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Financial, 1997-2002, undated.

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INSIDE WALL STREET

ing at 11% on Dec. 16, is down from its high in late September of 14¹/₁₆.

At that price, "Syms's stock appears to be a greater bargain than its merchandise," says investment manager Mike Connor of C-B Partners, a New York hedge fund, who has been accumulating shares. He thinks that the stock, selling below its estimated book value of \$14 a share, is way undervalued. The stock is trading at a low price-earnings ratio of eight times estimated fiscal 1998 earnings of \$1.28, figures Connor. He thinks the stock is worth 18. And even at that price, the stock is trading at less than 15 times the 1998 earnings estimate, way below the S&P 500's 22 p-e.

The stock's appeal, says Connor, is enhanced by the company's practically debt-free balance sheet. What's more, in an industry characterized by volatile earnings, Syms hasn't experienced a single quarterly loss since 1959, notes Connor.

And there's another big plus: the possibility of a buyout. Connor recalls that, only two years ago, the Syms family, which already controls about 50% of the company's stock, tried unsuccessfully to acquire the entire organization in a leveraged buyout.

"With all that the company has going for it—and the consolidation in the industry—Syms's competitors might consider it an attractive takeover prospect," says Connor. He notes that no acquisition deal will be possible without the cooperation of founder and CEO Sy Syms, who is 71. "He has to be giving some thought to either selling out or merging with a larger company in order to grow more rapidly," speculates Connor. A Syms spokesman, however, says that the subject has never been discussed at the senior management level.

SUMMIT: RIPE FOR AN ASSAULT

Summit Bancorp (SUB) isn't a new name to investment pros scanning the banking universe for potential takeover candidates. Formerly known

as UJB Financial, Summit is the largest independent bank in the state of New Jersey. "It is also the most attractive bank on the East Coast: Several major banks have been looking to acquire it," says money manager Neil Eigen, managing partner at J&W Seligman, a 133-year-old investment firm that manages assets of \$20 billion.

Eigen was chief investment officer at Bear Stearns for seven years before joining Seligman back in January, 1997. The steady rise in Summit's stock price since June, when it was trading at 27, has been fueled partly by takeover whispers. Eigen thinks that the stock, now trading at 50, will soon wing up to 60. But he is convinced that Summit will fetch at least 65 in a buyout.

Eigen says that such major banking players as NationsBank, Banc One, and Citibank have been looking at Summit, but he says he has no inside knowledge of any talks between Summit and potential suitors.

He thinks that, based on the price paid by First Union when it acquired CoreStates Financial—five times book value—Summit is "a more appealing buy" at 65. Summit's book value is estimated at \$15 a share. "If it gets an offer of 65, equivalent to 23 times estimated 1998 earnings of \$2.80 a share, Summit's gone," predicts Eigen. It is "only a question of when" Summit, which has assets of \$29 billion, will be acquired, he says. It currently operates 450 branch offices in New Jersey and eastern Pennsylvania, plus 600 automated teller machines.

Says Sean Ryan, a banking analyst at Bear Stearns: "Summit represents the last, best hope for any super-regional bank that hopes to compete" in the East.

EYEING A GLOBAL DRUG CONNECTION

Investors' long-held skepticism about ICN Pharmaceuticals' (ICN) overseas operations seems to be finally waning:

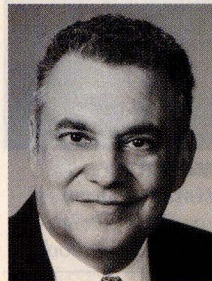
Its stock has been on the rise since mid-June, when it was at 22 a share. It's now at 50.

"A lot of investors have taken a hard second look at ICN, its array of medical products, and its ties with strategic partners—Hoffman-La Roche and Schering-Plough," says investment pro Allan Roness, who is high on ICN. The company's products and relationships with these two major drugmakers are finally paying off, adds Roness, director of research at investment firm J.W. Charles.

In early December, Schering-Plough filed for Food & Drug Administration approval to market in the U.S. a treatment for hepatitis-C that includes its drug Intron A and ICN's Rebetol. Studies have shown, says Roness, that the combination has helped patients who are prone to suffer relapses after being treated. Intron A is a more effective therapy when it is combined with ICN's Rebetol against hepatitis C virus, according to the studies, he says. Worldwide sales of Intron A in 1996 totaled \$524 million.

Roness says that if the FDA approves the combined drug, it would add approximately \$2 a share to ICN's earnings in about a year. Without the combined drug, Roness expects the company will earn \$3.20 a share in 1998, up from an estimated \$2.83 this year. Based on

its strong relationships with its two partners and on the potential of its products, Roness thinks the stock is worth 75.



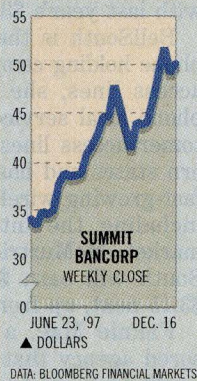
RONESS: Many though that CEO Milan Panic was "unpredictable"

For years, the Street has ignored ICN, in part because of the risks associated with its vast operations overseas and its controversial founder and

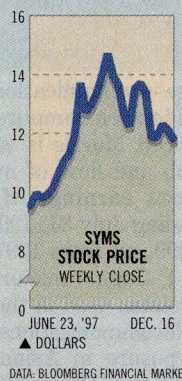
CEO, Milan Panic, who served at one time as Prime Minister of Yugoslavia. "He was deemed to be unpredictable," says Roness. ICN makes over-the-counter and prescription drugs—including medicines for viral and bacterial infections, diabetes, and skin and cardiovascular diseases—which are marketed in 60 countries.

One more thing: Roness believes ICN is an attractive acquisition candidate. He says Schering-Plough's licensing agreement with ICN allows it to purchase up to \$42 million worth of ICN shares.

RUMORS HAVE FUELED A RISE



READY FOR ITS BEST CUSTOMER



INSIDE WALL STREET

BY GENÉ J. MARCIAL

'STEADY, MOM-AND-APPLE-PIE STOCKS'

With currency and economic developments in Asia keeping the stock market skittish, what's an investor to do? Carol McMurtrie, managing partner at investment firm Loomis Sayles, thinks that in these uncertain times, "boring is good." She is staying away from such "exciting" sectors as high-technology and switching a sizable chunk of the \$6 billion she manages into companies that offer few or no surprises—but whose balance sheets are healthy and whose earnings growth rates are predictable.

Among such "unexciting but dependable" companies that top her favored list: BankAmerica (BAC), BellSouth (BLS), and Fannie Mae (FNM), formerly known as the Federal National Mortgage Assn. "These are steady, mom-and-apple-pie stocks," she says, that hardly wavered during the market's recent bout of volatility.

BankAmerica, now trading at 77% a share, has stayed near its 1997 high of 81. BellSouth, currently at 56, has not strayed very far, either, from its high point for the year of 57%, and Fannie Mae, at 55, also has stuck close to its high of 56%.

McMurtrie thinks that they are way undervalued despite their relatively sturdy performance. "They should be trading at much higher prices—at least at a slight premium to the market's p-e ratio," she argues.

As a value investor, McMurtrie favors stocks that sport price-earnings ratios lower than that of the Standard & Poor's 500-stock index. She notes that while the S&P's p-e is 21 to 22, BankAmerica's multiple is a cool 15, BellSouth's 18, and Fannie Mae's 17.



McMURTRIE: In times of turmoil on Wall Street, "boring is good"

Yet their fundamentals are solid: "They all have sustainable earnings growth, operate in growing businesses, and are run by strong management," says McMurtrie.

At BankAmerica—the nation's third-largest bank holding company—the operating costs are growing at a slower rate than revenues, she notes. McMurtrie expects that the management will use its excess cash flow to repurchase more stock. She figures that BankAmerica will earn \$4.30 a share this year and \$5 in 1998, compared with last year's \$3.65.

BellSouth is the largest U.S. telephone holding company, based on 1996 access lines, she notes. It provides phone local service to 22 million customer access lines in nine Southeastern states and has expanded into the fast-growing wireless phone business, including the international cellular market. McMurtrie figures that BellSouth will earn \$2.85 this year and \$3.15 next, up from last year's \$2.88.

Fannie Mae, a government-sponsored agency that provides mortgage credit to home buyers, is expected to maintain its steady recent rate of growth, thanks to healthy long-term demand for housing, in addition to its access to low-cost funds. McMurtrie figures that Fannie Mae earnings will jump to \$3.15 a share next year, up from 1997's estimated earnings of \$2.80. It earned \$2.50 in 1996. "It's simply a moneymaker," she says.

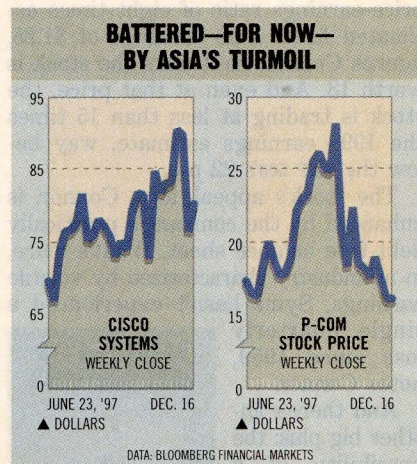
TECH STOCKS TO HANG ON TO

In July, global money manager Tim Morris did something that he's happy about now: He started slashing his holdings in international stocks, which have fallen from 30% of his portfolio to 15%. In their place, Morris, chief investment officer in the U.S. of Bessemer Trust, beefed up holdings in small-to-mid-cap domestic stocks—those that have market capitalizations between \$500 million and \$3 billion. But there was one thing Morris won't do even now: reduce the \$15 billion portfolio's exposure to high-technology stocks.

He hasn't lessened Bessemer's 16% stake in mid-cap technology stocks and the 13% of its holdings that are in large-cap high-tech issues. His current top two picks: Cisco Systems (CSCO) and P-Com (PCMS).

Both had been battered, along with

other high-techs, partly because of investor edginess over the Asian turmoil. Cisco, which hit a high of 90% on Dec. 1, plunged to 76 by Dec. 12. On Dec. 16, however, it was back up to more than 80. Morris thinks that the stock will reach 100 in the next 12 months. Investors had been nervous about the rising level of inventories at Cisco, which is a maker of routers and switches that connect and man-



age communications among local and wide-area computer networks.

But Morris is comfortable with the ebb and flow of inventories. He forecasts earnings of \$2.61 in the year ending July 31, 1998, and \$3.30 in fiscal 1999, up from 1997's \$2.05.

P-Com, a maker of microwave radio systems used in the worldwide wireless telecommunications market, has limited exposure in Asian markets, where it sells only 5% to 10% of its products. Its core customers are in Europe: Bosch Telecom, 14% of sales; L. M. Ericsson, 14%; and Itatel, 10%. And P-Com has good prospects in Latin America, says Morris. He expects P-Com to earn 47¢ a share this year and 70¢ next year. "Worldwide demand is excellent," he says. Morris figures that the stock, now at 16, could work its way back to its 52-week high of 29.

A MARKDOWN ON SYMS?

A discount store on Park Avenue? That's what Syms (SYM), the off-price clothing retailer, has put up in fashionable midtown Manhattan. A 3.6% jump in six-month revenues through Aug. 30 reflects upbeat sales at the Park Avenue store. Even so, the Street isn't impressed: The stock, trad-

PHOTOGRAPH BY FRANK FROST; CHARTS BY ERIC HOFFMAN/VIEW

Sym's Net Up 81% in Period

NEW YORK — Propelled by higher gross margins, fourth-quarter profits at Syms Corp. surged 81 percent to \$5.6 million, or 32 cents a share, from \$3.1 million, or 17 cents, after charges, a year ago.

The charges of \$1.2 million stemmed from the closing of a unit in Sterling, Mich.

Sales at the 40-store, Secaucus, N.J.-based off-pricer for the quarter ended March 1 fell 3.1 percent to \$92.1 million from \$95.2 million.

For the year, earnings rocketed 84 percent to \$19.1 million, or \$1.08 a share, from \$10.4 million, or 59 cents, after the charge.

Sales grew 3.6 percent, totaling \$346.8 million against \$334.7 million. Same-store sales dipped 0.2 percent.

Family Dollar Names Howard Levine President and Chief Executive Officer

NEW YORK — Family Dollar Stores has named Howard R. Levine president, chief operating officer and a director.

The appointment, said observers, is a result of merchandising improvements Levine has made at the chain of 2,600 neighborhood discount stores.

In announcing the move Monday, Family Dollar said Levine, who had been senior vice president of merchandising and advertising, succeeds John D. Reier, who has resigned "to pursue other endeavors."

"It was long understood that John Reier's contract would expire in August 1997, and many of us expected this appoint-

ment to occur if Howard delivered improvements in merchandising," said Thomas Tashjian, retail analyst at Montgomery Securities.

"Howard has done an excellent job in upgrading merchandising, and he has also brought in several merchants," noted Tashjian, who initiated coverage of the discounter last December with a "buy" rating. "John Reier had done a very good job positioning Family Dollar as an everyday low-pricer, and I would expect him to take an excellent position elsewhere."

The analyst added that Levine rejoined Family Dollar 13 months ago with a "personal

mandate to grow the business." Levine holds about 3 million shares of the retailer's stock, about a 5 percent stake, which should provide him with ample incentive, Tashjian observed.

Family Dollar, based in the Charlotte suburb of Matthews, N.C., posted an 11 percent sales increase to \$1.7 billion in 1996, but its profit growth has been sluggish over the past five years. Last year, earnings advanced 4.3 percent to \$60.6 million, or \$1.07 a share.

Tashjian estimated Family Dollar can boost earnings per share 16 to 18 percent over the next three years, assuming it achieves comparable-store sales growth of 4.5 percent and

expands footage by 7 percent. The analyst expects the chain's sharper pricing, larger consumables assortments and aggressive store remodeling plan to fuel comps. In 1996, the retailer refurbished about 18 percent of its store base.

Family Dollar aims to have 2,766 stores in operation by Aug. 31, the end of its current fiscal year.

It has stores in 38 states, but most are concentrated in the South.

The units range from 6,000 to 8,000 square feet, enabling the discounter to open in rural areas and small towns as well as urban markets.

— Valerie Seckler

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Men's Sales at Designer Holdings Off 7.7%

Overall earnings during first quarter were up 13.5%

NEW YORK — While overall first-quarter sales were up at Designer Holdings Ltd., volume in the men's division fell 7.7 percent to \$41.6 million from \$45 million a year ago.

Maurice Dickson, CFO of Designer Holdings, told DNR that the men's division's business fell due to the company's eliminating a lot of specialty stores from the Calvin Klein Jeanswear distribution roster. Most of that was men's wear business, he said.

With the help of 3 cents a share in reimbursed expenses from the collapsed licensing deal with Donna Karan International, first-quarter profits for Designer Holdings grew 13.5 percent to \$7.4 million, or 23 cents a share. Excluding the \$1.76 million, or 3-cent non-recurring item, earnings-per-share came in 1 cent better than average Wall Street estimates of 19 cents. In the year-ago quarter, Designer Holdings earned \$6.6 million, or 27 cents, on fewer shares.

In addition to the fees returned from Donna Karan, the company benefited from significantly lower interest expense in the latest quarter. Interest expenses declined to \$778,000 in the quarter from \$4.5 million a year ago.

Revenues in the quarter ended March 31 rose 6.9 percent to \$122.5 million from \$114.6 million. Sales of women's and petites gained 12.9 percent to \$29.3 million from \$26 million. Juniors' edged up 2.4 percent to \$42.4 million from \$41.4 million. Sales of each division, including men's wear, exclude \$1.33 million in sales to Calvin Klein Outlet stores.

Royalties shot up to \$1.8 million from \$642,000 a year ago. Gross margins improved slightly to 38.3 percent of sales from 38.2 percent a year ago, but selling, general and administrative expenses jumped to 27.4 percent of sales from 23.7 percent.

Syms Net Jumps in Quarter, Year

SECAUCUS, N.J. — Syms Corp.'s fourth-quarter earnings rose to \$5.6 million, or 32 cents a share, from \$3.1 million, or 17 cents, a year ago, after \$1.2 million in charges for closing a store in Sterling Heights, Mich. Sales for the three months ended March 1 rose 3.1 percent to \$92.1 million, from \$89.2 million.

For the year, earnings rose to \$19.1 million, or \$1.08, from \$10.4 million, or 59 cents, after the charge. Sales increased 3.6 percent to \$346.8 million from \$334.7 million. Same-store sales dipped 0.2 percent.

Sy Syms, chairman, said in a statement that gross margins for the year increased to 38.5 percent from 35 percent, "due to higher levels of opportunistic and in-season purchases, which created better value for the consumer and lower markdowns for the company." Syms operates 40 off-price apparel stores.



Sy Syms

George Porter, Levi's USA President, Retiring

Executive, 50, has been with the company for 23 years

George Porter, 50, the president of Levi's USA since 1993, said Tuesday that he will take advantage of an early retirement option, leaving the company later this year after 23 years.

Porter's resignation comes at a time when several hundred employees who meet certain age and tenure requirements are being offered early retirement. Levi's announced Feb. 20 that it would cut 20 percent of its salaried work force, or approximately 1,000 jobs, as part of a corporate cost-saving measure.

No successor has been named. Porter started his career at Levi Strauss in sales in 1974 and became general manager of Levi's brand for men in 1982. From 1984 to '91, he was president of U.S. Shirts Division, Levi Strauss & Co. He was named president of men's jeans in 1991, essentially the same post he occupied when he earned the title president of Levi's USA in 1993.

Porter is a partner in a winery in Napa Valley, Calif., and said through a spokesperson that he is interested in opportunities outside the company.

Hollywood Fashions to Take Spotlight in October

CaliforniaMart, MGM Studios in deal to promote apparel

BY MICHAEL MARLOW

LOS ANGELES — The fashion industry here is going Hollywood.

Officials at CaliforniaMart have signed a deal with MGM Studios that will promote California fashion and Hollywood together for the first time during October's spring apparel markets.

MGM has signed on to sponsor the Mart's fashion weeks and California designer-of-the-year events. Although many of the Mart's events — including the designer-of-the-year gala — are focused on women's fashion, it does hold a men's apparel market at the same time.

CaliforniaMart officials are planning to announce the deal with MGM this week. Corky Newman, president and CEO of CaliforniaMart, told DNR the studio would promote its new television series, *Fame L.A.*, during October's fashion festivities. Casting for the new show, based on the original *Fame* but moved from New York to Los Angeles, is currently under way in Hollywood, and

CaliforniaMart



the final actors chosen will be revealed during June launch parties for October fashion events, Newman said.

"It's our attempt to hold hands with Hollywood," he said. "It brings in celebrities and the entertainment press, which we don't normally get."

The deal comes after a long effort by Newman and Mart officials to strengthen ties to Hollywood. In the past, the Mart has gotten celebrities to its fashion events, but this is the first time the Mart has gotten an entire studio involved. Newman said the deal is just the beginning of what he hoped would be a new era in relations between Hollywood and the California fashion industry. "Really the two industries have an

awful lot in common," Newman said. "The entertainment industry didn't even know there was a fashion industry in town. There's a big story to tell in California."

Mossimo Giannulli, the Orange County-based designer, who has lots of Hollywood connections, said the deal was a move in the right direction. "Hollywood and fashion are a perfect combination," Giannulli said. "To a certain extent this connection already exists."

Joe Dolce Leaves Details

Joe Dolce, who has been editor-in-chief of *Details* since November 1994, has left the magazine. Sources inside the company said that Dolce caught wind that he was going to be asked to leave, following the resignation last week of Bill Mullen, *Details'* creative director. Instead, Dolce resigned on Tuesday morning, according to Steven Florio, president and CEO of Conde Nast, *Details'* parent. "That was a tough conversation I had to have this morning," Florio said on Tuesday. "He'll go on to be an editor someplace and do a fine job." Florio added that he hopes to name a successor within the next 10 days. Once the new editor is named, the magazine will also fill the fashion director position, which has been vacant since Terence McFarland left the magazine in February.

—STAN WILLIAMS

Raffinati Agrees to Buy After Six Mark

NEW YORK — Raffinati has reached an agreement in bankruptcy court to buy the After Six trademark for \$2.5 million. After Six Ltd., which has been in bankruptcy proceedings since September, put its After Six trademark on the selling block in January. The sale to Raffinati, which makes formalwear under the Raffinati and Oscar de la Renta names, is still subject to higher bids as part of After Six's bankruptcy reorganization.

Charles S. Ezrine, After Six's CEO, said other unidentified firms have made bids for the trademark, but only Raffinati's proposal was accepted. The bidding process for the After Six name should be completed over the next 45 to 60 days, he said. After Six's assets have been sold, though the company still has "a lot of receivables," Ezrine said.

—THOMAS J. RYAN

ON THE COVER

Denim jeans and leather peacoat by CK CALVIN KLEIN JEANS. Cotton denim shirt by WRANGLER. Photo by THOMAS IANNACCONE. Grooming by CARL INCERTO. Model: QUETZAL (Ford).

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- NOVEMBER 10**
- Tencel Global Fabric Fair. Through Nov. 12. Courtaulds Fibers, 111 West 40th Street, NYC. Call (212) 944-7400.
 - The Source* magazine to host an all-day event to kick off its "Source Fashion Nation" tour: Howard University, Washington, D.C. 11 a.m. Call (516) 773-0911.
 - The International Center of Photography to host a benefit party and exhibition of old and new images from fashion and beauty photography. ICP Midtown, 1133 Avenue of the Americas, NYC. 6 p.m. By invitation. Call (212) 564-6367.

- NOVEMBER 11**
- Interstoff. Through Nov. 13. Frankfurt Fairgrounds, Germany. Call (770) 984-8016.
 - European Textile Selection. Through Nov. 13. Hotel Inter-Continental, 111 East 48th Street, NYC. Call (212) 980-1500.
 - Olfactory Research Fund to host the fourth annual "Night of Honors." Delegates Dining Room, United Nations, NYC. 6 p.m. By invitation. Call (212) 725-2755.
 - Jhane Barnes to host the opening of the first freestanding Jhane Barnes store. Century City Shopping Center and Marketplace, Century City, Calif. 6 p.m. By invitation. Call (212) 246-0550.

- NOVEMBER 12**
- Eddie Bauer to host a preview of its spring '98 apparel collections. Through Nov. 14. 451 West 54th Street, NYC. Call (212) 704-8156.
 - Computer Integrated Textile Design Association to host a conference. Through Nov. 14. Market Square, High



Lord & Taylor to host a reception for the unveiling of its Christmas windows on Nov. 18.

- Point, N.C. Call (910) 226-1550.
- Haddad Apparel Group to host its third annual Apparel Day, a breakfast presentation of its licensed products. Childrenswear Center, 100 West 33rd Street, NYC. 8:30 a.m. By invitation. Call (212) 246-2977.
 - Launch party for *Luxe*, a new magazine. Balthazar, 80 Spring Street, NYC. 6 p.m. By invitation. Call (212) 536-6588.

- NOVEMBER 13**
- Nautica and the Starlight Children's Foundation to host SCF's eighth annual celebrity sports auction. 200 Fifth Club, 200 Fifth Avenue, NYC. 6 p.m. By invitation. Call (212) 354-2878.
 - GQ* to host a party in honor of Jim Cramer; its new columnist. The Bubble Gum Lounge, 228 West Broadway, NYC. 6 p.m. By invitation. Call (212) 880-6616.
 - The Educational Foundation for Fashion Industries to host its annual scholarship dinner. New York Hilton, grand ballroom, NYC. 6:30 p.m. By invitation. Call (212) 760-7820.

- NOVEMBER 17**
- The Journal of Coated Fabrics to host its seventh annual conference on textile coating and laminating. Through Nov. 18. Charlotte Marriot Executive Park, Charlotte, N.C. Call (717) 291-5609.
 - Concord Watch Company to host the 1997 Time For Peace Awards. Carnegie Hall, NYC. 8 p.m. By invitation. Call (212) 751-6746.

- NOVEMBER 18**
- Lord & Taylor to host a reception to celebrate the opening of its Christmas windows, based on Charles Dickens' *A Christmas Carol*. Lord & Taylor, NYC. 3:15 p.m. By invitation. Call (212) 382-7670.

DKNY Jeans Head for Europe

PARIS — DKNY Jeans is gearing up for its European launch. In January, several European department stores, including Galeries Lafayette, Printemps, Harvey Nichols, House of Fraser and El Corte Ingles, will introduce the collection in their flagships or key units. "We are launching jeans in a tight way," said Allison Ryba, president of international at Donna Karan. "We want to build demand by keeping distribution tight, and we will expand starting with fall 1998."

Some department stores are devoting substantial space to the brand. Printemps and Galeries are planning 600-square-foot and 400-square-foot shops, respectively, Ryba noted. All told, DKNY Jeans will be sold to fewer than 100 doors in Europe next spring. Distribution will include upscale multibrand retailers like Un Homme Est Suivi, which has two boutiques in the south of France, Ryba said.

Sy Syms, Foundation to Sell 3.5M Shares

WASHINGTON — Sy Syms and a foundation named after him both plan to loosen slightly the hold they have on the off-priced retail chain, selling a combined 3.5 million shares for about \$46 million at current prices.

According to a Securities and Exchange Commission filing by Syms Corp., the secondary offering is meant to increase the amount of Syms stock available to the public as well as give both sellers greater liquidity. The company will not receive any proceeds from the sale.

The filing states that the Sy Syms Foundation will sell

all of its 2.5 million shares, while chairman and chief executive officer Sy Syms will sell one million of his seven million shares. Up to 525,000 shares in overalotments to the underwriters, Bear Stearns and Salomon Bros., will be covered by Sy Syms as well as family members Marcy Syms, company president, and Stephen A. Merns, vice-president and merchandise manager.

The sale will leave the Syms family with nine million shares, reducing their combined holdings from about 70 percent of the 38-year-old company to about 50 percent. In all, the company has about 17.8 million shares outstanding.

L.A. T Sportswear Back in Black

BALL GROUND, Ga. — L.A. T Sportswear Inc. reported a net profit of \$184,000, or 4 cents a share, in the third quarter ended Sept. 30, rebounding from a loss of \$983,000 a year earlier. Sales fell 15.9 percent to \$19.8 million from \$22.9 million.

For the nine months, the activewear manufacturer nipped its loss to \$180,000 from \$883,000. Sales declined 27.6 percent to \$55.3 million from \$76.4 million.

The company's lower sales are due to the closing of its screenprint operation in the third quarter of 1996. Sales were also hurt by softness in the industry and the implementation of tighter credit policies.

"Although the industry remains sluggish and we continue to face stiff price competition, we are encouraged by a second straight profitable quarter compared to prior-year losses, said Isador Mitzner, chairman and CEO.

Wall St. Journal
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SYMS CORP.

**Earnings Double in Quarter
On a 4.6% Increase in Sales**

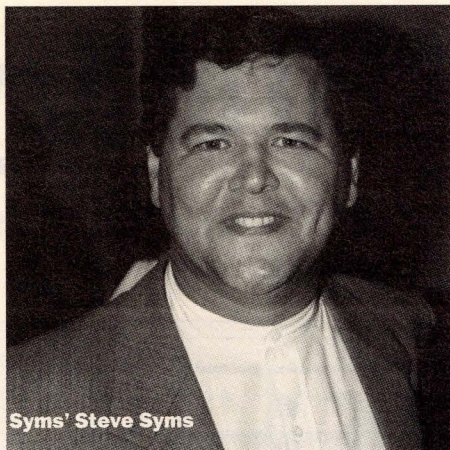
Syms Corp., Secaucus, N.J., reported that fiscal second-quarter net income doubled on somewhat higher sales, reflecting improved margins. Net for the quarter ended Aug. 30 rose to \$2.8 million, or 16 cents a share, from \$1.4 million, or eight cents a share, a year earlier. Sales for the discount retailer rose 4.6% to \$78.6 million from \$75.1 million. Sales at stores open more than one year declined slightly. In New York Stock Exchange composite trading, Syms shares rose 12.5 cents to close at \$14.

SYMS CORP. — Tailored clothing accounts for some 35 percent of its annual sales of \$346 million. Led by merchandise manager Steve Syms and assisted by sport coat and slack buyer Neil Guth, the Secaucus, N.J.-based off-pricer carries a broad and deep selection of brand names and a smattering of top designers. The average store in the chain hangs 7,500 suits and carries selections from over 50 of the industry's top vendors. Although suits still represent the majority of the business, the FridayWear trend has helped boost Syms' sport coat and slack selection over the past couple of years.

In the luxury goods sector, these two merchants represent the creme de la creme.

NEIMAN MARCUS — Men's wear represents just under 20 percent of the Dallas-based specialty chain's revenue. And tailored clothing is a key part of the equation. Neiman's top-selling lines include Armani, Zegna, Brioni and Oxxford; price points range from \$750 to \$3,500. Additionally, the company offers its own private-label line under the Marcus name, and the Marcus/Loro Piana cashmere topcoat at \$1,395 is one of its best sellers. At the luxe end, Neiman's offers Kiton's Australian merino wool suit, with fibers finer than cashmere. Only 24 of these suits will be made at the retail price of \$5,500. Robert Ackerman, senior vice-president and GMM, oversees the tailored clothing department while the inimitable Derrill Osborn, vice-president and DMM of men's clothing, still sets the taste level.

SAKS FIFTH AVENUE — Saks has upgraded its tailored clothing mix by carefully editing its designer/-branded collections to focus on



Syms' Steve Syms

better canvas makers. The assortments now reflect the best names in the \$700 to \$3,000 level. Giorgio Armani Le Collezioni is the leader with Donna Karan, Hugo Boss, Gianfranco Ferre and Valentino Uomo in the designer mix. Saks has also done well with Zegna, Brioni, Corneliani, Oxxford Clothes and Hickey-Freeman. New additions include Canali, Ralph Lauren Purple Label and Ferragamo. For fall '97, dressy classic fabrics in unique designs, such as one-button silhouettes from Armani and Donna Karan, three-button models and vested clothing with English influences, are among the best sellers. Sport coats, too, have been strong with luxury fibers leading the way. The top merchants are Wayne Meichner, GMM, Dan McCampbell, vice-president and DMM, Tom Ott, the designer buyer, and John Apostolides, the buyer of classic clothing — all under the watchful eye of J. Stanley Tucker, vice-president and fashion director. ■

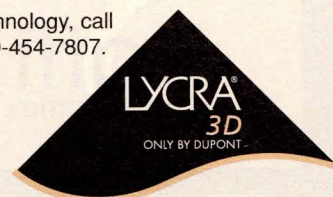


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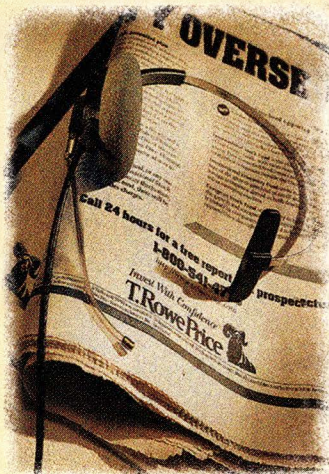


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Roussso Apparel Broadens Base

NEW YORK — Roussso Apparel Group continues to diversify its mix.

The 28-year-old firm, which had its roots in private label but expanded 10 years ago with its Murelli and CA Sport Collection labels, then with EVR, a popular-priced department store brand, has stepped up the pace over the past two years to further broaden its offerings.

Last fall, it launched Natalie & Me, a blouse line. It also began testing Murelli Collection, a casual career sportswear line that was formally launched in 400 doors this spring. It complements the Murelli line, which markets weekend sportswear.

For fall, Roussso has updated its CA Sport Collection, a knit-driven line, to include denims, and its Murelli weekend wear line to include hand-painted silk shirts, going beyond silks, nylons and polyesters.

In addition, Roussso Apparel Group has added two affiliates over the past year. It acquired the Larry Levine suit license a year ago, and for fall selling, it is getting ready to launch Xtreme Air, a collection of funky outerwear jackets aimed at juniors. Two years ago, it purchased Santa Fe, a leather and suede resource.

"We needed a newer look," said Natalie Roussso, chairwoman of the family business founded by her late husband, Eli, who died in 1989. Her son Victor serves as president, and her daughter Abbie is a vice president.

The company sells to a broad spectrum of accounts, including J.C. Penney, Federated Department Stores, Carson Pirie Scott, Dillards and Nordstrom.

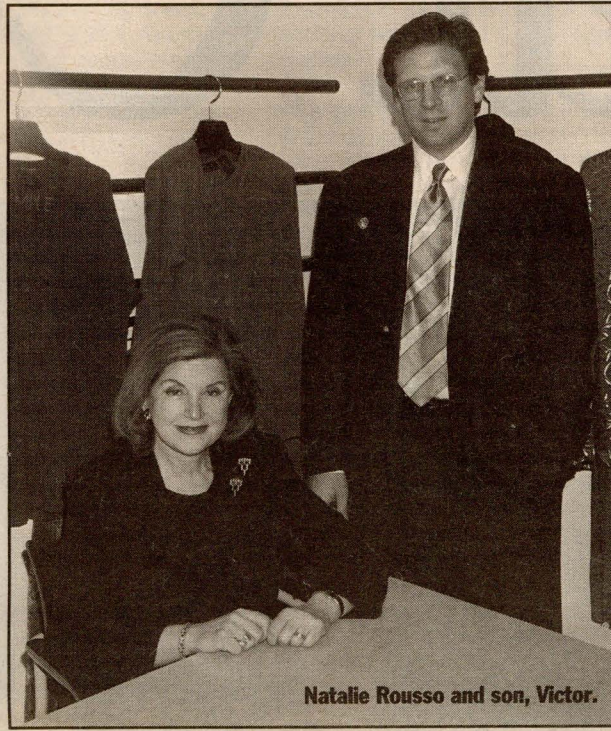
"Our business is based on a concept of niches," said Victor Roussso. "The only way to grow a business is serving niche markets."

Last year, the company posted a wholesale volume of \$50 million, including business from its affiliates, but officials project that sales will reach \$75 million by 2000 and \$100 million by 2003. The Roussos say they are pinning the company's growth to the Murelli Collection and the Larry Levine licensed suit line.

By 2000, the Larry Levine suit business is expected to account for 27 percent of Roussso's overall sales, compared with 23 percent last year. Murelli Collection will account for 12 percent, compared with last year's 4 percent, according to Victor Roussso. The company's private label will remain at 18 percent, while EVR, its promotional brand, is expected to decrease from 17 percent to 7 percent by 2000.

Murelli Collection, which offers skirts, pants and V-neck sweaters, has an average wholesale price of \$23. Larry Levine suits range from \$70 to \$100.

"The two areas present big growth opportunities for us," said Victor Roussso. "There is not a lot of competition in the suit category in the price point we are focusing on, except Kasper. And with the Murelli Collection, we've created a line that can take the consumer from work to weekend."



Natalie Roussso and son, Victor.

What's Booking for Fall

NEW YORK — Bomber jackets, long slim skirts and chenille sweaters are just some of the looks that have booked well for fall, according to a random check of moderate sportswear firms that are in the midst of completing fall orders with their store accounts.

"The long skirts are doing well," said Jan Sommers, vice president of sales and merchandising at **Norton McNaughton**, which is showing ankle-length looks in wool flannel.

Other Norton McNaughton hits among buyers include animal print blouses and sweaters, and bouclé cardigans.

At **Lasting Impressions**, which markets the label Tofy, Annie Perino, vice president of sales and merchandising, noted that stirrup pants in polyester and Lycra spandex have been popular.

"It looks like a traditional ski pant," she said. Perino also noted that gabardine pants with elastic bands, as well as silky gabardine pant silhouettes with an extended tab front, have been strong. Other popular looks at Lasting Impressions include 19-inch skirts with side slits, as well as two styles in jackets — a bomber style and a placket body, she said.

At **Delta Burke Designs**, animal print bomber jackets, tunic tops in peach skins and tunics in polyester and acetate have gotten a strong reaction from buyers, according to Barry Zelman, senior vice president of merchandising and licensing.

Bomber jackets and pants in acrylic interlock

have also been popular.

Sag Harbor, a division of Kellwood Co., is getting a strong reaction for its soft dressing, according to Neil Felix, national sales manager.

"We are showing challis skirts that are 32 inches long and are shown with chenille sweaters, both crewneck and mock neck," he said.

Sam Greenberg, sales manager at **By Design**, a knitwear resource, noted that chenille sweaters, cropped at the waist or tunics, are booking well. The sweaters are offered in colorblock and solids. Other items getting a strong reaction from buyers are fleece pullover jackets, he said.

Jason Marder, sales manager at Briana, a division of **Fashion Headquarters**, noted that bouclé jackets and skirts in tartan plaids are booking well for fall.

As for hemlines, Briana is showing both ankle-length and 19-inch-to-23-inch lengths.

"We are doing brushed tartans in both the long and short skirts," Marder said.

Overalls, knit tops, twill bottoms and stretch pants are turning out to be fall winners at **Generra Sportswear**, according to Heresh Tharani, chief executive officer at Design & Source, which produces the licensed Generra sportswear line.

Other popular items among buyers include yarn-dyed micro-sanded oxford shirts and big white shirts, he said.

— Anne D'Innocenzio

"The long skirts are doing well."

— Jan Sommers,
Norton McNaughton

Syms Net Gains

NEW YORK — Boosted by tighter cost controls and stronger gross margins, Syms Corp. reported profits rose 16 percent in the fourth quarter and 21 percent in the full year ended Feb. 28.

In the three months, the off-price retailer earned \$6.5 million, or 37 cents a share, against \$5.6 million, or 32 cents a year ago.

Sales declined 1.3 percent to \$90.9 million from \$92 million, but gross margin improved to 39.5 percent of sales from 38.7 percent. Same-store sales declined 2.5 percent.

Sy Syms, chairman of the 41-unit Secaucus, N.J.-based chain, said that gross margin is now in line, and the company is working to boost comps. He said that since Syms expanded its merchandise mix at lower price points, same-store sales were up 1 percent in the last four weeks of the quarter. "We're confident that we're heading in the right direction," he said.

Ron Zindman, vice president and general merchandise manager, said hot sellers in the first quarter so far have included women's dresses, pantsuits and skirt suits in a range of lengths. Single-breasted jackets and designer merchandise have also been very strong.

Marcy Syms, chief executive officer, said the company plans to open 19 stores by the end of 2001. This year, Syms plans to open stores in Kendall, Fla.; Troy, Mich.; Princeton, N.J., and a five-level unit in downtown Boston.

In the year, earnings jumped to \$23 million, or \$1.30 a share, from \$19.1 million, or \$1.08. Sales inched ahead 1.8 percent to \$353 million from \$346.8 million.



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Syms Earnings Jump 16% in 4th Quarter

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same-store sales were up 1 percent in the last four weeks of the quarter. "We're confident that we're heading in the right direction," he said.

Ron Zindman, vice-president and GMM, told DNR that hot sellers in the first quarter so far have included knit shirts, spring-weight outerwear, lighter-weight linen blend slacks and Italian knits.

Marcy Syms, CEO, said the company's plans to open 19 new stores by the end of 2001 are well under way.

This year Syms plans to open stores in Kendall, Fla., Troy, Mich., Princeton, N.J., and a five-level unit in downtown Boston. Syms currently has 41 stores.

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Sales inched ahead 1.8 percent to \$353 million from \$346.8 million.

SFI

Continued from Page 3

says he is completely in sync with its upcoming collection sportswear and furnishings. He says, "At my past two associations I did a lot of groundwork in convincing better retailers in this country that they could sell 'better,' like dress slacks for over \$200.

"Today, this classification has become a real money-maker for better specialty stores. But you know, as good as these slacks are in terms of bringing in the luxury business, I believe that the product really drives the engine. We expect to use the same formula with our Arnold Brant collection sportswear."

Kalish is bringing some strong support with him with Stevan Toia, also ex-Ballin, who's joining SFI as his vice-president of sales. Kalish says his contribution will be "to bring the company a U.S. point of view and not a perception."

On the other hand, when asked what he envisions for the future, Silverstone says without losing a beat, "In Canada, every better store knows us as the line right under the Italian designers. We just want to be known the same way here."

Speaking as the heir apparent to the upper-moderate-priced company that is now geared to sell U.S. retailers, Silverstone says a designer label is the linchpin to make it fly. And naturally, he already has a handle on one that happens to be part of his own name — Arnold Brant. ■



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Retail's slow summer tests Syms' fiber

Apparel discounters stock gets socked as earnings slip; stable record an asset

BY ALICE LIPOWICZ

A slow summer has taken its toll on Syms Corp., one of the original apparel discounters to make a name for itself in the New York area. But the company and most experts believe that the conservatively managed retailer has little to worry about.

Sales in the second quarter that ended Aug. 29 fell 6%, and profits plunged to \$1.2 million, or 7 cents a share. That's about half the profit of last year's second quarter. Investors fled at the news, driving the stock down 25% since the late-September announcement to about \$10.

Syms officials say a late Labor Day pushed a large share of the back-to-school season into the third quarter. Without that calendar effect, the company says, sales from June through August would have fallen by a modest 2.4%.

Analysts agree that many retailers found the summer of 1998 to be quieter than most.

"Most stores had disappointing sales, what with the late Labor Day, hot weather, stock market turmoil and Monica Lewinsky in the news," says Manhattan retail consultant Walter Loeb. The cooler autumn weather appears to be stimulating more purchasing, he notes.

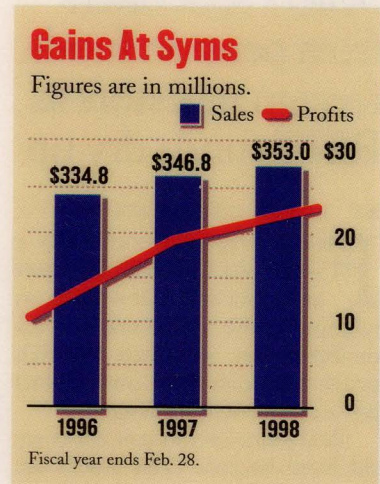
Others add that the fabric of the financially conservative company appears to be sturdy. Founder and Chairman Sy Syms and daughter Marcy run the show, and family members own 52% of the stock. Syms' touchstone is that it hasn't lost money in a single quarter since 1959. It has also seen sales and profits grow in each of the past three years.

Conservative approach

"We feel that our balance sheet is excellent. We do not have a lot of debt, we're not highly leveraged and we have a low expense structure," says Douglas C. Meyer, vice president of marketing for the Secaucus, N.J.-based company.

"Being conservative is a positive thing right now," observes Mr. Loeb.

The company, which operates a



flagship store on Park Avenue in Manhattan, caters to career-minded professionals; it carries many more tailored clothes and suits in comparison with other off-price stores, like Filene's Basement or Marshall's.

However, in keeping with its growth in dense urban locations like Park Avenue, the retailer has expanded its selection in the low-to-midpriced range. For example, Syms may offer casual khaki pants for \$20, marked down from \$50, to complement a more expensive version of the pants for \$40, marked down from \$90.

Variety in pricing

"We have a wide variety of price points, everything from Pierre Cardin suits to Ralph Lauren Purple Label," says Mr. Meyer. "You can find hundreds of men's suits in a size 40 regular."

Syms, with 43 stores, is picking up the pace of expansion. It added two units last year and expects shortly to open two stores in prominent downtown locations: one in Boston in November, the other in Chicago next year. In all, the retailer plans 14 new stores by 2001.

For the current fiscal year, analysts estimate that earnings will fall slightly to \$1.14 per share from \$1.30 per share last year, with sales expected to remain flat at about \$353 million.

Whether investors will take advantage of the bargain-bin price for Syms stock is unclear. With the Syms family in control of the company, the stock has never traded higher than \$18.50, which it hit two months after going public at \$15 in the fall of 1983. ■

On William Street,

Sellers seek offers from pension funds, foreign investors as REIT funds dry up

BY LORE CROGHAN

FOUR OFFICE PROPERTIES ON A single block of William Street are up for sale. But with chaos reigning in the capital markets, it's doubtful they will reap the rich prices they could have commanded just a couple of months ago.

Real estate investment trusts are sidelined because their stocks are depressed. People who have been using Wall Street money to make real estate buys have had their financing cut off.

The sellers of these downtown properties, however, are counting on other buyers to step forward, particularly ones with cash, like pension funds and foreign investors.

Equitable Life Assurance Society of the United States' **110 William St.** is on the block for the second time, with Donaldson Lufkin & Jenrette Inc. as the sale broker.

Boston-based Beacon Capital Partners Inc. had planned to buy the 850,000-square-foot tower as part of a multi-city property portfolio but withdrew its offer, a spokesman for the firm says.

Next door, Robert Daniel's Penn Capital is asking \$16 million, or \$123 a square foot, for **130 William St.** Mr. Daniel has achieved 94% occupancy at the 130,000-square-foot property by making it part of the city's Plug 'n' Go program. The World War I-vintage building has upside potential because its leases are at below-market rates, and 40% of them expire in the next three years, says Howard Michaels, chairman of The Carlton Group, which is brokering the sale.

Just across the street, the Collegiate Reformed Dutch Church is selling two properties, **123 William St.** and **59 John St.**

Kaufman Holzer & Herman is brokering the sale of the land beneath both properties. CB Richard Ellis Inc. is marketing the leasehold of 496,000-square-foot 123 William, and Helmsley-Spear Inc. is selling the leasehold of 89,000-square-foot 59 John.

Downtown experts say prices could range from as little as \$80 a

sale of \$20 million in tax-exempt bonds by the New York City Housing Development Corp., a grant from the Federal Home Loan Bank, donations and low-interest loans from private citizens, and a \$21 million letter of credit from Dime Savings Bank.

Now that the money is in hand, construction is set to start this month on a 127-unit property at **1261 Fifth Ave.**, a vacant lot at the southeast corner of 108th Street.

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Men's Designer Brands Help Hike Net at Oxford

Polo, Tommy, Oscar and Geoffrey perform strongly in 1st quarter

ATLANTA — Citing strength in its designer men's brands and its women's private label, Oxford Industries Inc.'s earnings rose 10.3 percent in the first quarter ended Aug. 28.

Earnings rose to \$6 million, or 67 cents a share, from \$5.4 million, or 61 cents, a year ago. Sales inched up 2.8 percent to \$198.6 million from \$193.2 million.

J. Hicks Lanier, chairman and CEO, noted operating earnings were on plan, and that sales would have been higher if some shipments had not been deferred into the second quarter.

"The sales gains came primarily from our licensed designer divisions," said Lanier. The designer area includes Tommy Hilfiger Dress Shirts, Tommy Hilfiger Golf and Polo/Ralph Lauren for Boys shirt lines; and Oscar de la Renta, Nautica and Geoffrey Beene tailored clothing.

The Women's Wear group, a major producer of moderate and budget-priced private-label apparel, also achieved sales gains, according to Lanier.

The women's group acquired the assets of private-label women's apparel producer Next Day Apparel Inc. in late August for \$25 million in cash. The former owners of Next Day may receive another \$15 million depending on the financial performance of Next Day over the next five years.

"Private-label sales were essentially even with last year. Oxford slacks had a sales decline," Lanier said.

The higher-margin designer businesses and increased offshore sourcing allowed gross margins in the quarter to expand to 20.2 percent from 19 percent. The bottom line was also helped by lower interest expenses, which offset higher expenses related to the designer businesses.

"Looking ahead," Lanier added, "our optimism is dampened somewhat by the current political and economic uncertainties at home and abroad. We're a solid company, however, and should have another record year if current business conditions continue."

Miuccia Prada Set to Launch Miu Miu Men's Wear

NEW YORK — She's conquered women's accessories and ready-to-wear, and now Miuccia Prada is staking out the men's area.

She's working on her first men's wear designs under the Miu Miu label and, according to a source close to the company, some looks are likely to be featured in the Miu Miu women's spring 1999 runway show Oct. 3 in Milan. The source also said men's wear will be tested in select Miu Miu stores early next year.

A Prada spokeswoman confirmed Monday that a Miu Miu men's collection is in the works, but she said details regarding its launch date, pricing, distribution and

marketing plans have not been completed.

Miu Miu, a secondary collection priced roughly 45 percent less than Prada, was introduced in 1992.

Freestanding Miu Miu stores — or large in-store boutiques — are in Milan, Paris, London, New York, Singapore, Bangkok, Hong Kong and Taipei. A free-standing Miu Miu store is slated to bow on Melrose Boulevard in Los Angeles in late October or early November. Miu Miu is projected to account for roughly 8 percent of Prada's total U.S. sales in 1999, the spokeswoman said.

Syms Earnings Plummet 58% in 2d Quarter

Company attributes drop to Labor Day calendar shift

SECAUCUS, N.J. — Stung by sluggish sales, profits at Syms Corp. tumbled 58.3 percent in the second quarter ended Aug. 29, to \$1.2 million, or 7 cents a share, from \$2.8 million, or 16 cents, a year ago.

Sales slipped 6.3 percent to \$73.6 million from \$78.6 million, and plunged 9.6 percent on a same-store basis.

Sy Syms, chairman, estimated that approximately \$3 million in sales were transferred from the second quarter to the third due to a later Labor Day this year. "The company's annual Labor Day Bash promotion ran 17 days in the second quarter last year, and only 10 days in the second quarter this year" he said.

Gross margins eroded to 37.8 percent of sales from 38.5 percent, while selling, general and administrative expenses increased to 35.1 percent from 32.2 percent.

In the half, earnings dipped 13.5 percent to \$6.5 million, or 37

cents, from \$7.5 million, or 42 cents. Sales dipped 4.2 percent to \$157.3 million from \$164.2 million.

The off-pricer noted that during the quarter it opened its third store in Miami and its second store in Detroit, bringing its total store count to 43. Syms said the opening of its third store in Boston this fall is on schedule.

Jay Jacobs Loss Grows to \$570,000

SEATTLE — Despite an 11 percent same-store sales gain, Jay Jacobs Inc. widened its loss in the second quarter ended Aug. 1, to \$570,000 from \$135,000. The quarter was hurt by a \$112,000 charge related to the issuance of stock options during the quarter, as well as higher selling costs. Sales inched up 1.9 percent to \$16 million from \$15.7 million. Rex Steffey, president and CEO, said Jacobs' improvement in gross margins — to 27.8 percent from 25.8 percent — and the solid same-store sales "provide the foundation for our second-half new-store expansion program." Jacobs currently operates 105 stores, and has made commitments to open 25 stores in the second half.

May to Buy Dillard's Unit in Kentucky

ST. LOUIS — May Department Stores Co. has agreed to buy an additional former Dillard's Inc. store in Bowling Green, Ky. Terms were not disclosed. As reported, May Co. recently bought 11 former Mercantile Stores from Dillard's. May Co. said the Kentucky store will open under the Famous-Barr name in February 1999.

Stein Joins Nordstrom as CFO, Exec V-P

SEATTLE — Michael A. Stein has joined Nordstrom Inc. as executive vice-president and CFO. John Goesling, who had assumed many of those responsibilities, will continue in his post as vice-president and treasurer. Stein, 49, was executive vice-president and CFO of Marriott International Inc.

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Syms' Profits Drop in Quarter; Blame Placed on Slow Sales

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Floyd Hall At Kmart

NEW YORK — A clear succession plan for the top Kmart hasn't been implemented, but the board won't worry about that — at least while.

That's because Floyd Hall has signed a new three-year contract as the discount retailer's president and chief executive officer, extending his leave of absence from the Troy, Mich.-based company to October 2001, the company said Friday.

Terms were not disclosed, and Hall was not available for comment.

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Retail's slow summer tests Syms' fiber

Apparel discounters stock gets socked as earnings slip; stable record an asset

BY ALICE LIPOWICZ

A slow summer has taken its toll on Syms Corp., one of the original apparel discounters to make a name for itself in the New York area. But the company and most experts believe that the conservatively managed retailer has little to worry about.

Sales in the second quarter that ended Aug. 29 fell 6%, and profits plunged to \$1.2 million, or 7 cents a share. That's about half the profit of last year's second quarter. Investors fled at the news, driving the stock down 25% since the late-September announcement to about \$10.

Syms officials say a late Labor Day pushed a large share of the back-to-school season into the third quarter. Without that calendar effect, the company says, sales from June through August would have fallen by a modest 2.4%.

Analysts agree that many retailers found the summer of 1998 to be quieter than most.

"Most stores had disappointing sales, what with the late Labor Day, hot weather, stock market turmoil and Monica Lewinsky in the news," says Manhattan retail consultant Walter Loeb. The cooler autumn weather appears to be stimulating more purchasing, he notes.

Others add that the fabric of the financially conservative company appears to be sturdy. Founder and Chairman Sy Syms and daughter Marcy run the show, and family members own 52% of the stock. Syms' touchstone is that it hasn't lost money in a single quarter since 1959. It has also seen sales and profits grow in each of the past three years.

Conservative approach

"We feel that our balance sheet is excellent. We do not have a lot of debt, we're not highly leveraged and we have a low expense structure," says Douglas C. Meyer, vice president of marketing for the Secaucus, N.J.-based company.

"Being conservative is a positive thing right now," observes Mr. Loeb.

The company, which operates a

Gains At Syms

Figures are in millions.



flagship store on Park Avenue in Manhattan, caters to career-minded professionals; it carries many more tailored clothes and suits in comparison with other off-price stores, like Filene's Basement or Marshall's.

However, in keeping with its growth in dense urban locations like Park Avenue, the retailer has expanded its selection in the low-to-midpriced range. For example, Syms may offer casual khaki pants for \$20, marked down from \$50, to complement a more expensive version of the pants for \$40, marked down from \$90.

Variety in pricing

"We have a wide variety of price points, everything from Pierre Cardin suits to Ralph Lauren Purple Label," says Mr. Meyer. "You can find hundreds of men's suits in a size 40 regular."

Syms, with 43 stores, is picking up the pace of expansion. It added two units last year and expects shortly to open two stores in prominent downtown locations: one in Boston in November, the other in Chicago next year. In all, the retailer plans 14 new stores by 2001.

For the current fiscal year, analysts estimate that earnings will fall slightly to \$1.14 per share from \$1.30 per share last year, with sales expected to remain flat at about \$353 million.

Whether investors will take advantage of the bargain-bin price for Syms stock is unclear. With the Syms family in control of the company, the stock has never traded higher than \$18.50, which it hit two months after going public at \$15 in the fall of 1983. ■

Free trial of political fax

Crain's New York Business is offering free two-week trial subscriptions to **the Insider**, a daily fax covering government and political issues of importance to business executives, lobbyists and others interested in the inner workings of city and state government.

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Senate Chair Seeks Compromise on Wool Tariff Bill

Tailored clothing makers battle textile producers on elimination of tariff on high-end wools

BY JOANNA RAMEY

WASHINGTON — The chairman of the Senate Finance Committee has asked his staff to try to reach a compromise between domestic apparel and textile camps over a bill that would eliminate tariffs on imported high-end wool fabrics.

Sen. William Roth (R., Del.) would like to tack the measure onto a pending trade bill that calls for duty- and quota-free breaks for apparel produced in the Caribbean Basin and sub-Saharan Africa, according to Senate staffers. However, unless a rift over the wool bill is settled, Roth is expected to omit it and risk endangering the trade package, which is tentatively slated for a Senate vote Oct. 17.

Roth is pressing for a compromise at the request of Sen. Patrick Moynihan (D., N.Y.), sponsor of the wool measure.

Fabric producers, including textile giant Burlington Industries, have already rejected one proposal, submitted by the tailored clothing makers and the apparel union UNITE. The apparel camp suggested duty breaks be limited to the amount of high-end fabric imported in 1998, according to the manufacturers.

Making terms of negotiations even stickier is the ongoing dispute over whether U.S. textile makers can meet the needs of domestic tailored clothing makers for high-end wool. The apparel companies say they have no choice but to supplement domestic sources with imports. Textile makers say they've got plenty of capacity awaiting new orders. Furthermore, they complain the Moynihan bill isn't directed at just the ultra-fine wools, but included a more medium grade that is readily available.

The wool mills also would prefer any change in the tariff schedule be negotiated at the World Trade Organization where a bilateral resolution could be reached. Under a global tariff reduction already under way, U.S. wool fabric duties are to be reduced to 25 percent by 2004 from the current 31 percent.

Roberto Modica, vice-president of operations at the Italian-owned Loro Piana

factory in Stafford Springs, Conn., said he is also concerned that a change in the U.S. wool tariff schedule, in which higher-end grades are treated differently, might confuse Customs inspectors. "To differentiate the two you need an electron microscope" to examine fiber size, he said.

Karl Spilhaus, president, Northern Textile Association, representing about 80 percent of U.S. wool fabric producers, said there might be room for compromise in Congress. However, he declined to say what terms would be acceptable. "If something can be worked out between us and our customers, we would be for it," Spilhaus said.

U.S. producers of tailored men's high-end apparel say the tariff issue is simply one of survival. Their business has been battered by competition from Canada, ever since the Canadian Government lifted its import tariffs on wool in 1992. Manufactur-

urers there use these imports in apparel shipped to the U.S. duty-free under terms of the North American Free Trade Agreement.

Domestic producers say the Canadian's duty-free edge on fabric has cost the U.S. industry dearly in plant closings and contributed to the drop in tailored clothing employment to 28,000 from 58,000 in the last five years. For two years they've tried to push a wool tariff-break bill through Congress.

Recently, Duffy Hickey, chairman, Hickey-Freeman, Rochester, N.Y., a division of Hartmarx Corp., recently paid a call on Senate offices with Spencer Hays, chairman and owner of Oxxford Clothes, Chicago, along with seven UNITE members. They made their pitch for the wool tariff bill and left behind a teddy bear dressed in Hickey-Freeman-made gray pinstripe suits with red ties. The bear also came with a tiny T-shirt emblazoned with a Canadian flag.

"We asked them who would they prefer dress the bear, the Canadians or [American producers]?" said Hickey, who is also president of the Tailored Clothing Association. "We wanted to make sure all of the senators were aware of the problem we're facing."

"If something can be worked out between us and our customers, we would be for it."

—Karl Spilhaus, president, Northern Textile Association

Syms Posts \$3.5M Loss in 2d Qtr.

Poor sales and shaky Boston store launch hurt off-price retailer

SECAUCUS, N.J. — Hurt by poor sales and a lackluster launch of a new store in Boston, Syms Corp. posted a \$3.5 million loss in the second quarter ended Aug. 28.

In the year-ago period, the 47-unit off-pricer earned \$1.2 million, or 7 cents a share. Sales dipped 1.2 percent to \$72.8 million from \$73.6 million, and fell 8.4 percent on a same-store basis.

In the half, Syms lost \$2.7 million against earnings of \$6.5 million, or 37 cents, a year ago. Sales dipped 3 percent to \$152.6 million from \$157.3 million, with same-store sales down 5.8 percent.

Antone Moreira, chief financial officer, said Syms "deliberately took an unusually high amount of markdowns in the second quarter in an effort to clean out

aged merchandise." Syms also blamed the loss on below-plan sales at its new downtown Boston store and a same-store decline.

"We are disappointed with our first six months performance," said Marcy Syms, chief executive officer. "Despite the lackluster results in the first half, however, the company's cash flow remains strong. Short-term debt at Aug. 28, 1999, was \$4.9 million compared to \$15 million at the end of the first six months of last year and we have significant availability on our lines of credit. This is a result of reduced merchandise inventories of 14.1 percent on a comp-store basis."

She added that, based on sales trends, management expects net income "will continue to fall below last year for the second half of the current fiscal year."

Hampton Predicts 3d-Qtr. Loss Due to Hurricane Floyd

KINGSTON, N.C. — Hurricane Floyd hammered Hampton Industries Inc.'s third-quarter results.

The maker of sportswear, activewear and sleepwear said shipping delays caused by the bad weather will lead to a loss for the quarter ended Sept. 25, compared to profit of \$2.1 million, or 41 cents a share, a year earlier. Sales are expected to be just below \$50 million, compared with \$60.5 million a year ago.

While the storm's stay in eastern North Carolina caused only minor damage at

its two distribution centers and its administrative offices, flooding kept employees at home and disrupted trucking of finished goods, Hampton said. To try to meet its October and full-year shipping goals, Hampton will ship merchandise from outside warehouses and offer employees incentive work schedules. The company said it could not determine the yearend effects of the disruption.

Hampton shares lost 1/4 to close at 2 7/8 in over-the-counter trading Thursday. The news was released after the market closed. Hampton makes its products under brands including Nautica, Justin, Bugle Boy, Joe Boxer, Rawlings, Spalding and Dickies.

Eighteen holes were the furthest thing from Christine Padian's mind.

A junior executive in J.P. Morgan & Co.'s human resources department, Ms. Padian had just spent an

Merrill Lynch & Co.

But hours after she submitted her resignation, Morgan was trying to get her to change her mind. Ms.

See **GOLDEN** on Page 65

Daniel M. Grauman, an independent health care consultant based in Bala Cynwyd, Pa.

No one expected that merging two hospitals into a \$1.5 billion be-

cardiology, where consolidation could eliminate some weak areas.

"Dr. Skinner still has enough personal power and respect, but he

See **SERIOUS ILLNESS** on Page 62

Syms off-price formula wears thin

Longtime moneymaker showing losses, others struggle amid Wearhouse invasion

BY CATHERINE CURAN

For four decades, men's off-price apparel retailer Syms Corp. has made money, thanks to a no-frills formula for selling discounted designer threads.

No longer. Syms reported a loss

of \$3.5 million for the second quarter, ended Aug. 28, and said the outlook for the rest of the year isn't any brighter.

Syms is not the only company facing an uphill fight in men's off-price retailing.

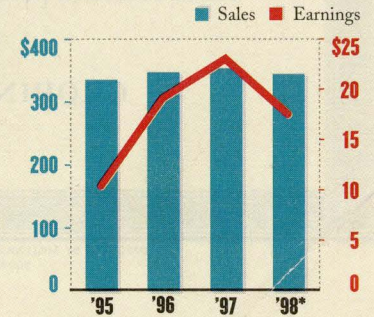
Today's Man, having emerged from one brush with bankruptcy, is overhauling its strategy, while Moe Ginsburg, a New York institution, abandons its emphasis on lower-priced goods for designer names

See **SYMS** on Page 64



SYMS

Dollars are in millions.



*Fiscal year ended Feb. 27, 1999.

Brown, Widmer field questions Fan Club lunch, Oct. 26

Star running back **Gary Brown** and linebacker **Corey Widmer** will headline the next *Crain's* Giants Fan Club luncheon on Tuesday, Oct. 26.

Each luncheon features key players from this year's team or former stars discussing the previous game, analyzing opponents and answering questions. The series is co-sponsored by **Sprint PCS** and **Chase Manhattan Bank**. Also involved is the **MSG Network**, which provides a host for the luncheons.

The lunch will be at the Hilton on 53rd Street and Sixth Avenue. Cocktails are at 11:45 a.m., followed by lunch at 12:15 p.m. The other luncheons will be held Nov. 9 and Nov. 23. Individual seats for each event are \$60, and corporate tables for 10 are \$600. Call Evelyn Ioselev at (212) 210-0785.

Syms off-price formula is wearing thin

Continued from Page One
with upscale cachet.

"All off-pricers have a tremendous amount of competition now," says Allan Ellinger, senior managing director at MMG, an apparel consulting firm. "You have to have a reason to exist, and finding those reasons is becoming more and more difficult."

Causing much of the turmoil is Men's Wearhouse, the Houston-based company that entered New York just over a year ago and will have 23 stores in the metropolitan area by the end of the year. In Manhattan, a large store on Madison Avenue is thriving, and two more will

open in December—one in Chelsea and one on Broadway, only a short distance from Syms' Trinity Place store.

"We've enjoyed success in Manhattan," says Tom Jennings, vice president of real estate at Men's Wearhouse, adding that the firm is also scouting in Brooklyn and Queens.

Fewer suits sold

Men's Wearhouse is a standout at a time when men are buying fewer suits and have more places to buy them. According to Long Island-based market research firm NPD Group, sales of men's suits peaked at

\$5 billion in 1994.

But despite a same-store sales decline of about 6%, Syms sees no reason to change the strategy that has served it well for so long.

Doug Meyer, senior vice president of marketing, says the Secaucus, N.J.-based company is tinkering with its merchandise mix, but isn't shifting away from men's suits, which account for 60% of sales. He adds that sales are strong at Syms' Park Avenue location, one of two in Manhattan.

"We're kind of biting the bullet," says Mr. Meyer. "Men will always want suits."

Syms' strength is its balance sheet, which has virtually no long-term debt. Shareholder Thomas Graham Kahn, president of Kahn Brothers & Co., says he has confidence in the company because of its track record, and the fact that the Syms family owns about 60% of the shares outstanding.

Today's Man, which has 12 stores in the area, is reinventing itself to compete. It, too, began by selling discounted designer threads, but overexpansion caused it to file for Chapter 11 in 1996.

Since emerging from bankruptcy last year, Today's Man has shifted its merchandise assortment to carry only its own label.

Chief Executive David Feld expects the branding strategy will pay off in the long term. Mr. Feld says the Morristown, N.J.-based company can make a better margin by cutting out the middleman and standing out from the off-price crowd.

"We want to move away from the pack selling other people's leftovers," he says.

Today's Man a loser

Nevertheless, the company lost \$961,400 in its second quarter, ended July 31, compared with a profit of \$695,500 in the year-earlier period.

Menswear retailer Moe Ginsburg, with one New York store, is another family-run operation that made its name in the off-price market. But its third-generation president, Paul Ginsburg, is now trading up. He has increased the percentage of European designer merchandise, added a new selling floor to its Fifth Avenue store and improved customer service.

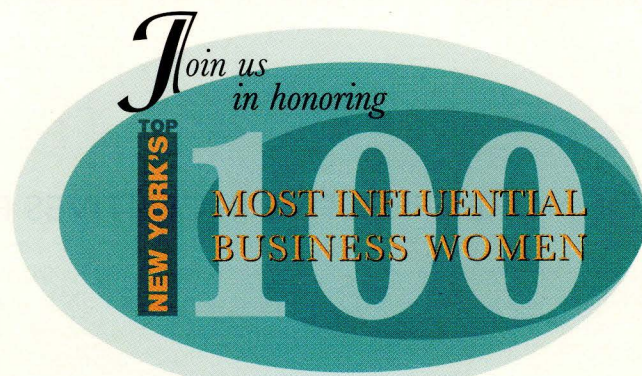
Mr. Ginsburg says he realized several years ago that the off-price world was too competitive, and that the same old business model wasn't enough.

"People are buying fewer suits but better quality," says Mr. Ginsburg. "We want to be the next great store since Barneys vacated downtown."

Syms' slogan says educated consumers are its best customers, but these days consumers are savvier than ever—and more demanding.

"There's no question that Men's Wearhouse has come into the New York market with a tremendously compelling selling proposition," says retail consultant Arnold Aronson, managing director of retail strategies at Kurt Salmon Associates. "They have value, service and assortment." ■

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Dawn Mello
Heidi Miller
Nicole Miller
Ann S. Moore
Josie Natori
Lynn Nesbit
Robin Neustein
Sheila Nevins
Esther Newberg
Nancy B. Peretsman
Karen A. Phillips
Meryl Poster
Ernesta Procope
Donna Redel
Sylvia Rhone
Janet L. Robinson
Daryl Roth
Muriel Siebert
Beverly Sills
Kate Spade
Linda Srere
Darcy A. Stacom
Martha Stewart
Marilyn Jordan Taylor
Linda Kaplan Thaler
Mary Ann Tighe
Amanda "Binky" Urban
Linda J. Wachner
Barbara Walters
Vera Wang
Rhonda Weingarten
Anna Wintour
Nina Zagat

...man, associate for mission responsibility
...Presbyterian Church (U.S.A.), who spoke in favor of the motion.

Elected to the board was California lawyer Stuart Buchalter. Re-elected to the board were Andrew Galef, chairman and a principal at The Spectrum Group, a private investment firm, and Wachner.

Syms Profits Freefall 87 Percent in Year

SECAUCUS, N.J. — The woes continue for Syms Corp.

On Thursday, the New Jersey-based off-price chain reported that net income plummeted 87 percent to \$2.2 million, or 14 cents a share, versus \$17.4 million, or \$1, for the 52 weeks ended Feb. 26, 2000.

In the fourth quarter, net income dropped 54 percent to \$2.1 million or 13 cents a share from \$4.6 million or 27 cents in the same period last year.

Same-store sales for the year declined 5.9 percent, and total sales for the year fell 0.7 percent to \$341.6 million from \$343.9 million last year. In the fourth quarter, same-store sales were down 1.7 percent and overall sales rose 2.5 percent to \$93.4 million from \$91.1 million last year.

Gross margins for the 48-unit chain decreased from 39.5 percent to 37.7 percent for the year due to markdowns intentionally taken in the second quarter to reduce aging inventory, the company said.

Small Business: Driving Force in the Economy

By David S. Slackman

Small businesses actively contribute to the economic vitality of Manhattan's neighborhoods, and they help shape each community's quality of life, success and uniqueness.

From New York City's earliest days to the opening of the 21st century, self-confident and self-reliant individuals and their loyal employees have run small businesses that serve and support local communities and provide a special brand of customer-focused service. By helping to shape a neighborhood's fabric, character and identity, often these small, independent enterprises grew rapidly, stayed in business and succeeded.

Many small businesses are family enterprises. From generation to generation, sons, daughters, grandchildren, uncles or cousins continue to bring new energy, ideas and creativity to the business. A number of the city's major banks, insurance companies, financial service firms and retailers trace their corporate roots back to small, family businesses, storefronts or single offices, and now those organizations have operations throughout the United States and around the world.

While Manhattan is known for its tower-

ing skyscrapers, multi-national corporations, the New York Stock Exchange, Broadway, the United Nations and many other world-renowned organizations, more than 60 percent of the city's workforce is employed by companies with fewer than 100 employees.

These firms cover many professions, industries and business categories, from neighborhood retailers to professional service firms, lodging and hospitality, publishing, media and entertainment. These small businesses continue to succeed because they are dynamic, fast-paced, competitive and focused to provide outstanding customer service, great value and a unique variety of products and services.

Commerce Bank and Manhattan Media LLC recently asked the people

of Manhattan to cast their votes for the "Best of the Best Small Business" in Manhattan. Scores of businesses were nominated. Each of these businesses stands out from the pack because it has created a special bond with its customers. The owners and their employees consistently go out of their way to help make the neighborhoods they serve better, more exciting or more enjoyable places to live, work or visit. In short they share the commitment to providing unsurpassed service that has been

relentlessly upheld by Commerce since our inception nearly 30 years ago.

Each of the winners and all of the nominees share a common characteristic: an unrelenting focus on providing superior customer service, day in and day out.

A thriving small business requires a total immersion by the owner and a core group of outstanding employees. They make a 24-hours-a-day, seven-days-a-week commitment that includes time in the office, on a selling floor, in client meetings and in many more activities. Small business executives also spend time in their communities working with service organizations, schools or neighborhood groups. On weekends time is spent building new business relationships, networking or entertaining clients.

Even the most dynamic, rapid-growth small businesses have faced the hard economic realities of 2002. Managers and officers at Commerce Bank's 10 stores in Manhattan have heard from a wide variety of small business customers that sales revenues are down by as much as 20 percent this year. Surprisingly, many of these firms also report that while sales are off, profits are holding steady. Companies have responded to the turndown and modified their methods and procedures, streamlined operations and carefully monitored expenses and overhead while enhancing

customer service.

These companies are taking action to prepare their firms for the coming economic recovery. Small business owners constantly look for opportunities to increase and expand their operations. Some of our customers actively explore new ventures in lower Manhattan below 14th Street and in the Financial District, a section of our city that is still struggling to recover from September 11, 2001.

New York City is a gigantic, ever-changing and continuously evolving market. Innovative business people always find ways to uncover market niches, expand into emerging neighborhoods, re-create their current business or establish whole new market categories. Fast paced, trend-setting New Yorkers are always eager to embrace the new, the unique and "what's

hot." Many small businesses in the city have the incredible ability to quickly recognize such trends and respond. That response enables the majority of small businesses to evolve, thrive and continue their focus on the time-honored traditions of listening to their customers, anticipating their needs and providing outstanding customer service.

David S. Slackman, who served as a judge for the 2002 Small Business Awards, is Manhattan Market president of Commerce Bank, sponsor of the awards.

Each of the winners and all of the nominees share a common characteristic: an unrelenting focus on providing superior customer service, day in and day out.

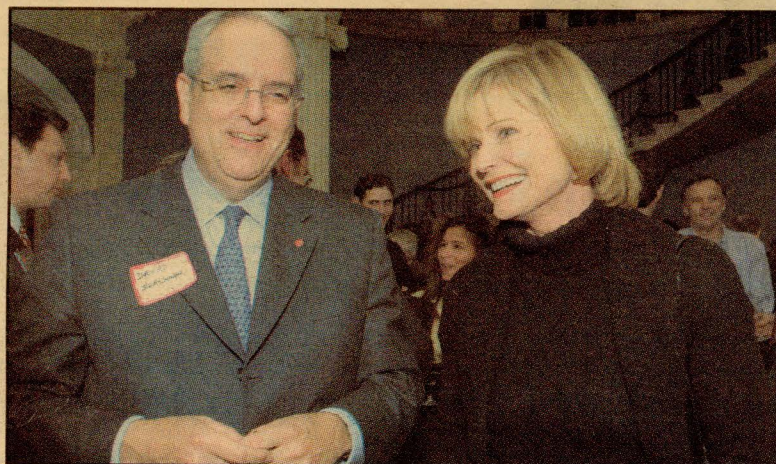
Each of these businesses stands out from the pack because it has created a special bond with its customers.



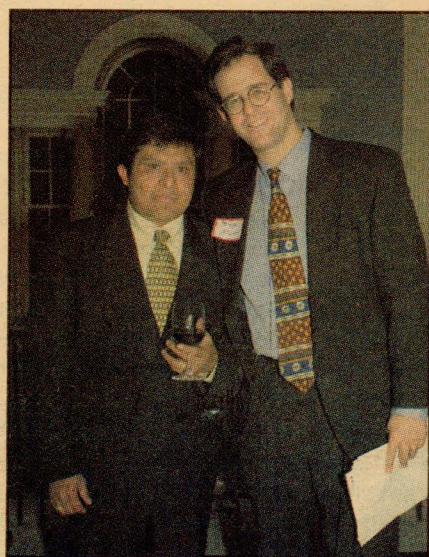
Marcy Syms, CEO of Syms, making a presentation at the 2002 Small Business Awards.



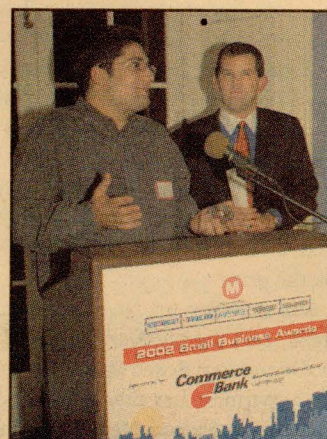
Team Commerce Bank.



David S. Slackman, Manhattan market president of Commerce Bank, with Catherine Crier of Court TV's "Catherine Crier Live."



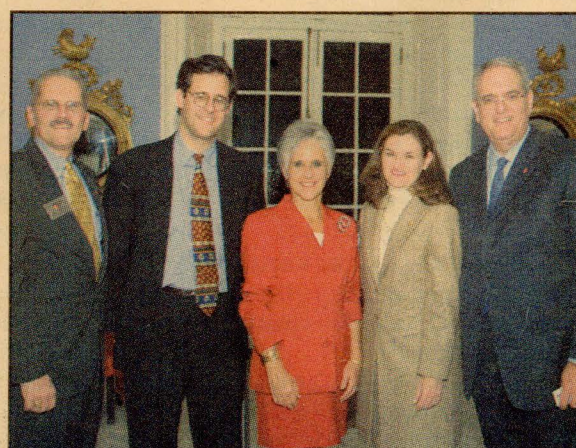
Mama' Mexico owner Juan Rojas Campos and the CEO and president of Manhattan Media LLC, Tom Allon.



Gracie Laundry owner John Martins speaks after receiving his 2002 Small Business Award while presenter Robert Walsh, commissioner of the New York City Department of Business Services, listens.



Cristyne Lategano-Nicholas, CEO and president of NYC & Company, with Robert Walsh, commissioner of the city's Department of Small Business Services.



Keith J. Pilkington, vice president of marketing at Commerce Bank, Tom Allon, CEO and president of Manhattan Media LLC, Diane Straus Tucker, group publisher of Manhattan Media, NYC & Company's Cristyne Lategano-Nicholas, and Commerce Bank's David S. Slackman.

Financial

Weekly Stock Index

52-Week High	Low	Department Stores	P/E	Sales (00's)	Last	Amt Change
4.19	1.69	Bon-Ton Stores	5.8	1426	2.50	-0.22
20.81	9.44	Dillard Dept.	14.8	27696	13.50	1.69
53.88	21.00	Federated	-	139340	38.00	3.00
7.25	3.94	Gottschalk's	13.1	214	4.38	0.25
22.50	8.63	J.C. Penney	-	60594	11.69	0.81
70.13	34.06	Kohl's Dept. Store	72.9	140374	64.75	3.75
38.31	19.19	May Dept. Stores	14.9	113008	34.44	1.69
16.19	7.63	Saks	11.5	16783	10.44	0.44
43.50	25.25	Sears	8.0	74733	35.74	0.99
39.19	21.63	Target	26.8	300801	34.69	2.44
Discounters						
30.25	0.44	Ames Dept. Stores	3.3	28202	2.47	1.03
24.50	14.25	Family Dollar	19.6	49392	19.63	-1.81
10.44	4.75	Kmart	20.6	244684	6.50	1.19
68.94	41.44	Wal-Mart	40.4	523294	53.94	0.81
Off-Price Retailers						
14.25	0.38	Bluefly	-	1408	0.63	0.06
19.50	9.69	Burlington Coat	11.5	6126	19.00	0.06
30.42	13.56	Dress Barn	13.2	5482	29.00	0.00
24.31	12.00	Ross Stores	10.8	44777	19.13	2.25
6.13	3.31	Syms	44.8	475	5.25	0.69
31.50	13.94	TJX	16.2	70152	28.38	0.63
17.06	4.25	Value City	-	1691	5.44	0.19
Apparel Specialty Stores						
44.88	15.00	Ann Taylor	12.7	48068	26.44	1.50
8.00	4.63	Charming Shoppes	11.8	12671	6.06	0.06
53.75	18.50	The Gap	24.2	385073	27.50	2.00
27.88	14.44	The Limited	14.4	145916	15.63	-1.44
39.63	19.38	Neiman Marcus Group	12.0	6620	35.94	0.38
34.50	14.13	Nordstrom	18.9	29236	18.88	0.69
9.50	3.03	Spiegel	5.2	4614	5.28	0.97
54.00	14.13	Talbots	33.3	24221	48.94	3.31
16.75	5.00	Venator	23.3	47577	14.63	-0.88
Apparel Manufacturers						
9.38	4.25	Donna Karan	15.0	2244	8.88	-0.13
7.50	2.94	G-III	3.4	134	5.88	0.00
29.38	20.13	Garan	7.2	13	23.88	0.50
121.50	72.94	Gucci	25.6	8294	86.25	-2.25
33.00	3.50	Guess	4.3	3577	5.13	-0.19
37.44	20.13	Jones Apparel	16.7	45366	34.75	2.56
23.25	13.75	Kellwood	67.2	3772	21.13	0.00
48.31	30.94	Liz Claiborne	12.7	22796	42.31	0.69
17.13	7.75	McNaughton Apparel	3.8	998	12.50	1.88
22.50	13.75	Oxford	7.1	544	16.69	1.44
13.88	5.81	Phillips-Van Heusen	12.1	4950	11.56	-1.44
25.00	12.75	Polo Ralph Lauren	85.3	14290	24.44	2.13
22.94	12.13	Russell Corp.	105.0	4064	15.75	0.31
10.19	2.06	Tarrant Apparel	13.9	1901	3.63	0.00
21.75	6.31	Tommy Hilfiger	8.7	20804	9.81	0.00
24.50	10.13	Tropical Sportswear	6.1	933	14.00	0.13
36.90	20.94	VF Corp.	11.9	13730	35.56	-0.68
14.44	1.25	Warnaco	-	9071	2.00	0.31
Textile Mills						
5.25	1.13	Burlington	-	3604	1.63	-0.13
7.63	2.25	Cone Mills	-	532	3.00	0.44
4.00	0.94	Delta Woodside	2.8	1769	1.19	0.06
4.75	1.63	Galey & Lord	8.6	151	2.50	0.00
9.75	1.00	Guilford Mills	-	2033	2.13	0.50
15.31	7.00	Unifi	14.2	6002	9.00	0.06
Cosmetics						
49.75	25.25	Avon	24.7	62287	44.50	-3.38
55.88	33.75	Estée Lauder	31.9	43290	40.44	-3.38
11.69	3.50	Revlon	-	2468	6.00	1.04
Accessories						
26.75	10.50	Fossil	9.0	4985	15.63	1.14
24.50	7.56	Movado	19.6	1110	15.13	-0.13

Family Dollar Net Up 13.3%

NEW YORK — New stores gave Family Dollar Stores Inc. a shot in the arm in its first quarter, accounting for about two-thirds of a 14.9 percent increase in revenues and contributing to a 13.3 percent rise in net income.

Net income for the quarter ended Nov. 25 was \$41.5 million, or 24 cents a share, compared to \$36.6 million, or 21 cents a share, during the year-ago period.

Sales for the quarter increased to \$820.1 million compared to year-ago sales of \$713.5 million. The average transaction price increased 2.5 percent compared to the 1999 period. Comps for the quarter rose 4.6 percent and fell 0.5 percent in December after a reduction in space for hanging apparel and an emphasis on hard goods.

With hardline sales up 9.1 percent in stores in operation at least a year, the increase in comps for the quarter was achieved despite a decrease in softline sales of 6.7 percent. As reported, the compa-

ny during the fourth quarter reduced space allocated to hanging apparel by 15 to 20 percent and introduced more hardline consumables in departments such as household chemicals, paper products and food.

Howard Levine, president and chief executive, noted in a statement that the improved results were a product of the company's merchandising initiatives. The company completed its merchandising changes in October, midway through the quarter, and was able to more than compensate for the program's costs with savings from the discontinuation of an advertising circular.

Family Dollar also reported that same-store sales for the five-week period ended Dec. 30 dropped 0.5 percent as softlines fell 9.5 percent and hardlines moved ahead 2.5 percent. The average transaction price gained 2.5 percent from year-ago levels.

Levine noted that, while overall sales improved, sales in

stores open more than a year were below expectations. "Severe winter weather was responsible for a portion of the shortfall in existing store sales," he said. "With the economy also slowing, sales of seasonal merchandise in departments such as trim-a-tree, toys and hanging apparel were below plan."

He added that the company faced tough comparisons with last year's sales, which were driven by the greatly anticipated, but ultimately nonexistent, Y2K bug.

Levine stressed the importance of the firm's merchandise changes in insulating it against a cool retail season that looks like it will last beyond winter.

"With Family Dollar's merchandising mix continuing to shift to more low-priced basic merchandise to meet the needs of value-conscious consumers, we believe the company is well positioned even in a slowing economy to continue its profitable growth," he said.

Syms Losses Hit \$7.7 Million

NEW YORK — Nearly \$13 million in store closing costs spelled the difference between black and red ink for Syms Corp.'s third quarter.

For the 13 weeks ended Nov. 25, Syms had a net loss of \$7.7 million, or 48 cents a share, compared to net income of \$2.8 million, or 17 cents, in the year-ago period. The loss includes \$12.9 million in charges associated with the closure of its downtown Boston store and the termination of leases in four other locations.

Without the charge, Syms would have earned 1 cent a share in the quarter.

Sales declined 1.4 percent, to \$94.3 million from \$95.6 million in

the 1999 quarter. On a same-store basis, sales declined 0.7 percent.

In addition to the downtown Boston location, which closed on Oct. 29, Syms will close a unit in Gurnee, Ill., at the end of January. The three other locations to be shuttered weren't disclosed by the company.

"We removed a serious obstacle to profitability," Marcy Syms, chief executive, said of the closures in a statement. "The action taken will reduce expenses, improve efficiencies and increase our ability to be more competitive going forward."

Sy Syms, chairman, noted that the company finished 2000 on two consecutive positive notes,

registering same-store sales growth of 8 percent in November and, in the current fourth quarter, 4.5 percent in December.

For the nine months, losses at Syms totaled \$10.5 million, or 66 cents a share, versus net income of \$105,000 in the first nine months of 1999. Without the store-closing charge, the loss for the nine months would have been 17 cents a share.

Sales for the nine months reached \$250.1 million, 0.7 percent above last year's \$248.2 million, but 0.9 percent below the comparable 1999 period on a comp-store basis.

Syms currently operates 46 off-price apparel stores.

WWD Stock Market Index for Week Ending January 5

Apparel Mfg.: 148.95	Retailers: 274.25	Textiles: 17.74
↑ 2.22	↑ 7.79	↑ 0.45
Department Stores	199.52	11.96
Off-Pricers	244.58	8.36
Discounters	361.60	5.73
Specialty Stores	158.23	5.56
Index base of 100 is keyed to closing prices of Dec. 31, 1993.		

Biggest Percentage Changes For Week Ending January 5

Gainers	Close	Change
Ames Dept. Stores	2.47	71.74
Guilford Mills	2.13	30.77
Spiegel	5.28	22.46
Kmart	6.50	22.35
Revlon	6.00	20.97
Losers	Close	Change
Phillips-Van Heusen	11.56	-11.06
Family Dollar	19.63	-8.45
The Limited	15.63	-8.42
Bon-Ton Stores	2.50	-8.05
Estée Lauder	40.44	-7.70



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New York City, January 17-18, 2001

MODA MADE IN ITALY

SIZING UP SMALL CAPS

Hard Sell

BY RHONDA BRAMMER • What in the world has happened to Syms? And we don't mean the stores. No, the stores look pretty much like they always did — at least judging by the Syms around the corner at Trinity Place, just down the street from the American Stock Exchange. We found on the first floor, much to our relief, the same rack after rack of men's suits, hanging

cheek-by-jowl in one huge room whose walls are still painted black, and upstairs, a few women quietly drifted through the racks of coats, while others spiritedly dug into piles of cashmere sweaters.

And yes, the merchandise was all brand-name, all marked with Syms "discounted" price. And while the ambience isn't Barney's, neither are the prices. The clerks are friendly, in itself a charming anachronism these days, and when they answer the phone — we hung around the checkout counter just to make sure — they still cheerfully chirp out the old Syms slogan: "An educated consumer is our best customer."

So the stores and the kind of stuff they peddle and the lure of name-brands at knock-down prices are not perceptibly different from what they were a year or five years ago. But what has changed — and dramatically — is the price of Syms stock: it's \$4.38, down from almost \$16 a couple of years ago.

And in our opening query, we really were asking, what in the world has happened to Syms' stock?

Actually, this very question was posed to us recently by a reader, but before we could reply with something along the lines of discount-retailing-is-an-incredibly-crummy-cutthroat-business, it became clear that the gentle caller's question was a rhetorical one, that he owned the stock, thought it dirt-cheap and hoped we would, too.

Well, he sounded like a sharp-eyed, sensible type, so we ordered up a set of financials. We're always, after all, on the lookout for unappreciated situations. And while we'd more or less lost track of Syms, it was a familiar name and a company that once had a bit of a following among savvy Street folk.

And frankly, we were more than a tad curious to discover the reasons for the decline and fall of one of the hot new issues of 1983, an IPO that was immediately listed on the New York Stock Exchange. Our interest was further piqued by a vague recollection that Marcy Syms, the company's president, had written a book awhile back that, further research disclosed, was engagingly entitled: *Mind Your Own Business: And Keep It in the Family*.

Marcy Syms' father, Sy Syms — before founding the company — ran a retail outlet with his brother George under the family name Merns. When, as



brothers are wont to do, the two had a falling out. Sy split, started his own store and called it Sy Merns. That, however, failed to quell the fraternal strife. His brother sued, so Sy changed not only the name of his store to Syms, but took it as his own name as well. "Syms," incidentally, is a rather clever concoction that combined "Sy" with the first and last letters of "Merns."

Family lore is relevant, in a way, since anyone buying Syms stock is, in effect, signing on as a member (a junior member, to be sure) of the family: 74-year-old Sy Syms, chairman of the board, owns 39% of the company, according to a June proxy. And Chief Executive Marcy Syms, 49, owns another 10%.

They, at least, think the stock is cheap.

On October 16, Syms management authorized the repurchase of 15% of its shares outstanding.

Worth noting, too, is that last fiscal year, ended February, the company repurchased 11% of its outstanding stock for \$17.7 million. That worked out to \$9.18 a share — or roughly five bucks above the current price.

For that matter, in September 1995, the Syms family tried to take the company private by offering \$8.75 a share for all the stock they didn't own. Some institutional investors complained the price was too low; the offer was subsequently withdrawn.

As the current depressed state of the stock suggests, Syms' business isn't exactly booming. Apparel stocks, in general, are in the tank, reflecting the preference among consumers at the moment for gadgets and computers

over clothes. Competition among discounters is brutal. So what else is new?

And what with casual Friday morphing into casual Thursday into casual Wednesday, dress clothes are not in heavy demand. This gathering trend — which equates the cool look with attire that not so long ago would have been grounds for getting canned — has hit men's suits and tailored clothes especially hard. And that, alas, is Syms' core business, chipping in some 54% of sales in fiscal 2000.

Women's dresses, suits and separates accounted for a further 30% of revenue, with shoes, kids' stuff, luggage and the like contributing the rest.

In the first fiscal half, ended in August, on 2% higher sales, Syms lost \$2.8 million, or 18 cents a share, compared with a loss of \$2.7 million, or 16 cents, in the year-earlier span.

Even before earnings headed south three years ago, the company had been making progress slowly. From fiscal '91 through '98, revenues advanced on average a meager 2% a year, while earnings climbed at an average annual compounded rate of 7%.

Okay. But contrary to the woe-be-gone action of the stock, Syms is not a synonym for disaster. For openers, the trend in same-store sales over the past six quarters — though still slightly negative — is undeniably encouraging. They were down 10.6% in the first quarter of fiscal 2000, 5.8% in the second, 5.4% in the third, 1.7% in the fourth, 1.8% in the first quarter of fiscal 2001 and 0.1% in the second.

What's more, in the seasonally weak second quarter of fiscal 2001, Syms' loss narrowed — to 19 cents a share, from 21 cents a year earlier.

Will the firm turn a profit for the year?

Yes, if you exclude one-time charges. That's what Marcy Syms told us late Friday when we chatted with her by phone. In fact, without nonrecurring items, she reckoned profits would top last fiscal year's 14 cents a share.

But the cost of terminating a lease and closing a store in Boston will likely mean a third-quarter charge to the tune of \$10.5 million, or about 40 cents a share after taxes.

The store — a mistake, she readily admitted — had been losing close to \$3 million a year. "In 41 years," she

sighed, "we've never had an experience like this, something that was hemorrhaging like this."

So though business may not be setting the world on fire, Syms is clearly very much alive and kicking — and seems, moreover, poised to enjoy a gradual recovery in earnings.

Which is not the message signaled by the lowly price of the stock, obviously. At \$4.38 a share, Syms is being accorded a stock-market value of \$70 million — or a mere 20% of sales. Not long ago — in fiscal '98, to be precise — this company earned \$23 million, or \$1.29 a share.

Could Syms ever earn that much again?

"Gee, that's not so long ago," she laughs. "Of course!" Management just took its eye off the ball, she insists, mentioning again the Boston store. "And maybe we fell in love a little bit with some of our brand names, and didn't mark them down fast enough." But the underlying business, she stresses, remains a good one.

Syms' book value is almost \$16 a share and there's no debt. Even if you write down all the merchandise inventory to zero — yes, zippo — book at \$7 a share is still sharply higher than the going price of the stock.

And then there's the real estate.

Since 1959, when Sy Syms opened the first store in New York City, the chain has grown to 48 outlets. Of those, 23 stores are owned, including the one in the heart of the financial district in Manhattan.

Other stores that Syms owns — and ones that it purchased before December 1994 — include outlets in Fort Lauderdale, Miami and Tampa, Florida; Dallas and Houston, Texas; Fairfield, Connecticut; Westbury, Commack, Buffalo and Rochester, New York, and Secaucus, Paramus and Cherry Hill, New Jersey.

The multimillion-dollar question, of course, is this: What's the land, which is carried on the balance sheet at \$40 million, or \$2.56 a share, actually worth?

"I can tell you what it's worth," volunteers Syms. "It's worth \$160 million, or \$10 a share."

Syms says management has contemplated another try at going private. Her only reservation is that such a move would mean borrowing and Syms has always been firmly averse to debt.

With real estate that management pegs as worth \$10 a share — along with its reassuring financials and manifest viability — Syms strikes us as one of the more compelling speculations around. ■

Jimmy Jazz Owner Buys Into SND Underground

Izzy Steinberg out, Jimmy Khezrie in as Robert Shapiro's partner

BY ELENA ROMERO

NEW YORK — Jimmy Khezrie, owner of the 36-unit Jimmy Jazz young men's chain, has purchased a 50 percent interest in SND Underground, a direct competitor.

SND, an eight-unit chain based in Brooklyn, N.Y., was founded in the 1980s by Robert Shapiro and Izzy Steinberg. Khezrie bought out the stake of Steinberg, who will retain, and rename, an SND store in Far Rockaway, N.Y.

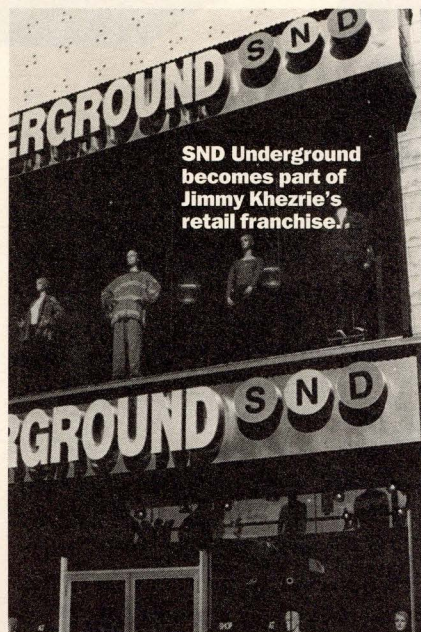
Steinberg and Shapiro formed their partnership when Shapiro, a salesman for Cotler, saw a void in the market for young men's stores in urban areas.

Calling it a "happy divorce," Shapiro said the parting with Steinberg was amicable. "We talk more now more than we did when we were partners. We had a different philosophy. Izzy decided he wanted [the chain] smaller and we were not on the same page."

Steinberg could not be reached for comment.

SND had created its niche by bringing upscale brands to the inner city. The chain competed with Jimmy Jazz and other urban specialty stores, including Dr. Jay's. With units in Manhattan, Queens and Brooklyn, SND carries a wide assortment of brands including Versace, D&G, Fendi, Ferre, Guess, Girbaud, Ecko, Sean John, Phat Farm and Enyce for both men and women.

"I see [the SND stores] having a lot of growth potential," Khezrie told DNR



Edison Bros.

Khezrie was a 33.6 percent investor in Coda Acquisition Group Inc., which acquired the 283-unit Coda chain for \$10.3 million. However, less than four months after the purchase Khezrie and partner Stuart Feldman of Chelsea Capital moved to liquidate.

on Friday. "I am very happy with its brand selection and merchandising. What I want to bring to the store is a better operating system and infrastructure."

Khezrie said there is no plan to convert the SND stores into Jimmy Jazz units. "It will continue under the SND Underground name," he said. "There's enough business to warrant both chains. We will bring in my management expertise and help grow the chain." Additional units may be added as early as September, he said.

To distinguish between the chains, Khezrie said, "we will keep SND more high-end with more select branded merchandise."

Thirteen years ago Khezrie made the transition from real estate to retail after realizing the need for young men's shops in the New York area. His Jimmy Jazz operation has now grown to 36 stores, including three children's stores. Khezrie also owns the six women's stores called Mony.

For the past year Khezrie had been attempting to expand his business. He added stores in Harlem and began a move into malls in the New York area. At the same time he made an attempt to go national with the acquisition of the Coda chain from the bankrupt

Photo by ROBERT MITRA

Brusone Tops List to Head Donna Karan

NEW YORK — The deal's not even completed yet, and already there's speculation on who might run Donna Karan International once LVMH Moët Hennessy Louis Vuitton takes over.

Although there's been no official word, sources say it's highly unlikely that John Idol, CEO of Karan, will remain in his job.

Among the main contenders for the top Karan post are Giuseppe Brusone, former managing director of Giorgio Armani; Gabriella Forte, CEO of Ibeauty.com and former president and chief operating officer of Calvin Klein Inc., and Stephen L. Ruzow, chairman and CEO of Pegasus Apparel Group and a previous president and chief operating officer of Donna Karan International. Another name that has been cited is Denise Seegal, former president of Liz Claiborne Inc.

Brusone, Seegal and Forte couldn't be reached for comment Friday, and Ruzow had no comment.

As reported, LVMH has agreed to buy Gabrielle Studios, the privately held licensor of the Donna Karan and DKNY trademarks, owned by Donna Karan and her husband, Stephan Weiss, for \$450 million, and also made a proposal to acquire Donna Karan International for \$195 million.

While there's no timetable on when a changeover in management would occur, the agreement to buy DKI has certain financial incentives if the deal is completed within six months.

Brusone, who appears to be heading the list, resides in Milan and is a good friend of Karan's, as well as Bernard Arnault, chairman of LVMH.

During Brusone's 14-year tenure at Armani, he served as the designer's "right hand" and helped extend Armani's reach beyond Europe and America to a global level. A low-key executive, Brusone joined Armani from Cidat, the division of GFT SpA that once produced Valentino's women's collection. Before that,

he worked at the Italian fashion house Basile.

Idol has been CEO of Karan since July 1997, prior to which he was group president of licensing at Polo Ralph Lauren. He was unavailable for comment Friday. According to Idol's contract, which expires on June 30, 2002, if there's a change of control or a merger of the company that results in his termination, he is entitled to three times his base salary, plus three times his total bonus compensation (performance and incentive) for the immediately preceding fiscal year. That could amount to a payout of \$10.8 million. —LISA LOCKWOOD

Store-Closing Costs Push Syms Into Red

NEW YORK — Nearly \$13 million in store-closing costs spelled the difference between black and red ink for Syms Corp. in the third quarter.

For the 13 weeks ended Nov. 25, Syms had a net loss of \$7.7 million, or 48 cents a share, compared to net income of \$2.8 million, or 17 cents, in the year-ago period. The loss includes \$12.9 million in charges associated with the closure of its downtown Boston store and the termination of leases in four other locations.

Without the charge, Syms would have earned 1 cent a share in the quarter.

Sales declined 1.4 percent to \$94.3 million from \$95.6 million in the 1999 quarter. On a same-store basis, sales declined 0.7 percent.

In addition to the downtown Boston location, which closed on Oct. 29, Syms will close a unit in Gurnee, Ill., at the end of January. The three other locations to be shuttered weren't disclosed by the company.

"We removed a serious obstacle to profitability," Marcy Syms, chief executive, said of the closures in a statement. "The action taken will reduce expenses, improve efficiencies and increase our ability to be more competitive going forward."

Sy Syms, chairman, noted that the company finished 2000 on two consecutive positive notes, registering same-store sales growth of 8 percent in November and, in the current fourth quarter, 4.5 percent in December.

ON THE COVER: TOMMY HILFIGER's cotton/nylon toggle-closure duffel coat, cotton corduroy jacket and cotton shirt. Styled by WENDELL BROWN/
Photos by DAVID TURNER/Grooming by KAREN ANGUS/Model: KEITH KELLER (NMK)

Alamac

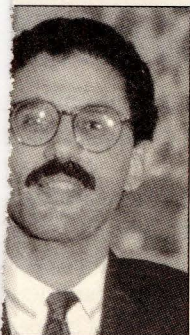
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—THOMAS J. RYAN

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Burton's Spinning Off Debenhams

LONDON — The Burton Group plc, one of the U.K.'s largest retailers, plans to spin-off its Debenhams department store chain into a separately listed company early next year. Burton's announcement follows similar moves by Harrods, Dickson Concepts and Sears plc, all of which have spun-off department store businesses into companies with their own listings on the London Stock Exchange.

Burton's move will result in two companies with separate listings — Debenhams, which operates 92 department stores, 25 shops-in-stores and the mail order companies Innovations and McCord; and Burton's specialty chains, which include Burton Menswear, Top Shop and Principles in men's wear and Dorothy Perkins, Top Shop and Evans in women's wear.

—JAMES FALLON

Syms Profits Jump 38%

SEACAUCUS, N.J. — Highlighting a "superior gross margin performance," Syms Corp. said first-quarter earnings jumped 38.3 percent to \$4.7 million, or 26 cents a share, from \$3.4 million, or 19 cents a share, a year ago. Sales for the three months ended May 31 inched ahead 2.7 percent to \$85.6 million from \$83.4 million. Same-store sales dropped 3.4 percent. Gross margins improved to 39.9 percent of sales from 36.5 percent last year, Antone F. Moreira, CFO, said.

Marcy Syms, president, said in a statement that the chain's expansion plan of opening 19 new stores by year-end 2001 is already underway, with a second Atlanta-area location slated for opening in Marietta, Ga., this fall. The company is also on schedule to move its Rockville, Md. store from a leased unit to a company-owned site in the same shopping district, Syms said. The company operates 40 off-price apparel stores.

Obituary

Stanley Bloomberg, 70, Slacks Executive

NEW YORK — A memorial service will be held for Stanley L. Bloomberg, 70, executive vice-president and a principal of Glen Oaks Industries, on Thursday, July 10 at 11 a.m. at Temple Emanu-El here. Bloomberg died July Monday after a long illness. He joined Glen Oaks, a family-owned men's slacks firm, in 1956 and was active in the business until his death.

Bloomberg is survived by a sister Norma Wilk; his wife, Marilyn; a son, Ken, senior vice-president of operations for Glen Oaks; a daughter, Nancy Hill; and two grandchildren. In lieu of flowers, donations can be made in Bloomberg's memory to the Greenwich Hospital Capital Building Fund, 6 Perryridge Road, Greenwich, Conn. 06830.

ON THE COVER:

DRIES VAN NOTEN's cotton jacket, knit V-neck and pants. Photo by OLIVIER CLAISSE.

Tailored Clothing Woes Put Hartmarx in Red

Chicago-based manufacturer continues to focus on sportswear

By DAVID LIPKE

NEW YORK — Weak demand for men's tailored clothing and costs related to new-product initiatives lowered earnings at Hartmarx Corp. in the second quarter, as the suit giant posted losses for the second consecutive quarter.

For the second quarter ended May 31, the Chicago-based tailored clothing and sportswear maker posted a net loss of \$4.2 million, or 14 cents a diluted share, compared with income of \$1.5 million, or 5 cents, in the year-ago quarter. The quarter's results were negatively impacted by a \$69,000 after-tax charge stemming from a purchase of the company's 10.875 percent senior subordinated notes. The year-ago quarter was positively affected by a \$227,000 gain from a similar purchase.

Net sales retreated 15.3 percent to \$146.1 million, down from \$172.5 million in the same period last year.

Chairman and CEO Elbert Hand said, "The company's operating results were adversely affected by weak demand for apparel at retail, continued investment in building our sportswear business, eliminating the unprofitable elements of the Biltwell Co. and costs related to factory closings associated with our competitive sourcing strategies," he said in a statement.

Biltwell is a division that manufactures moderately priced tailored

clothing, mostly for private-label clients. A Biltwell administrative office in Missouri was closed during the quarter, and a distribution facility in Missouri will soon be shuttered. The moves are part of Hartmarx's previously announced initiative to exit lower-margin businesses.

The quarter's results also reflect \$2.5 million in costs related to factory closings and inventory dispositions. The company is in the process of winding down operations at two domestic tailored clothing facilities in Kentucky and Indiana, as announced in the first quarter. Additionally, the company will eliminate three tailored

clothing operations in Kentucky, Indiana and Costa Rica by year's end.

Non-tailored clothing accounted for approximately 30 percent of sales during the quarter, up from 28 percent a year ago. Sales in this category were approximately \$1.2 million during the quarter.

Men's apparel accounted for 90 percent of sales, slightly less than the year-ago quarter, according to CFO Glenn Morgan.

Analyst David Campbell of Merrill Lynch noted, "Business is just not very good for them right now. There is a lot lower demand for tailored clothing, and they

haven't reduced their exposure to that market enough yet. Two of their largest customers are Dillard's and Nordstrom, and they are both struggling."

A bright spot in the difficult quarter was a 42 percent year-over-year increase in advance order activity for Hickey-Freeman, Bobby Jones, and HMX Sportswear sportswear and dress furnishings to be shipped this fall.

Looking forward, Morgan said the second half is traditionally stronger for the company, and "we expect to be profitable in the next two quarters."

Syms in the Red in 1st Quarter

NEW YORK — Battered by a drop in sales, Syms Corp. suffered a loss in its first quarter and said an expected turnaround is now uncertain.

The Secaucus, N.J.-based off-price retailer reported a net loss of \$777,000, or 5 cents a share, for the quarter ended June 2. That is against a profit of \$144,000, or 1 cent, in the year-ago period. Sales decreased 11.9 percent to \$71.6 million from \$81.2 million last year, while comparable-store sales decreased 9.3 percent.

Marcy Syms, chief executive of the 45-unit chain, said in a statement, "The results are reflective of the continuing difficult economic climate that Syms and other retailers are facing and, even though we are hopeful, we do not yet see the anticipated recovery."

Antone F. Moreira, vice-president and treasurer, would not project when he expected the company to return to the black. He said the company remains in a strong cash position, is debt-free and has lowered inventory to offset the sales decrease.

In addition to its financial woes, a marketing executive at Syms Corp. was indicted in New York state court May 30 for his participation in a scheme that removed more than \$5.6 million from the coffers of the apparel off-pricer, as reported.

According to an announcement by Manhattan District Attorney Robert M. Morgenthau, Douglas C. Meyer, the in-house advertising executive and two others were charged with creating an "elaborate scheme of overbilling and false invoices through several companies that allowed them to drain Syms of \$5,656,361 from the budgets of the ad campaign and direct-mail program." The thefts occurred during the three years that Meyer directed the company's print and direct-mail programs, beginning in January 1998. In addition to Meyer, the other individuals named in the indictment were Jelle "Jay" Eijpe and Gerald Birnbach. Also named were the four dummy companies used to facilitate the theft.

Each of the defendants is charged with grand larceny in the first degree, a B felony punishable by up to 25 years in prison.

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STOCK WATCH

Syms racks up hefty gain

Positive earnings are its first in some time; closes unprofitable stores

BY HEIKE WIPPERFURTH

FOR TWO YEARS, SYMS CORP. bled money.

The off-price clothing retailer, with 42 stores mainly around the East, faced a declining market share and a sharp switch in consumer sentiment away from the suits and ties that were Syms' mainstays.

Now, after shuttering some money-losing stores, Syms has emerged as a surprising survivor in a market that again rewards retailers that offer value for money.

As competitors such as Moe Ginsburg have thrown in the towel, the 43-year-old family-run company, sporting the slogan "An educated consumer is our best customer," actually managed in June to post its first positive earnings in a long time.

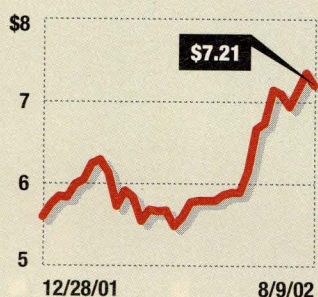
Buying spree

That gain and the announcement of a major stock buyback have helped to drive its stock up 24% in just two months. On Friday, it closed at \$7.21.

In the first quarter ended June 2, Secaucus, N.J.-based Syms made \$707,000 million before taxes on revenues of \$68 million. That compares with losses of \$777,000

Syms Corp.

Weekly closing stock prices.



JENNIFER CHIU

in the same quarter a year ago.

Only some of that profit came from its operations. A large part of it, \$450,000, came from special items. Those included an insurance payment related to business interruption following the closure of its flagship store near the World Trade Center that dragged on for months.

"They are a very unusual animal in today's world," says Thomas Kahn, president of Kahn Brothers & Co., which is a major Syms shareholder. "They have no debt and \$30 million in cash." Such financial conservatism sits especially well with investors these days, given the scandals that have slammed other companies ranging from Enron to WorldCom.

To regain its needed sales momentum, Syms has recently changed its marketing tactics. In June, it launched "Syms Dress for Success," a campaign targeting the youth market. As part of that ef-

fort, the store's Web site offers fashion tips to first-time job seekers.

In addition, it is trying to concentrate its efforts on its best units. In the first quarter, for example, it had a decline in net sales of \$2.1 million related to the closing of unprofitable stores in Virginia and Ohio.

Some say the company's real strength is its real estate. Syms actually owns the sites of 23 of its stores in states ranging from New Jersey to Florida. "Maybe they are more like a real estate investment trust than a retail store," says Mr. Kahn.

Family rules

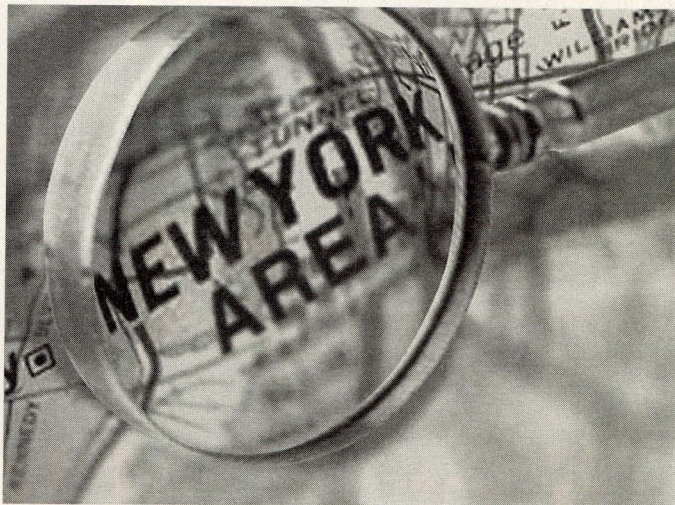
He notes that at \$7.21, Syms' stock is priced at less than half its \$15 book value. The stock buyback, which the company said will total up to 20%, or 3.2 million, of its outstanding stock over two years, will help. Chairman Sy Syms, who started the store in 1959, and Marcy Syms, his daughter and the company's chief executive, already own 51%.

With newer competitors such as Men's Warehouse and Today's Man eyeing some of the same customers as Syms, the store's managers will have to run hard just to maintain their market share.

"Is there a reason for a regional discounter to exist at this point?" asks Allan Ellinger, senior managing director at MMG, an apparel consulting firm. "They have to find a niche that makes it very unique to itself." ■

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WTC shops pop uptown

Papyrus pencils in midtown; garment district gets Cosi

BY CATHERINE CURAN

As officials wrangle over how to rebuild at the World Trade Center site, two former retail tenants have opted to take new locations uptown.

The upscale stationery store Papyrus signed a long-term lease for 800 square feet at 600 Lexington Ave., at East 52nd Street, and hopes to open its doors next month. Faith Hope Consolo, vice chairman of Garrick-Aug Worldwide Ltd., represented Papyrus in the transaction. The asking rent was \$225 per square foot.

Susan Rochlis, owner of the Papyrus store, says the new unit will return her store count to three franchised locations in Manhattan. The WTC location had been a strong performer, and added diver-

sity to her customer mix beyond the wealthy Upper East Siders who frequent her Third Avenue and East 73rd Street shop.

She would like to return downtown, but the uncertainty about what will be built and when prompted her to look elsewhere. Ms. Rochlis hopes the new outpost on Lexington, which is near several subway and bus lines, will help replace the kind of customer base she had at the trade center.

"I would like to be back downtown, but unfortunately it may be five or six years down the road," she says. "Until the plan shakes out, it's hard to know."

Cosi, the popular upscale sandwich chain, is likewise moving north, seizing an opening at 498 Seventh Ave. in the garment district. Ms. Consolo represented Cosi in the deal for a 15-year lease for the 2,000-square-foot space. The asking rent was \$125 per square foot. ■

COMPANY INDEX

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David M. Valdez

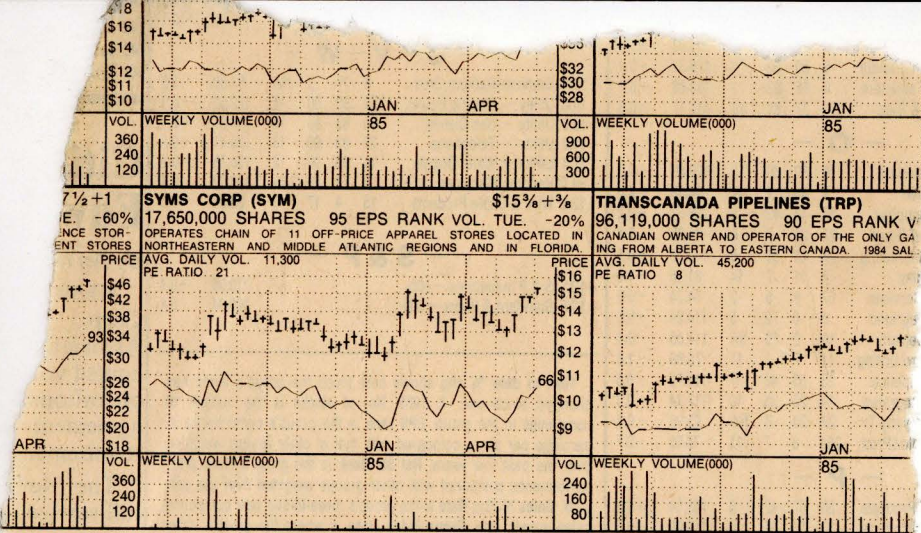
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30%	30%	- 1/2
52%	53	- 3/4
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Corporate Profiles Housing Aff

The following companies yesterday made a new price high on the NYSE for the first time in the last three months. The graphic display for each is located above.

Syms Corp \$15 3/8
 Annual Earnings Growth Rate +27%, PE 21X

Business: Operates chain of 11 off-price apparel stores located in northeastern and middle atlantic regions and in Florida. Stores offer broad range of off-price first-quality, inseason merchandise consisting primarily of mens tailored clothing and haberdashery (64% of sales), womens dresses, suits and separates (32%) and childrens wear, luggage, etc (4%). Plans to open 2 and expand 1 store in 1984.

10 Mutual Funds Own 12% of Company

IDSFUND	221,900	MAGELLN	290,000
IDS GR	350,000	LR DEGR	270,000
IVEST	120,000	DREYOPP	100,000
SHERAGS	80,000	PIONR-3	72,500
FIDLMER	40,400	FINOMIC	8,000

Number of Funds Owning:

Last Quarter 2	3 Quarter Ago 12
2 Quarter Ago 10	4 Quarter Ago 8

Earnings Per Share

'80	0.29	Jun Qtr +12%	Floating Supply 13.2 mil
'81	0.32	Sep Qtr +44%	Up/Down Vol 0.3
'82	0.42	Dec Qtr +19%	Avg Owner \$395,214
'83	0.59	Mar Qtr +38%	'82 Debt 22%
'84	0.72		'83 Debt 17%
'85	0.90	consensus estimate	

Hdq Lyndhurst, NJ, Inc 1959, Annual Sales .21bil

Last Qtr Sales +17%, '83 Pretax Margin 12.4%

'83 Return on Equity 29.0%

5 Yr P.E. Ratio High 31 Low 16, EPS due 8/7/

By David W. Myers, *Investor's*

Lower interest rates, rising income and moderating home prices helped push the National Association of Realtors' Housing Affordability Index to its highest level in five years.

The trade group uses the measure the affordability of single-family homes. April's index was up from a revised 89.7 and 87.9 a year earlier.

The April figure means that earning the median income of \$10,000 a year had 90.3% of the income needed to qualify for a mortgage covering the median resale home price of \$74,400.

Half the homes in April were sold for less than the median sales price.

Likewise, half of all American families earned more than the median income and half earned less.

David D. Roberts, NAR's president and a Realtor in Alabama, said that in April's affordability index was helped by a drop in interest rates.

The Federal Home Loan Bank Board previously reported that the average effective interest rate on loans closed in April was 12.12%.

BankAmerica Sees Flat 2nd Q

Investor's Daily Staff and Wire Reports

SAN FRANCISCO — BankAmerica announced yesterday that it expects second-quarter results to hover near the

BankAmerica

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\$110

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at the downtown unit,
retailer has operated
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also said it will extend its
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this week by instituting
openings and extending
ay closing times until 9

Syms Corp. Net Falls 19.5% in Second Quarter

LYNDHURST, N.J. (FNS) —
Earnings at Syms Corp. fell 19.5
per cent in the second quarter and
19.6 per cent in the six months
ended June 30.

Second quarter earnings were
\$3,172,000, or 18 cents a share,
down from \$3,939,000, or 22
cents, in last year's second quar-
ter. Sales in this period were
down 1.9 per cent to \$58,005,000
from \$59,097,000.

In the half, Syms, earned
\$4,698,000, or 27 cents, down
from \$5,845,000, or 33 cents last
year. Sales slid 0.7 per cent to
\$101,031,000 from \$101,711,000

The company declined to com-
ment on the results.

Brumm As Presid

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... to create an entity with estimated annual
... revenue of nearly \$200 million. Under the
... agreement, Vtel will exchange 0.46 shares
... of newly issued common stock for each
... share of Compression outstanding. In con-
... nection with transaction, Vtel said it ex-
... pects to record charges of between \$15
... million and \$25 million.

SYMS CORP.

Net Income Surged by 55% In the Fiscal Third Quarter

Clothing retailer Syms Corp. reported that fiscal third-quarter net income jumped 55%, driven partly by higher margins in the recent period. For the quarter ended Nov. 30, net climbed to \$8.6 million, or 49 cents a share, from \$5.6 million, or 31 cents a share, a year earlier. Sales increased 3% to \$96.2 million from \$93.4 million. Results for the recent period include three new stores. The Se-caucus, N.J., company attributed the improvement in part to an increased stock of in-season clothing, which resulted in fewer markdowns. The company also said expenses as a percentage of sales decreased, reflecting continuing efforts to cut costs.

... Calif.) — David
... was named executive vice president
... the new position of chief operating officer
... of this maker of network management
... products. He had been a vice president.

INGERSOLL-RAND Co. (Woodcliff Lake, N.J.) — Ernesto Ramon, 59 years old, was named president of this air compressor, construction and mining equipment company's Latin America unit, a new position. Mr. Ramon, who will be based in Miami, previously was president of Dow Chemical Co.'s Dow Chemical-Latin America unit.

PNC BANK Corp. (Pittsburgh) — Walter E. Gregg Jr. was named senior executive vice president, a new position within the Office of the Chairman at this bank holding company. Mr. Gregg, 55 years old, most recently has been executive vice president, finance and administration. He retains his former duties in his new role.

Died. . . .

Grace J. Fippinger, 69, former vice president, secretary and treasurer of Nynex Corp., Monday, in New York, of cancer.

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Continued From First Business Page

using this premise, Syms — a name that comes from the combination of Sy Merns' first name and the first and last letters of his surname — has built an 11-apparel store chain with net income of \$7.5 million on sales of \$147.2 million in 1982. With stores from Fort Lauderdale, Fla., to Peabody, Mass., Syms plans to open three more by the end of 1984.

Volume Is Essence of Business

The essence of the off-price business is volume, but its health depends on supply. Some manufacturers still call "off-price" retailers undertakers, because of their relationship with manufacturers. When the economy slips into a recession, manufacturers look to off-price retailers to keep their factories running.

Manufacturers routinely work ahead by 18 months. If such a manufacturer has over-ordered fabric and then the orders do not come in, he may be faced with the problem of too much fabric. He can sell it to a jobber for 20 percent of its cost. Or, he can sell it to an off-price discounter for the full price.

The condition of such a sale usually involves the manufacturer making goods at cost for the off-price retailer. This keeps the factory open and the employees working. The off-price merchandiser, as a consequence, gets his goods at a much lower price than if he had made an order in advance.

Move Toward Diversification

Sy Syms, who has worked with manufacturers for 20 years, is counting on their loyalty during the current retailing upturn. But the 57-year-old executive is also hedging his bets, should the popularity of off-price merchandising fade.

In 1980, Mr. Syms bought A. Sulka & Company, a 90-year-old London haberdashery, which sells \$2,500 silk-lined cashmere dressing gowns and other luxury clothing. This high-margin, high-overhead business contrasts sharply to the Syms image, but provides the company an escape route. These are not businesses that will merge, the company said.

For the owners of Dress Barn, Burlington Coat Factory and Syms, the overriding advantage of taking their companies public was that it meant no change in company control. Company president, Elliott S. Jaffe, and his family retained 47.5 percent of the Dress Barn. Monroe G. Milstein and his family still own 65.22 percent of the Burlington Coat Factory. And, Mr. Syms kept 82.3 percent of his company and most of the money from the public sale of stock.

Stock Prices Are Flat

In each case, movements in the prices of the stock have been relatively flat. The Dress Barn opened at \$23 a share on the over-the-counter market in May, and its bid price yesterday was the same. Burlington Coat opened in June at \$28 a share, went as high as \$41, and reached its low of \$26 yesterday on the over-the-counter market. And in Syms' short trading history, its stock has fluctuated between a high of 17 $\frac{7}{8}$ and a low of 15 $\frac{1}{4}$, closing yesterday at 15 $\frac{3}{4}$ on the New York Stock Exchange.

Such stock offerings are common among entrepreneurial companies in which the founders or their families want to raise money without losing corporate control. The owners sell only a portion of the stock they own to the public. Sometimes the money goes toward expansion; in other cases, when the founder sells his own holdings, the proceeds go to him.

In the Syms Corporation offering, the \$44 million in proceeds went to Mr. Syms, who still owns 56.9 percent of the shares outright and controls another 25.1 percent as the sole voting trustee of a trust established for his branch of the Merns family.

Mr. Syms runs his operation almost single-handedly. Last year he paid himself \$575,000 as chairman and chief executive officer, \$226,619 as head of the Syms Advertising Agency and the corporate Mr. Syms paid the private Mr. Syms \$645,259 for a store lease.

Total Control of Board

Even though the company is public, Mr. Syms is able to personally elect all of the directors of the company and to approve all corporate transactions without minority shareholder approval.

The Syms Corporation, which was incorporated in New Jersey on July 11, 1983, has three subsidiaries: the off-price chains called Syms Inc., five high-priced A. Sulka & Company stores and Syms Advertising. The advertising company, which produces ads written by Mr. Syms featuring the executive, his daughter Marcy and his son Robert. The Syms slogan

ers, because of their relationship with manufacturers. When the economy slips into a recession, manufacturers look to off-price retailers to keep their factories running.

Manufacturers routinely work ahead by 18 months. If such a manufacturer has over-ordered fabric and then the orders do not come in, he may be faced with the problem of too much fabric. He can sell it to a jobber for 20 percent of its cost. Or, he can sell it to an off-price discounter for the full price.

The condition of such a sale usually involves the manufacturer making goods at cost for the off-price retailer. This keeps the factory open and the employees working. The off-price merchandiser, as a consequence, gets his goods at a much lower price than if he had made an order in advance.

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Four of Mr. Syms' six children work for the company. Three of his sons are vice presidents and his 32-year-old daughter, Marcy Syms Merns, is the \$45,000-a-year presi-

Bergner

officer and head of the management team while we continue to search for a new chairman and CEO."

Contributions by
ROBERT SHAROFF

PROFITS AT SYMS DIP 5.1 % IN PERIOD

NEW YORK (FNS) — Syms Corp. showed a 5.1 percent decline in second-quarter earnings, but earnings for the half gained 9.8 percent.

For the quarter ended June 29, the off-price apparel chain earned \$3,788,000, or 22 cents a share, against \$3,991,000, or 23 cents, a year ago.

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Syms clothing chain tagged as a good buy

"'AN EDUCATED consumer is our best customer,' is the message Sy Syms has been successfully driving home to shoppers over the years," says Standard & Poor's New Issue Investor (New York, N.Y.). Now Syms is a new issue being underwritten by Rothschild Inc. and Bear, Stearns & Co. It's expected to be sold in mid-September at \$16-\$19 a share and Syms has applied for N.Y.S.E. listing. "This off-price retailer has grown to 11 units in the Northeast and Florida from one small store. Plans call for the addition of three new stores by 1984 year-end, expansion of existing units and broadening of the product line. A strong balance sheet and internally financed growth make Syms attractive. The shares appear to have above-average potential and may be purchased to the upper end of the indicated price range."

Dick Davis



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...I'd be buying companies in the heavy-industrial capital-goods sector," he says. "But the market is expecting great profit performance from this group and the stocks aren't cheap anymore." Instead, he is attracted to issues that typically do well in a slow-growing or stagnant economy, such as tobacco, restaurant and selected retail stocks.

There may yet be life in the market. Steven G. Einhorn, market strategist at Goldman, Sachs & Co., forecasts one "final lift" to stock prices that would be induced by earnings gains for 1983's fourth quarter and 1984's first quarter.

Off-Price Apparel Retailers' Rapid Growth Seems to Be Slowing, With Shakeout Likely

By ED LEEFELDT

If the idea of buying designer clothes at 50% off list price appeals to you, you're not alone.

Wall Street has taken note of that fact. Investors have been willing to award the off-price apparel retailers price-to-earnings multiples double and even triple those given to traditional retailers such as Sears Roebuck. Much of the enthusiasm was fueled by 40% annual-rate sales growth that several of these off-price companies achieved in 1983.

Numerous off-price firms went public or recapitalized in 1983, including Burlington Coat Factory Warehouse, ClothesTime, Dress Barn, Syms, Shoe-Town, Armel and Eagle Clothes.

But now some analysts say these retailers' rapid expansion is slowing down. They caution investors to shop more carefully among the off-price stocks and they predict a shakeout in the industry.

Off-price retailing has existed for years, but the latest recession gave it new impetus. Unlike discount stores, which simply sell for less, off-price retailers buy from manufacturers for less because they pay cash, rarely return goods and don't ask for advertising allowances. Many of them buy manufacturers' overruns, close-out items, last season's fashions and slightly flawed merchandise. They also purchase in big volume and generally operate in low-overhead premises such as warehouses.

With the recession over and consumer confidence rising, analysts say shoppers want more service and convenience, which signals a return to department stores. Monroe Greenstein of Bear, Stearns & Co. says he noticed this trend during the Christmas shopping season.

"On a comparable basis, the off-price retailers showed a dramatic slowdown," Mr. Greenstein says. "Their gains of 4% to 8% in sales were far less than those of the department stores, which were in the mid-teens."

...well, 2% to 124; Digital Equipment, 2 1/2 to 86 1/2; Teledyne, 2 1/4 to 170%, and Data General, 1 1/4 to 44%.

In the airline sector, which had risen earlier in the week, AMR slid 1 to 38 3/4 in active trading. UAL declined 1% to 39; Northwest Air, 3/4 to 47 1/4, and Southwest Air, 1% to 34 1/2.

For all of last week, the Dow Jones Industrial Average declined 10.99 points, or 0.87%. The transportation index fell 6.51 points, or 1.08%, to 596.45. And the utility average slid 3.91 points, or 2.91%, to 130.39. Big Board volume last week totaled 487,302,530 shares, down from 516,596,300 the prior week but up from 408,438,190 in the comparable 1983 week.

Mr. Greenstein also says that conventional stores are fighting back, some with aggressive promotions and price-cutting of their own. Last June, Federated Department Stores' chairman, Allan Questron, announced plans to refuse buying from manufacturers that sell to off-price apparel retailers.

Mass merchandisers also have started their own off-price outlets. Melville has Marshalls; Zayre owns both T.J. Maxx and Hit or Miss, and U.S. Shoe has Front Row and T.H. Mandy.

All of which makes for a very crowded field. "They will end up feeding off each others' customers," predicts David Taylor of Prudential-Bache Securities. He sees "a major shakeout in 1985 or 1986, with the less well-capitalized outlets going under."

There is general agreement that off-price retailing is too firmly established to go the way of bell-bottoms and the mini-skirt. But while some analysts such as James Dunning of Oppenheimer Regency Fund say the off-price market will expand to 20% of the total clothing market from its current 10%, others, such as Mr. Greenstein of Bear Stearns, believe "growth is definitely going to slow."

If it does, the high multiples awarded to these stocks—more than 20 times 1983 earnings in many cases—will narrow to the norm for retailers, which is now about 10 times earnings, or slightly less than the market multiple of about 13. Analysts say major retailers whose shares benefited because they had off-price subsidiaries also could be hurt.

"In that kind of an environment, the investor will have to shop carefully," says Jerome Buff of Smith Barney Harris Upham. "The way a company conducts its business will be critical."

Companies likely to survive, according to Mr. Dunning, are those with "large stores, lots of selection and an established reputation." Also important, says Norman Fosback, the editor of the New Issues newsletter, will be the ability to keep up with fast-moving fashion changes and to avoid getting stuck with aged inventory.

Or, as one off-price retailer put it, "You can't have feet of concrete in this business."

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Off-price stock at Syms

By John G. Edwards

Business Writer

If you want a bargain from Syms, the chain of off-price clothing stores, you might try their stock, an analyst with Value Line said.

Syms, which operates 11 outlets, including one in Fort Lauderdale, last month reported fourth-quarter sales increased 10 percent to \$58.2 million from \$52.9 million. Net income for the quarter ending Dec. 1, climbed 21 percent to \$4.74 million from \$3.91 million.

But the stock, which went public in September at \$15 a share, has dropped to \$13.

A bearish stock market, rather than the company's management, is to blame for the slump in the stock's price, said Elizabeth B. Ehrlich, an analyst who follows the stock for Value Line.

"Their results have been good. There have been no disappointments," she said. "I think it's just a well-run company."

Since Sy Syms Merns opened the first store in 1959, the company has used low prices to draw customers for men's and women's clothing. It depends on large volume, rather than big mark-ups, for profits.

With some seasonal women's clothing, the company will cut the

price up to three times over 30 days or until the item is sold.

Some items are irregulars or seconds but other merchandise identical to that sold by department stores. To get bargain prices, Syms tries to maintain a good working relationship with manufacturers.

During a recession, when a manufacturer gets overstocked on fabric, he often will sell clothing to an off-price retailer at cost. That's a preferable alternative to selling to a wholesaler or jobber at one-fifth of the manufacturing cost.

At Syms, economic trends don't affect sales trends much, said a company spokesman who asked not to be named. The stores draws both average- and high-income buyers.

What are the prospects for the future? That's a question the company won't answer.

"We basically are merchants," the spokesman said. "We really don't prognosticate at all."

However, he did disclose plans to open a new store in Cherry Hill, N.J., and another one near Chicago later this year.

And Value Line is projecting Syms revenue will rise 25 percent this year to \$225 million from \$179.2 million last year, increasing earnings 34 percent to \$13.8 million from \$10.3 million.

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Mark Sell, assistant business editor/***Weekly Business***: 761-4016

Retail advertising: 761-4460

have traditionally shown tremendous profits before general and administrative expenses." He cited sales of up to \$330 a foot.

"They are the seven best stores within the NBO corporation," Allen

Syms in Red In 2-Mo. Period

NEW YORK (FNS) — Syms Corp., which changed its fiscal yearend to February from December, lost \$383,000 in the transition period from Jan. 1 to Feb. 25.

The Secaucus, N.J.-based men's wear retailer earned \$50,000 during the same period a year ago.

The company noted that the loss in the latest period was after a \$2.9 million charge for a store closing and the termination of a lease partially offset by higher sales and gross margins. Sales rose 12 percent to \$46.6 million from \$41.6 million.

Of course, receivables are a major factor in trying to manage the company's cash flow and take a company's credit policy into account in creating sales. But the

At NationsBank, the \$7 billion in receivables is a major expertise that can not only help with receivables, but can

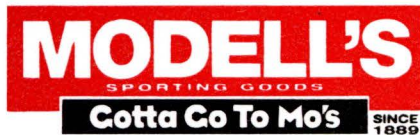
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DISCOUNT, From H1

Today, these stores do about a \$6.9 billion business annually, accounting for 5.6 percent of the total clothing and shoe sales in the country, according to Management Horizons Inc., a leading retail research and consulting company. That is more than twice the \$3 billion in sales that discounters made four years ago and less than half what they are expected to make in five years, when Management Horizons predicts that their sales will top \$18.8 billion to account for 12.1 percent of all apparel and footwear sales.

Sales could slump, however, if the department stores and manufacturers are successful in winning court approval for their current attempts to stem the discounters' growth. Under pressure from department stores, a growing number of manufacturers are refusing to sell their goods to discounters. The discounters are challenging this practice in several antitrust suits, including one that is expected to be decided by the Supreme

Discounters' Sales Growth Tops Industry

Court this year. However, the discounters are being opposed by the Reagan administration, whose antitrust officials contend that such practices are not necessarily anticompetitive.

Yet pending these court decisions, investors and long-established retail companies are scrambling to gain at least a foothold in this popular market, noting that discount apparel sales are growing faster than any other segment of the retailing industry.

"If you can't beat 'em, buy 'em," Redmond J. Largay, president of Associated Dry Goods Corp., recently told a crowd of retailing executives to explain why his company—whose flagship is Lord & Taylor—would buy Loehmann's, one of the oldest and most highly regarded off-price retailers in the country.

Off-price stores are not new, Largay said, noting that they are really an extension of

the discount stores that cropped up in the 1960s to sell appliances and other hard goods. However, "The rapid proliferation of these stores is phenomenal," Largay noted.

Their growing numbers as well as their increasing selection of high-quality items are attracting more and more customers, including some upper-class consumers who previously snubbed the traditional discount stores.

As a result, Largay said he fears that traditional retailers will follow the way of the railroads if they limit their operations to department store activities.

Largay's comments reflect the actions taken by other large retailing conglomerates. On the one hand, department store executives sharply criticize the growth of these stores, accusing them of posing a threat to

the financial health of the full-service department stores. Yet, on the other hand, these same executives are busy expanding their operations into the off-price market.

Dayton Hudson Corp., the operator of several chains in the Midwest and West, recently launched an off-price chain, Plums, in the Los Angeles area, setting up four stores "to test out this high retail growth area," a company spokesman said.

Over the next two years, the company plans to spend up to \$30 million to establish up to nine stores "to see if we can find a niche in the popular retail market," the spokesman said.

Similarly, K mart Corp. is expanding into the off-price market with its newly created Designer Depot. At the beginning of 1983, there was only one such store, but the com-

pany hopes to have 30 in operation by the end of the year.

Meanwhile, Zayre Corp. continues the rapid expansion of its two discount stores, T. J. Maxx and Hit or Miss.

Additionally, Federated Department Stores Inc., the operator of Bloomingdale's, Abraham & Straus, Rich's, Filene's and more than a dozen other retail chains, is in the process of doubling its off-price Children's Outlet. Federated has been one of the strongest critics of off-price stores—so much so that it has been accused of illegal discriminatory activities in a private antitrust lawsuit and in a pending government investigation.

Nonetheless, an official with Federated's Children's Place division says the company is expanding its Children's Outlets "because right now everyone is after discount merchandise. . . . These stores are outperforming the mainline retail stores."

See DISCOUNT, H3

are licensed men's wear of Kenzo and of Saint Laurent in Europe.

Petruzzi said he would like to do a women's business in the U.S. with an Saint Laurent label at prices below Rive Gauche luxury ready-to-wear.

SYMS NET UP IN 4TH QUARTER

NEW YORK (FNS) — Profits at Syms Corp. inched up 0.8 percent for the fourth quarter and 2.6 percent for the year.

In the quarter ending Dec. 30, the off-price retailer earned \$8,886,000, up from \$8,813,000. Earnings per share were 50 cents in both periods. Sales rose 7.1 percent to \$96,296,000 from \$89,908,000.

In the year, earnings increased to \$19,218,000, or \$1.09, from \$18,736,000, or \$1.06.

Sales were up 6.2 percent to \$300,078,000 from \$282,555,000. Sales for the latest year include \$4,069,000 from the company's Sulka subsidiary that was sold in July of 1989. Sales in 1988 include about \$8,276,000 in Sulka's sales. The company said that the Sulka operations had no material effect on net income.

Syms operates 27 off-price men's and women's apparel stores.

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accounting standard. The Jerell business has done a lot for Haggar. As for the future, this will absolutely not cause us to avoid acquisitions."

Other positive news for the company included a reduction of \$4 million in debt to \$49 million at the end of the first quarter of fiscal 2002, as compared to \$53 million at the end of fiscal 2001. —**DAN BURROWS**

Syms Posts Profitable 3rd Qtr.

NEW YORK — Plagued by double-digit sales decreases, Syms Corp. managed to control its operating expenses and eke out a profit in the third quarter.

Net income for the period ended Dec. 1 hit \$425,000, or 3 cents a share. This compared to year-ago losses of \$7.7 million, or 48 cents, which were negatively affected by store-closing costs of \$12.9 million. Sales fell 20.4 percent to \$75 million compared to \$94.3 million a year ago. Comps plummeted 17.5 percent during the quarter because of the receding economy and the 18-day closure of the firm's Trinity Street store situated near Ground Zero here.

At the close of the quarter Syms had \$14.6 million in cash on hand, more than 4 1/2 times its purse as of a year ago.

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newspaper objecting to the advertising of the apparel as "All-American," unless a satisfactory agreement is reached with Coca-Cola and Murjani.

Belk officials remained unavailable for comment on the Coke controversy.

Syms Corp.

LYNDHURST, N.J. (FNS) — Syms Corp. reported earnings were up 15.1 per cent in the second quarter and 22.8 per cent in the six months ended June 30.

Earnings in the quarter were \$3,939,000, or 22 cents a share, up from \$3,420,000, or 19 cents, last year.

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Boerner, counsel to the retailer.

According to the disclosure statement filed with the court, the De Pere, Wisc.-based chain expects a payout to unsecured creditors of either 70 cents cash at the end of the year or deferred

beginning Nov. 3 through March 1996. On Oct. 18, the retailer will ask the bankruptcy court to approve a financing order with Shawmut Capital Corp. to keep the company running through its GOB's.

Syms Drops Plan to Go Private

SECAUCUS, N.J. (FNS) — Syms Corp. said it has withdrawn its proposed plan to take the company private.

A release 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

about 73 percent of Syms stock agreed in principle to acquire the company. Among the acquirers 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.

Syms, which operates 37 off-price stores, had sales of \$326.7 million last year.

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