporation

mourns the passing of

ARMAND BRUNSWICK

one of the founders of our company

Cole Licenses Hartmarx For Two Clothing Lines

Will be under Hart's Novapparel unit

NEW YORK — Kenneth Cole Productions Inc. has signed a long-term licensing agreement with Hartmarx Corp. to produce two tailored clothing lines under the Cole label, according to Kenneth Cole, president and CEO.

This confirms a previous report (DNR, Oct. 1, Page 2).

As explained by Homi Patel, president and CEO of the Chicago-based clothing manufacturer, an agreement has been signed under which the company's Novapparel division will produce and market two collections of tailored clothing. The first, with the Kenneth Cole label, will be targeted to better specialty stores. The lower-priced line, Kenneth Cole New York, will be sold to department



Homi Patel, Hartmarx CEO

Industries for men's small leather goods and luggage, and Clearvision for optical.

dress slacks and topcoats. A full-line launch is planned for spring '98 with a limited introductory line to a small, exclusive group of stores slated for fall '97.

Patel told DNR that the two lines will be made in various Hartmarx manufacturing facilities. Suits in the Kenneth Cole collection will have an out-the-door price of \$400, and in the Kenneth Cole New York line, an OTD price of \$300.

Kenneth Cole Productions, manufacturers of shoes and accessories, licenses its label to Consolidated Apparel Group for cloth outerwear, B. Robinson Optical for sunglasses, FOB Trading for belts, Heritage

—STANGELLERS

Seegal Leaving Calvin's CK Division To Join Liz Claiborne as President

NEW YORK — Denise Seegal, president of Calvin Klein's CK men's and women's businesses, will join Liz Claiborne Inc. as president.

A Calvin Klein spokesman said, "We have no comment at this time" on a successor.

At Claiborne, Seegal will assume the title currently held by Paul Charron, who remains chairman and CEO of the \$2.1 billion apparel giant. Charron added the chairman title in May following the retirement of Jerome A. Chazen.

No start date for Seegal has been set. A Liz Claiborne spokeswoman said Seegal will report to Charron and work with him on the day-to-day management of the business.

Asked if Seegal will be responsible for Claiborne, its \$113-million men's sportswear division, Charron said through the spokeswoman that "there are no immediate plans." At present, Jay Friedman, Claiborne president, reports to Charron.

Seegal will have "direct oper-

ating unit responsibility," but specific divisions she will oversee are currently under discussion, the spokeswoman added.

Charron was not available for further comment Wednesday.

Seegal joined CK Calvin Klein in January 1995 to run the combined men's and women's bridge business and build CK into a worldwide brand. Before joining Calvin Klein, Seegal was president of DKNY for six years. Prior to that, she was executive vice-president of Ralph Lauren Womenswear for over five years.

The Claiborne men's business continues to be a strong growth area for the company. In 1995, men's wear sales rose 11.2 percent and accounted for 5.4 percent of the Liz Claiborne total. Overall, the company is enjoying a turnaround, posting six solid quarters in a row.

Syms Profits Nearly Double To \$1.4M in Second Period

NEW YORK (FNS) — Aided by improved gross margins, Syms Corp. Inc. reported second-quarter earnings almost doubled to \$1.4 million, or 8 cents a share, from \$740,000, or 4 cents, a year ago.

Sales for the three months ended

Aug. 31 were up 3.2 percent to \$75.2 million from \$72.8 million. Same-store sales were up 1.3 percent.

Sales increased across most geographic regions, Sy Syms, chairman, noted in a statement. Gross margins for the quarter increased to 36 percent of sales from 34.78 percent a year ago, a company spokesman said.

For the six months, Syms earned \$4.8 million, or 27 cents, compared to \$1.8 million, or 10 cents, after a \$1.2 million charge for closing the location in Sterling Heights, Mich.

Sales rose 4.2 percent to \$158.5 million from \$152.1 million. Same-store sales jumped 12.8 percent. Gross margins slipped to 34 percent of sales from 35.7 percent in 1995, the spokesman said.



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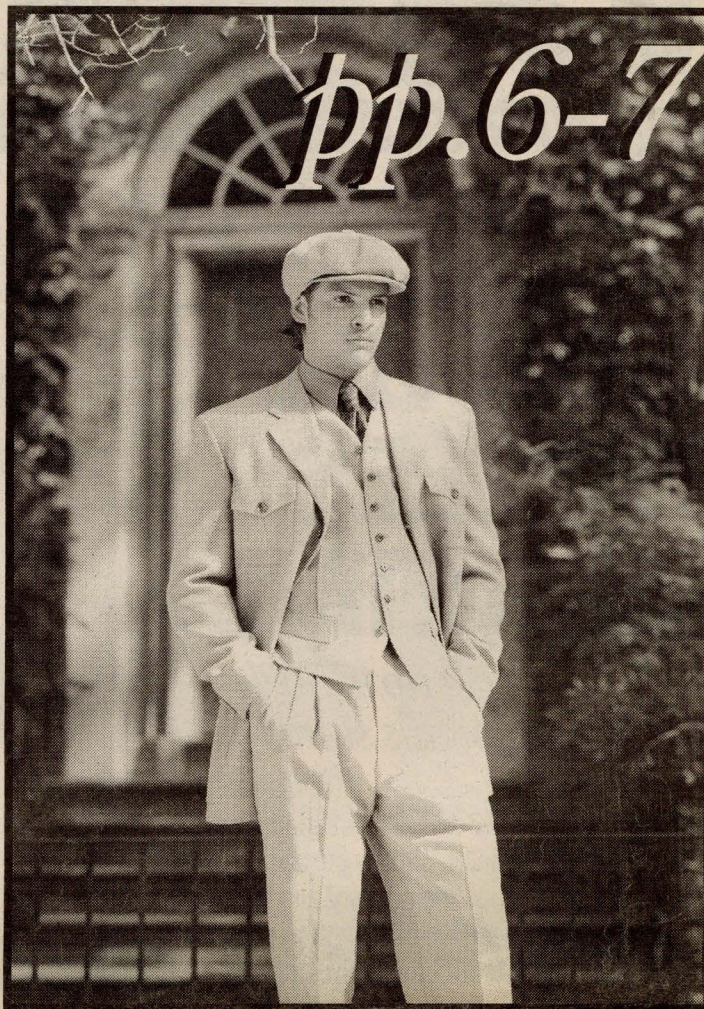


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TDA Weathering Tough Times

ABSECON, N.J. — The rainy weather that moved in on the Jersey Shore last Wednesday was nothing compared to the storm clouds gathered about the domestic converting business as the Textile Distributors Association kicked off its annual meeting at the Marriott Seaview Resort here.

Faced with increasing price pressures from retailers and manufacturers — which have held down margins — cutthroat competition from overseas suppliers, and a lack of consumer spending, converters find themselves in the fight of their lives. In the last six months, some of the most recognizable names in the industry — Concord, Cranston, Marcus Bros. — have closed parts of their apparel fabrics operations, while others, such as Omega, have left the business altogether.

The meeting concluded its three-day run Friday.

Searching for a ray of sunlight in the gloom, outgoing TDA president James Marion, president of Bloomsburg Mills, told the group, "I was taught that problems are opportunities in disguise. If that's true, then the textile industry has a tremendous number of opportunities."

To ruminate on the past year and assess the skills needed for survival, the TDA heard from a panel that included John Adams, chief executive officer of Russell Corp.; Paul Charron, chairman, president and ceo of Liz Claiborne Inc., and Sy Syms, chairman and ceo of Syms Corp.

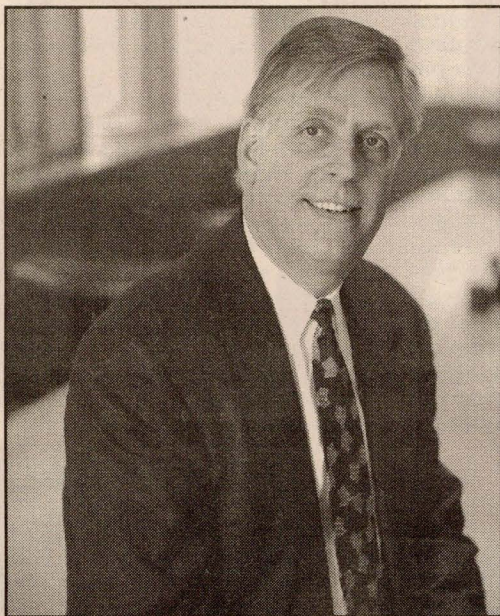
The executives acknowledged that the landscape of the textile, apparel, and retail industries has changed for good but that opportunities for growth exist if companies recognize this metamorphosis, sharply focus their strategic goals and quickly implement change to keep pace with evolving markets.

"We live in a global environment and must become competitive on a global basis," said Adams. "After all, 90 percent of consumers live outside of the U.S."

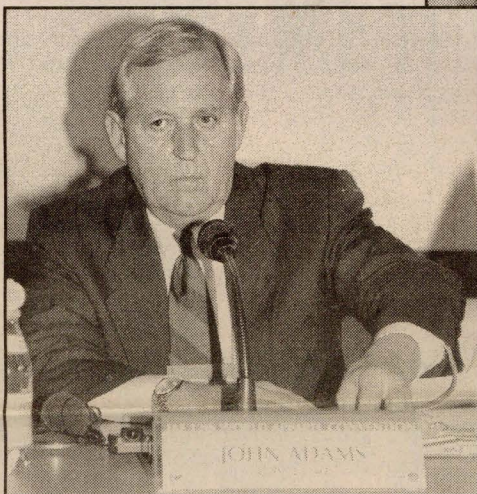
Adams said Russell expects its sales to reach \$1.25 billion in 1996, up from \$1.15 billion in 1995, which he said was "not a good year" for the textile and apparel producer.

Technology, Adams observed, is a critical component to any company's daily operations. "We [Russell] are going to direct ourselves to making an aggressive commitment to technology," he said. Russell has spent an average of \$90 million in each of the last 10 years in capital expenditures for new technology and has earmarked \$167 million toward that end in 1996. "Our success and the success of our industry depends on this commitment. The technology curve needs to be studied every day, and very carefully."

Beyond infrastructure, Adams said, executives need



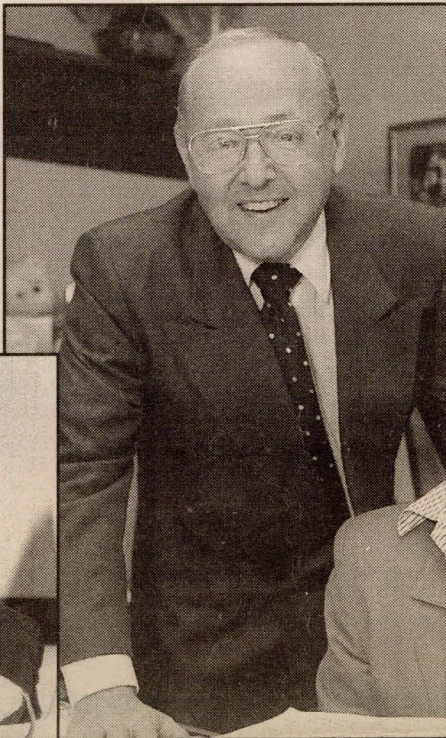
Paul Charron



John Adams

to take a hard look at the way they consider their customers and the manner in which business is conducted. "Customers demand service; they have to be satisfied," he said. "That means there must be an emphasis on quality, service, brand recognition, and service."

"We are not a sunset industry. The U.S. is still among the top 10 textile exporting countries in the world, but the problem is that our



Sy Syms

image is not keeping up with the image of a high tech industry, although we are. We must all work to improve our

image, so we can attract talented employees, be able to raise capital and stimulate creativity, innovation and vitality."

Adams said relationships between industry partners also bear improving: "Cost-containment in everything we do is critical to our survival, but continually beating suppliers down over price is penny-wise, pound-foolish. Care must be taken to protect the supplier relationship, or it can destroy the traditional business partnership. The enemy cannot be us."

Charron agreed, saying that textile and apparel companies have to get back to basics: "[They are in] business and have to be run as a business. If we make decisions objectively and dispassionately, we will be successful."

Charron is riding the momentum of the turnaround he has helped engineer at Liz Claiborne but, like the textile executives, is facing tough competition from megabrands Ralph Lauren and Tommy Hilfiger, which are introducing women's lines for fall in Claiborne's better-price range.

"We haven't received a lot of paper for our holiday line, but we expect double-digit sales increases across

the board in 1996," he said, adding that he was "comfortable" with second-quarter earnings estimates of 27 to 28 cents a share. "We welcome the new challenge; it will make us all sharper."

Claiborne is also making the acquisition of new technology a priority, and is expanding its floor replenishment program, which tracks point-of-sale data from 600 stores. "We are in the process of identifying key raw material suppliers who can receive EDI point-of-sale data," he said. "Those who invest in EDI can profit handsomely." The program currently tracks T-shirts, shorts, men's Essential trousers and five-pocket jeans.

The focus on systems and services has helped Claiborne reduce its selling, general and administrative expenses by 47 percent since January 1995, Charron said, explaining: "We are eliminating costs which do not add value for which the consumer is willing to pay."

Charron said a growing shift of apparel manufacturing to the Western hemisphere will also mean a shift to more local suppliers. "We anticipate a greater reliance on U.S. piece goods because of the increase in 807 and 807A units," he said, noting that Claiborne has pared its manufacturing from 596 factories in 38 countries to 240 factories in 30 countries. "There's a greater migration [of manufacturing] from the Far East to the Americas, and more has to be done."

But, he warns, textile suppliers must accommodate the change: "We believe that newness and novelty will drive apparel consumption in the coming year, and half of Liz Claiborne's volume currently utilizes novelty goods. Domestic mills concentrate on long runs of basic goods and leave the exotics to smaller overseas producers. It's time for them to look at the more exotic fabrications."

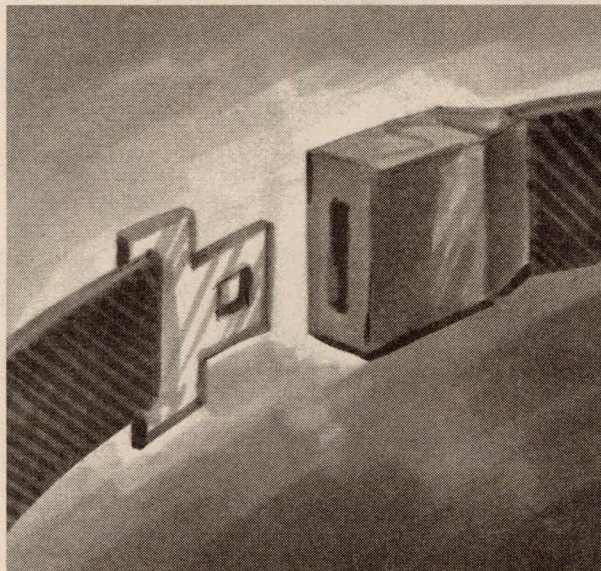
Questioned afterward, Charron said that Claiborne, pressured by retailers for low prices, has no choice but to apply the same pressures on its suppliers. "I get retailers who don't want to talk about product or programs; they want to know where's the check," he said, referring to markdown money. "We get ying and yanged by stores, and that's wrong." As to what textile suppliers can do about these pass-backs, he said, "I don't know."

Syms, who pioneered off-price apparel retailing, observed that his store is now a mainstream retailer, adding, "If we closed all of our stores right now, the consumer would probably find a new place to shop in about an hour."

Years ago, Syms noted, apparel makers used his store to dispose of closeouts and overstocks. Today, he said, "things have been turned upside down." He said, "With all the outlet stores, manufacturers are making more goods than ever before to keep those stores filled."

The serious tenor of the meeting was tempered by the annual musical, where the TDA satirized both itself and the industry. Dubbed "The Silence of the Cams," the production included a tribute to chargebacks entitled "They Won't Pay," sung to the tune of "Night and Day"; a lament on downsizing, "The Résumé Song," from the Beatles' "You Won't See Me"; a fond recollection of the annual gathering's days in the Poconos with "Tamiment Reminiscing," sung to "If I Loved You," and the protectionist-themed "Patriotic Buyer," sung to "Yankee Doodle Dandy: 'I'm a patriotic buyer/Buy American's my creed/I won't buy any goods from overseas/Unless it is something I need...'"

— Stuart Chirls



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