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Series B: General, 1944-2009, undated.

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Financial, 1979-1988.

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**Internal Revenue Service**

**Department of the Treasury**

**District Director**

P.O. Box 558, New York, N.Y. 10008

Syms Haberdashery Inc.
45 Park Place
New York, New York 10007

Attn: Mr. Sy Merns

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**Person to Contact:**
S/A L. Mather
**Telephone Number:**
212-264-2094
**Refer Reply to:**
CI:B-8
**Date:** JUL 9 1979

Dear Mr. Merns:

Syms Haberdashery Inc. is no longer the subject of a criminal investigation by the Criminal Investigation Division regarding its Federal tax liabilities for the years 1974 and 1975. However, this does not preclude reentry by the Criminal Investigation Division into the investigation.

The matter is presently in the Examination Division for further consideration.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

William J. DePugh
Chief, Criminal Investigation Division
Manhattan District

cc: Edward Daus
c/o Kostelanetz & Ritholz
80 Pine Street
New York, New York 10005

Milton Hoffman -
225 Bdway - Frankel, Hoffman & Co.
227-1442 - N.Y. 10007

IMMERMAN & IMMERMAN
COUNSELLORS AT LAW

ISIDORE S. IMMERMAN
J. SLOAME IMMERMAN

270 MADISON AVENUE, NEW YORK, N.Y. 10016
(212) LEXINGTON 2-8980

November 8, 1979

Personal and Confidential

Mr. Sy Merns
Syms Haberdashery, Inc.
45 Park Place
New York, N.Y. 10007

Dear Sy:

I enclose herewith copies of the Certificates of Amendment of the Certificates of Incorporation of Syms Haberdashery, Inc. and Syms Menswear, Inc.. Incorporated therein is the reclassification of the stock and increase in the number of shares, in accordance with our determination after several meetings.

Will you please read each of the certificates of amendment in conjunction with my memorandum to you dated July 25, 1979, a copy of which is enclosed for your convenience and reference, so as to determine whether the amendments are in accordance with our general understanding.

The filing fees and organization tax based on the increase in authorized capital both in the State of New York and the State of Florida where Syms Haberdashery is authorized to do business will be approximately $2800.00. The filing fees and organization tax on the increase of authorized capital, etc. in the State of New Jersey as well as the Commonwealth of Virginia where Syms Menswear is authorized to do business will be approximately $2100.00.

As you know, we are most anxious to do this within the

calendar year 1979 so I would appreciate it very much if you would let me have your reaction at the earliest possible time so that I may arrange to have all documents signed and filed timely.

I am forwarding a copy of this letter together with the copies of the two certificates of amendment to Rick Diamond, Alex Kristal and Jerry Roth, and I will respectfully request that they too examine the certificates in conjunction with my memorandum dated July 25, 1979, a copy of which they all have.

If there are any questions, please call me immediately.

With kindest regards, I am,

Sincerely yours

J. SLOAME IMMERMAN

JSI/ab
encs.

cc.: Mr. Richard Diamond
Mr. Alexander Kristal
Mr. Gerald Roth

July 25, 1979

to: Sy Merns
Rick Diamond
Alex Kristal
Gerald Roth

Re: Plan of Reorganization and Recapitalization of Syms Haberdashery, Inc. and Syms Menswear, Inc.

It is proposed to establish the equity of the stockholders in both corporations and, thereafter, amend the Certificate of Incorporation of both corporations by creating three classes of stock in each entity, as follows: (A) Voting Preferred; (B) Non-Voting Preferred; and (C) Non-Voting Common stock.

The Voting Preferred stock in each corporation will constitute 80% of the preferred stock and the Non-Voting Preferred in each corporation will represent 20% of the preferred stock. The Common stock in each corporation will be issued on a ratio to the preferred stock.

The Voting and Non-Voting Preferred stock will pay a 5% dividend, non-cumulative, on a quarterly basis.

All of the preferred stock in Syms Haberdashery, Inc. will be issued to Sy Merns, the value of which will equal Sy's equity, All of the common stock will be issued to Sy Merns.

In the case of Syms Menswear, Inc., 90% of the preferred stock, voting and non-voting, will be issued to Sy Merns, the value of which will equal his equity, and 5% of the preferred stock will be issued to Stanley Kalendar and 5% will be issued to Marc Sugarman, which will equal their equity. All of the common stock will be issued on the same ratio.

The common stock in both corporations, as indicated above, will have no par value at the time they are issued. They will increase in value as the worth of the corporations increases subsequent to the creation of the classes of preferred stock. Sy will sell the common stock to his children for a nominal consideration on the following

basis:

| | |
|---|---|
| Marcy: | 20% 17 |
| Richard: | 20% 17 |
| Stephen: | 20% 17 ~~20~~ 16 |
| Robert: | 20% 17 |
| Adrienne: | ~~10%~~ ~~20~~ 16 |
| Laura (or her guardian): | 10% 16 |

The holders of the common stock will enter into a stockholders agreement limiting the sale or other disposition of said stock to the remaining stockholders. The agreement will contain the usual restrictions and rights that are normally contained in stockholders agreements. I am sure you are all familiar with these terms.

Sy will give the Non-Voting Preferred stock as gifts in non-taxable denominations to his children during his lifetime.

Sy will create a revocable inter-vivos trust wherein Sy Merns will be the sole trustee and beneficiary, and have the right to do with the Voting Preferred stock as he pleases. If he sells, the total price of the stock will belong to him and the trust shall come to an end.

Upon Sy's death and should the stock still be in his possession, Marcy is to be the sole successor trustee to do with the stock, for business purposes, as she sees fit. If the business is sold or liquidated, the trust shall come to an end and the proceeds divided into six parts and distributed to Sy's children per stirpes. If she dies without selling the business or liquidating it, Richard is to be her sole successor trustee to do with the stock, for business purposes, as he sees fit. If the business is sold or liquidated during his lifetime, the trust is to come to an end and all proceeds are to be divided among Sy's children on a per stirpital basis. If Richard dies without selling the business or liquidating the same, Robert and Stephen, or the survivor, shall be the trustee for the purpose of selling the business or liquidating it as the case may be, and the proceeds are to be divided into six equal parts and distributed among Sy's children per stirpes.

Respectfully submitted

JSI/ab

J. SIDNEY IMMERMAN

P.S.: Let me have your reaction as quickly as possible.

CERTIFICATE OF AMENDMENT

OF THE

CERTIFICATE OF INCORPORATION

OF

SYMS HABERDASHERY INC.

UNDER SECTION 805 OF THE
BUSINESS CORPORATION LAW

* * * * *

WE, THE UNDERSIGNED, SY MERNS and MARCY MERNS, being respectively the President and the Secretary of SYMS HABERDASHERY INC. hereby certify:

1. The name of the corporation is

SYMS HABERDASHERY INC.

2. The Certificate of Incorporation of said corporation was filed by the Department of State on the 18th day of September, 1959.

3. (a) The Certificate of Incorporation is amended to:

Change the presently issued forty (40) shares without par value into four thousand one hundred sixty (4,160) shares of Class A Preferred stock of the par value of One Thousand Dollars ($1,000.00) each, one thousand forty (1,040) shares of Class B Preferred stock of the par value of One Thousand Dollars ($1,000.00) each, and one thousand (1,000) shares of Common stock without par value.

Remove the presently unissued one hundred sixty (160) shares without par value from the number of authorized shares.

(b) To effect the foregoing, Article "THIRD" relating to the authorized capital of the corporation is amended to read as follows:

"THIRD: The aggregate number of shares which the corporation shall have authority to issue is six thousand two hundred (6,200), divided into four thousand one hundred sixty (4,160) shares of Class A Preferred stock of the par value of One Thousand Dollars ($1,000.00) each, one thousand forty (1,040) shares of Class B Preferred stock of the par value of One Thousand Dollars ($1,000.00) each, and one thousand (1,000) shares of Common stock without par value.

The relative rights, preferences and limitations of the shares of each class are as follows:

PREFERRED STOCK

The holders of the Class A and Class B Preferred stock shall be entitled to receive, when and as declared by the Board of Directors of the corporation, out of any assets of the corporation available for dividends pursuant to the laws of the State of New York, preferential dividends at the rate of five per centum (5%) on the par value thereof, per annum and no more, payable annually, semi-annually or quarterly on such dates as may be determined by the Board of Directors before any dividend shall be declared or paid upon or set apart for the Common stock. Such dividends upon the Class A and Class B Preferred stock shall be non-cumulative so that the holders of said stock shall be entitled to receive only such dividends not exceeding dividends at the rate of five per centum (5%) on the par value thereof during any one year, as may, in the unlimited discretion of the Board of Directors, be declared and made payable. Whenever the full dividend upon the Class A and Class B Preferred stock at the rate of five per centum (5%) on the par value thereof shall have been paid or declared and a sum sufficient for the payment thereof set apart in any year, dividends upon the Common stock may be declared by the Board of Directors out of the remainder of the assets available therefor.

The corporation may at the option of the Board of Directors, redeem the whole or any part of the outstanding Class A and Class B Preferred stock at any time by paying One Thousand Dollars ($1,000.00) for each share thereof, together with a sum of money equivalent to the amount of any dividends declared thereon and remaining unpaid at the date of redemption.

Notice of such election to redeem shall be mailed to each holder of stock so to be redeemed at his address at it appears on the books of the corporation, not less than thirty (30) days prior to the date upon which the stock is to be redeemed. In case less than all of the outstanding Class A and Class B Preferred stock is to be redeemed, the amount to be redeemed and the method of effecting such redemption, whether by lot or pro rata or other equitable method, may be determined by the Board of Directors. If, on or before the redemption date named in such notice, the funds necessary for such redemption shall have been set aside by the corporation so as to be available for payment on demand to the holders of the Class A and Class B Preferred stock so called for redemption, then, notwithstanding that any certificate of the Class A and Class B Preferred stock so called for redemption shall not have been surrendered for cancellation, the dividends thereon shall cease to accrue from and after the date of redemption so designated, and all rights with respect to such Class A and Class B Preferred stock so called for redemption, including any right to vote or otherwise participate in the determination of any proposed corporate action, shall forthwith after such redemption date cease and terminate, except only the right of the holder to receive the redemption price therefor, but without interest.

In the event of any liquidation, dissolution or winding up of the affairs of the corporation, whether voluntary or involuntary, the holders of the Class A and Class B Preferred stock shall be entitled, before any assets of the corporation shall be distributed among or paid over to the holders of the Common stock, to be paid One Thousand Dollars ($1,000.00) per share, together with a sum of money equivalent to the amount of any dividends declared thereon and remaining unpaid at the date of such liquidation, dissolution or winding up of the corporation.

After the making of such payments to the holders of the Preferred stock, the remaining assets of the corporation shall be distributed among the holders of the Common stock alone, according to the number of shares held by each. If, upon such liquidation, dissolution or winding up, the assets of the corporation distributable as aforesaid among the holders of the Preferred stock shall be insufficient to permit the payment to them of said amount, the entire assets shall be distributed ratably among the holders of the Preferred stock.

The holders of the Class A Preferred stock and the holders of the Common stock shall not be entitled to vote, except as otherwise provided for in the Business Corporation Law, and this provision shall prevail in all elections and in all proceedings over the provisions of any statute which authorizes any action by a

vote or written consent of the holders of all of the shares or a specific proportion of the shares of the corporation entitled to vote thereon, and all rights to vote shall be vested solely in the holders of the Class A Preferred stock. In the event of all the Class A Preferred shares are purchased or redeemed, then all rights to vote shall be vested solely in the Common stock."

4. The amendments were authorized in the following manner:

By the unanimous written consent of all the shareholders.

IN WITNESS WHEREOF, we have signed this certificate on the day of , 1979, and we affirm the statements contained therein as true under penalties of perjury.

Sy Merns, President

Marcy Merns, Secretary

CERTIFICATE OF AMENDMENT

TO THE

CERTIFICATE OF INCORPORATION

OF

SYMS MENSWEAR INC.

* * * * *

To: The Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:9-2(4) and Section 14A:9-4(3), Corporations, General, of the New Jersey Statutes, the undersigned corporation executes the following Certificate of Amendment to its Certificate of Incorporation:

1. The name of the corporation is

SYMS MENSWEAR INC.

2. The following amendments to the Certificate of Incorporation were approved by the directors and thereafter duly adopted by the unanimous written consent of the shareholders of the corporation:

(a) To change the presently issued ninety-five (95) shares without par value into two thousand seven hundred eighty (2,780) shares of Class A Preferred stock of the par value of One Thousand Dollars ($1,000.00) each, six hundred ninety-five (695) shares of Class B Preferred stock of the par value of One Thousand Dollars ($1,000.00) each, and one thousand (1,000) shares of Common stock without par value.

(b) To decrease the number of authorized shares by the removal of five (5) shares without par value, all of which are unissued.

(c) To fix the preferences, limitations and relative rights of the Preferred and Common shares.

3. To effect the foregoing, Article "THIRD" of the Certificate of Incorporation is amended to read as follows:

"THIRD: The aggregate number of shares which the corporation shall have authority to issue is four thousand four hundred seventy five (4,475), itemized by classes, par value of shares, and shares without par value is:

| CLASS | NUMBER OF SHARES | PAR VALUE PER SHARE |
|---|---|---|
| Preferred A | 2,780 | $1,000.00 Par Value |
| Preferred B | 695 | $1,000.00 Par Value |
| Common | 1,000 | Without Par Value |

The relative rights, preferences and limitations of the shares of each class are as follows:

The holders of the Class A and Class B Preferred stock shall be entitled to receive, when and as declared by the Board of Directors of the corporation, out of any assets of the corporation available for dividends pursuant to the laws of the State of New Jersey, preferential dividends at the rate of five per centum (5%) on the par value thereof, per annum and no more, payable annually, semi-annually or quarterly on such dates as may be determined by the Board of Directors before any dividend shall be declared or paid upon or set apart for the Common stock. Such dividends upon the Class A and Class B Preferred stock shall be non-cumulative so that the holders of said stock shall be entitled to receive only such dividends not exceeding dividends at the rate of five per centum (5%) on the par value thereof during any one year, as may, in the unlimited discretion of the Board of Directors, be declared and made payable. Whenever the full dividend upon the Class A and Class B Preferred stock at the rate of five per centum (5%) on the par value thereof shall have been paid or declared and a sum sufficient for the payment thereof set apart in any year, dividends upon the Common stock may be declared by the Board of Directors out of the remainder of the assets available therefor.

The corporation may at the option of the Board of Directors, redeem the whole or any part of the outstanding Class A and Class B Preferred stock at any time by paying One Thousand Dollars ($1,000.00) for each share thereof, together with a sum of money equivalent to the amount of any dividends declared thereon and remaining unpaid at the date of redemption.

Notice of such election to redeem shall be mailed to each holder of stock so to be redeemed at his address at it appears on the books of the corporation, not less than thirty (30) days prior to the date upon which the stock is to be redeemed. In case less than all of the outstanding Class A and Class B Preferred stock is to be redeemed, the amount to be redeemed and the method of effecting such redemption, whether by lot or pro rata or other equitable method, may be determined by the Board of Directors. If, on or before the redemption date named in such notice, the funds necessary for such redemption shall have been set aside by the corporation so as to be available for payment on demand to the holders of the Class A and Class B Preferred stock so called for redemption, then, notwithstanding that any certificate of the Class A and Class B Preferred stock so called for redemption shall not have been surrendered for cancellation, the dividends thereon shall cease to accrue from and after the date of redemption so designated, and all rights with respect to such Class A and Class B Preferred stock so called for redemption, including any right to vote or otherwise participate in the determination of any proposed corporate action, shall forthwith after such redemption date cease and terminate, except only the right of the holder to receive the redemption price therefor, but without interest.

In the event of any liquidation, dissolution or winding up of the affairs of the corporation, whether voluntary or involuntary, the holders of the Class A and Class B Preferred stock shall be entitled, before any assets of the corporation shall be distributed among or paid over to the holders of the Common stock, to be paid One Thousand Dollars ($1,000.00) per share, together with a sum of money equivalent to the amount of any dividends declared thereon and remaining unpaid at the date of such liquidation, dissolution or winding up of the corporation.

After the making of such payments to the holders of the Class A and Class B Preferred stock, the remaining assets of the corporation shall be distributed among the holders of the Common stock alone, according to the number of shares held by each. If, upon such liquidation, dissolution or winding up, the assets of the corporation distributable as aforesaid among the holders of the Class A and Class B Preferred stock shall be insufficient to permit the payment to them of said amount, the entire assets shall be distributed ratably among the holders of the Class A and Class B Preferred stock.

Except as expressly required by law or as herein otherwise provided, the holders of the Class B Preferred stock and the holders of the Common stock shall have no voting power nor shall they be entitled to notice of meetings of stockholders, all rights to vote and all voting power being vested exclusively in the holders of the Class A Preferred stock. In the event the Class A Preferred shares are purchased or redeemed, then all voting power being vested exclusively in the holders of the Common stock."

4. The number of shares entitled to vote upon the amendment was ninety-five (95).

5. That in lieu of a meeting and vote of the shareholders and in accordance with the provisions of Section 14A:5-6, the amendment was adopted by the shareholders without a meeting pursuant to the written consents of the shareholders, and the number of shares represented by such consents is ninety-five (95) shares.

Dated this day of , 1979.

SYMS MENSWEAR INC.

By_____
Sy Merns, President

STATEMENT OF CANCELLATION

OF REACQUIRED SHARES

OF

SYMS MENSWEAR INC.

* * * * *

To: The Secretary of State
State of New Jersey

Pursuant to the provisions of Section 14A:7-18, Corporations, General, of the New Jersey Statutes, the undersigned corporation hereby submits the following Statement of Cancellation of Reacquired Shares:

1. The name of the corporation is

SYMS MENSWEAR INC.

2. The number of shares cancelled is five (5).

3. Since the cancelled shares were not reacquired out of stated capital or by their conversion into other shares of the corporation, the date of adoption of the resolution of the board of directors cancelling such shares was the day of November, 1979.

4. The aggregate number of issued shares of the corporation after giving effect to such cancellation is ninety-five (95).

5. The amount of the stated capital of the corporation after giving effect to such cancellation is

Dated this day of , 1979.

SYMS MENSWEAR INC.

By_____
Sy Merns, President

NUMBER

SPECIMEN

SYMS CORP. INCORPORATED 1983 NEW JERSEY

AMERICAN BANK NOTE COMPANY.

**COMMON STOCK**

**PAR VALUE $.05**

# SYMS CORP.

INCORPORATED UNDER THE LAWS OF THE STATE OF NEW JERSEY

SHARES

SPECIMEN

CUSIP 871551 10 7

SEE REVERSE FOR CERTAIN DEFINITIONS

This is to Certify that

P E C I M E N

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

*Syms Corp., transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.*

*Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.*

Certificate of Stock

DATED:

SPECIMEN SPECIMEN SPECIMEN

CHAIRMAN OF THE BOARD

TREASURER

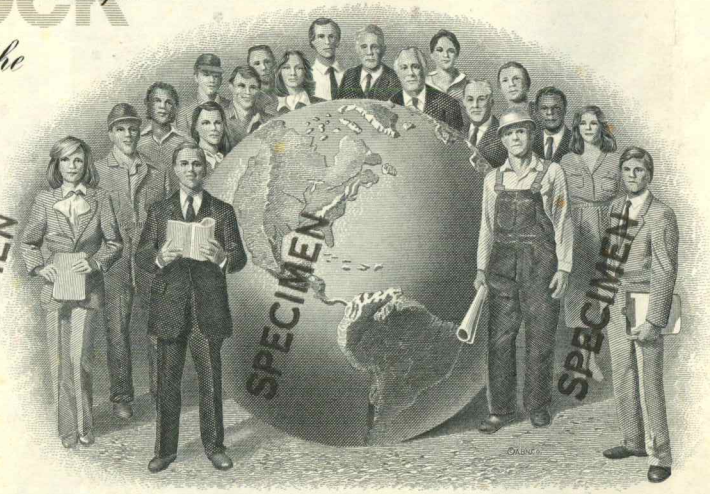
COUNTERSIGNED AND REGISTERED:

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,

TRANSFER AGENT AND REGISTRAR,

BY

AUTHORIZED OFFICER.



## SYMS CORP.

UPON REQUEST TO THE SECRETARY OF SYMS CORP., THE COMPANY WILL FURNISH TO ANY SHAREHOLDER, WITHOUT CHARGE, A FULL STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF THE SHARES OF EACH CLASS OR SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THE SAME HAVE BEEN DETERMINED, AND OF THE AUTHORITY OF THE BOARD OF DIRECTORS TO DIVIDE THE SHARES INTO SERIES AND TO DETERMINE AND CHANGE THE RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF ANY CLASS OR SERIES.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

| | | | |
|---|---|---|---|
| TEN COM | –as tenants in common | UNIF GIFT MIN ACT– | .....Custodian..... |
| TEN ENT | –as tenants by the entireties | | (Cust) (Minor) |
| JT TEN | –as joint tenants with right of survivorship and not as tenants in common | | under Uniform Gifts to Minors Act..... (State) |

Additional abbreviations may also be used though not in the above list.

*For value received,* _____ *hereby sell, assign and transfer unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

_____

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

_____

_____

_____ *Shares*

*of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint* _____

_____

*Attorney to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.*

*Dated,* _____

_____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

PROSPECTUS

# 3,125,000 Shares

# SYMS CORP.

An Educated Consumer is Our Best Customer

## Common Stock

The shares of Common Stock offered hereby are being sold by the Selling Shareholders. See "Principal and Selling Shareholders." The Company will not receive any of the proceeds from the sale of such shares.

Prior to the offering, there has been no public market for the Common Stock. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. 150,000 of the shares offered hereby have been reserved for sale to directors, officers and employees of, and certain other persons designated by, the Company.

The shares offered hereby have been authorized for listing on the New York Stock Exchange on the date of this Prospectus.

**For information concerning investment considerations relating to this offering, see "Investment Considerations."**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

| | Price to Public | Underwriting Discounts and Commissions(1) | Proceeds to the Selling Shareholders(2) |
|---|---|---|---|
| Per Share | $15.00 | $0.86 | $14.14 |
| Total(3) | $46,875,000 | $2,687,500 | $44,187,500 |

(1) See "Underwriting" regarding indemnification of the Underwriters.

(2) Before deducting expenses payable by the Selling Shareholders estimated at $347,374.50. The Company will pay expenses estimated at $884,397. The Proceeds to Selling Shareholders are based upon a cash price per share. See "Underwriting" for information relating to the cash equivalent to be received by the Selling Shareholders in 1984.

(3) Excludes exercise of an over-allotment option granted to the Underwriters by Sy Syms Merns, a Selling Shareholder, on the same terms per share as set forth above for up to an additional 312,500 shares. If all such shares covered by the over-allotment option are purchased by the Underwriters, the total Price to Public will be $51,562,500, the total Underwriting Discounts and Commissions will be $2,956,250, and the total Proceeds to Selling Shareholders will be $48,606,250. See "Underwriting."

---

The shares are offered when, as and if delivered to and accepted by the Underwriters, subject to prior sale and to certain conditions. The Underwriters reserve the right to withdraw, cancel or modify the offer without notice and to reject orders in whole or in part. It is expected that delivery of certificates for the shares will be made at the offices of Bear, Stearns & Co., 55 Water Street, New York, New York 10041 on or about September 30, 1983.

---

**Rothschild Inc.** **Bear, Stearns & Co.**

**September 23, 1983**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

---

**No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, by the Selling Shareholders or by any of the Underwriters. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than those specifically offered hereby or any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation. The delivery of this Prospectus shall not under any circumstances create an implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct as of any time subsequent to, any of the dates as of which information is furnished herein or the date hereof.**

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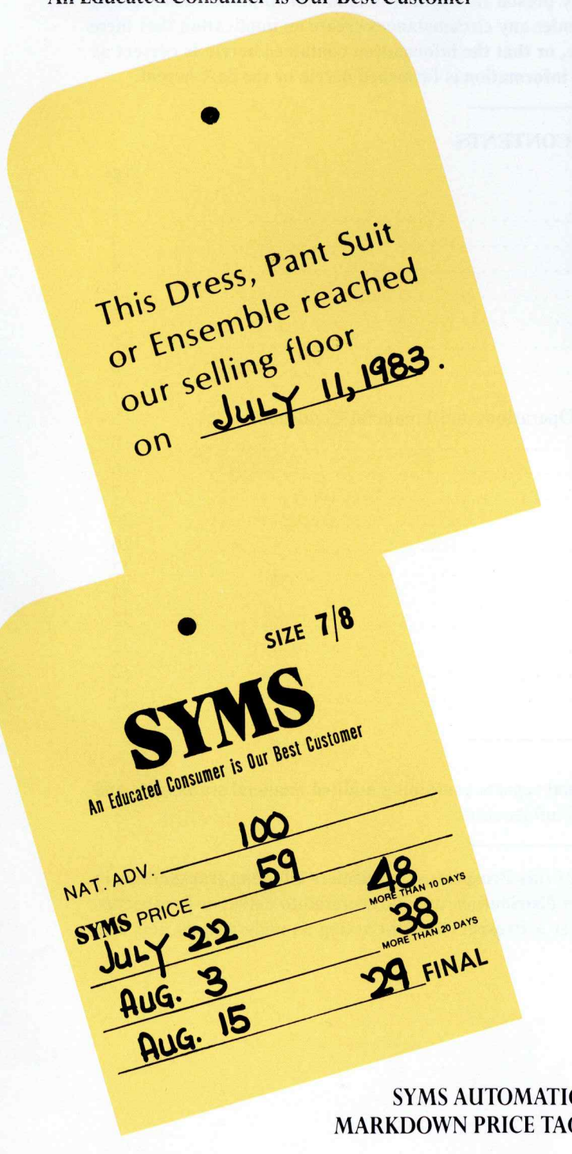
**The Company will furnish to its shareholders annual reports containing audited financial statements and quarterly reports containing certain unaudited financial information.**

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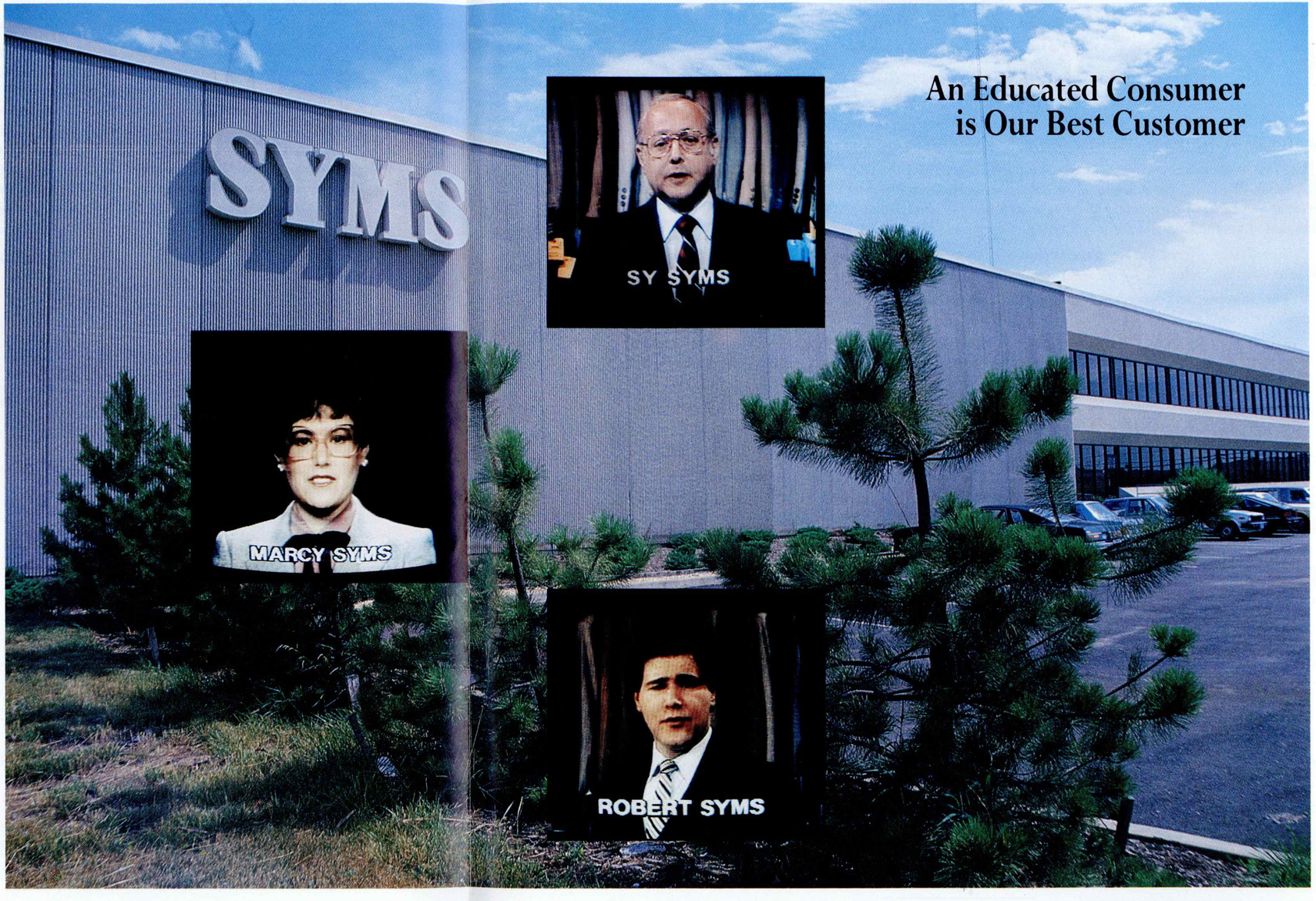
**Until December 22, 1983 (90 days after the date of this Prospectus), all dealers effecting transactions in the Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

# SYMS CORP.

An Educated Consumer is Our Best Customer




SYMS AUTOMATIC
MARKDOWN PRICE TAG




Distribution Center, Lyndhurst, New Jersey

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by reference to the more detailed information and consolidated financial statements appearing elsewhere in this Prospectus.*

### THE COMPANY

Syms Corp. operates a chain of 11 "off-price" apparel stores in the northeastern and middle Atlantic regions and in Florida. These "no-frills" stores offer, at prices substantially lower than those generally found in department and specialty stores, a broad range of first-quality, in-season, brand-name merchandise consisting primarily of men's tailored clothes and haberdashery, women's dresses, suits and separates as well as children's wear.

During the past three years the Company opened three new stores, relocated two stores to significantly enlarged premises, expanded two existing stores and introduced new lines of "off-price" branded merchandise. The Company plans by December 31, 1984 to open three new stores, expand three existing stores, and add several new lines of merchandise, including couture items and furs. The Company recently completed the acquisition of Sulka, a retailer of men's fine haberdashery, which now operates three stores in the United States, one in London and one in Paris.

### THE OFFERING

| | |
|---|---|
| Securities offered | 3,125,000 shares of Common Stock by Selling Shareholders. |
| Shares to be outstanding | 17,650,000 shares consisting of 3,125,000 shares held by public shareholders and 14,525,000 shares held by Selling Shareholders, of which 4,422,226 shares are in a Voting Trust. |
| Listing and Stock Symbol | The Common Stock has been authorized for listing on the New York Stock Exchange on the date of this Prospectus under the symbol SYM. |

### SELECTED CONSOLIDATED FINANCIAL INFORMATION

**(In thousands, except per share amounts)**

| | Year Ended December 31, | | | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|---|---|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1982 | 1983 |
| | (unaudited) | | | | | (unaudited) | |
| **Income statement data:** | | | | | | | |
| Net sales | $57,409 | $72,143 | $87,757 | $112,801 | $147,181 | $61,058 | $81,679 |
| Income before provision for income taxes | 6,392 | 8,051 | 10,453 | 11,641 | 15,673 | 4,876 | 8,518 |
| Net income | 3,033 | 3,963 | 5,143 | 5,654 | 7,471 | 2,324 | 4,024 |
| Earnings per share(1) | .17 | .22 | .29 | .32 | .42 | .13 | .23 |
| **Balance sheet data:** | | | | | | | |
| Working capital | $ 4,519 | $ 8,487 | $ 8,218 | $ 14,145 | $ 19,727 | $14,865 | $23,777 |
| Total assets | 19,210 | 20,176 | 24,737 | 35,582 | 43,342 | 43,455 | 54,256 |
| Long-term debt and capitalized leases(2) | 2,178 | 2,094 | 2,338 | 7,353 | 6,760 | 7,121 | 6,465 |
| Shareholders' equity | 8,671 | 12,486 | 17,365 | 23,019 | 30,490 | 25,343 | 34,514 |

(1) Based on 17,650,000 shares outstanding.
(2) Excludes current maturities.

The above summary assumes no exercise of the Underwriters' over-allotment option. See "Underwriting."

**All data included in this Prospectus have been restated, as applicable, to reflect the recently completed reorganization of the Company. See "Recent History and Certain Transactions—Reorganization" and Note 10 of "Notes to Consolidated Financial Statements."**

## THE COMPANY

Syms Corp., through its principal subsidiary, Syms Inc., operates a chain of 11 "off-price" apparel stores located throughout the northeastern and middle Atlantic regions and in Florida. Each "no-frills" Syms store offers a broad range of first-quality, in-season merchandise bearing nationally-recognized designer or brand-name labels at prices substantially lower than those generally found in department and specialty stores. Syms aims its merchandising efforts at predominantly middle-income, fashion-minded and price-conscious customers. Since 1974, its theme "At Syms, An Educated Consumer is Our Best Customer" has been the focus of extensive television and radio advertising.

The first Syms store opened in 1959 in a 2,000 square foot location in New York City. In 1971 Syms shifted its marketing focus from small urban downtown stores to large high visibility suburban stores with the opening of an approximately 16,000 square foot store in Paramus, New Jersey. Since that time, the Company has expanded to 11 stores. Between January 1, 1978 and June 30, 1983, the aggregate amount of selling space in the Syms chain increased from approximately 159,000 square feet to approximately 421,000 square feet. In 1981 the Company opened a 100,000 square foot distribution center and executive headquarters (the "Distribution Center"). By December 31, 1984, the Company plans to open three new stores—one on the south shore of Long Island, New York and the remaining two stores in the Chicago and/or Philadelphia areas. The Company also intends to increase the selling space in its existing stores in New York City, Buffalo, New York and Paramus, New Jersey. Moreover, the Company proposes to expand its Sulka haberdashery business which now includes three stores in the United States, one in London and one in Paris.

As part of a corporate reorganization, Syms Corp. was incorporated in New Jersey on July 11, 1983 and thereafter became the parent of several subsidiaries, including Syms Inc. The other operating subsidiaries of Syms Corp. are A. Sulka & Company Ltd. and Syms Advertising Inc. For additional information concerning the recently effected reorganization of the Company, see "Recent History and Certain Transactions—Reorganization."

Prior to this offering, the Company's 17,650,000 outstanding shares of Common Stock, par value $.05 per share ("Common Stock"), were owned by Sy Syms Merns and his six children (the "Selling Shareholders"), four of whom are employees of the Company. The 3,125,000 shares which are the subject of this offering are being sold by the Selling Shareholders. None of the proceeds of the sale of such shares will be received by the Company. See "Investment Considerations" and "Principal and Selling Shareholders."

The Company maintains its executive offices at 300 Chubb Avenue, Lyndhurst, New Jersey 07071, telephone (201) 935-7500. Unless otherwise noted, references to the "Company" or to "Syms" relate to Syms Corp., its subsidiaries (other than Sulka) and their predecessors, and references to "Sulka" relate to A. Sulka & Company Ltd., its subsidiaries and their predecessors.

## INVESTMENT CONSIDERATIONS

In analyzing this offering, prospective investors should consider, among other factors, the following:

*Absence of Public Market and Determination of Offering Price.* Prior to this offering there has been no public market for the Common Stock. The public offering price of the Common Stock was determined by negotiation among the Company, the Selling Shareholders and the Representatives of the Underwriters. See "Underwriting."

*Principal Shareholders, Voting Trust and Control of the Company.* Assuming the sale of the 3,125,000 shares offered hereby, the Selling Shareholders will own 82.3% of the outstanding Common Stock. Sy Syms Merns will own 56.9% of such shares directly and 25.1% as the sole voting trustee (the "Voting Trustee") of a voting trust ("Voting Trust") for all the Selling Shareholders. Consequently, Sy Syms Merns will control the Company, will be able to elect all of the directors of the Company and could approve certain corporate transactions, such as a going private merger, without the concurrence of minority shareholders. See "Description of Capital Stock—Common Stock."

*Proceeds of the Offering.* All the shares of Common Stock offered hereby are being sold by the Selling Shareholders. See "Principal and Selling Shareholders." The Company will not receive any of the proceeds from the sale of such shares.

*Management of the Company.* The development of the Company's business has been dependent to a large extent upon Sy Syms Merns, its Chief Executive Officer and principal shareholder. The Company believes that it has developed an experienced management group; however, the Company's operations could be adversely affected if, for any reason, Sy Syms Merns does not continue to be active in the Company's

management. The Company owns and is the beneficiary of life insurance policies on the life of Sy Syms Merns in the amount of $4,750,000. See "Management" and "Principal and Selling Shareholders."

*Competition.* The retail apparel business is highly competitive. Many of the stores with which the Company competes are units of large national or regional chains that have substantially greater resources than the Company. The "off-price" apparel business itself may become more competitive in the future and greater competition may also result in the event of increased use by manufacturers of their own factory outlets. See "Business—Competition."

*Purchasing and Pricing.* The Company has been able to purchase first-quality, in-season, brand-name merchandise directly from manufacturers on terms more favorable than those generally offered large retail department and specialty stores. Although the Company has maintained long-term business dealings with a number of manufacturers, there can be no assurances that the Company will be able to continue to purchase such merchandise at such favorable prices and to offer such merchandise to customers at prices substantially below those considered to be full retail. The Company's business may also be adversely affected by the legalization of resale price maintenance. See "Business—Competition."

*Future Store Sites.* There can be no assurances that sites for future stores or the expansion of existing stores will be available on terms as favorable as those applicable to present stores. Further, the Company may not be able to obtain the sites it desires to open new stores or to expand existing ones. See "Business—The Stores."

*Shares Eligible for Future Sale.* Upon completion of this offering, the Selling Shareholders will own 14,525,000 shares of Common Stock and may be eligible to sell such shares in the public market pursuant to Rule 144 if they are deemed for purposes of Rule 144 to have beneficially owned their shares of Common Stock since the date they acquired the shares of Syms, Inc. which they exchanged for such shares of Common Stock. The Voting Trust, which will contain 4,422,226 of such shares, by its terms prohibits for 21 years any transfer or sale of shares or the termination of the Voting Trust, except by the Voting Trustee. The Selling Shareholders and the Voting Trustee have agreed not to sell any of the shares they own or control until at least 120 days after the date of this Prospectus. See "Principal and Selling Shareholders—Voting Trust." Sales of substantial amounts of such Common Stock on the public market could adversely affect the market price of the Common Stock. See "Underwriting— Shares Eligible For Future Sale."

*Certain Certificate of Incorporation and By-Law Provisions.* The Company's Certificate of Incorporation and By-Laws require a greater than majority shareholder vote and director vote to approve certain corporate transactions. Without further action by the shareholders, the Company's Board of Directors may designate the terms of and issue 1,000,000 shares of Preferred Stock and the Board's Stock Option Committee may grant options to purchase 1,000,000 shares of Common Stock. These provisions and powers could, under certain circumstances, be utilized as a method of preventing a takeover of the Company. See "Description of Capital Stock."

## MARKET FOR COMMON STOCK

This is the initial public offering of the Company's Common Stock and there is no established public market for the Common Stock. The Common Stock has been authorized for listing on the New York Stock Exchange ("NYSE") on the date of this Prospectus under the symbol SYM.

## DIVIDENDS

The Company has never paid cash dividends on its Common Stock, except for a $40,000 cash dividend paid in 1979 to Sy Syms Merns who was then its sole shareholder. Payment of dividends is within the discretion of the Company's Board of Directors and will depend upon the earnings, capital requirements and financial condition of the Company, among other factors. The Company anticipates that for the foreseeable future it will follow a policy of retaining earnings in order to finance the expansion and development of its business.

## DILUTION

At June 30, 1983, the net tangible book value of the Company was $1.85 per share, which amount will be unaffected by the sale of shares offered hereby. "Net tangible book value per share" represents the amount of total tangible assets (valued at book value) reduced by the amount of total liabilities and divided by the number of shares of Common Stock outstanding.

Sy Syms Merns in 1959 and his children in 1980 each paid a nominal price for the shares currently held by them. The price per share to the public in this offering is $15.00.

## CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1983, after giving retroactive effect as of that date to the recently completed reorganization of the Company as described under "Recent History and Certain Transactions—Reorganization."

| | (In thousands) |
|---|---|
| Long-term debt(1)(3) | $ 4,692 |
| Capitalized leases(2)(3) | 1,773 |
| Shareholders' equity: | |
| Preferred stock, par value $100 per share: | |
| Authorized—1,000,000 shares | |
| Issued and outstanding—none | —0— |
| Common stock, par value $.05 per share: | |
| Authorized—30,000,000 shares(4) | |
| Issued and outstanding—17,650,000 shares | 883 |
| Additional paid-in capital | 11,339 |
| Retained earnings | 22,292 |
| Total shareholders' equity | 34,514 |
| Total capitalization | $40,979 |

(1) See Note 6 of "Notes to Consolidated Financial Statements" for additional information with respect to the Company's long-term debt obligations.

(2) See Note 8a of "Notes to Consolidated Financial Statements" for additional information with respect to the Company's lease obligations.

(3) Excludes current maturities.

(4) Includes 1,000,000 shares reserved for issuance under the Company's Incentive Stock Option Plan. See "Management—Incentive Stock Option Plan."

## SELECTED CONSOLIDATED FINANCIAL DATA
**(In thousands, except per share amounts)**

The following selected consolidated financial data of the Company for the five fiscal years ended December 31, 1982 have been derived from the consolidated financial statements of the Company which, with the exception of 1978 which was unaudited, have been examined by Mann Judd Landau, independent Certified Public Accountants, as indicated in their report included elsewhere herein. The selected consolidated financial data for the six months ended June 30, 1982 and 1983 are unaudited, but in the opinion of management contain all adjustments (consisting only of normal recurring adjustments) that the Company considers necessary for a fair presentation of such data. The results for the six months ended June 30, 1983 are not necessarily indicative of results to be expected for the full year. Selected consolidated financial data should be read in conjunction with the consolidated financial statements and the related notes herein. All data included in this Prospectus have been restated, where applicable, to reflect the recently completed reorganization of the Company. See "Recent History and Certain Transactions—Reorganization" and Note 10 of "Notes to Consolidated Financial Statements."

| | Year Ended December 31, | | | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|---|---|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1982 | 1983 |
| | (unaudited) | | | | | (unaudited) | |
| **Income statement data:** | | | | | | | |
| Net sales | $57,409 | $72,143 | $87,757 | $112,801 | $147,181 | $61,058 | $81,679 |
| Costs and expenses | | | | | | | |
| Cost of sales | 41,732 | 51,925 | 62,282 | 81,097 | 105,345 | 43,797 | 58,564 |
| Selling, general and administrative | 9,274 | 12,087 | 15,053 | 20,123 | 26,166 | 12,437 | 14,679 |
| Interest expense (income)—net | 11 | 80 | (31) | (60) | (3) | (52) | (82) |
| | 51,017 | 64,092 | 77,304 | 101,160 | 131,508 | 56,182 | 73,161 |
| Income before provision for income taxes | 6,392 | 8,051 | 10,453 | 11,641 | 15,673 | 4,876 | 8,518 |
| Provision for income taxes | 3,359 | 4,088 | 5,310 | 5,987 | 8,202 | 2,552 | 4,494 |
| Net income | $ 3,033 | $ 3,963 | $ 5,143 | $ 5,654 | $ 7,471 | $ 2,324 | $ 4,024 |
| Earnings per share | $.17 | $.22 | $.29 | $.32 | $.42 | $.13 | $.23 |
| Shares outstanding | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Balance sheet data:** | | | | | | | |
| Working capital | $ 4,519 | $ 8,487 | $ 8,218 | $ 14,145 | $ 19,727 | $14,865 | $23,777 |
| Total assets | 19,210 | 20,176 | 24,737 | 35,582 | 43,342 | 43,455 | 54,256 |
| Long-term debt and capitalized leases(1) | 2,178 | 2,094 | 2,338 | 7,353 | 6,760 | 7,121 | 6,465 |
| Shareholders' equity | 8,671 | 12,486 | 17,365 | 23,019 | 30,490 | 25,343 | 34,514 |

(1) Excludes current maturities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following table sets forth certain items appearing in the Consolidated Statements of Income of the Company as a percentage of net sales as well as the percentage increase in the dollar amount of those items as compared to the prior period.

| | Percentage of Sales | | | | | Period to Period Increase | | |
|---|---|---|---|---|---|---|---|---|
| | Year Ended December 31, | | | Six Months Ended June 30, | | Year | | Six Months |
| | 1980 | 1981 | 1982 | 1982 | 1983 | 1981 vs 1980 | 1982 vs 1981 | 1983 vs 1982 |
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 28.5% | 30.5% | 33.8% |
| Cost of sales | 71.0 | 71.9 | 71.6 | 71.7 | 71.7 | 30.2 | 29.9 | 33.7 |
| Selling, general and administrative | 17.2 | 17.8 | 17.8 | 20.4 | 18.0 | 33.7 | 30.0 | 18.0 |
| Income before provision for income taxes | 11.9 | 10.3 | 10.7 | 8.0 | 10.4 | 11.4 | 34.6 | 74.7 |
| Provision for income taxes | 6.0 | 5.3 | 5.6 | 4.2 | 5.5 | 12.7 | 37.0 | 76.1 |
| Net income | 5.9 | 5.0 | 5.1 | 3.8 | 4.9 | 9.9 | 32.1 | 73.1 |

### Results of Operations—Six Months Ended June 30, 1983 and 1982

For the six months ended June 30, 1983, the Company's net sales were $81,679,000, an increase of $20,621,000 or 33.8% over the comparable prior period. Of this increase, $8,368,000 was derived from increased sales volume in existing stores, $7,679,000 was from a new store opened in September 1982 and $4,574,000 was from increased volume in two stores which were only open for part of the comparable six-month period ended June 30, 1982. Syms benefitted from increased consumer awareness due to its continuing advertising campaign, an increase in the number of brand-name labels available to its customers, and the offering of a wider variety of sizes and styles. During the same periods, gross margins remained constant at 28.3%.

Selling, general and administrative expenses increased by $2,242,000 to $14,679,000 over the comparable period in 1982. However, as a percentage of net sales, selling, general and administrative expenses declined to 18.0% in 1983 from 20.4% in 1982. This resulted from relatively small increases in fixed charges as compared to the large sales volume increase and greater efficiencies in store operations.

Net income increased by 73.1% to $4,024,000 in 1983 from $2,324,000 in 1982, reflecting strong volume increases and the Company's ability to reduce operating expenses as a percentage of net sales.

### Results of Operations—Three Years Ended December 31, 1982

Net sales increased to $147,181,000 in 1982 from $112,801,000 in 1981, an increase of $34,380,000 or 30.5%. In 1982, the opening of three new stores generated $22,889,000 in additional sales and $11,491,000 of the increase resulted from volume and price increases in existing locations. Management believes that sales increases resulted from several factors, the primary of which are store openings, an increase in the number of product lines available, and greater consumer awareness of the Syms chain due to an increase in advertising expenditures. Average net sales per square foot of selling space increased to $424.83 in 1982 from $412.17 in 1981 for stores open for all of each respective year.

In 1981, net sales increased to $112,801,000 from $87,757,000 in 1980, an increase of $25,044,000 or 28.5%. The primary reasons for the increase were additional product lines, increased brand-name availability, improved store layouts and increased selling space at one store. Average net sales per square foot of selling space in 1981 increased to $412.17 from $334.18 in 1980 for stores open for all of each respective year.

Cost of sales in each of the three years ended December 31, 1982 remained relatively consistent. The Company has been able to maintain consistent gross margins of 28.4% in 1982, 28.1% in 1981 and 29.0% in 1980 through effective buying and selling policies.

Selling, general and administrative expenses increased by $6,043,000 or 30.0% in 1982, $5,070,000 or 33.7% in 1981 and $2,966,000 or 24.5% in 1980 over the previous year. The dollar increases are attributable to several factors, the primary of which are additional costs arising from the continued growth in the number of stores and total selling space, the increase in sales volume, the opening of the Distribution Center, and general inflationary factors. As a percentage of net sales, selling, general and administrative expenses were 17.8% in 1982 and 1981 and 17.2% in 1980.

The effective income tax rates were relatively constant at 52.3% in 1982, 51.4% in 1981 and 50.8% in 1980.

Net income as a percentage of net sales in 1982, 1981 and 1980 was 5.1%, 5.0% and 5.9%, respectively. The decrease in this percentage since 1980 related primarily to increased selling, general and administrative costs incurred in the development of the Distribution Center and a small erosion in gross margin.

**Liquidity and Capital Resources—Six Months Ended June 30, 1983 and 1982**

Cash available for the Company's use was $13,549,000 at June 30, 1983. In the six months ended June 30, 1983, as well as during the three years ended December 31, 1982, the Company has had no short-term borrowings. Working capital increased $4,050,000 to $23,777,000 from December 31, 1982 to June 30, 1983. The ratio of current assets to current liabilities increased from 2.4 to 1 at June 30, 1982 to 2.8 to 1 at June 30, 1983. The improved liquidity was due primarily to cash flow from operations.

Capital expenditure requirements for the six-month periods were nominal and current operating requirements were adequately covered by internally generated funds.

**Liquidity and Capital Resources—Three Years Ended December 31, 1982**

Working capital increased to $19,727,000 at December 31, 1982 from $14,145,000 at December 31, 1981. The ratio of current assets to current liabilities increased to 4.4 to 1 at December 31, 1982 from 3.7 to 1 at December 31, 1981. The improved liquidity was due primarily to strong cash flow from operations. The current ratio at year end is typically higher than the current ratio at the period ended June 30 because of seasonal fluctuations.

The Company has not incurred material long-term debt except in December 1981 to finance the Distribution Center through a $5,600,000 15-year New Jersey Economic Development Authority Revenue Bond upon which interest is payable at 65% of Chemical Bank's prime rate and which is collateralized by the Distribution Center. Except for this financing, the Company has generally satisfied its operating requirements and capital expenditures, including those for the opening and expansion of stores, from internally generated funds. Management believes that existing cash reserves and projected internally generated funds will remain sufficient for working capital and capital expenditure requirements, including the capital expenditure requirements of the Company's planned expansion. See "Business—The Stores—Planned Expansion."

**Inflation**

Historically the Company has been able to pass on inflationary cost increases in the form of increased selling prices.

## BUSINESS

The Syms chain of 11 apparel stores offers a broad range of "off-price" first-quality, in-season merchandise consisting primarily of men's tailored clothing and haberdashery and women's dresses, suits and separates. Syms stores emphasize better quality, nationally-recognized designer or brand-name merchandise at a price substantially below those generally charged by department and specialty stores. Syms carries a wide selection of sizes and styles of men's, women's and children's wear. The Company's buying practices, relationships with its manufacturers, high inventory turnover and "no-frills" approach to presenting merchandise enable Syms to offer its goods at prices below full retail.

Syms operates in a single industry segment and, with the exception of the two Sulka stores in Europe, has no foreign operations. No material part of the Company's consolidated revenues is received from a single customer or group of customers.

### Merchandise

For the years ended December 31, 1982, 1981 and 1980, 67%, 65% and 65%, respectively, of the Company's total sales were generated by men's tailored clothes and haberdashery, and 29%, 30% and 31%, respectively, by women's dresses, suits, separates and accessories. The balance of sales was divided among children's wear, luggage, domestics and fragrances.

Most of the items sold by the Company consist of nationally-recognized fashion name merchandise. Syms also offers a small portion of its merchandise under its own "S" private label. This merchandise, containing generic (natural) fibers, such as silk, cashmere, shetland, cotton and lambswool, is typically imported from the Far East or manufactured domestically for the Company. The "S" label is found mostly on sweaters, jackets and shirts, for which quality fibers are emphasized in lieu of brand names. However, the Company believes that brand name apparel sold at "off-prices" principally attracts its customers and, accordingly, Syms has limited its "S" label program.

### Purchasing

An important factor in the Company's growth has been its continued ability to purchase first-quality, in-season, brand-name merchandise directly from manufacturers on terms more favorable than those generally offered to department and specialty stores. Syms estimates that approximately 500 brand-name manufacturers of apparel are represented at its stores. Only one manufacturer accounted for more than 5% (i.e., approximately 7%) of the Company's purchases during the last fiscal year.

The Company does not maintain large out of season inventories nor does it maintain any long-term or exclusive commitments or arrangements to purchase from any particular manufacturer. However, Syms occasionally buys certain basic clothing which does not change in style from year to year at attractive prices for warehousing until the following year. While the Company has had long-term business dealings with many manufacturers, there can be no assurances that the Company always will be able to purchase merchandise directly from such manufacturers at favorable prices or to offer such merchandise to customers at prices substantially below those generally charged by department or specialty stores for the same merchandise. See "Business—Competition."

Syms has an in-house buying organization typical of many large specialty store chains. After consultation with store managers, purchasing is performed by the Company's staff of six merchandise managers and six buyers in conjunction with the Vice President—Merchandise.

### Distribution

The Company opened its Distribution Center located at 300 Chubb Avenue, Lyndhurst, New Jersey in August 1981. The facility contains approximately 90,000 square feet of warehouse and distribution space and 10,000 square feet of office space on ten acres of land. The opening of the Distribution Center allowed the Syms stores in New York City and Roslyn Heights, New York in particular to utilize as selling space areas formerly used to warehouse goods.

Most merchandise is received from manufacturers at the Distribution Center where it is inspected, ticketed and allocated to particular stores. Some merchandise, principally men's suits, is shipped by the manufacturers directly to the stores for inspection, ticketing and sale. The Company distributes merchandise to stores from one to four times a week. Turnaround time of generally 72 hours between receipt of goods at the warehouse from the manufacturers and shipment to the stores and the Company's high level of inventory turnover reduce the need for extensive storage space.

**Marketing**

The Company's pricing policy is to affix to each item a ticket displaying Syms' selling price as well as the price the Company regards as the traditional full retail price of that item at department or specialty stores. In the men's tailored clothing department, garments are displayed with the brand-name affixed to the sleeve; this label is removed at the time of purchase and before the garment leaves the store. In contrast, the brand-name label affixed to all other merchandise is not removed. Because women's dresses and suits are vulnerable to considerable style fluctuation, Syms has long utilized a ten-day automatic markdown pricing policy to promote movement of merchandise. The date of placement on the selling floor of each women's dress or suit is stamped on the back of the sales ticket. The front of each ticket contains what the Company believes to be the nationally-advertised price, the initial Syms price and three reduced prices. Each reduced price becomes effective after the passage of ten days. Throughout the year, the Company also offers "dividend" prices consisting of additional price reductions on various types of merchandise.

So that merchandise may be offered to the public at the lowest possible price, stores are designed to be functional. The Company has expended in opening its last four stores between $400,000 and $950,000 for fixtures and leasehold improvements. Merchandise is displayed by type and size on conveniently arranged racks or counters. Brand-name and "S" label garments are intermixed, and no emphasis is placed on any particular "label." To highlight merchandise, the interior color scheme of each store includes only gray and black. No carpeting is used except in the area in which men's tailored clothes are displayed. Store fixtures are made by the Company of wood and hardware, and there are no point-of-sale promotional displays. The stores generally offer minor alterations for an additional charge.

The Company sells its merchandise primarily for cash, but accepts checks or its own Syms credit card. No other credit cards are honored. Syms sells its credit card receivables on a non-recourse basis to a bank for a fee. Applications for Syms credit cards are forwarded to and reviewed and processed by such bank. Syms paid $1,486,012 in fees to such bank during the fiscal year ended December 31, 1982.

Merchandise purchased from the Company may be returned within a reasonable amount of time, within season. The Company does not offer refunds but issues credits which only may be used toward the purchase of other merchandise.

**Advertising**

The Company has spent for the years ended December 31, 1982, 1981 and 1980, 2.3%, 2.0% and 2.5%, respectively, of the prior year's net sales for advertising primarily on television and radio. Syms advertising has as its theme "At Syms, An Educated Consumer is Our Best Customer." Advertisements feature Sy Syms Merns, Marcy Syms Merns and Robert Merns explaining Syms' emphasis on first-quality, brand-name merchandise offered at below full retail prices. All advertising has been placed for a fee through Syms Advertising Agency which, until the recent reorganization of the Company, had been owned solely by Sy Syms Merns. See "Recent History and Certain Transactions—Reorganization."

**The Stores**

*Location.* All but one of the Company's 11 stores are located in leased facilities. In addition to the selling space noted in the following table, each store contains between approximately 2,000 to 12,000 square feet for inspection and ticketing of merchandise. During the last fiscal year, no store open throughout the year accounted for more than 14.1% or less than 5.8% of the Company's total sales.

| Location(1) | Year Opened | Approximate Selling Space at Opening (sq. ft.) | Approximate Selling Space at June 30, 1983 (sq. ft.) |
|---|---|---|---|
| New York City, New York | 1968(2) | 8,000 | 36,000 |
| Buffalo, New York | 1970(2) | 4,000 | 23,000 |
| Paramus, New Jersey | 1971(2) | 16,000 | 28,000 |
| Woodbridge, New Jersey | 1972(2) | 16,000 | 34,000 |
| Roslyn Heights, New York | 1974 | 24,000 | 29,000 |
| Fort Lauderdale, Florida | 1975(2) | 31,000 | 48,000 |
| Falls Church, Virginia | 1978 | 36,000 | 36,000 |
| Elmsford, New York | 1978 | 53,000 | 53,000 |
| Norwood, Massachusetts | 1982 | 37,000 | 37,000 |
| Peabody, Massachusetts | 1982 | 39,000 | 39,000 |
| Rockville, Maryland | 1982 | 58,000 | 58,000 |

(1) Sulka stores are not included. See "Business—Sulka".

(2) Year original store in this vicinity was opened; store site within vicinity subsequently changed.

The Company's stores do not require prime real estate sites because the Company believes that its customers are attracted to its stores principally by their large assortment of first-quality, in-season, brand-name merchandise at attractive prices and their "no-frills" courteous atmosphere. The Company has selected sites where there usually was a suitable existing building requiring minimal refurbishing and, therefore, has been able to establish stores in new locations in a relatively short period of time. The Company maintains flexibility with respect to its methods of operation and may engage in other operating formats in the future, including the increased ownership of stores in lieu of leasing. See "Business—The Stores; Planned Expansion."

All of the Syms stores are "free standing," except for the stores located in downtown New York City and Rockville, Maryland, and all are surrounded by adequate parking areas except for the New York City store. Syms stores are usually located near a major highway or thoroughfare in suburban areas populated by one to two million persons and are readily accessible to customers by automobile. In certain areas where there is a population in excess of two million persons, such as the Boston suburbs, Syms has opened more than one store at a time in the same general vicinity. Because Syms stores generally are located outside of urban centers, the Company believes some of its customers drive long distances to visit store locations. It is likely that the Company would be affected adversely by any conditions requiring reductions in automobile use.

The Company owns substantially all of the fixtures used in its stores and believes that its selling space is well utilized. Included in the fixtures and equipment owned by the Company are its material handling systems (including specially designed locked cages for delivery and control of inventory and a specially designed rail system for movement of inventory within the Distribution Center) which cost approximately $476,000, the Company's store fixtures and office equipment (including display racks, shelving and approximately 125 cash registers) which cost approximately $2,342,000 and the Company's computer system used by its accounting office (including terminals) which cost approximately $153,000. In addition, the Company leases five trucks for transportation of goods among the Distribution Center and the Syms stores. The Company believes that its fixtures and equipment are well maintained and suitable for its requirements. The Company operates all of the space in each Syms store and does not lease any space to any third party concessionaires. The stores are generally open six days a week, from 10:00 a.m. to 9:00 p.m., Monday to Friday, and 9:00 a.m. to 6:00 p.m. on Saturday. None of the stores are open on Sunday.

*Lease Terms.* The Company's general policy is to lease its stores. Nine stores are leased from unrelated parties, and the Elmsford, New York store is leased from Sy Syms Merns. See "Recent History and Certain Transactions—Other Transactions." The following table summarizes all lease expirations and any renewal options:

| Calendar Years | Number of Leases Expiring(1)(2) | Number of Lease Renewal Options(1) | Length in Years of Renewal Option Periods(3) |
|---|---|---|---|
| 1986 | 1 | 1 | 10 |
| 1987 | 2 | 1 | 10 |
| 1988 | 1 | 1 | 6 |
| 1989(4) | 1 | 1 | 10 |
| 1990 | 0 | 0 | — |
| 1991 | 1 | 1 | 15 |
| 1992 | 1 | 1 | 5 |
| 1993 | 0 | 0 | — |
| 1994 | 1 | 1 | 15 |
| 1995 | 1 | 0 | — |
| 1996 and thereafter(4) | 3 | 1 | 63 |
| | 12 | 8 | |

(1) Sulka stores are not included. See "Business—Sulka".

(2) One site no longer used by the Company is sublet to a third party.

(3) Depending on the applicable option, the minimum rent due during the renewal option periods may be based upon a formula contained in the existing lease or negotiations between the parties.

(4) The store referred to is covered by two leases.

Store leases other than for Elmsford provide for a base rental of between $2.25 and $4.92 per square foot. In addition, under the "net, net, net" terms of all of the leases, the Company must also pay maintenance expenses, real estate taxes and other charges. Rental payments for Syms' leased stores other than Elmsford aggregated $782,000 for the year ended December 31, 1982. For that period, the Company paid $666,000 in rent for the Elmsford store and the adjacent parking area. The Elmsford store is the only Syms store to have a percentage of sales rental as well as a fixed minimum rent. As described in "Recent History and Certain Transactions—Other Transactions," the lease for the Elmsford store has been amended as of August 1, 1983 to reduce the rent paid by the Company.

*Historic Growth.* In 1968, the Company opened its first full-size store of 8,000 square feet in downtown New York City. The store sold primarily men's wear and offered a limited line of women's wear. At various times from 1959 to 1970, the Company operated seven other stores, five averaging 2,000 square feet in downtown New York City, and one of 4,000 square feet in each of downtown Buffalo, New York and downtown Miami, Florida. In 1971, Syms shifted its marketing focus from urban downtown stores to large, high visibility suburban stores with the opening of a 16,000 square foot store in Paramus, New Jersey. The Company has since expanded to 11 stores as of June 30, 1983. Since May 1980, three of such stores were opened, two of such stores were relocated to significantly enlarged premises and the selling space of two existing stores was expanded. Between 1971 and 1980, the Company also closed and relocated three stores to significantly enlarged premises in the same general vicinities. The following table sets forth certain information concerning the net sales of Syms stores:

| | Year Ended December 31, (1)(2) | | | | | Six Months Ended June 30, (1)(2) | |
|---|---|---|---|---|---|---|---|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1982 | 1983 |
| Number of stores open for the entire period | 6 | 8 | 8 | 8 | 8 | 8 | 11 |
| Average approximate square footage of selling space during the period(3) | 159,000 | 248,000 | 260,000 | 268,100 | 287,000 | 287,000 | 421,000 |
| Average net sales per store (in thousands of dollars) | $8,124 | $9,018 | $10,861 | $13,813 | $15,241 | $6,814 | $7,328 |
| Average net sales per square foot of selling space | $306.57 | $290.90 | $334.18 | $412.17 | $424.83 | $189.94 | $191.47 |

(1) Sulka stores are not included. See "Business—Sulka".

(2) Data relate only to stores open throughout the applicable year or six-month period.

(3) Determined on a weighted average basis for stores which expanded selling space during the applicable year or six-month period.

*Planned Expansion.* The Company operates stores in five states in the northeastern and middle Atlantic regions and in Florida and is considering further expansion within these geographical regions and in other areas. By December 1984, the Company plans to open three stores of approximately 40,000 to 60,000 square feet each—one on the south shore of Long Island, New York and the remaining two stores in the Chicago and/or Philadelphia areas. The Company also intends to expand its stores in New York City, Buffalo, New York and Paramus, New Jersey by approximately 4,000 square feet, 28,000 square feet and 38,000 square feet, respectively. However, there can be no assurance that, by December 31, 1984, the Company will be able to open the three planned new stores or undertake the contemplated expansions of existing stores. Management believes that existing cash reserves and projected internally generated funds will be

sufficient to finance the Company's planned expansion, as well as to satisfy working capital and other capital expenditure requirements.

The Company entered into an agreement to purchase a site on the south shore of Long Island, New York, in connection with the construction of a new store facility. The agreement is contingent upon obtaining the requisite building permits. The initial application for such permits was denied by the local authorities on September 12, 1983. The Company is considering whether to appeal or resubmit the application for such permits, and is continuing to investigate alternate sites in the same area.

The Company is currently in the process of negotiating a lease agreement for a store space in the Philadelphia area. There can be no assurances that such a lease will be consummated, however, and the Company is continuing to seek and evaluate new store locations in the Philadelphia and/or Chicago areas.

At its downtown New York City store, the Company plans to convert approximately 4,000 square feet of space already leased into additional selling space. In Buffalo, New York, the Company intends to lease an additional 28,000 square feet of selling space from its existing landlord at an annual rental of $180,000, although there can be no assurance that the proposed transaction will be effected.

The Company plans to add approximately 38,000 square feet of selling space to its Paramus, New Jersey store. The Company is negotiating for the purchase for approximately $1,150,000 of the four-acre site on which its present leased facility is located and intends to build a two-story addition there for approximately $1,750,000. The Company also purchased a one and one-half acre adjacent parking site for $393,000.

The Company believes that its ability to find satisfactory locations for its stores is essential for the continued growth of its business. The opening of stores is generally contingent upon several factors, including the availability of desirable locations with suitable structures and required parking, and the negotiation of acceptable lease or purchase terms. There can be no assurance that such sites will continue to be available or if available will be obtained on favorable terms.

**Operations and Control Systems**

Each merchandise manager and buyer and the Vice President—Merchandise receive weekly computer reports on the previous week's sales in each of 250 classifications of merchandise and other pertinent data. These reports are organized by department, class, price, and store. Store sales information is keyed daily into a data base for weekly transmission to the Company's computer bank. The Company is developing a fully integrated merchandise control system which when completed will monitor receipt of merchandise from manufacturers, price marking, shipments to stores, inventories, shrinkage and store sales by 250 classifications of merchandise.

Management of the Company visits stores on a regular basis to coordinate with store managers in the training of employees in loss prevention methods. Each store has on-premises security personnel during normal hours and a security system after hours.

**Employees**

At June 30, 1983, the Company and Sulka had 1,130 employees of whom approximately 150 work part time. Collective bargaining agreements cover 862 sales and tailor employees. The Company considers its employee relations to be good.

Approximately 65 to 125 persons are employed at each Syms store. Most of these employees are sales personnel who are available to guide and inform customers. A store usually has a nucleus of six experienced

management persons consisting of a store manager, two general assistant managers and three department managers who also act as sales persons.

To encourage increased sales volume and improved store management, the Company has recently instituted a "management-by-objectives" incentive bonus program for each store management team and anticipates expanding this program to other employees. Bonuses are generally granted to store management personnel for surpassing certain established sales goals and for quality of store management. Promotion from within is a management policy.

**Trademark; Tradename**

"Syms", "An Educated Consumer is Our Best Customer", "The More You Know About Clothing the Better It is For Syms" and "Sulka" have been registered with the United States Patent and Trademark Office.

**Seasonality**

The Company's business (including Sulka) is seasonal with its highest sales occurring in the second and fourth quarters of each year. For each of the last three fiscal years, more than one-half of net sales occurred during the periods from July 1 to December 31. The following table sets forth the aggregate net sales of the Company and Sulka per fiscal quarter for the past three fiscal years.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | Thousands of Dollars(1) | | | Percent of Year's Total(1) | | |
| | 1980 | 1981 | 1982 | 1980 | 1981 | 1982 |
| Net Sales: | | | | | | |
| 1st Quarter (through March) | $15,524 | $ 19,447 | $ 23,031 | 17.69% | 17.24% | 15.65% |
| 2nd Quarter (through June) | 22,694 | 31,076 | 38,028 | 25.86 | 27.55 | 25.84 |
| 3rd Quarter (through Sept.) | 19,026 | 24,478 | 33,075 | 21.68 | 21.70 | 22.47 |
| 4th Quarter (through Dec.) | 30,513 | 37,800 | 53,047 | 34.77 | 33.51 | 36.04 |
| Total | $87,757 | $112,801 | $147,181 | 100.00% | 100.00% | 100.00% |

(1) Includes stores that opened during the period.

**Competition**

The retail apparel business is highly competitive, and the Company accounts for only a small fraction of the total market for men's, women's and children's apparel. The Company's stores compete with discount stores, apparel specialty stores, department stores, manufacturer-owned factory outlet stores and others. Many of the stores with which the Company competes are units of large national or regional chains that have substantially greater resources than the Company. Retailers having substantially greater resources than the Company have indicated their intention to enter the "off-price" apparel business, and the "off-price" apparel business itself may become increasingly competitive in the future, especially with respect to the increased use by manufacturers of their own factory outlets. At various times throughout the year, department store chains and specialty shops offer brand-name merchandise at substantial markdowns.

*Retail Price Maintenance:* Since it is the general policy of the Company to buy merchandise below wholesale prices and to sell at lower than the traditional full retail price, its business may be adversely

affected by manufacturers who attempt to maintain the resale price of their merchandise by refusing to sell to purchasers such as the Company who do not adhere to suggested retail prices. Federal and state legislation is proposed from time to time which, if enacted, would permit manufacturers to establish minimum prices. In a case before the United States Supreme Court involving a claim of unlawful resale price maintenance, the Justice Department has filed a brief urging the Court to consider adopting a rule that would legalize resale price maintenance under certain circumstances. It is unclear, however, whether the Court will address the Justice Department's request. The Company cannot predict the effect on its business of the enactment of any such Federal or state legislation, any change in the enforcement policy of certain Federal agencies, or the rendering of any judicial decisions which would permit or encourage the establishment of minimum retail prices.

**Sulka**

In July 1980, the Company acquired certain rights in the United States and various other countries to the tradename "Sulka," three Sulka store leases in the United States (two in New York and one in San Francisco), one store lease in London and the machinery, equipment and know-how to manufacture Sulka dressing gowns (men's and women's) and smoking jackets. In July 1983, the Company purchased the assets of the Sulka operation in Paris and remaining worldwide rights to the "Sulka" tradename. The Company continues the Sulka tradition of providing the highest quality haberdashery. Sulka products are sold at full retail prices.

Except for Sulka dressing gowns and smoking jackets which are produced by the Company in part of its space in Paramus, New Jersey, Sulka haberdashery is manufactured by outside producers. The Company is not reliant on any one source for production of its Sulka products. Net sales of Sulka products amounted to $2,367,000 and $2,299,000, respectively, for the fiscal years ended December 31, 1982 and 1981, and $1,074,000 and $1,169,000, respectively, for the six-month periods ended June 30, 1983 and 1982. Sulka operations sustained losses of $309,000 and $357,000, respectively, during the fiscal years ended December 31, 1982 and 1981. The leases for the five currently operating Sulka stores, with an aggregate of approximately 8,000 square feet of selling space, are based on a fixed annual rental with escalation clauses and expire between 1985 and 1992. Three of such leases require payment of additional rent based upon the amount of net sales. Rental payments for the Sulka stores (excluding the Paris store acquired in 1983) aggregated $340,000 for the year ended December 31, 1982. The Company plans to open two Sulka stores each year, commencing in 1984, in major cities outside the United States, particularly in Europe. It also plans to open and operate two leased departments each year, commencing in 1984, in high-priced department or specialty stores in major cities throughout the United States. Notwithstanding such expansion plans, the Company anticipates that for the foreseeable future Sulka will not have a material impact on the Company's consolidated net sales or net income.

## LEGAL PROCEEDINGS

There are currently no material legal proceedings pending or threatened against the Company.

## MANAGEMENT

### Directors and Executive Officers

The directors and executive officers of the Company and its principal subsidiary, Syms Inc., are as follows:

| Name | Age | Title |
|---|---|---|
| Sy Syms Merns(1) | 57 | Chairman of the Board, Chief Executive Officer and Chief Operating Officer and Director of the Company and Syms Inc. |
| Marcy Syms Merns(1) | 32 | President and Director of the Company and Syms Inc. |
| Richard B. Diamond(1) | 45 | Vice President—Finance, Treasurer and Director of the Company and Syms Inc. |
| Irwin Shivek | 58 | Vice President—Operations of Syms Inc. |
| Norman Fately | 59 | Vice President—Merchandise of Syms Inc. |
| Ira Weiser | 64 | Vice President—Men's wear of Syms Inc. |
| Charles Koopersmith | 55 | Vice President—Men's wear of Syms Inc. |
| Jack Model | 64 | Vice President—Women's wear of Syms Inc. |
| Alan Kilman | 30 | Vice President—Women's wear of Syms Inc. |
| Abraham Oliver | 65 | Vice President—Imports of Syms Inc. |
| Stephen Merns | 30 | Vice President and Secretary of Syms Inc. |
| Robert Merns | 28 | Secretary of the Company and Vice President of Syms Inc. |
| Richard Merns | 26 | Vice President of Syms Inc. |
| Wilbur L. Ross, Jr.(2)(3) | 45 | Director of the Company and Syms Inc. |
| J. Sloame Immerman(3) | 76 | Assistant Secretary and Director of the Company and Syms Inc. |

(1) Member of the Executive Committee of the Company.

(2) Member of the Audit Committee of the Company.

(3) Member of the Stock Option Committee of the Company.

The officers and directors of A. Sulka & Company Ltd. are: Sy Syms Merns—Chairman of the Board, Chief Executive Officer, Chief Operating Officer and Director; Marcy Syms Merns—President and Director; Jean Marie Bossard—Vice President—International Operations; Michel Kramer—Vice President—International Merchandising; Richard B. Diamond—Vice President—Finance, Treasurer and Director; Richard Merns—Secretary. The officers and directors of Syms Advertising Inc. are: Sy Syms Merns—Chairman of the Board, Chief Executive Officer, Chief Operating Officer and Director; Marcy Syms Merns—President and Director; Richard B. Diamond—Vice President—Finance, Treasurer and Director; Richard Merns—Secretary.

The Company has structured an executive management team, including members drawn from retail department store and chain operations, that it believes will provide continuity of management. None of the organizations with which these persons were previously associated is a parent, subsidiary or other affiliate of the Company except as otherwise set forth:

SY SYMS MERNS has been Chairman of the Board, Chief Executive Officer, Chief Operating Officer and a director of the Company, Syms Inc. and/or its predecessors since 1959.

MARCY SYMS MERNS has been President and a director of the Company and Syms Inc. since 1983, an officer and director of Syms Inc. since 1978 and President of Sulka since 1983. From 1976 to 1977, Ms. Merns was assistant to the President of Straus Broadcasting Company.

RICHARD B. DIAMOND, C.P.A., has been a Vice President, Chief Financial Officer, Treasurer and a director of the Company and Syms Inc. since 1983 and Treasurer of Syms Inc. since 1978. From 1964 to 1978, Mr. Diamond was associated with the accounting firm of Mann Judd Landau, independent Certified Public Accountants for the Company.

IRWIN SHIVEK has been a Vice President of Syms Inc. since 1980, and an employee since 1973. Prior to that time Mr. Shivek owned and operated two ladies dress establishments in New York City.

NORMAN FATELY has been a Vice President of Syms Inc. since 1983 and an employee since 1981. From February 1978 to July 1981, Mr. Fately was a partner in a business providing security to retail establishments. From January 1949 to January 1978, Mr. Fately was involved with distribution and merchandising at Alexanders, Inc.

IRA WEISER has been a Vice President of Syms Inc. since 1983 and a merchandise manager since 1975. From 1945 to 1975, Mr. Weiser was an officer and an employee in merchandising for Barney's, Inc.

CHARLES KOOPERSMITH has been a Vice President of Syms Inc. since 1983 and a merchandise manager since 1979. From 1954 to 1979, Mr. Koopersmith was a principal stockholder of Kings Menswear, Inc., a retail store.

JACK MODEL has been a Vice President of Syms Inc. since 1983 and a merchandise manager since 1977. From 1972 to 1977, Mr. Model owned and operated four ladies dress stores in Florida. From 1960 to 1972, Mr. Model was a merchandise manager for Loehmann's, Inc.

ALAN KILMAN has been a Vice President of Syms Inc. since 1983. From 1976 to 1983, Mr. Kilman was merchandise manager of ladies separates for Syms Inc. From 1971 to 1976, he was assistant store manager of the Paramus, New Jersey store of the Company.

ABRAHAM OLIVER has been a Vice President of Syms Inc. since 1983 and director of imports for Syms Inc. since 1980. From 1970 to 1980, he was import director for Murjani, Inc.

STEPHEN MERNS has been a Vice President of Syms Inc. since 1980 and Secretary of Syms Inc. since 1983 and a buyer of men's haberdashery for Syms Inc. since 1980. From 1975 to 1980, Mr. Stephen Merns was self-employed as a ready-to-wear sales representative and engaged in the business of importing and exporting ready-to-wear apparel.

ROBERT MERNS has been Secretary of the Company since 1983 and a Vice President of Syms Inc. and a buyer of men's tailored clothing for Syms Inc. since 1980. From 1976 to 1980, Mr. Robert Merns was an assistant buyer of men's tailored clothing for Syms Inc.

RICHARD MERNS has been a Vice President of Syms Inc. since 1980 and Secretary of Sulka since 1983. From 1978 to the present, Mr. Richard Merns has been a store manager in various stores of the Company.

WILBUR L. ROSS JR. has been a Managing Director of Rothschild Inc. since 1976. From 1971 to 1976, Mr. Ross was President of Faulkner Dawkins & Sullivan Securities Corp. He is a member of the Board of Directors of N.M. Rothschild & Sons (International) Ltd., Aileen, Inc., Dale Electronics, Inc., Energetics Inc., GEO International Corp., Investors Insurance Holding Company, Land Resources Corp.,

Peabody International Corp., and Transact International Inc. He has been a director of the Company since 1983.

J. SLOAME IMMERMAN has been a partner in the New York law firm of Immerman & Immerman for more than fifty-two years. He has been a director and Assistant Secretary of the Company since 1983 and general counsel of Syms Inc. since 1963. See "Recent History and Certain Transactions—Other Transactions."

The members of the Company's Board of Directors hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified. Executive officers are elected annually by the Board of Directors of the Company and serve at the pleasure of the Board. Marcy Syms Merns, Stephen Merns, Robert Merns and Richard Merns are the children of Sy Syms Merns and are Selling Shareholders. See "Principal and Selling Shareholders." There are no other family relationships between any directors or executive officers of the Company.

The Company's business is materially dependent on the active participation of Sy Syms Merns, the Company's Chairman of the Board, Chief Executive Officer and Chief Operating Officer and largest shareholder, and the loss of his services could substantially adversely affect the Company's business. The Company maintains $4,750,000 in insurance on the life of Sy Syms Merns, payable to the Company upon his death. By virtue of his position in the Company, his beneficial ownership of Common Stock and his position as trustee of the Voting Trust, Sy Syms Merns "controls" and therefore is a "parent" of the Company as those terms are defined in the rules and regulations promulgated under the Securities Act of 1933, as amended (the "Securities Act"). See "Recent History and Certain Transactions" and "Principal and Selling Shareholders."

**Management Remuneration**

The following table sets forth all remuneration paid or accrued by the Company for the fiscal year ended December 31, 1982 (a) with respect to each of its most highly compensated executive officers or directors whose total cash and cash equivalent remuneration exceeded $50,000 each and for each member of the Merns family employed by the Company, and (b) for all officers and directors of the Company as a group:

| Name of Individual or Number of Persons in Group | Capacities in Which Served | Cash and Cash Equivalent Forms of Remuneration | | Aggregate of Contingent Forms of Remuneration (3) |
|---|---|---|---|---|
| | | Salaries, Fees, Directors' Fees, Commissions and Bonuses (1) | Securities or Property, Insurance Benefits or Reimbursement, Personal Benefits (2) | |
| Sy Syms Merns | Chairman of the Board, Chief Executive Officer and Chief Operating Officer and Director of the Company and Syms Inc. | $ 801,619(4) | $108,539 | $ 44,666 |
| Marcy Syms Merns | President and Director of the Company and Syms Inc. | 92,850(5) | 5,365 | 3,895 |
| Richard B. Diamond | Vice President—Finance, Treasurer and Director of the Company and Syms Inc. | 56,170 | 15,322 | 5,608 |
| Irwin Shivek | Vice President—Operations of Syms Inc. | 85,700 | 4,567 | 7,296 |
| Norman Fately | Vice President—Merchandise of Syms Inc. | 57,300 | 2,414 | — |
| Gustav Genzwuerker(6) | Vice President—Maintenance | 41,000 | 7,480 | 3,697 |
| Ira Weiser | Vice President—Men's wear of Syms Inc. | 87,400 | 2,612 | 8,184 |
| Charles Koopersmith | Vice President—Men's wear of Syms Inc. | 51,500 | 2,361 | 4,807 |
| Jack Model | Vice President—Women's wear of Syms Inc. | 59,550 | 2,393 | 5,238 |
| Alan Kilman | Vice President—Women's wear of Syms Inc. | 44,675 | 2,296 | 3,587 |
| Abraham Oliver | Vice President—Imports of Syms Inc. | 53,850 | 2,410 | 5,275 |
| Stephen Merns | Vice President and Secretary of Syms Inc. | 37,650 | 8,164 | 2,933 |
| Robert Merns | Secretary of the Company and Vice President of Syms Inc. | 58,650(5) | 4,346 | 3,254 |
| Richard Merns | Vice President of Syms Inc. | 31,181 | 1,230 | 1,725 |
| All officers and directors as a group (consisting of 14 persons) | | $1,559,095 | $169,499 | $100,165 |

*(Footnotes on following page)*

(1) Members of the Board of Directors have not been compensated heretofore for their services as directors in such capacity alone. The Company intends to pay fees to non-employee directors of approximately $500 to $1,100 per meeting of the board and of committees of the board attended by each such director. Wilbur L. Ross, Jr. and J. Sloame Immerman are currently the only non-employee directors.

(2) Officers and key employees participate in medical, group life insurance and disability insurance plans provided to all non-union employees of the Company. The officers of the Company also participate in a medical reimbursement plan. The cost of these plans to the Company has been included in the table. The Company provides automobiles to all of the executive officers listed above and in some cases parking privileges. The table does not assign any value to possible personal benefits derived from the use of the automobiles or parking because the dollar amount cannot be specifically ascertained and the Company does not believe in any individual's case such value would equal or exceed $10,000. See "Management—Pension Plan" for contributions to the Company's pension plan.

(3) Consists solely of the Company's contribution to its Profit Sharing Plan for the year ended December 31, 1982 for the individuals listed.

(4) Includes payments of $226,619 to Sy Syms Merns as the sole proprietor of Syms Advertising Agency. Does not include payments made to Sy Syms Merns of $645,259 for the year ended December 31, 1982 under the lease for the Elmsford store. See "Recent History and Certain Transactions—Other Transactions."

(5) Includes payments of $50,000 and $20,000 paid to Marcy Syms Merns and Robert Merns, respectively, by Syms Advertising Agency as performance fees for advertising. Until the reorganization, Syms Advertising Agency operated as a sole proprietorship owned by Sy Syms Merns. See "Recent History and Certain Transactions—Reorganization."

(6) Died August 3, 1982.

The Company has no employment agreements with any individual. Compensation of all non-union employees is generally reviewed in September of each year, at which time base compensation for the next 12 months is determined.

**Incentive Stock Option Plan**

The Company's 1983 Incentive Stock Option Plan (the "1983 Option Plan") was adopted by the Board of Directors and approved by the shareholders on July 29, 1983. The purpose of the 1983 Option Plan is to make options available to certain officers and other key employees of the Company in order to give them a greater personal interest in the success of the Company and an added incentive to continue and advance in their employment. A total of 1,000,000 shares of Common Stock is reserved for issuance under the 1983 Option Plan. The 1983 Option Plan provides for the granting to officers and key employees of "incentive stock options" within the meaning of Section 422A of the Internal Revenue Code of 1954, as amended (the "Code"). To date, no options have been granted.

The 1983 Option Plan is administered by a Committee appointed by the Board of Directors which determines the officers and key employees and the class or group of officers and key employees to be granted options under the 1983 Option Plan, and the number of shares subject to the option. No member of such Committee shall, while a member, be eligible to participate in the 1983 Option Plan. Each option is exercisable during the lifetime of the optionee. No options granted under the 1983 Option Plan are transferable by the optionee, other than by will or the laws of descent and distribution. Any options granted to an employee will terminate upon his ceasing to be an employee or six months thereafter in the case of death or disability. No options may be granted under the 1983 Option Plan after July 29, 1993.

The exercise price of all incentive stock options for Common Stock granted under the 1983 Option Plan must be equal to the fair market value of such shares on the date of grant as determined by the Committee based on guidelines set forth in the 1983 Option Plan. The term of each option and the manner in which it may be exercised will be determined by the Committee, subject to the requirement that no option may be

exercisable more than ten years after the date of grant. With respect to any option granted to a participant who owns stock possessing more than 10% of the voting rights of the Company's outstanding capital stock on the date of grant, the exercise price of the option must be at least equal to 110% of fair market value on the date of grant and the option may not be exercisable more than five years after the date of grant. Under the terms of the 1983 Option Plan, the aggregate fair market value of the Common Stock (determined at the date of of the option grant) for which any employee may be granted incentive stock options in any calendar year may not exceed $100,000, plus certain carryover allowances from the previous three years.

The federal income tax treatment of incentive stock options under the 1983 Option Plan is generally more favorable to employees than the treatment accorded other options. It is also less favorable to the Company because the Company is not entitled to a tax deduction with respect to the grant or exercise of an incentive stock option nor with respect to any disposition of such shares after certain holding periods, as described in Section 422A(a)(1) of the Code. The Company will be entitled to a tax deduction for an amount equal to the ordinary income realized by an optionee in the event shares purchased under the Plan are sold before the end of the relevant holding periods.

The Board of Directors may from time to time amend or terminate the 1983 Option Plan without action by the Company's shareholders, but no such amendment may increase the number of shares of Common Stock that may be issued under the Plan, permit the grant of options to persons other than officers or key employees, reduce the minimum option price per share, extend the period of granting or exercising incentive stock options or impair the rights of holders of outstanding options without their consent.

**Profit Sharing Plan**

The Company maintains a profit sharing plan for employees over age 21 with at least six months of service other than union members and hourly wage earners in the Company's store in Falls Church, Virginia (the "Profit Sharing Plan"). The amount of the Company's annual contribution is determined by the Board of Directors at its discretion and is allocated to each participant's account based upon a point system determined by compensation with one point awarded for each $100 of compensation for the first $20,000 of compensation and two points for each $100 of compensation over $20,000. No amount shall be allocated for any year to any employee in excess of an amount equal to seven dollars multiplied by the total of such employee's points. A participant or his beneficiary is entitled to be paid the entire interest in the participant's account upon his retirement, death or disability. A participant may retire at age 65 or, if a participant has at least 15 years of service, he may retire upon reaching age 55. A participant who leaves the Company for any reason other than death, retirement or permanent disability will be entitled to receive his vested interest payable over different periods of time depending on the aggregate amount vested and payment option elected. A participant's interest vests over an 11 year period commencing in the fifth year at the rate of 40% after completing four years of employment, 5% for each of the fifth and sixth years and 10% for each year thereafter, and is 100% vested after the completion of 11 years of service. An eligible "year of service" is one in which the employee has been employed by the Company for 12 months. Benefit payments are made in the form of an annuity unless a participant elects one of the optional forms of payment under the Profit Sharing Plan. The Company's total contribution to the Profit Sharing Plan for the fiscal year ended December 31, 1982 was $218,260. See "Management—Management Remuneration." None of such amounts allocated to directors, officers and key employees are fully vested under the Profit Sharing Plan except for the contribution allocable to Messrs. Sy Syms Merns, Abraham Oliver and Alan Kilman. Contributions allocable to all other directors, officers and key employees (other than one new employee) are vested to the extent of between 40% and 80%. Sy Syms Merns, Marcy Syms Merns and Richard Merns are trustees of the trust created to hold the assets of the Profit Sharing Plan.

**Pension Plan**

The Company adopted a defined benefit pension plan (the "Pension Plan"), effective January 1, 1976, for employees with at least six months of service who have attained age 21 other than union members and hourly wage earners in Falls Church, Virginia. The Company is required to make annual contributions to the Pension Plan so that sufficient amounts will be accumulated to provide the defined monthly pension benefits for each participant. Each participant is entitled to an annual retirement benefit equal to 19% of the average compensation (excluding bonuses) during his five consecutive highest paid calendar years during the ten years prior to retirement. Such benefit is reduced pro-rata if the employee has completed less than fifteen years of service. A participant is entitled to be paid his full benefits upon his retirement at age 65. If a participant has completed at least 15 years of service he may retire upon reaching age 55 but the benefits he receives will be actuarially reduced to reflect the longer period during which he will receive a benefit. A participant who becomes permanently disabled will be entitled to receive a benefit and a beneficiary of a participant who dies prior to receiving a benefit under the Pension Plan also will be entitled to receive a benefit. A participant who leaves the Company for any reason other than death, disability or retirement will be entitled to receive the vested portion of his benefit payable over different periods of time depending on the aggregate amount vested and payment option elected. A participant's interest vests over an 11 year period commencing in the fifth year at the rate of 40% after completing four years of employment, 5% for each of the fifth and sixth years and 10% for each year thereafter, and is 100% vested after the completion of 11 years of service. An eligible "year of service" is one in which the employee completes at least 1,000 hours. Benefit payments are made in the form of an annuity unless the participant elects one of the optional forms of payment. A participant whose service terminates before his normal or early retirement date normally must wait until such date to receive his benefit.

The following table sets forth the estimated annual benefits, which are not subject to any deduction for Social Security or other offset amount, payable on retirement to persons in specified remuneration and years of service classifications:

| | Years of Service | | |
|---|---|---|---|
| **Remuneration** | **5** | **10** | **15 or more** |
| Less than or equal to $50,000 | 3,167 | 6,333 | 9,500 |
| Greater than $50,000 but less than or equal to $100,000 | 6,333 | 12,667 | 19,000 |
| Greater than $100,000 but less than or equal to $150,000 | 9,500 | 19,000 | 28,500 |
| Greater than $150,000 but less than or equal to $200,000 | 12,667 | 25,333 | 38,000 |
| Greater than $200,000 but less than or equal to $250,000 | 15,833 | 31,667 | 47,500 |
| Greater than $250,000 but less than or equal to $300,000 | 19,000 | 38,000 | 57,000 |
| Greater than $300,000 but less than or equal to $400,000 | 25,333 | 50,667 | 76,000 |
| Greater than $400,000 but less than or equal to $500,000 | 31,667 | 63,333 | 90,000 |

The Company's total contribution to the Pension Plan for the fiscal year ended December 31, 1982 was $116,846. The years of credited service at the normal retirement age of 65, the compensation covered by the Pension Plan for benefit computation purposes for the fiscal year ended December 31, 1982, the estimated

annual benefits payable under the Pension Plan (assuming no changes from such compensation) and the pro-rata contribution allocation for the officers listed below are as follows:

| Name | Years of Credited Service At Age 65 | Compensation for Benefit Plan Purposes | Estimated Annual Benefit | Pro-rata Contribution Allocation(1) |
|---|---|---|---|---|
| Sy Syms Merns ..... | Over 15 years | $575,000 | $90,000(2) | $28,750 |
| Marcy Syms Merns .... | Over 15 years | 41,600 | 7,904 | 2,080 |
| Richard B. Diamond ... | Over 15 years | 55,500 | 10,545 | 2,775 |
| Irwin Shivek ..... | Over 15 years | 69,200 | 13,148 | 3,460 |
| Norman Fately ..... | 7 years, 11 months | 54,300 | 5,445 | 2,715 |
| Ira Weiser ..... | 11 years | 74,635(3) | 10,399 | 3,820 |
| Charles Koopersmith ... | 14 years, 1 month | 49,000 | 8,741 | 2,450 |
| Jack Model ..... | 6 years, 4 months | 47,054(3) | 3,775 | 2,628 |
| Alan Kilman ..... | Over 15 years | 39,175 | 7,443 | 1,959 |
| Abraham Oliver(4) ..... | — | — | — | — |
| Stephen Merns ..... | Over 15 years | 33,800 | 6,422 | 1,690 |
| Robert Merns ..... | Over 15 years | 36,400 | 6,916 | 1,820 |
| Richard Merns ..... | Over 15 years | 33,800 | 6,422 | 1,690 |

(1) Company contributions to the Pension Plan are made on an aggregate basis to accumulate funds to provide defined benefits for all participants, rather than on an individual contribution basis; this column is merely an estimate of allocations to particular employees based on the ratio of their compensation for Pension Plan purposes to the total of such compensation of all employees in the Pension Plan during the fiscal year.

(2) Benefit limited to statutory maximum.

(3) Member within five years of normal retirement.

(4) Not eligible due to age.

With certain exceptions, the Code, as amended by the Tax Equity and Fiscal Responsibility Act of 1982, presently restricts to an aggregate of $90,000 the annual pension which may be paid to an employee from a qualified defined benefit pension plan. In addition, the annual amount which may be contributed to an employee's account under a qualified profit sharing plan is presently limited to $30,000. Aggregate limitations also apply in the case of an individual who participates in both a defined benefit pension plan and a profit sharing plan.

The Company is presently reviewing its employee benefit programs and may determine to revise such programs in certain respects, including, but not limited to, the consolidation of the various plans or the adoption of additional plans for the benefit of employees of the Company.

## RECENT HISTORY AND CERTAIN TRANSACTIONS

### Reorganization

On July 25, 1983, a reorganization was effected pursuant to which Syms Inc., A. Sulka & Company Ltd. and Syms Advertising Inc. became wholly-owned subsidiaries of Syms Corp. in the following manner. All of the outstanding shares of various classes of Syms Inc. owned by Sy Syms Merns and his family, being all of such shares issued and outstanding, were exchanged for an aggregate of 17,650,000 shares of Common Stock. Such exchange was based on an independent appraisal received by the Company. See "Principal and Selling Shareholders" for information relating to the Merns family beneficial ownership of Common Stock before and after this offering. Syms Advertising Agency, a sole proprietorship owned by Sy Syms Merns, was transferred by him for no consideration to Syms Advertising Inc., a newly-formed, wholly-owned subsidiary of the Company. All of the Sulka stores (three of which were operated as a division of Syms Inc. and two of which were operated as wholly-owned subsidiaries) were transferred to another newly-formed, wholly-owned subsidiary, A. Sulka & Company Ltd.

**Other Transactions**

The Company leases its store in Elmsford, New York of approximately 60,000 square feet from Sy Syms Merns. Sy Syms Merns voluntarily amended the lease as of August 1, 1983 as to its rental provisions based upon independent appraisals. Under the original and amended leases, the rent payable by the Company consists of a fixed annual rent plus a percentage rent based on gross sales of the Elmsford store. Under the amended lease, commencing August 1, 1983, the fixed annual rent was changed to $435,000 through November 30, 1999 and the percentage rent was changed to .5% of the store's gross sales in excess of $20,000,000. Not more frequently than once every five years, the rental terms may be adjusted based upon independent appraisals if requested by Sy Syms Merns.

During the fiscal years ended December 31, 1982, 1981 and 1980, respectively, the Company paid to Sy Syms Merns a total of $645,259 in rent for the Elmsford store (of which $347,759 was based on a percentage of sales), $544,275 (of which $290,233 was based on a percentage of sales) and $489,440 (of which $216,440 was based on a percentage of sales). If the lease as amended had been in effect for the fiscal year ended December 31, 1982, the rental for such period would have been $435,000, none of which would have been based on a percentage of sales. For the six month period ended June 30, 1983, the Company paid $364,787 in rent for the Elmsford store of which $216,037 was based on a percentage of sales. The lease has been pledged by Sy Syms Merns as collateral security for his outstanding mortgage indebtedness on the Elmsford property of approximately $2,000,000.

Until July 25, 1983, when the reorganization of the Company was effected, Sy Syms Merns was the sole proprietor of Syms Advertising Agency, through which all advertisements for the Company are placed generally at a fee of 15% of the cost of commissionable advertising. During the fiscal years ended December 31, 1982, 1981 and 1980, respectively, the Company paid fees of $306,174, $237,722 and $238,937, respectively, to Syms Advertising Agency. Except for a small amount, most of these fees were then paid by Syms Advertising Agency to Mr. Merns and members of his family in consideration for appearances in advertisements for Syms. See "Management—Management Remuneration."

J. Sloame Immerman, a director of the Company and general counsel, received fees from the Company for the fiscal years ended December 31, 1982, 1981 and 1980 of $72,770, $69,467 and $52,653, respectively. No fees were paid for the six months ended June 30, 1983.

## PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of the Common Stock of the Company on the date of this Prospectus and as adjusted to reflect the sale of shares offered by this Prospectus by (a) the present shareholders of the Company who include all of the Selling Shareholders; (b) each person known by the Company to own beneficially more than five percent of the outstanding Common Stock; (c) each director of the Company; and (d) all directors and officers as a group. Unless otherwise noted in the footnotes to the table, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

| | Amount of Beneficial Ownership Prior to The Offering | | | Amount of Beneficial Ownership After The Offering | |
|---|---|---|---|---|---|
| Name of Beneficial Owner | Number of Shares | Percentage of Class | Number of Shares Being Offered | Number of Shares | Percentage of Class |
| Sy Syms Merns, as trustee under the Voting Trust Agreement dated July 25, 1983 300 Chubb Avenue, Lyndhurst, New Jersey 07071 | 4,422,226(1) | 25.1% | —0— | 4,422,226(1) | 25.1% |
| Sy Syms Merns | 12,231,450 | 69.3 | 2,187,500 | 10,043,950(2) | 56.9(2) |
| Marcy Syms Merns | 169,375 | * | 159,375 | 10,000 | * |
| Stephen Merns | 169,375 | * | 159,375 | 10,000 | * |
| Robert Merns | 169,375 | * | 159,375 | 10,000 | * |
| Richard Merns | 169,375 | * | 159,375 | 10,000 | * |
| Adrienne Merns | 159,412 | * | 150,000 | 9,412 | * |
| Laura Merns | 159,412 | * | 150,000 | 9,412 | * |
| All directors and officers as a group (consisting of 14 persons of whom five own Common Stock) | 17,650,000 | 100.0% | 3,125,000 | 14,525,000 | 82.3% |

* Less than 1%.

(1) Includes 123,550 shares in the Voting Trust for the account of Sy Syms Merns and 730,775 shares for each of Marcy Syms Merns, Stephen Merns, Robert Merns and Richard Merns, and 687,788 shares for each of Adrienne Merns and Laura Merns. Sy Syms Merns is deemed to be the beneficial owner of all the shares in the Voting Trust held by him as trustee.

(2) Assumes the Underwriters' over-allotment option is not exercised. If such option is exercised in full, Sy Syms Merns will be the direct beneficial owner of 9,731,450 (55.1%) of the shares outstanding after the offering.

### Voting Trust

The Voting Trust created under the Voting Trust Agreement dated July 25, 1983 terminates July 15, 2004 and is administered by Sy Syms Merns who, as the non-salaried Voting Trustee, can unilaterally vote, sell or otherwise dispose of the shares of Common Stock so held. Under no condition may a shareholder who deposited shares in the Voting Trust withdraw shares from the Voting Trust during its 21 year term. The Voting Trustee may, in his sole discretion, terminate the Voting Trust prior to its scheduled expiration date at any time. The Trustee is permitted to be a director of the Company. In the event of Sy Syms Merns' death or his resignation or inability to perform as Voting Trustee, Marcy Syms Merns is designated as successsor Trustee. In the event of her death, resignation or inability to perform, Richard Merns becomes successor Trustee.

The Selling Shareholders will continue to hold an aggregate of 82.3% of the Common Stock of the Company after the offering. However, the Company believes that Sy Syms Merns individually, by virtue of his direct ownership of 56.9% of the Common Stock, his position as sole voting trustee of the Voting Trust containing 25.1% of the Common Stock and his positions as Chairman of the Board, Chief Executive Officer and Chief Operating Officer, will control the Company. Because the Company's Certificate of Incorporation does not provide for cumulative voting, the public shareholders of the Company may be precluded from electing any members of the Board of Directors of the Company.

## DESCRIPTION OF CAPITAL STOCK

### Common Stock

The Company is authorized to issue 30,000,000 shares of Common Stock. Subject to any preferences, limitations and relative rights that may be fixed for any series of Preferred Stock that may be issued as described below, the holders of Common Stock of the Company are entitled, among other things, (1) to share ratably in dividends if, when, and as declared by the Board of Directors out of funds legally available therefor (see "Dividends"), (2) to one vote per share at all meetings of shareholders, and (3) in the event of liquidation, to share ratably in the distribution of assets remaining after payment of debts, expenses and the liquidation preference of any outstanding shares of Preferred Stock. Holders of shares of Common Stock have no cumulative voting rights or pre-emptive rights to subscribe for or purchase any additional shares of capital stock issued by the Company. The Company's Certificate of Incorporation provides that the affirmative vote of holders of 70% of the outstanding shares of Common Stock are required to effect or validate any merger or consolidation of the Company with or into any other corporation, any sale or lease of all or any substantial part of the assets of the Company or any sale or lease to the Company of assets (having an aggregate fair market value in excess of $1,000,000) in exchange for voting securities (or rights to acquire voting securities or securities convertible into voting securities) of the Company, except where the merger or similar transaction with another corporation has been approved by a 75% vote of the entire Board of Directors of the Company or where the Company owns a majority of every class of voting stock of such other corporation. The affirmative vote of a majority of the outstanding shares of Common Stock is required to amend the foregoing provisions of the Certificate of Incorporation. The Company's Certificate of Incorporation provides that the affirmative vote of a majority of the outstanding shares of Common Stock is sufficient to effect the removal of a director with or without cause, and similar action by a majority of the Board of Directors is sufficient to effect the removal of a director with cause. Such provisions could be utilized, under certain circumstances, as a method of preventing a takeover of the Company.

All issued and outstanding shares of Common Stock are fully paid, validly issued, and nonassessable. On the date of this Prospectus all of the Company's issued and outstanding Common Stock was held of record by the Selling Shareholders.

Morgan Guaranty & Trust Company of New York will act as transfer agent and registrar for the Company's Common Stock.

The Company will furnish to its shareholders annual reports containing audited financial statements and quarterly reports containing certain unaudited financial information.

### Preferred Stock

The Board of Directors is authorized to issue 1,000,000 shares of Preferred Stock, par value $100, without further action by the shareholders, in one or more series and to fix as to any such series the dividend rate, redemption prices, preferences on liquidation or dissolution, sinking fund terms, if any, conversion rights, voting rights and any other preference or special rights and qualifications. Shares of Preferred Stock issued by the Board of Directors could be utilized, under certain circumstances, as a method of preventing a takeover of the Company. As of the date of this Prospectus, the Board of Directors has not authorized any series of Preferred Stock. There are no agreements or understandings for the issuance of any shares of Preferred Stock.

### New York Stock Exchange Limitations

The shares offered hereby have been authorized for listing on the New York Stock Exchange on the date of this Prospectus. In order to meet the requirements for listing of the shares on the New York Stock

Exchange certain requirements had to be met. Included in such requirements are the undertaking by the Underwriters to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders, the undertaking by Sy Syms Merns to dispose within five years of the date of this Prospectus of the Elmsford store to the Company or a third party and the undertaking by the Company to elect within one year of the date of this Prospectus an additional independent director who would serve on the Audit Committee.

## UNDERWRITING

The Underwriters, for whom Rothschild Inc. and Bear, Stearns & Co. are acting as Representatives, have severally agreed, subject to the terms and conditions of the Underwriting Agreement, a copy of which is filed as an exhibit to the Registration Statement, to purchase the aggregate number of shares of Common Stock set forth opposite their names below:

| Underwriter | Number of Shares |
|---|---|
| Rothschild Inc. | 511,000 |
| Bear, Stearns & Co. | 511,000 |
| A. G. Becker Paribas Incorporated | 55,000 |
| Blyth Eastman Paine Webber Incorporated | 55,000 |
| The First Boston Corporation | 55,000 |
| Alex. Brown & Sons | 55,000 |
| Donaldson, Lufkin & Jenrette Securities Corporation | 55,000 |
| Drexel Burnham Lambert Incorporated | 55,000 |
| Goldman, Sachs & Co. | 55,000 |
| E. F. Hutton & Company | 55,000 |
| Kidder, Peabody & Co. | 55,000 |
| Lazard Frères & Co. | 55,000 |
| Lehman Brothers Kuhn Loeb Incorporated | 55,000 |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated | 55,000 |
| Prudential-Bache Securities Inc. | 55,000 |
| L. F. Rothschild, Unterberg, Towbin | 55,000 |
| Shearson/American Express Inc. | 55,000 |
| Smith Barney, Harris Upham & Co. Incorporated | 55,000 |
| Wertheim & Co., Inc. | 55,000 |
| Dean Witter Reynolds Inc. | 55,000 |
| Allen & Company Incorporated | 28,000 |
| A. G. Edwards & Sons, Inc. | 28,000 |
| Montgomery Securities | 28,000 |
| Robertson, Colman & Stephens | 28,000 |
| Thomson McKinnon Securities Inc. | 28,000 |
| Josephthal & Co. Inc. | 28,000 |
| Advest, Inc. | 14,000 |
| Arnhold and S. Bleichroeder, Inc. | 14,000 |
| Bacon, Stifel Nicolaus | 14,000 |
| Robert W. Baird & Co. | 14,000 |
| Bateman Eichler, Hill Richards Incorporated | 14,000 |
| Sanford C. Bernstein & Co. | 14,000 |
| William Blair & Co. | 14,000 |
| Blunt Ellis & Loewi Incorporated | 14,000 |
| Boettcher & Company | 14,000 |
| J. C. Bradford & Co. Incorporated | 14,000 |
| Brean Murray, Foster Securities Inc. | 14,000 |
| Butcher & Singer Inc. | 14,000 |
| Cable, Howse & Ragen | 14,000 |
| Cowen & Co. | 14,000 |

| Underwriter | Number of Shares |
|---|---|
| Dain Bosworth Incorporated | 14,000 |
| R. G. Dickinson & Co. | 14,000 |
| F. Eberstadt & Co., Inc. | 14,000 |
| Eppler, Guerin & Turner, Inc. | 14,000 |
| Fahnestock & Co. | 14,000 |
| First of Michigan Corporation | 14,000 |
| Foster & Marshall/American Express Inc. | 14,000 |
| Furman Selz Mager Dietz & Birney Incorporated | 14,000 |
| Gruntal & Co. | 14,000 |
| J. J. B. Hilliard, W. L. Lyons, Inc. | 14,000 |
| Interstate Securities Corporation | 14,000 |
| Invemed Associates, Inc. | 14,000 |
| Janney Montgomery Scott Inc. | 14,000 |
| Johnston, Lemon & Co. Incorporated | 14,000 |
| Ladenburg, Thalmann & Co. Inc. | 14,000 |
| Legg Mason Wood Walker, Incorporated | 14,000 |
| McDonald & Company Securities, Inc. | 14,000 |
| Moseley, Hallgarten, Estabrook & Weeden | 14,000 |
| Neuberger & Berman | 14,000 |
| The Ohio Company | 14,000 |
| Piper, Jaffray & Hopwood Incorporated | 14,000 |
| Prescott, Ball & Turben | 14,000 |
| Raffensperger, Hughes & Co. Inc. | 14,000 |
| Rauscher Pierce Refsnes, Inc. | 14,000 |
| Robinson-Humphrey/American Express Inc. | 14,000 |
| Rodman & Renshaw, Inc. | 14,000 |
| Rooney, Pace Inc. | 14,000 |
| Rotan Mosle Inc. | 14,000 |
| SoGen Securities Corporation | 14,000 |
| Stephens Inc. | 14,000 |
| Sutro & Co. Incorporated | 14,000 |
| Tucker, Anthony & R. L. Day, Inc. | 14,000 |
| Underwood, Neuhaus & Co. Incorporated | 14,000 |
| Wheat, First Securities, Inc. | 14,000 |
| American Securities Corporation | 7,000 |
| The Chicago Corporation | 7,000 |
| Craigie Incorporated | 7,000 |
| D. A. Davidson & Co., Inc. | 7,000 |
| Ferris & Company, Incorporated | 7,000 |
| First Albany Corporation | 7,000 |
| First Equity Corporation of Florida | 7,000 |
| First Manhattan Co. | 7,000 |
| Hamershlag, Kempner & Co. | 7,000 |
| Herzfeld & Stern | 7,000 |
| Howard, Weil, Labouisse, Friedrichs Incorporated | 7,000 |
| Institutional Equity Corporation | 7,000 |
| Johnson, Lane, Space, Smith & Co., Inc. | 7,000 |
| Laidlaw Adams & Peck Inc. | 7,000 |
| Cyrus J. Lawrence Incorporated | 7,000 |
| R. Lewis Securities, Inc. | 7,000 |
| Manley, Bennett, McDonald & Co. | 7,000 |
| Moore & Schley, Cameron & Co. | 7,000 |

| Underwriter | Number of Shares |
|---|---|
| Newhard, Cook & Co., Inc. | 7,000 |
| New York & Foreign Securities Corp. | 7,000 |
| Parker/Hunter Incorporated | 7,000 |
| Raymond, James & Associates, Inc. | 7,000 |
| R. Rowland & Co. Incorporated | 7,000 |
| Schneider, Bernet & Hickman, Inc. | 7,000 |
| Seidler, Amdec Securities Inc. | 7,000 |
| Burton J. Vincent, Chesley & Co. | 7,000 |
| Woodman Kirkpatrick & Gilbreath | 7,000 |
| Banca del Gottardo | 7,000 |
| Campagnie de Banque et d'Investissement | 7,000 |
| Cazenove and Co. | 7,000 |
| Credit Industriel d'Abace et de Lorrain | 7,000 |
| deZoete & Bevan | 7,000 |
| Grieveson, Grant & Co. | 7,000 |
| Morgan Grenfell & Co. | 7,000 |
| Paribas (Suisse) | 7,000 |
| Lombardfin | 7,000 |
| Samuel Montagu & Co. | 7,000 |
| J. Henry Schroder Wagg & Co. | 7,000 |
| S. G. Warburg & Co. | 7,000 |
| | 3,125,000 |

The Underwriters are committed to purchase all of the shares of Common Stock offered hereby if any are purchased. Under certain circumstances, the commitments of non-defaulting Underwriters may be increased.

In connection with providing the Selling Shareholders the opportunity to elect the installment sale method for income tax purposes, Rothschild Inc. and Bear, Stearns & Co., acting in their individual capacities as principals and not as Representatives of the Underwriters, each have agreed to purchase from the Selling Shareholders one-half of the shares offered hereby for a cash equivalent of $15.32 per share, payable on September 21, 1984. Immediately after such purchase, pursuant to the terms of the Underwriting Agreement, Rothschild Inc. and Bear, Stearns & Co. will resell the shares so purchased by them to the several Underwriters, which shares are offered pursuant to this Prospectus.

The Company has been advised by the Representatives that, except as hereinafter described, the Underwriters propose initially to offer some or all of the shares offered hereby directly to the public at the public offering price set forth on the cover page of this Prospectus and any balance to certain selected dealers (who may include Underwriters) at such public offering price less a concession not to exceed $0.45 per share. The selected dealers may re-allow a concession not to exceed $0.10 per share in sales to other dealers. After the initial public offering, the public offering price and the concession reallowance to dealers may be changed by the Representatives.

At the request of the Company, the Underwriters have reserved 150,000 shares of Common Stock for sale at the public offering price to certain directors, officers and employees of the Company and certain other persons designated by the Company. Although it is anticipated that all of such reserved shares will be purchased by such directors, officers, employees and other persons, any shares not so purchased will be offered by the Underwriters to the public and certain dealers as described in the immediately preceding paragraph.

Sy Syms Merns has granted to the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to an additional 312,500 shares of Common Stock at the initial public offering price, less underwriting discounts and commissions, shown on the cover page of this Prospectus. The Underwriters may exercise such option only for the purpose of covering any over-allotments incurred in the sale of the shares offered hereby. To the extent that the Underwriters exercise such option, each Under-

writer will be committed, subject to certain conditions, to purchase a number of additional shares in proportion to such Underwriter's initial commitment.

The Representatives have informed the Company that except as described in the next sentence, they do not expect sales to discretionary accounts by the Underwriters to exceed five percent of the total number of shares of Common Stock offered hereby and that sales to discretionary accounts by the Representatives will be less than two percent of the total number of shares of Common Stock offered hereby. One of the Representatives intends to sell not more than an additional 10% of the total number of shares of Common Stock offered hereby to discretionary accounts of its affiliates outside the United States.

The Company and the Selling Shareholders have agreed to indemnify the Underwriters against any and all losses, claims, damages or liabilities, including those arising under the Securities Act of 1933, arising out of, based upon or in connection with any untrue or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact, in the Registration Statement or Prospectus, except to the extent that such claim relates to information furnished by the Underwriters.

Wilbur L. Ross, Jr., elected a director of the Company on July 11, 1983, is a Managing Director of Rothschild Inc. See "Management—Directors and Executive Officers."

**Determination of Price**

Prior to this offering, there has been no public market for the Company's Common Stock. The initial public offering price for the Common Stock has been determined by negotiation among the Company, the Selling Shareholders and the Representatives of the Underwriters. Among the factors considered in determining the initial public offering price were the earnings and certain other financial and operating information of the Company in recent periods, the future prospects of the Company and its industry in general, the general condition of the securities market at the time of the offering, and the market prices of securities and certain financial and operating information of companies engaged in activities similar to those of the Company.

**Shares Eligible For Future Sale**

Upon completion of this offering, the Company will have outstanding 17,650,000 shares of Common Stock. Of these shares, the 3,125,000 shares (assuming no exercise of the Underwriters' over-allotment option) sold in this offering will be freely tradable without restriction under the Securities Act. The remaining 14,525,000 shares retained by the Selling Shareholders will be eligible for public sale if registered under the Securities Act or if sold in accordance with Rule 144 thereunder. However, 4,422,226 of such shares are held in the Voting Trust and may not be sold for 21 years except by the Voting Trustee. The Company, the Selling Shareholders and the Voting Trustee have agreed that, for a period of 120 days from the date of this Prospectus, they will not, without the prior written consent of the Representatives of the several Underwriters, sell, offer or contract to sell, or grant any option to purchase, or otherwise dispose of, directly or indirectly, any shares of Common Stock owned and/or controlled by them, except as contemplated herein. In general, under Rule 144, any existing shareholder (or shareholders whose shares are required to be aggregated) who is an affiliate and who has beneficially owned his or her shares for at least two years would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of the Company's Common Stock (approximately 176,500 shares as of the date of this Prospectus) or the average weekly trading volume of the shares on all national securities exchanges or reported on NASDAQ during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission (the "Commission"). Any such shareholder who is not deemed an affiliate of the Company at the time of sale and who has not been an affiliate during the preceding three months and has beneficially owned his or her shares for at least three years would be entitled to sell shares under Rule 144 without regard to the volume limitations described above.

The Company estimates that if the Selling Shareholders are deemed for purposes of Rule 144 to have beneficially owned their shares of Common Stock since the date they acquired the shares of Syms Inc. which they exchanged for such shares of Common Stock, then all of the 14,525,000 outstanding shares of Common Stock beneficially owned by them will be eligible for sale under Rule 144 after the expiration of the 120-day period from the date of this Prospectus referred to above. Of such shares, 4,422,226 shares will

be subject to the Voting Trust and, prior to the expiration of the 21 year term, may be sold only by the Voting Trustee.

Prior to this offering, there has been no market for the Common Stock of the Company and no precise predictions can be made as to the effect, if any, that market sales of shares or the availability of such shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of substantial amounts of Common Stock of the Company in the public market could adversely affect prevailing market prices.

## LEGAL MATTERS

Certain matters with respect to the legality of the issuance of the Common Stock offered hereby are being passed upon for the Company and the Selling Shareholders by Botein, Hays, Sklar & Herzberg, 200 Park Avenue, New York, New York 10166 and as to real estate matters by Immerman & Immerman, 270 Madison Avenue, New York, New York 10016. Certain legal matters have been passed upon for the Underwriters by Weil, Gotshal & Manges, 767 Fifth Avenue, New York, New York 10153.

## EXPERTS

The consolidated financial statements of Syms Corp. and its subsidiaries as of December 31, 1981 and 1982 and for each of the three years in the period ended December 31, 1982 included in this Prospectus, and the consolidated financial statements of the Company as of December 31, 1979 and 1980 and for the year ended December 31, 1979, from which the selected consolidated financial data on page 7 of this Prospectus have been derived, have been examined by Mann Judd Landau, independent Certified Public Accountants, as stated in their report appearing herein. Such consolidated financial statements and selected consolidated financial data have been included herein in reliance upon such opinions given upon the authority of that firm as experts in accounting and auditing.

## ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission, Washington, D.C. 20549, a Registration Statement under the Securities Act of 1933, as amended, with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the Common Stock, reference is hereby made to such Registration Statement, including the exhibits and schedules thereto which may be obtained from the Commission's principal office in Washington, D.C., upon payment of the fees prescribed by the Commission.

# SYMS CORP. AND SUBSIDIARIES

## INDEX TO CONSOLIDATED FINANCIAL STATEMENTS


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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
Syms Corp.

We have examined the consolidated balance sheets of Syms Corp. and Subsidiaries as of December 31, 1981 and 1982 and the related consolidated statements of income and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Syms Corp. and Subsidiaries as of December 31, 1981 and 1982, and the results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982, all in conformity with generally accepted accounting principles applied on a consistent basis.

We have also previously examined, in accordance with generally accepted auditing standards, the consolidated balance sheets as of December 31, 1979, and 1980, and the related consolidated statements of income and changes in financial position, for the year ended December 31, 1979 (none of which are presented herein); and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information set forth in the selected consolidated financial data for each of the four years in the period ended December 31, 1982, appearing on page 7, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
March 25, 1983
(except for note 8a
as to which the date
is July 26, 1983 and
note 10 as to which
the date is July 29, 1983)

# SYMS CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS
**(In thousands, except share amounts)**

### Assets

| | December 31, | | June 30, | |
|---|---|---|---|---|
| | 1981 | 1982 | 1982 | 1983 |
| | | | (Unaudited) | |
| Current assets | | | | |
| Cash and cash equivalents | $ 6,008 | $ 5,808 | $ 7,949 | $13,549 |
| Receivables—trade and others | 525 | 461 | 686 | 713 |
| Merchandise inventories (note 1b) | 11,483 | 19,201 | 14,882 | 21,976 |
| Prepaid expenses | 179 | 91 | 468 | 378 |
| Prepaid taxes | — | — | 650 | 38 |
| Tax benefits of net operating loss carryforwards (note 2) | 1,160 | — | 1,160 | — |
| Total current assets | 19,355 | 25,561 | 25,795 | 36,654 |
| Property and equipment, net of accumulated depreciation and amortization (notes 1c, 3 and 6) | 13,542 | 15,664 | 14,967 | 15,389 |
| Other assets net of accumulated amortization of $275 at December 31, 1981, $157 at December 31, 1982, $325 at June 30, 1982 and $186 at June 30, 1983 (note 1e) | 2,685 | 2,117 | 2,693 | 2,213 |
| Total assets | $35,582 | $43,342 | $43,455 | $54,256 |

### Liabilities and Shareholders' Equity

| | | | | |
|---|---|---|---|---|
| Current liabilities | | | | |
| Current maturities of long-term debt (note 6) | $ 555 | $ 505 | $ 525 | $ 373 |
| Accounts payable | 1,235 | 1,082 | 7,458 | 8,947 |
| Accrued expenses and taxes other than income taxes | 1,729 | 2,065 | 1,670 | 1,910 |
| Obligations to customers (note 5) | 967 | 1,048 | 923 | 1,283 |
| Due to Chief Executive Officer and principal shareholder | 532 | 748 | 277 | 279 |
| Income taxes (notes 1d and 4) | 118 | 305 | — | — |
| Current portion of obligations under capitalized leases (note 8a) | 74 | 81 | 77 | 85 |
| Total current liabilities | 5,210 | 5,834 | 10,930 | 12,877 |
| Long-term debt (note 6) | 5,456 | 4,944 | 5,263 | 4,692 |
| Obligations under capitalized leases (note 8a) | 1,897 | 1,816 | 1,858 | 1,773 |
| Deferred income taxes (note 4) | — | 258 | 61 | 400 |
| Commitments and contingent liabilities (notes 7 and 8) | | | | |
| Shareholders' equity (note 10) | | | | |
| Preferred stock—par value $100 per share; authorized 1,000,000 shares; none issued and outstanding | | | | |
| Common stock—par value $.05 per share; authorized 30,000,000 shares; issued and outstanding 17,650,000 shares | 883 | 883 | 883 | 883 |
| Additional paid-in capital | 11,339 | 11,339 | 11,339 | 11,339 |
| Retained earnings (note 9) | 10,797 | 18,268 | 13,121 | 22,292 |
| Total shareholders' equity | 23,019 | 30,490 | 25,343 | 34,514 |
| Total liabilities and shareholders' equity | $35,582 | $43,342 | $43,455 | $54,256 |

See accompanying notes to consolidated financial statements.

# SYMS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

**(In thousands, except per share amounts)**

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|
| | 1980 | 1981 | 1982 | 1982 | 1983 |
| | | | | (Unaudited) | |
| Net sales | $87,757 | $112,801 | $147,181 | $61,058 | $81,679 |
| Costs and expenses | | | | | |
| Cost of sales | 62,282 | 81,097 | 105,345 | 43,797 | 58,564 |
| Selling, general and administrative | 15,053 | 20,123 | 26,166 | 12,437 | 14,679 |
| Interest expense (income)—net (note 6) | (31) | (60) | (3) | (52) | (82) |
| | 77,304 | 101,160 | 131,508 | 56,182 | 73,161 |
| Income before provision for income taxes | 10,453 | 11,641 | 15,673 | 4,876 | 8,518 |
| Provision for income taxes (notes 1d and 4) | | | | | |
| Current | 5,354 | 5,914 | 7,916 | 2,463 | 4,352 |
| Deferred | (44) | 73 | 286 | 89 | 142 |
| | 5,310 | 5,987 | 8,202 | 2,552 | 4,494 |
| Net income | $ 5,143 | $ 5,654 | $ 7,471 | $ 2,324 | $ 4,024 |
| Earnings per share (note 1g) | $ .29 | $ .32 | $ .42 | $ .13 | $ .23 |
| Shares outstanding (note 1g) | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |

See accompanying notes to consolidated financial statements.

# SYMS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

**(In thousands)**

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|
| | 1980 | 1981 | 1982 | 1982 | 1983 |
| | | | | (Unaudited) | |
| Sources of funds | | | | | |
| Net income | $5,143 | $ 5,654 | $ 7,471 | $ 2,324 | $ 4,024 |
| Items not consuming working capital | | | | | |
| Depreciation and amortization | 685 | 933 | 1,158 | 548 | 594 |
| Deferred taxes | (44) | 73 | 286 | 89 | 142 |
| Sundry | 125 | 4 | — | — | — |
| Working capital provided by operations | 5,909 | 6,664 | 8,915 | 2,961 | 4,760 |
| Proceeds of long-term debt | — | 5,600 | — | — | — |
| Disposition of fixed assets | — | 502 | 1,122 | — | — |
| Assumption of long-term debt on acquisition of subsidiaries | 2,595 | — | — | — | — |
| Decrease in other assets | — | 606 | 439 | — | — |
| Total funds provided | 8,504 | 13,372 | 10,476 | 2,961 | 4,760 |
| Use of funds | | | | | |
| Acquisition of fixed assets | 3,329 | 6,698 | 4,301 | 1,951 | 289 |
| Current maturities and repayments of long-term debt | 2,115 | 657 | 512 | 193 | 252 |
| Current portion and retirement of obligation under capitalized leases | 47 | 60 | 81 | 39 | 43 |
| Decrease in other liabilities | — | 30 | — | — | — |
| Acquisition of stock of subsidiary | 68 | — | — | — | — |
| Reacquisition of preferred and common shares | 264 | — | — | — | — |
| Increase in other assets | 2,950 | — | — | 58 | 126 |
| Total funds consumed | 8,773 | 7,445 | 4,894 | 2,241 | 710 |
| Net increase (decrease) in working capital | (269) | 5,927 | 5,582 | 720 | 4,050 |
| Working capital—beginning of period | 8,487 | 8,218 | 14,145 | 14,145 | 19,727 |
| Working capital—end of period | $8,218 | $14,145 | $19,727 | $14,865 | $23,777 |

See accompanying notes to consolidated financial statements.

## SYMS CORP. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION (Continued)
(In thousands)

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|
| | 1980 | 1981 | 1982 | 1982 | 1983 |
| | | | | (Unaudited) | |
| Changes in components of working capital | | | | | |
| Increase (decrease) in current assets | | | | | |
| Cash and cash equivalents | $(1,345) | $2,615 | $ (200) | $1,941 | $7,741 |
| Receivables | 195 | 18 | (64) | 161 | 252 |
| Merchandise inventories | 277 | 2,253 | 7,718 | 3,399 | 2,775 |
| Prepaid expenses | 42 | 87 | (88) | 289 | 287 |
| Prepaid taxes | — | — | — | 650 | 38 |
| Tax benefits of net operating loss carryforwards | — | 1,160 | (1,160) | — | — |
| (Increase) decrease in current liabilities | | | | | |
| Current maturities of long-term debt | (63) | (442) | 50 | 30 | 132 |
| Accounts payable | 1,356 | (313) | 153 | (6,223) | (7,865) |
| Accrued expenses and taxes other than income taxes | (454) | (194) | (336) | 59 | 155 |
| Obligations to customers | 108 | (88) | (81) | 44 | (235) |
| Due to Chief Executive Officer and principal shareholder | (239) | (158) | (216) | 255 | 469 |
| Income taxes | (141) | 1,003 | (187) | 118 | 305 |
| Current portion of obligations under capitalized leases | (5) | (14) | (7) | (3) | (4) |
| Net increase (decrease) in working capital | $ (269) | $5,927 | $5,582 | $ 720 | $4,050 |

See accompanying notes to consolidated financial statements.

# SYMS CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31, 1980, 1981 AND 1982

## (INFORMATION PERTAINING TO JUNE 30, 1982 AND 1983 AND FOR THE SIX MONTHS THEN ENDED IS UNAUDITED)

### Note 1—Summary of Significant Accounting Policies

**a. Principles of Consolidation**

The consolidated financial statements include the accounts of Syms Corp. and its subsidiaries (the "Company"), all of which are wholly-owned (see note 10). All significant intercompany accounts and transactions have been eliminated.

**b. Inventories**

Finished goods inventories are stated at the lower of cost (first-in, first-out) or market, as determined by the retail inventory method.

**c. Depreciation and Amortization**

Depreciation is computed principally by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The cost of leasehold improvements is amortized over the terms of the leases or the useful lives of the assets, whichever is shorter.

Facilities' leases (see note 8a) having the substance of financing transactions have been capitalized. The related lease obligations have been included as obligations under capitalized leases. The leased assets are being amortized as described above.

**d. Income Taxes**

Income taxes provided include deferred taxes due to timing differences between financial and tax reporting related to the use of accelerated depreciation and capitalized leases.

Investment tax credits are recorded as reductions of provision for income taxes in the year of qualified property addition.

**e. Excess of Purchase Price Over Net Assets of Purchased Subsidiaries**

The excess of purchase price over net assets (goodwill) is charged to income over a period of forty years. Goodwill is included in other assets and amounted to $1,620,000 and $1,557,000 at December 31, 1981 and 1982, net of accumulated amortization of $62,000 and $103,000, respectively.

**f. Principal Business**

The Company operates eleven stores which sell "off-price" apparel for men, women and children.

**g. Earnings Per Share**

Earnings per share are based on the earnings for each year divided by the number of shares outstanding during each period. The shares outstanding for each period retroactively reflect the reorganization effected in July 1983 (see note 10).

**h. Unaudited Information**

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's financial position as of June 30, 1982 and 1983 and the results of its operations and changes in financial position for the six months ended June 30, 1982 and 1983. Inventories at June 30, 1982 and 1983 have been computed using a gross profit margin estimated by management. The results of the six months ended June 30, 1983 are not necessarily indicative of the results for the full year.

### Note 2—Tax Benefits of Net Operating Loss Carryforwards

In 1982, the Company realized the tax benefits of net operating loss carryforwards of the Sulka subsidiary purchased in July 1980. The tax benefits were recognized as an asset at the date of purchase because realization had been assured beyond any reasonable doubt.

**Note 3—Property and Equipment**

Property and equipment consists of:

| | (In thousands) December 31, | |
|---|---|---|
| | 1981 | 1982 |
| Land | $ 1,439 | $ 1,611 |
| Buildings and building improvements | 5,716 | 5,787 |
| Equipment and machinery | 421 | 506 |
| Furniture and fixtures | 2,007 | 2,816 |
| Leasehold improvements | 4,364 | 6,060 |
| Automobiles | 269 | 320 |
| Capitalized leases | 2,131 | 2,131 |
| | 16,347 | 19,231 |
| Less accumulated depreciation and amortization | 2,805 | 3,567 |
| | $13,542 | $15,664 |

**Note 4—Income Taxes**

The provision for income taxes for the three years ended December 31, 1980, 1981 and 1982 is as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Provision for income taxes | | | |
| Current—federal | $4,328 | $4,682 | $6,275 |
| —state | 1,026 | 1,232 | 1,641 |
| | 5,354 | 5,914 | 7,916 |
| Deferred—federal | (44) | 57 | 285 |
| —state | — | 16 | 1 |
| | (44) | 73 | 286 |
| | $5,310 | $5,987 | $8,202 |

The variation in the customary relationship between the provision for income taxes and pre-tax income is shown in the following calculation:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Statutory federal income tax rate | 46.0% | 46.0% | 46.0% |
| State taxes, net of federal income tax benefits | 5.3 | 5.8 | 5.7 |
| Other, net | (.5) | (.4) | .6 |
| Effective tax rate | 50.8% | 51.4% | 52.3% |

**Note 5—Obligations to Customers**

Obligations to customers represents credits issued for returned merchandise. The Company's policy is to allow cash customers to exchange credit memos for other merchandise.

**Note 6—Long-Term Debt**

Long-term debt is summarized as follows:

| | (In thousands) December 31, 1981 | | December 31, 1982 | |
|---|---|---|---|---|
| | Due Within One Year | Due After One Year | Due Within One Year | Due After One Year |
| Notes payable to former shareholders (a) | $132 | $ 229 | $132 | $ 90 |
| Mortgage payable to bank (b) | 373 | 5,227 | 373 | 4,854 |
| Other | 50 | — | — | — |
| | $555 | $5,456 | $505 | $4,944 |

(a) Principal is due in four equal annual installments commencing July 29, 1982. Interest is payable at 7% per annum.

(b) On December 11, 1981, the Company obtained a $5,600,000 New Jersey Economic Development Authority loan from a bank to finance a Distribution Center completed during August, 1981. The loan is collateralized entirely by a mortgage on the Distribution Center which has a net book value of $5,302,000 at December 31, 1982. Quarterly repayments in the amount of $93,000 are due the first day of March, June, September and December. The final installment of $95,000 is due December 1, 1996. The interest rate is 65% of the prime rate of Chemical Bank. The effective interest rate at December 31, 1982 was 7.475%.

The agreement establishes limits for the Company in connection with any new borrowings. Covenants, including those relating to tangible net worth and working capital, are also included.

**Note 6—Long-Term Debt (Continued)**

Interest expense including amounts related to capitalized leases (see note 8a) for the years ended December 31, 1980, 1981 and 1982 was $362,000, $426,000 and $876,000, respectively.

Repayments of long-term debt for each year following December 31, 1982 are:

| | (In thousands) |
|---|---|
| 1983 | $ 505 |
| 1984 | 463 |
| 1985 | 373 |
| 1986 | 373 |
| 1987 | 373 |
| 1988-1992 | 1,865 |
| 1993-1996 | 1,497 |
| | $5,449 |

**Note 7—Pension and Profit Sharing Plans**

The Company has a pension and a profit sharing plan covering all employees other than those under collective bargaining agreements. Hourly employees in the Virginia store are also excluded. Pension plan costs are funded annually. Contributions to the profit sharing plan are made at the discretion of the Plan's administrators.

Accumulated pension plan benefits and net assets for the year ended December 31, 1981 and 1982 (determined as of January 1, 1981 and 1982, respectively) are as follows:

| | (In thousands) Year Ended December 31, | |
|---|---|---|
| | 1981 | 1982 |
| Actuarial present value of accumulated plan benefits: | | |
| Vested | $191 | $218 |
| Non-vested | 72 | 30 |
| | $263 | $248 |
| Net assets available for benefits | $387 | $527 |

The weighted average assumed rate of return of 6.25% is used in determining the actuarial present values.

Pension and profit sharing plan contributions were $317,000, $301,000 and $335,000 for the years ended December 31, 1980, 1981 and 1982, respectively.

**Note 8—Commitments and Contingent Liabilities**

**a. Leases**

The Company has either capital or operating leases for each of its stores, with terms expiring between 1986 and 2068, except for one store which is owned. Under most lease agreements, the Company pays real estate taxes, maintenance and other operating expenses. Certain store leases also provide for additional contingent rentals based upon a percentage of sales in excess of certain minimum amounts as well as increases in the consumer price index.

Future minimum lease payments at December 31, 1982, are as follows:

| | (In thousands) Capital Leases—Real Estate | Operating Leases |
|---|---|---|
| 1983 | $ 388 | $ 1,206 |
| 1984 | 388 | 1,230 |
| 1985 | 388 | 1,238 |
| 1986 | 365 | 1,240 |
| 1987 | 298 | 1,019 |
| Thereafter—cumulative | 3,818 | 4,836 |
| Total minimum payments | 5,645 | $10,769 |
| Less—amount representing interest | 3,748 | |
| Present value of net minimum lease payments | 1,897 | |
| Less—current maturities | 81 | |
| | $1,816 | |

Capitalized real estate leases are computed at interest rates from 9.0% to 17.4%.

Future minimum sublease rentals at December 31, 1982 were $467,000 and are not reflected in the above table.

Rent expenses for operating leases are as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Minimum rentals | $ 617 | $ 797 | $ 930 |
| Escalation rentals | 266 | 284 | 389 |
| Contingent rentals | 216 | 314 | 388 |
| Sublease rentals | (53) | (47) | (33) |
| | $1,046 | $1,348 | $1,674 |

Total minimum payments under real estate capital leases include $5,308,000 payable from 1983 through 1999 to the Company's Chief Executive Officer and principal shareholder.

On July 26, 1983, the lease for the Elmsford store with the Company's Chief Executive Officer and principal shareholder was amended effective August 1, 1983. Minimum annual lease payments will be increased by $138,000 through 1999. The aggregate obligation under the capitalized lease and the related asset will be increased by $745,000. Under the old lease, additional rent was payable on all sales in excess of $6,000,000. The revised lease provides for additional rent to be paid on all sales in excess of $20,000,000 at a reduced percentage.

**Note 8—Commitments and Contingent Liabilities (Continued)**

**b. Other Commitments**

At December 31, 1982, the Company had outstanding letters of credit in the amount of $1,491,000.

At December 31, 1982 the Company was the guarantor of an outstanding mortgage indebtedness of approximately $2,000,000 (see note 10g). This store property is leased to the Company and owned by the Company's Chief Executive Officer and principal shareholder.

In connection with a new store opening, the Company entered into an agreement to purchase a land site for $1,700,000. In addition, the Company is negotiating a construction agreement to build a store on this site for approximately $2,300,000. Both agreements are contingent upon obtaining an approved building permit.

**Note 9—Retained Earnings**

Transactions in retained earnings are summarized as follows:

| | (In thousands) | | | | |
|---|---|---|---|---|---|
| | Year Ended December 31, | | | Six Months Ended June 30, | |
| | 1980(a) | 1981 | 1982 | 1982 | 1983 |
| Retained earnings, beginning of period | $ — | $ 5,143 | $10,797 | $10,797 | $18,268 |
| Net income | 5,143 | 5,654 | 7,471 | 2,324 | 4,024 |
| Retained earnings, end of period | $5,143 | $10,797 | $18,268 | $13,121 | $22,292 |

(a) In connection with a 1979 recapitalization, the Company transferred its then existing retained earnings of $12,420,000 to preferred stock.

**Note 10—Subsequent Events**

**a. Merger**

Effective January 1, 1983, Syms Menswear, Inc. was merged into Syms Haberdashery, Inc. and the name of the surviving company was changed to Syms Inc. Shares of stock in the former companies were exchanged for an equal number of shares in the surviving corporation.

**b. Formation of Syms Corp.**

On July 11, 1983, Syms Corp. was formed with an authorized capital stock consisting of 1,000,000 shares of preferred stock, $100 par value, and 30,000,000 shares of common stock, $.05 par value. Syms Corp. was formed to become the publicly owned parent company of the consolidated group.

**Note 10—Subsequent Events (continued)**

**c. Reorganization**

In July 1983, the following steps were taken in connection with the reorganization of the Company:

1. On July 25, 1983, the shareholders of Syms Inc. exchanged all of their outstanding common and preferred stock for 17,650,000 shares of voting common stock of the newly formed Syms Corp. pursuant to an agreement and plan of reorganization.

2. On July 29, 1983, Syms Advertising Agency was transferred to Syms Advertising Inc., a newly-formed, wholly-owned subsidiary. Prior to the reorganization, Syms Advertising Agency was owned by the Chief Executive Officer and principal shareholder of Syms Corp. Advertising for Syms Inc. was placed through Syms Advertising Agency and amounted to $1,788,000, $1,751,000 and $2,524,000 for 1980, 1981 and 1982, respectively.

3. On July 29, 1983, all of the assets of the Sulka stores were transferred to a newly-formed, wholly-owned subsidiary, A. Sulka & Company Ltd. Prior to the reorganization, three of the stores were operated as a division of Syms Inc. and two stores were operated as wholly-owned subsidiaries.

The consolidated financial statements and notes thereto have been retroactively restated to reflect the above reorganization.

**d. Voting Trust**

On July 25, 1983 a voting trust was created with a 21 year term. The Chief Executive Officer and principal shareholder presently serves as sole trustee of the voting trust. Under its terms, the trustee unilaterally can sell or otherwise dispose of common stock held in the trust and terminate the trust. The voting trust contains 4,422,226 shares or 25.1% shares of the Company's common stock.

**e. Stock Option Plan**

On July 29, 1983, the Company adopted an incentive stock option plan covering 1,000,000 shares of common stock. The plan requires that all options be granted at an exercise price equal to the fair market value of the common stock at the date of grant. With respect to holders of more than 10% of the voting rights of the Company the excercise price of the option must be equal to 110% of the fair market value at the date of grant. To date, no options have been granted under the plan.

**f. Contingent Rescission**

The transactions described in Notes 10c, d and e may be rescinded at the discretion of the Chief Executive Officer and principal shareholder if the contemplated public offering is not consummated by October 1, 1983.

**g. Termination of Guarantee**

On July 29, 1983 the company's guarantee of an outstanding mortgage indebtedness of its Chief Executive Officer and principal shareholder was terminated (see note 8b).

**3,125,000 Shares**




**An Educated Consumer is Our Best Customer**

**Common Stock**

# SYMS CORP.

**Business:** Syms Corp. operates 11 "off-price" apparel stores in the northeastern and middle Atlantic regions and Florida. They are "no-frills" stores offering a broad range of first-quality, in-season, brand-name merchandise (men's tailored clothes and haberdashery, women's dresses, suits and separates, and children's wear) at prices substantially lower than in department and specialty stores. Syms also owns worldwide rights to the Sulka tradename and five Sulka stores. Inc.: 1959. Employees: 1130. Pres.: Sy Syms Merns. Address: 300 Chubb Ave., Lyndhurst, NJ 07071 (201-935-7500).

**Shares:** 3,125,000 (None **by company**) ❶
**Est. Price:** $16-$19
**Est. Date:** Mid Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Rothschild Inc.; Bear, Stearns
**Proposed NYSE Symbol:** SYM

**Fiscal Year Ends: Dec. 31**

| Year | 1980 | 1981 | 1982 | 6 mos. to 6/30 1982 | 1983 |
|---|---|---|---|---|---|
| **Sales ($mill.)** | 87.8 | 112.8 | 147.2 | 61.1 | 81.7 |
| **Pretax Margin** | 11.9% | 10.3% | 10.6% | 8.0% | 10.4% |
| **Tax Rate** | 50.8% | 51.4% | 52.3% | 52.3% | 52.8% |
| **Earn'gs per sh.** | .29 | .32 | .42 | .13 | .23 |
| **Avg. sh. (mill.)** | 17.7 | 17.7 | 17.7 | 17.7 | 17.7 |

**Capital Structure:**

| | 6/30/83 | ❶Adj. |
|---|---|---|
| **Cash ($mill.)** | 13.5 | — |
| **W'rk'g Cap. ($mill.)** | 23.8 | — |
| **Current Ratio** | 2.8 | — |
| **L.T. Debt ($mill.)** | 6.47 | ***6.47*** |
| **Sh. Eq. ($mill.)** | 34.5 | ***34.5*** |
| **Book Value sh.** | 1.96 | ***1.96*** |
| **Shs. Outst'g (mill.)** | 17.7 | ***17.7*** |

❶ -Excl. overallotment option (312,500 shares).

*Syms Corp.* operates 11 apparel stores in six eastern seaboard states ranging from Massachusetts to Florida. Its stores sell men's (67% of sales), women's (29%) and children's (4%) clothing at discount prices. Although "off-price," the merchandise is first-quality, in-season, brand-name clothing from nationally recognized manufacturers. Syms is well-known for its advertising slogan, "An Educated Consumer is Our Best Customer," and for its president's promotion of this slogan on television.

Syms opened its first store in downtown New York in 1959, and over the next 10 or so years established four more of similar size (2,000 sq. ft.) in the same area, as well as two larger ones in downtown Buffalo, New York, and Miami, Florida. Beginning in 1971, Syms shifted its emphasis from urban to suburban areas, opening its first 16,000 sq. ft. suburban store in Paramus, New Jersey, that year. Since then, Syms has closed or relocated its original stores, and now 10 of its 11 stores are located in suburban areas with populations in excess of a million and average 38,000 sq. ft. Adequate parking rather than prime real estate is an important criteria for site selection. Syms depends upon its attractive pricing policy to attract customers from a wide area—hence the emphasis on parking.

The company's merchandise and an unusual pricing policy are the real attractions. Syms carries apparel from about 500 brand-name manufacturers, and no single one predominates. The prices are low because the company can purchase directly from manufacturers on better terms than can department and specialty stores. The company also sells a small amount of merchandise under its own "S" label. "S"-labelled merchandise features natural fibers and is either imported from the Far East or manufactured here. Although the quality fibers of "S"-label goods do attract a certain kind of customer, they are not the principal drawing card for the stores, and Syms limits the "S"-label program.

Syms' pricing policy, although not unique to the company, is well publicized. The full retail price one would pay in a department or specialty store as well as Syms' discount price is affixed to the merchandise. Brand names of men's tailored clothing are displayed on the sleeves. High-fashion merchandise, primarily women's dresses and suits, is marked with the date on which it is placed on the selling floor and automatically marked down every 10 days thereafter for a month. This markdown policy is widely featured in the company's advertising. And, as do most retailers, Syms also offers additional markdowns from time to time during the year.

Syms' ability to offer very low prices is partly a function of the "no frills" nature of its stores. The company normally leases space in existing structures requiring a minimum of refurbishing (it has spent between $400,000 and $950,000 for the fixtures and leasehold improvements of its most recently opened stores). Its stores are designed to be functional. The decor is limited to gray and black in order to highlight the merchandise, and floors are mainly uncarpeted. Fixtures are company-made of wood and hardware. There are no point-of-sale promotional displays.

Low prices are also a function of Syms' no credit card policy. It accepts only its own credit card (or cash or checks) and resells its credit card receivables on a non-recourse basis. Syms will not give refunds but does issue credits toward other purchases.

The company operates a 90,000 square foot distribution center in Lyndhurst, New Jersey. The company's only significant long-term debt arises from the opening of this facility in 1981. Most merchandise (except men's suits) is received there, inspected, ticketed, and shipped to the stores within 72 hours. Syms does not warehouse merchandise other than the occasional purchase of out-of-season basic clothing at especially attractive prices.

In two steps, in July 1980 and July 1983, Syms acquired the worldwide rights to the tradename "Sulka" as well as five stores previously operated by A. Sulka & Co. Ltd. in New York, London, and Paris. Sulka continues to sell highest quality haberdashery at full retail prices. It contributes less than 2% of total revenues and currently operates at a small loss. Syms plans to open additional Sulka stores outside the United States, beginning in 1984, as well as leased departments in high-priced stores in this country.

Syms currently has plans to expand its discount chain by opening three new stores by the end of 1984, to be located on the south shore of Long Island and in Chicago and/or Philadelphia. Syms will also add a total of 70,000 square feet to its existing stores in New York City, Buffalo, and Paramus, New Jersey. Growth to date has been financed with internally generated funds (except for the distribution center), and management expects to continue to finance growth in this way. The company will not receive any of the proceeds of the offering.

Recent results reflect the company's growth. Revenues have expanded 27% annually over the last five years, 30% in 1982 alone, and 34% during the first half of this year. The company operated six stores for the full period in 1978, eight stores in 1982, and 11 stores in the first six months of this year. Average net sales per store increased 17% annually over the five years, 10% in 1982, and 7.5% in the first six months of this year. (Per-store comparisons include only stores open for the full period—three stores were opened in 1982.) Pretax margins have held within a range of 10.3% to 11.9% over the period. Share earnings have increased 25% annually, 31% last year, and 77% in the first six months of this year. First-half results must be evaluated in terms of the seasonal nature of the company's business. The second and fourth quarters generate the highest sales. Over the last three years, the second quarter has accounted for 27% of sales on average, the fourth quarter for

(Continued on page R-985)

## SYMS CORP.

(Continued from page R-984)

35%, and the second half of the year for about 57%.

The company's balance sheet will not benefit from the current offering but is healthy nonetheless. As of June 30, 1983 current assets were $36.7 million as compared with current liabilities of $12.9 million, resulting in working capital of $23.8 million and a current ratio of 2.8. Cash and equivalents totaled $13.5 million. Long-term debt consisted of a $4.7 million low-rate mortgage and capital lease obligations of $1.8 million. Shareholders' equity stood at $34.5 million.

Syms plans to offer 3,125,000 of its existing shares to the public at a price estimated at between $16 and $19 a share. We recommend purchase of these shares at an offering price of $16 or less. We do not recommend purchase above this level. *E.B.E.*

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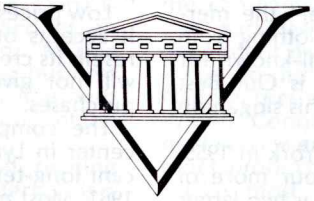
## SYMS CORP.

(Continued from page R-984)

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# THE VALUE LINE NEW ISSUES SERVICE

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## ADVANCED COMPUTER COMM.

**Shares:** 1,320,000 (1,000,000 **by company**) ❶

**Est. Price:** $12-$14 **Est. Date:** Mid-Late August

**Type of Offering:** Firm Commitment

**Managing Underwriters:** Wertheim and Co.

**Fiscal Year Ends: Dec. 31**

| Year | 1980 | 1981 | 1982 | 6 mos. to 6/30 1982 | 6 mos. to 6/30 1983 |
|---|---|---|---|---|---|
| Revenues ($mill) | 2.93 | 5.16 | 7.36 | 2.27 | 3.52 |
| Pretax Margin | .5% | 10.5% | 10.7% | — | — |
| Tax Rate | — | 41.7% | 26.0% | — | — |
| Earn'gs per sh. | .02 | .12 | .21 | d.03 | d.05 |
| Avg Shs (mill) | 2.70 | 2.71 | 2.79 | 2.46 | 2.61 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | 1.20 | — |
| Sh. Eq. ($mill.) | 2.19 | *15.2* |
| Book Value sh | .71 | *3.73* |
| Shs Outst'g(mill.) | 3.07 | *4.07* |

❶ -Excl. overallotment option (132,000 shares).
❷ -Assumes maximum price.

**Business:** Advanced Computer Communications is engaged in the design, development, manufacture, and marketing of specialized microprocessor-based products used in national and international data communication networks, direct computer-to-computer communication, and local area networks. Its products include programmable communication controllers, front-end processors, and network access systems. Inc.: 1975. Employees: 132. Chairman and President: Roland F. Bryan. Address: 720 Santa Barbara St., Santa Barbara, CA. 93101. (805-963-9431). Proposed NASDAQ Symbol: ACCS.

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## AMERICAN PHYSICIAN'S SERVICE GROUP.

**Shares:** 1,100,000 (All **by company**) ❶

**Est. Price:** $5.00-$7.00 **Est. Date:** Late Aug.-Early Sept.

**Type of Offering:** Firm Commitment

**Managing Underwriters:** Bear, Stearns & Co.

**Fiscal Year Ends: Dec. 31**

| Year | 1980 | 1981 | 1982 | 6 mos. to 6/30 1982 | 6 mos. to 6/30 1983 |
|---|---|---|---|---|---|
| Sales ($mill.) | 1.53 | 2.64 | 3.96 | 1.87 | 2.51 |
| Pretax Margin | — | 5.8% | 12.1% | 17.5% | 18.4% |
| Tax Rate | — | 28.6% | 31.2% | 35.4% | 36.1% |
| Earn'gs per sh. | d.07 | .05 | .15 | .10 | ❸ .13 |
| Avg Shs (mill) | 2.12 | 2.18 | 2.20 | 2.19 | 2.20 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | .16 | *.16* |
| Sh. Eq. ($mill.) | 1.03 | *7.79* |
| Book Value sh | .47 | *3.54* |
| Shs Outst'g(mill.) | 2.20 | *3.30* |

❶ -Excl. overallotment option (110,000 shares).
❷ -Assumes maximum price.
❸ -Excl. extra. income: 1¢/sh.

**Business:** American Physicians Service Group, Inc. is a holding company for three principal subsidiaries: APS Facilities Management, Inc. provides management services to three medical insurance companies; APS Services, Inc. provides marketing services to APS Management; and APS Systems, Inc. markets proprietary computer-based management systems for physicians' offices. Services are provided primarily to physicians in Texas and Arkansas. Inc.: 1974. Employees: 70. Pres.: Jack A. Murphy. Address: 4099 McEwen Road, Dallas, TX 75234 (214-386-6400). Proposed NASDAQ symbol: AMPH.

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## BOULDER BREWING COMPANY

**Shares:** 40,000,000 (All **by company**)
**Est. Price:** $.05 **Est. Date:** Currently Selling
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Centennial State Securities, Inc.

Boulder Brewing Company has generated limited sales and has operated at a loss since its inception. Aside from initiating operations, its activities so far have consisted primarily of obtaining financing, establishment of a brewing facility, standardization of a brewing process, and implementation of bacteriological controls. Currently, the company's facility is capable of producing 600 barrels per year and is operating at capacity. Following the successful conclusion of this offering, the company will relocate its operations to another facility in order to expand and mechanize its production facilities. This process will take six to 12 months and will increase production to 5,000 barrels per year. The company also plans to initiate a marketing program. Use of proceeds: facility relocation and expansion ($600,000), equipment ($360,000), advertising and promotion ($130,000), inventory and supplies ($240,000), operating expenses ($500,000), administrative expenses ($235,500), and working capital. *J.A.C.*

**Business:** Boulder Brewing Company manufactures and markets English style ales and beers. The company's products are sold and distributed mainly in the Denver, Boulder, and Fort Collins areas of Colorado. Boulder Brewing is a so-called "microbrewery", in that its production is insignificant compared to that of most domestic breweries. Founded: 1979. Employees: 2. Pres.: Gerald L. Smart. Address: 15555 North 83rd Street, Longmont, Colorado 80501 (303-776-2683).

**Fiscal Year Ends: Dec. 31**

| Year | 1980 | 1981 | 1982 | 2 mos. to 2/28 1982 | 1983 |
|---|---|---|---|---|---|
| Revenues ($mill) | | .55 | .96 | .14 | .19 |
| Pretax Margin | | — | — | — | — |
| Tax Rate | | — | — | — | — |
| Earn'gs per sh. | | — | — | — | — |
| Avg Shs (mill) | | 7.38 | 22.0 | 7.38 | 39.8 |

**Capital Structure:**

| | 2/28/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | — | — |
| Sh. Eq. ($mill.) | .13 | ***.91*** |
| Book Value sh | .003 | ***.02*** |
| Shs Outst'g(mill.) | 39.8 | ***79.8*** |

❶ -Minimum 30,000,000 shares.
❷ -Assumes maximum no. of shares.

## CADEC SYSTEMS, INC.

**Units:** 600,000 (All **by company**) ❶
**Est. Price:** $5.00 **Est. Date:** Mid Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** D.H. Blair & Co., Inc.

Cadec Systems has incurred losses since its inception and has had only nominal operating revenues to date. The company began shipments of its first production units in March 1983. So far, three systems have been installed and a fourth is scheduled for installation in the fall of 1983. Marketing efforts have been limited and confined primarily to the northeastern United States. The company, however, plans gradually to expand its operations to a more national basis in the future. Use of proceeds: repayment of notes payable to existing shareholders; marketing, sales, and support; research and development; general and administrative expenses; renovation, equipping, and expansion of manufacturing facilities; and working capital. **(Description of units:** Each consists of four common shares and one warrant to purchase an additional share for a period of two years, commencing one year from the effective date of the prospectus.) *R.F.S.*

**Business:** Cadec Systems, Inc. designs, produces, integrates, and markets microprocessor-based data entry terminals and support systems for the physical distribution industries. Its terminals are typically mounted in trucks and used by drivers to enter information about daily activities. In addition, they can automatically monitor and record vehicle operating conditions such as ignition status, engine RPM, and road speed. Inc.: 1976. Employees: 9. Pres. E. Joseph Simmons, Jr. Chrmn.: S. Penn Thomas. Address: 410 Great Rd., Littleton, MA 01460 (617-486-8955).

**Fiscal Year Ends: June 30**

| Year | 1980 | 1981 | 1982 | 9 mos. to 3/31 1982 | 1983 |
|---|---|---|---|---|---|
| Revenues ($mill) | | .03 | .05 | .04 | .06 |
| Pretax Margin | | — | — | — | — |
| Tax Rate | | — | — | — | — |
| Earn'gs per sh. | | d.71 | d.31 | d.24 | d.33 |
| Avg Shs (mill) | | .18 | 1.30 | 1.30 | 1.28 |

**Capital Structure:**

| | 3/31/83 | ❶Adj. |
|---|---|---|
| L.T. Debt($mill.) | .17 | — |
| Sh. Eq. ($mill.) | d.17 | ***2.30*** |
| Book Value sh | d.08 | ***.53*** |
| Shs Outst'g(mill.) | 1.96 | ***4.36*** |

❶ -Excl. overallotment options (60,000 units).

## CHANCELLOR CORP.

**Shares:** 800,000 (400,000 **by company**) ❶
**Est. Price:** $11-$13 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Prescott, Ball & Turben; Bear, Stearns & Co.

Chancellor Corp.'s leveraged lease transactions typically pledge the rentals payable pursuant to a noncancellable net lease, together with the equipment, as collateral for the payment of a loan incurred to purchase the equipment. After the equipment has been leased to the end user and pledged to the financial institution, it is sold by the company to a purchaser who assumes liability for a substantial portion of the loan incurred by the company to purchase the equipment and whose tax liability is reduced by depreciation and interest expense. The company also offers limited partnership interests in a public leasing program that invests in and leases or operates various types of equipment. Use of proceeds: acquisition of equipment for leveraged lease transactions ($2 million), expansion of end-user marketing capabilities and public equipment leasing programs, and general corporate purposes. *R.C.H.*

**Business:** Chancellor Corporation is engaged in the business of equipment leasing. Its sells a variety of selected transportation, data processing, communications and other equipment that it has acquired in part with funds from nonrecourse financing and that has been leased to business entities pursuant to noncancellable leases. Sales are made to individuals and, occasionally, to corporations who, in turn, benefit from the Federal income tax incentives. Inc.: 1977. Employees: 40. Pres.: Vincent W. Garrett. Address: 31 Milk Street, Boston, Massachusetts 02109 (617-482-8555). Proposed NASDQ symbol: CHAN.

**Fiscal Year Ends: Dec. 31**

| Year | 1980 | 1981 | 1982 | 4 mos. to 4/30 1982 | 1983 |
|---|---|---|---|---|---|
| Revenues ($mill) | 11.3 | 11.1 | 14.8 | 2.84 | 2.63 |
| Pretax Margin | 36.2% | 5.2% | 22.0% | — | — |
| Tax Rate | 41.6% | 49.4% | 44.7% | — | — |
| Earn'gs per sh. | 1.25 | .17 | .85 | d.11 | d.18 |
| Avg Shs (mill) | 1.86 | 1.90 | 1.89 | 1.89 | 1.89 |

**Capital Structure:**

| ❷ | 4/30/83 | ❶Adj.❸ |
|---|---|---|
| L.T. Debt($mill.) | 21.2 | ***21.1*** |
| Sh. Eq. ($mill.) | 5.49 | ***10.3*** |
| Book Value sh | 2.85 | ***4.41*** |
| Shs Outst'g(mill.) | 1.94 | ***2.34*** |

❶ -Excl. overallotment option (80,000 shares).
❷ -Reflects sale of 49,500 shs. to certain officers and directors on 6/30/83.
❸ -Assumes maximum price.

## CULP, INC.

**Shares:** 900,000 (All **by company**) ❶
**Est. Price:** $11-$13 **Est. Date:** Early September
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Smith Barney; Interstate Sec.

The company is one of the fastest growing producers and marketers of textile upholstery fabrics for the home furnishings industry. Its products are sold primarily to furniture and bedding manufacturers, recreational vehicle customizers, and retail fabric stores. Since 1979, Culp's sales and earnings have grown at annual compound rates of 30% and 43%, respectively, even during the major decline in the furniture industry that began in fiscal 1980. The company believes its growth during this period is the result of the maintenance of in-stock inventories and its emphasis on regional distribution facilities, of which it has four. Since its founding in 1972, Culp has built markets by "converting"—purchasing and reselling goods under its own name. Once demand is established, the company develops its own manufacturing capability. Use of proceeds: debt repayment. *R.C.H.*

**Business:** Culp, Inc.'s principal business is the manufacture and distribution of upholstery fabrics (82% of 1983 revenues) as well as casements goods (draperies), mattress tickings, and internal construction fabrics. Approximately 42% of the goods it sells are purchased from other manufacturers and resold under the company's own name. Inc. 1972. Employees: 971. Chrmn. and C.E.O.: Robert T. Culp, Jr. Address: 2020 Logan Street, High Point, North Carolina 27263 (919-889-5161). Proposed NASDAQ symbol: CULP.

**Fiscal Year Ends: April 30** ❷

| Year | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Sales ($mill.) | 33.0 | 39.1 | 48.8 | 65.3 | 93.9 |
| Pretax Margin | 4.9% | 4.9% | 7.1% | 5.9% | 7.6% |
| Tax Rate | 41.8% | 47.8% | 46.6% | 43.2% | 46.0% |
| Earn'gs per sh. | .38 | .34 | .62 | .71 | 1.22 |
| Avg Shs (mill) | — | — | 2.94 | 3.05 | 3.10 |

**Capital Structure:** ❸

| | 4/30/83 | ❶Adj.❹ |
|---|---|---|
| L.T. Debt($mill.) | 18.2 | *10.0* |
| Sh. Eq. ($mill.) | 12.7 | *23.5* |
| Book Value sh | 4.08 | *5.88* |
| Shs Outst'g(mill.) | 3.10 | *4.00* |

❶ -Excl. overallotment option (90,000 shares).
❷ -Saturday closest to 4/30.
❸ -Reflects acquisition (May 1983) of facility for $3.5 mill.
❹ -Assumes maximum price.

## DIAMOND-BATHURST INC.

**Shares:** 900,000 (500,000 **by company**) ❶
**Est. Price:** $11-$14 **Est. Date:** Mid-Late August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Janney Mont.; Butcher & Singer; Wheat First

Diamond-Bathurst Inc. manufactures bottles primarily for producers of distilled spirits (approximately 80% of sales). Management believes the company has 10% of the national market. The remainder of its sales are to pharmaceutical and proprietary drug manufacturers (7%), cosmetics and toiletry producers (5%), wineries, and specialty food packers. The company manufactures its bottles from private molds built to customers' specifications and produces only to firm customer orders. Freight costs are a determining factor in pricing and limit the geographic area in which the company can compete effectively. To expand its geographic market area, and also its product line, the company has been considering possible acquisitions. It is not, however, currently a party to any agreement or understanding regarding an acquisition. Use of proceeds: repayment of debt ($2.3 million) and working capital. *J.A.C.*

**Business:** Diamond-Bathurst Inc. is a manufacturer of clear glass bottles for the distilled spirits and other industries. It produces its bottles in shapes unique to the customer. The company currently has over 85 customers and manufactures over 350 different shapes of bottles, ranging in size from a fraction of an ounce to one gallon in capacity. Its manufacturing operations are conducted through two subsidiaries, Diamond Glass Company and Diamond Glass Vienna, Inc. Founded: 1874. Employees: 740. Pres.: Frank B. Foster, III. Address: First Avenue, Royersford, PA 19468 (215-948-3400). Proposed AMEX Symbol: DBH.

**Fiscal Year Ends: Dec. 31**

| | | | | 3 mos. to 3/31 | |
|---|---|---|---|---|---|
| Year | 1980 | 1981 | 1982 | 1982 | 1983 |
| Sales ($mill.) | 31.7 | 41.4 | 58.0 | 13.8 | 14.6 |
| Pretax Margin | 9.3% | 6.6% | 6.9% | 8.3% | 12.5% |
| Tax Rate | 42.2% | 42.7% | 44.0% | 48.0% | 51.0% |
| Earn'gs per sh.❷ | 1.07 | 1.09 | 1.31 | .35 | .53 |
| Avg Shs (mill) | 1.31 | 1.44 | 1.70 | 1.70 | 1.70 |

**Capital Structure:**

| | 3/31/83 | ❹Adj.❸ |
|---|---|---|
| L.T. Debt($mill.) | 12.1 | *10.6* |
| Sh. Eq. ($mill.) | 14.0 | *20.5* |
| Book Value sh | 8.70 | *9.09* |
| Shs Outst'g(mill.) | 1.31 | *2.20* |

❶ -Excl. overallotment option (90,000 shares).
❷ -Fully diluted.
❸ -Assumes maximum price.
❹ -Reflects conversion of 2,100 shs. of pref. stk. into 392,280 shs. of common.

## ELECTRO-KINETIC SYSTEMS, INC.

**Shares:** 2,000,000 (All **by company**)
**Est. Price:** $.75 **Est. Date:** Mid-Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Silver, Gray & Co., Inc.

Electro-Kinetic Systems operated profitably in 1982 and through the first five months of 1983. Operating results prior to 1981 are not available. The FCC requires that computers and other electronic equipment be protected against radio wave interference and, effective October 1, 1983, will prohibit the sale of equipment not in compliance with its requirements. The company believes its products applied in thin films on plastic housing and other related surfaces provide the legally required shielding at a low cost. Use of proceeds: inventory, reduction of secured debt, research and development, sales force and marketing activities, and working capital. *R.F.S.*

**Business:** Electro-Kinetic Systems, Inc. is involved in the research, development, production, and sale of specialty coatings, adhesives, and resins that are used in computers and other electronic equipment housings. Principal customers are manufacturers of home computers, microcomputers, business machines, communications equipment, process control instruments, microwave antennas, and automotive electronics equipment. Inc.: 1972. Employees: 6 President: John J. Reilly. Address: 901 Market St., Wilmington, Delaware 19801 (302-654-7781).

**Fiscal Year Ends: Dec. 31**

| | | | | 5 mos. to 5/31 | |
|---|---|---|---|---|---|
| Year | 1980 | 1981 | 1982 | 1982 | 1983 |
| Sales ($mill.) | | .78 | 1.50 | — | .92 |
| Pretax Margin | | — | 3.6% | — | 4.1% |
| Tax Rate | | — | 27.5% | — | 24.4% |
| Earn'gs per sh. | | d.01 | .02 | — | .01 |
| Avg Shs (mill) | | 2.50 | 2.50 | — | 2.50 |

**Capital Structure:**

| | 5/31/83 | ❷Adj. |
|---|---|---|
| L.T. Debt($mill.) | .05 | *.05* |
| Sh. Eq. ($mill.) | .04 | *1.22* |
| Book Value sh | .02 | *.27* |
| Shs Outst'g(mill.) | 2.50 | *4.50* |

❶ -Minimum 1,000,000 shares.
❷ -Assumes maximum shares.

## THE FILTEREK COMPANIES

**Units:** 1,500,000 (620,000 **by company**) ❶
**Est. Price:** $13-$15 **Est. Date:** Early-Mid August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Lehman Bros. Kuhn Loeb

**Business:** The Filtertek Companies (Filtertek, Inc., a subsidiary, and Filtertek de Puerto Rico, Inc.) make over 600 specialty filtration elements used in health care, automotive, industrial and consumer markets. They are the leading custom producers of such products in the United States and France. Filtertek is the successor to Nylon Filter Corp., incorporated in 1965. Employees: 380. Pres.: John J. Leahey. Address: 11411 Price Rd., Hebron, IL 60034 (815-648-2416). Proposed NASDAQ symbol: FLTR.

The Filtertek Companies currently serve the health care (38% of sales), automotive (34%), industrial process (8%), and other consumer markets (20%). Health care products include vented intravenous filters, drug and blood administration filters, syringe filters, and many others. The company also makes transmission, air conditioner, and fuel filters for the automotive industry, and filters for water treatment plants and commercial dry cleaning. Since 1970, Filtertek has operated a manufacturing facility in Puerto Rico, where tax exemptions contribute to the company's low tax rate. It also established a manufacturing facility in Ireland in 1982, but this has not yet contributed significant revenues or tax benefits. Use of proceeds: reduction of bank debt ($4.4 mill.), purchase of GNMA bonds ($6.0 mill.), and capital expenditures ($1 mill.). **(Description of units:** Each unit consists of one share each of Filtertek, Inc. and Filtertek de Puerto Rico, Inc.) *E.B.E.*

**Fiscal Year Ends: Dec. 31** ❸

| | | | | 3 mos. to 3/31 | |
|---|---|---|---|---|---|
| **Year** | **1980** | **1981** | **1982** | **1982** | **1983** |
| Sales ($mill.) | 11.6 | 16.5 | 17.2 | 4.01 | 4.51 |
| Pretax Margin | 18.2% | 17.0% | 17.4% | 11.5% | 16.4% |
| Tax Rate | 4.0% | 21.8% | 9.1% | 4.5% | 17.3% |
| Earn'gs per ut | .54 | .58 | .74 | .12 | .16 |
| Avg Shs (mill) | — | — | — | — | — |

**Capital Structure:**

| ❸ | 3/31/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | 4.71 | — |
| Sh. Eq. ($mill.) | 8.09 | *16.0* |
| Book Value ut | 2.13 | *3.72* |
| Uts Outst'g (mill.) | 3.51 | *4.13* |

❶ -Excl. overallotment option (150,000 units).
❷ -Assumes price of $14.
❸ -Combined financial data.

## FIRST DATA MANAGEMENT CO., INC.

**Shares:** 1,050,000 (525,000 **by company**) ❶
**Est. Price:** $17-$20 **Est. Date:** Early September
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Robinson-Humphrey; Montgomery Sec.

**Business:** First Data Management Co., Inc. provides data processing, software, and electronic funds transfer services and related products to 176 banks, 17 savings and loan associations, five credit unions, and 12 mortgage companies in Oklahoma, Kansas, and Missouri. The company believes that it is one of the largest providers of data processing services to banks in the country. Inc. 1976. Employees: 336. Pres.: William P. Adams. Address: 800 First National Center East, 120 North Robinson Street, Oklahoma City, Oklahoma 73102. (405-272-4090). Proposed NASDAQ symbol: FDMC.

First Data Management Co., Inc. has operated since 1976 as a division of First Oklahoma Bancorporation, Inc. Between 1978 and 1982, revenues grew 32% annually and earnings went from a negative 7¢ a share to a positive 51¢. In 1982, data processing services accounted for 87% of total revenues, electronic funds transfer services the rest. The former services include deposit and loan systems, financial accounting and management control systems, trust and stock transfer systems, and mortgage servicing and insurance processing systems. The company provides electronic funds transfer services through SCS, a network of 201 automated teller machines and point-of-sale terminals processing 1.5 million transactions per month. Use of proceeds: working capital and general corporate purposes, including product development and expansion. *R.C.H.*

**Fiscal Year Ends: Dec. 31**

| | | | | 6 mos. to 6/30 | |
|---|---|---|---|---|---|
| **Year** | **1980** | **1981** | **1982** | **1982** | **1983** |
| Sales ($mill.) | 14.5 | 18.1 | 24.1 | 11.2 | 14.1 |
| Pretax Margin | 1.3% | 3.8% | 5.0% | 10.9% | 12.0% |
| Tax Rate | — | — | — | 38.7% | 40.0% |
| Earn'gs per sh. | .19 | .26 | .51 | .25 | .34 |
| Avg Shs (mill) | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | — | — |
| Sh. Eq. ($mill.) | 11.5 | *21.5* |
| Book Value sh | 3.84 | *6.10* |
| Shs Outst'g(mill.) | 3.00 | *3.53* |

❶ -Excl. overallotment option (105,000 shares).
❷ -Assumes maximum price.

## GULL LABORATORIES, INC.

**Units:** 800,000 (All **by company**) ❶
**Est. Price:** $5.75-$6.75 **Est. Date:** Mid August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** D.H. Blair

**Business:** Gull Laboratories, Inc. designs, manufactures, and markets immunofluorescent ("IF") testing kits and materials designed to detect the presence or absence of certain human infectious diseases. The company currently offers four IF test kits—two for mononucleosis, one for herpes, and one for toxoplasmosis—and recently developed two additional test kits, one for herpes and one for cytomegalovirus. Inc.: 1955. Employees: 20. Chrmn., Pres. & C.E.O.: Myron W. Wentz. Address: 890 East 5400 South Salt Lake City, Utah 84107 (801-263-3524).

Gull Laboratories' sales, although minimal, have grown 48% per annum in the last four years and were up 38% in the four months ended April 30th. Share earnings grew from 1¢ to 13¢ over the four-year period and rose 60% in the latest four-month period. Sales are made to 200 clinical and hospital laboratories in the United States and to foreign distributors. The company's two most recently developed test kits are awaiting FDA approval. Gull expects to devote a substantial portion of the proceeds from this offering to the research and development of additional IF test kits. Use of proceeds: leasehold improvements and equipment for a new laboratory facility ($1.3 million), marketing and sales ($550,000), research and development ($1.8 million) and working capital. **(Description of units:** Each consists of one share of common stock and one warrant to purchase one-half share of common at $8.75 each from 1984 to 1985 and at $10.75 each from 1985 to 1986.) *R.E.U.*

**Fiscal Year Ends: Dec. 31**

| | | | | 4 mos. to 4/30 | |
|---|---|---|---|---|---|
| **Year** | **1980** | **1981** | **1982** | **1982** | **1983** |
| Sales ($mill.) | .31 | .49 | .66 | .21 | .29 |
| Pretax Margin | 24.9% | 21.5% | 21.4% | 25.8% | 33.2% |
| Tax Rate | 9.8% | 21.5% | 22.6% | 26.0% | 29.9% |
| Earn'gs per sh. | .08 | .10 | .13 | .05 | .08 |
| Avg Shs (mill) | .86 | .86 | .86 | .86 | .87 |

**Capital Structure:**

| | 4/30/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | .01 | *.01* |
| Sh. Eq. ($mill.) | .51 | *5.10* |
| Book Value sh | .57 | *3.00* |
| Shs Outst'g(mill.) | .90 | *1.70* |

❶ -Excl. overallotment option (80,000 units).
❷ -Assumes maximum price.

## KMW SYSTEMS CORP.

**Shares:** 450,000 (315,000 **by company**) ❶
**Est. Price:** $10-$12 **Est. Date:** Late Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Schneider, Bernett & Hickman

KMW Systems commenced operations in 1977 and has realized annual sales growth of 70% since fiscal 1979. Earnings have increased from only $39,000 in fiscal 1979 to $420,000 in fiscal 1983. End users have accounted for a majority of sales to date but original equipment manufacturers have comprised an increasing portion in recent periods. The company signed an agreement with Xerox Corp. in July 1983 to provide as many enhanced batch protocol converters as may be ordered by Xerox over a four year period. Six hundred units have been ordered to date, pending compliance (not yet achieved) with FCC and UL (Underwriters' Laboratories) standards, but are not expected to be shipped until the second quarter of fiscal 1984. Use of Proceeds: debt retirement ($400,000), budgeted capital expenditures ($325,000), and working capital, including for product development and marketing. *R.F.S.*

**Business:** KMW Systems Corp. develops, manufactures, markets, and supports electronic systems and equipment known as "vector processors" and "protocol converters" that facilitate the telecommunication and processing of computer-generated data, principally for graphic hardcopy output on a variety of imaging devices. Its products are used mainly in CAD/CAM and scientific applications. Inc.: 1977. Employees: 51. Chairman: Harry D. Kierns. President: Richard H. Wells. Add.: 8307 Highway 71 West, Austin, Texas 78735 (512-288-1453). Proposed NASDAQ Symbol: KMWS.

**Fiscal Year Ends: June 30**

| Year | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|
| Sales ($mill.) | .41 | .65 | 1.25 | 2.03 | 3.45 |
| Pretax Margin | 10.2% | 13.3% | 15.9% | 18.0% | 16.1% |
| Tax Rate | 7.1% | 23.0% | 33.2% | 28.8% | 24.6% |
| Earn'gs per sh. | .04 | .06 | .13 | .25 | .40 |
| Avg Shs (mill) | — | — | — | — | — |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | .40 | — |
| Sh. Eq. ($mill.) | .97 | *4.44* |
| Book Value sh | .92 | *3.24* |
| Shs Outst'g(mill.) | 1.05 | *1.37* |

❶ -Excl. overallotment option (31,500 shs.).
❷ -Assumes maximum price.

## NORTH ATLANTIC AIRLINES, INC.

**Units:** 4,000,000 (All **by company**)
**Est. Price:** $.50 **Est. Date:** Currently Selling
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Marsan Securities Co., Inc.
M. Rimson & Co., Inc.

North Atlantic Airlines conducts all of its business through its subsidiary Air Vermont, Inc. During the first five months of 1983, commuter passenger service accounted for approximately 92% of total revenues while air freight and charter services accounted for approximately 8% and 0.3% respectively. The company has not yet sustained a profit. Management believes that further growth of its business will have to come from initiating new routes rather than expanding service on existing ones. It is currently contemplating the addition of several new routes including service to John F. Kennedy Airport in New York and commuter service in the Virgin Islands. Use of proceeds: repayment of debt ($440,000), down payment on purchase of aircraft ($130,000), construction of additional facilities ($230,000), and working capital **(Description of units:** Each unit consists of one share of common stock and one warrant to purchase an additional share at a price of 62.5¢) *J.A.C.*

**Business:** North Atlantic Airlines, Inc. operates a scheduled commuter airline through a wholly owned subsidiary, Air Vermont, Inc. (founded in Sept. 1981 and acquired by the company in Feb. 1983). The company presently offers service to nine cities in New England and New York State. It flies 289 flight segments per week and its route system covers approximately 1,250 miles with an average stage length of 150 miles. It also offers air freight and air charter services. Inc.: Feb. 1983. Employees: 87. Pres.: John E. Porter. Address: 1795 Williston Rd., South Burlington, Vermont 05401 (802-863-1110). Proposed NASDAQ Symbol: ARVT.

**Fiscal Year Ends: Dec. 31**

| | | | | 5 mos. to 5/31 | |
|---|---|---|---|---|---|
| Year | 1980 | ❷ 1981 | 1982 | 1982 | 1983 |
| Revenues ($mill) | | .43 | 1.29 | .34 | 1.18 |
| Pretax Margin | | — | — | — | — |
| Tax Rate | | — | — | — | — |
| Earn'gs per sh. | | d.01 | d.09 | d.03 | d.01 |
| Avg Shs (mill) | | 4.40 | 4.40 | 4.40 | 10.4 |

**Capital Structure:**

| | 5/31/83 | Adj.❸ |
|---|---|---|
| L.T. Debt($mill.) | .64 | *.64* |
| Sh. Eq. ($mill.) | d.26 | *1.41* |
| Book Value sh | d.02 | *.09* |
| Shs Outst'g(mill.) | 12.4 | *16.4* |

❶ -Minimum 3,000,000 shares.
❷ -From inception (9/24/81) to 12/31/81.
❸ -Assumes maximum shs.

## PACESETTER SYSTEMS, INC.

**Shares:** 2,000,000 (1,700,000 **by company**) ❶
**Est. Price:** $13-$16 **Est. Date:** Mid September
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Blythe Eastman;
Shearson/Amer. Exp.

Pacesetter Systems ranks fourth in worldwide sales of cardiac pacing systems and believes it is the industry leader in pacemaker technology and product reliability. Sales grew 75% annually in the last four fiscal years, but expanded at a declining rate in the last two fiscal years. Earnings have been volatile, and losses were sustained in the last two years. Sales were down 5% year to year in the three months ended April 30th, due to economic conditions and new products (multiprogrammable dual chamber "DDD" cardiac pacing systems) introduced by competitors. The company is currently marketing its first DDD pacemaker in Europe and expects to begin selling it in the United States by yearend, pending FDA approval. It also plans to apply its technology to the development of implantable medication infusion systems. Use of proceeds: repayment of debt ($20 million) and working capital. *R.E.U.*

**Business:** Pacesetter Systems, Inc. develops, manufactures and sells cardiac pacing systems for the treatment of a variety of cardiac arrhythmias (irregular heartbeat conditions). These systems consist of an implanted pacemaker connected to the heart by insulated wire lead/electrodes and an external device for programming and monitoring the pacemaker. Inc.: 1970. Employees: 450. Chairman & President: Alfred E. Mann. Address: 12884 Bradley Avenue, Sylmar, California 91342 (213-362-6822). Proposed NASDAQ Symbol: PACE.

**Fiscal Year Ends: Dec. 31/Jan. 31** ❸

| | | | | 3 mos. to 4/30 | |
|---|---|---|---|---|---|
| Year | 1980 | 1982 | 1983 | 1982 | 1983 |
| Sales ($mill.) | 35.5 | 58.7 | 65.7 | 18.5 | 17.6 |
| Pretax Margin | 1.5% | — | — | 3.2% | 4.5% |
| Tax Rate | 54.4% | — | — | 45.9% | 50.2% |
| Earn'gs per sh.❹ | .03 | d.04 | d.27 | .03 | .04 |
| Avg Shs (mill) | 8.85 | 9.50 | 9.71 | 10.2 | 10.3 |

**Capital Structure:**

| | 4/30/83 | ❶Adj.❷ |
|---|---|---|
| L.T. Debt($mill.) | 22.6 | *2.6* |
| Sh. Eq. ($mill.) | 8.25 | *33.8* |
| Book Value sh | .85 | *2.95* |
| Shs Outst'g(mill.) | 9.73 | *11.4* |

❶ -Excl. overallotment option (200,000 shs.).
❷ -Assumes maximum price.
❸ -In 1981, fiscal year end changed from Dec. 31 to Jan. 31.
❹ -Excl. extraordinary gains.

## PEARLE HEALTH SERVICES, INC.

**Shares:** 6,600,000 (1,850,000 **by company**) ❶
**Est. Price:** $18-$21 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Wm. Blair & Co.; Goldman, Sachs & Co.

**Business:** Pearle Health Services, Inc. operates or franchises 1,041 retail optical stores in the United States, Puerto Rico, and four foreign countries, primarily under the trade names Pearle Vision Center and Texas State Optical. The stores sell prescription eyewear, contact lenses, sunglasses, and related optical products and accessories. The company also operates optical processing laboratories and distribution centers. Inc.: 1965. Employees: 4,000. Pres.: Donald J. Phillips. Address: P.O. Box 226139, Dallas, TX 75266 (214-241-3381). Proposed NASDAQ symbol: PHSI.

| Fiscal Year Ends: Dec. 31 | | | | 6 mos. to 6/30 | |
|---|---|---|---|---|---|
| Year | 1980 | 1981 | 1982 | 1982 | 1983 |
| Sales ($mill.) | 192.9 | 215.3 | 220.9 | 113.1 | 112.3 |
| Pretax Margin | 8.4% | 8.0% | 13.0% | 13.5% | 16.8% |
| Tax Rate | 41.9% | 45.5% | 56.1% | 53.6% | 49.0% |
| Earn'gs per sh.❷ | — | — | 1.05 | .60 | .73 |
| Avg Shs (mill)❷ | — | — | 13.1 | 13.1 | 13.1 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❸ |
|---|---|---|
| L.T. Debt($mill.) | 5.75 | *1.53* |
| Sh. Eq. ($mill.) | 78.9 | *113.7* |
| Book Value sh | 7.01 | *8.68* |
| Shs Outst'g(mill.) | 11.3 | *13.1* |

❶ -Excl. overallotment option (660,000 shares).
❷ -Pro forma results include new shares now offered.
❸ -Assumes maximum price.

Pearle Health Services has operated since 1973 as a wholly owned subsidiary of G.D. Searle & Co. Searle is selling a 51.4% interest in Pearle in order to concentrate on its pharmaceutical and low-calorie sweetener businesses. Pearle has been changing from company-operated stores to a franchising operation since 1979, and 40% of its outlets are now franchised. The company selects new locations, builds the stores, and sells the franchises (or operates the stores itself until sales are concluded). Company-operated stores decreased by 121 last year; franchised stores increased by 215. The overall effect has been to slow revenue growth but increase margins. Franchisees pay an initial franchise fee, royalties on gross revenues, and advertising contributions. Pearle finances 80% of the franchisee's initial cost and resells the obligations with full recourse. Use of proceeds: payment of $29.4 million owed to Searle plus amounts due for purchase of foreign operations. *E.B.E.*

## PITTOCK FINANCIAL SERVICES, INC.

**Shares:** 1,000,000 (All **by company**)
**Est. Price:** $3.00 **Est. Date:** Mid-Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Fitzgerald, DeArman & Roberts, Inc.

**Business:** Pittock Financial Services was organized in 1978 to acquire all the outstanding stock of E.J. Pittock & Co., Inc., a regional securities broker-dealer in operation since 1974. Although it can currently conduct business in 34 states, the company services mostly retail customers concentrated primarily in the Rocky Mountain area of the United States. Employees: 39. Chairman and President: Edwin J. Pittock. Address: 7951 East Maplewood, Suite 230, Englewood, CO 80110 (303-740-7272).

| Fiscal Year Ends: Dec. 31 | | | | 5 mos. to 5/27 | |
|---|---|---|---|---|---|
| Year | 1980 | 1981 | 1982 | 1982 | 1983 |
| Sales ($mill.) | 8.86 | 7.00 | 4.74 | 1.16 | 6.23 |
| Pretax Margin | 13.1% | 2.8% | 2.0% | — | 20.2% |
| Tax Rate | 53.2% | 60.4% | 63.5% | — | 52.9% |
| Earn'gs per sh. | .10 | .02 | .02 | d.03 | .23 |
| Avg Shs (mill) | 6.19 | 5.70 | 3.96 | 3.96 | 2.89 |

**Capital Structure:**

| | 5/27/83 | ❷Adj. |
|---|---|---|
| L.T. Debt($mill.) | — | — |
| Sh. Eq. ($mill.) | 1.42 | *4.12* |
| Book Value sh | .47 | *1.03* |
| Shs Outst'g(mill.) | 3.00 | *4.00* |

❶ -Minimum 700,000 shs.
❷ -Assumes maximum number of shares sold.

The business of Pittock Financial Services is directly affected by fluctuations in securities trading volume and prices. As a result, revenues and earnings fell in both 1981 and 1982 but increased substantially in the first five months of 1983. A significant portion of the company's business has been derived from the underwriting of new issues. The SEC instituted certain administrative proceedings against Pittock in 1982 and, as a result, the activities of the company and its president were limited for periods of 18 and 25 days, respectively, during July and August of 1983. Certain state regulatory authorities have also taken actions that could affect the company's future activities in those states. Use of proceeds: debt retirement ($350,000), net capital, and working capital. *R.F.S.*

## SHOE-TOWN, INC.

**Shares:** 4,550,000 (1,950,000 **by company**) ❶
**Est. Price:** $13-$15 **Est. Date:** Mid-Late August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Merrill Lynch; Rothschild, Unterberg, Towbin; Shearson/American Express

**Business:** Shoe-Town, Inc. is the largest "off-price" retailer of first-quality brand-name shoes in the country. It operates 186 self-service stores selling women's shoes and handbags, men's and children's shoes, and related accessories. Shoe-Town buys merchandise at below normal cost to retailers, and passes the savings on to customers while maintaining profit margins equal to those of full-price retailers. The company is also a national wholesaler of brand-name women's shoes to over 3000 retailers. Inc.: 1979. Employees: 2200. Pres.: George M. Kaye. Address: 994 Riverview Drive, Totowa, N.J. 07512. Proposed NASDAQ symbol: SHOE.

| Fiscal Year Ends: Dec. 31 | | | | 3 mos. to 4/2 | |
|---|---|---|---|---|---|
| Year | ❹1980 | ❹1981 | 1982 | 1982 | 1983 |
| Sales ($mill.) | 104.3 | 112.9 | 118.3 | 23.6 | 27.4 |
| Pretax Margin | 13.0% | 14.3% | 5.1% | — | .4% |
| Tax Rate | 48.0% | 48.2% | 45.4% | — | 52.0% |
| Earn'gs per sh. | — | — | .48 | d.15 | — |
| Avg Shs (mill) | — | — | 5.96 | 5.96 | 6.09 |

**Capital Structure:**

| | ❷4/2/83 | ❶Adj.❸ |
|---|---|---|
| L.T. Debt($mill.) | 32.8 | *32.8* |
| Sh. Eq. ($mill.) | d3.93 | *22.2* |
| Book Value sh | d.40 | *1.90* |
| Shs Outst'g(mill.) | 9.75 | *11.7* |

❶ -Excl. overallotment option (455,000 shs.).
❷ -Adjusted for recapitalization prior to offering.
❸ -Assumes maximum price.
❹ -Predecessor co.

Shoe-Town is a successor to The Felsway Corp., which it acquired in 1982 and which had been retailing footwear since 1932. The 1982 results shown at left are before a $27.6 million non-recurring charge relating to the revaluation of Felsway's inventories at the time of the acquisition. If the charge is included, results show a loss of $3.75 a share for the year and $1.23 for the three months ended April 3, 1982. The company offers merchandise at 20% to 60% below the prices for comparable merchandise in full-service stores. Women's shoes account for about 61% of retail sales (1982), primarily to middle-to-upper income customers. Men's shoes departments (21% of sales), formerly full-service, are being converted to self-service, and children's departments, also full-service, are not being included in new stores. Use of proceeds: short-term debt repayment ($6 mill.) and working capital. *E.B.E.*

## SYNERGETICS INTERNATIONAL, INC.

**Shares:** 600,000 (All **by company**) ❶
**Est. Price:** $5.00 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Hanifen, Imhoff Inc.

**Business:** Synergetics International, Inc. designs, manufactures, and markets supervisory control and data acquisition (SCADA) products and services. This equipment provides remote monitoring, control, and collection of information from equipment and processes and communicates the information to a centrally located computer. Inc.: 1978. Employees: 34. Chairman Paul D. Whittle. President: Mark Joseph. Address: 6565 Odell Place, P.O. Box E, Boulder, CO 80306. (305-530-2020). Proposed NASDAQ symbol: SYNC.

**Fiscal Year Ends: Jan. 31**

| | | | | 3 mos. to 4/30 | |
|---|---|---|---|---|---|
| **Year** | **1981** | **1982** | **1983** | **1982** | **1983** |
| Revenues ($mill) | | .86 | 1.62 | .39 | .56 |
| Pretax Margin | | — | 3.2% | 3.3% | — |
| Tax Rate | | — | 16.2% | 20.2% | — |
| Earn'gs per sh. | | d.19 | .04 | .01 | d.01 |
| Avg Shs (mill) | | .99 | 1.04 | 1.04 | 1.03 |

**Capital Structure:**

| | 4/30/83 | ❶Adj. |
|---|---|---|
| L.T. Debt($mill.) | .87 | ***.87*** |
| Sh. Eq. ($mill.) | 1.07 | ***3.57*** |
| Book Value sh | 1.04 | ***2.19*** |
| Shs Outst'g(mill.) | 1.03 | ***1.63*** |

❶ -Excl. overallotment option (60,000 shares).

R.F.S.

## VIEW-MASTER INTERNATIONAL GROUP, INC.

**Shares:** 850,000 (750,000 **by company**) ❶
**Est. Price:** $11-$13 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Drexel Burnham Lambert, Inc.

**Business:** View-Master International Group, Inc. manufactures View-Master 3-D viewers and reels. The viewing system combines a binocular-type viewer with a reel containing seven pairs of specially mounted transparencies. The company has over 90% of the world market for this kind of pictorial product. Its reel library consists of over 550 active titles, including Disney and Sesame Street characters and television and movie personalities. Inc.: 1983 (to succeed to a business that has existed since 1938.) Employees: 564. Pres.: Arnold Thaler: Address: 8585 South West Hall Blvd., Beaverton, OR (503-644-1181). Proposed NASDAQ symbol: VMIG.

**Fiscal Year Ends: Dec. 31**

| | | | | 6 mos. to 6/30 | |
|---|---|---|---|---|---|
| **Year** | **1980** | **❷1981** | **1982** | **1982** | **1983** |
| Sales ($mill.) | — | 17.8 | 32.4 | 11.3 | 12.8 |
| Pretax Margin | — | 7.7% | 2.9% | — | 21.8% |
| Tax Rate ❸ | — | 29.4% | 52.9% | — | 37.0% |
| Earn'gs per sh.❸ | — | .84 | .39 | d.73 | 1.53 |
| Avg Shs (mill) ❸ | — | 1.15 | 1.15 | 1.15 | 1.15 |

**Capital Structure:**

| ❸ | 6/30/83 | ❶Adj.❹ |
|---|---|---|
| L.T. Debt($mill.) | 3.59 | ***3.59*** |
| Sh. Eq. ($mill.) | 6.51 | ***15.1*** |
| Book Value sh | 5.66 | ***7.95*** |
| Shs Outst'g(mill.) | 1.15 | ***1.90*** |

❶ -Excl. overallotment option (85,000 shares).
❷ -6 mos. since inception.
❸ -Pro forma results.
❹ -Assumes maximum price.

E.B.E.

## ADVANCED COMPUTER COMMUN., INC.

(Continued from cover)

Advanced Computer Communications' products allow communication among computers and data communication networks using different protocols or operating systems. To date, principal customers have been the U.S. Government (65% of 1982 revenues) and general commercial users (35%), including original equipment manufacturers and end users. The company shipped its first local area network products in April 1983 but sales have been limited. Quarterly revenues and earnings have fluctuated widely due largely to the timing and size of orders and changes in product mix, particularly relating to major procurements by the Department of Defense. Quarter-to-quarter fluctuations are expected to continue in the future. Use of proceeds: product development ($3.5 million), marketing activities ($2.2 million), capital expenditures ($1.8 million) repayment of bank debt ($1.7 million), and working capital.

R.F.S.

## AMER. PHYSICIANS SVC. GROUP, INC.

(Continued from cover)

American Physicians Service Group, Inc.'s APS Management and APS Service subsidiaries (55% of revenues this year) receive almost all their revenues from two insurance exchanges managed by APS Management. The latter receives a percentage of the earned premiums of the exchanges but is not liable for claims by policyholders. The business of APS Systems (44% of revenues) is growing rapidly (up 109% last year, 59% this year to date), but margins are relatively low. Overall revenues have grown 35% annually since 1978, share earnings 39%. The company plans to offer marketing and management consulting services to unaffiliated companies through APS Services and to provide financial planning and staff leasing to physicians through APS Systems. Use of proceeds: acquisitions, software development and marketing ($1.5 mill.), start-up of financial planning and personnel services ($750,000) debt, repayment ($370,000), and working capital.

E.B.E.

**COMPANIES WITH LIMITED OPERATING HISTORIES**

## ABM COMPUTER SYSTEMS

**Shares:** 1,000,000 (All **by company**) ❶
**Est. Price:** $2.00 **Est. Date:** Mid-Late August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Wilson-Davis & Co., Inc.
❶ -Excl. overallotment option (100,000 shs.).

ABM Computer Systems develops, manufactures (primarily through subcontractors), and markets enhancement and expansion products for IBM and IBM-compatible personal computers. Since its inception in 1982, the company has recorded sales of $247,599 and registered a loss of $18,595. ABM produces both hardware and software, and markets both lines under the trademark "PERSONALITY SERIES." Its hardware and software are essentially telecommunications-oriented and designed for business and scientific applications. These products enable a personal computer to be used independently or to be linked to a mainframe computer. The company's customers consist of end users, system integrators, and manufacturers. Inc.: April 1982. Employees: 5. Pres.: G.W. Shipman. Address: 23362 Peralta Drive, Laguna Hills, CA 92653 (714-859-6531). *J.A.C.*

## ADVANCED NMR SYSTEMS, INC.

**Units:** 1,000,000 (All **by company**) ❶
**Est. Price:** $6.00-$8.00 **Est. Date:** Mid August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** D.H. Blair & Co.
❶ -Excl. overallotment option (100,000 units).

Advanced NMR Systems, Inc. was organized in June 1983. The company proposes to develop technology for an advanced nuclear magnetic resonance (NMR) system offering multi-nuclear and high-speed imaging and user-friendly software. NMR provides images of body organs without use of radiation or injection of substances into the body and presents no known risks. High-speed techniques, if developed, will record clear pictures of a moving organ; multi-nuclear techniques will measure metabolic changes in the body. The company will also offer educational programs in the use of NMR and consulting services for the selection of NMR systems. Employees: 2. Pres.: Ian L. Pykett. Address: 14 Oak St., Needham, MA 02192 (617-894-5760). (**Description of units:** Each unit consists of three common shares and three Class A warrants, each for the purchase of a unit of one share and one Class B warrant for an additional share.) *E.B.E.*

## BIOTECHNOLOGY DEVELOPMENT CORP.

**Units:** 650,000 (All **by company**) ❶
**Est. Price:** $6.00 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** D.H. Blair & Co.
❶ -Excl. overallotment option (65,000 units).

Biotechnology Development Corp., founded in 1982, has an accumulated deficit of $246,846, most of it incurred prior to 1983. The company provides strategic, technology, market and financial analysis services for pharmaceutical companies, financial institutions, and biotechnology ventures. Its Microfluidics Division has an exclusive license to manufacture a micro-emulsion and liposome production device and is currently producing prototype units. The Bioengineering Division has exclusive United States, Canadian, and Mexican rights to market fermentation equipment made by L.E. Marubishi Co., Ltd. (Japan). Inc.: 1983. Pres.: Irwin J. Gruverman. Address: 400-1 Totten Pond Rd., Waltham, MA 02154 (617-890-0018). Proposed NASDAQ symbol: BIOD. (**Description of units:** Each unit consists of two common shares and two Class A warrants, each for the purchase of one common share and one Class B warrant for the purchase of an additional share.) *E.B.E.*

## ATEC, INC.

**Units:** 700,000 (All **by company**) ❶
**Est. Price:** $5.00 **Est. Date:** Mid-Late Aug.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** D.H. Blair
❶ -Excl. overallotment option (70,000 units).

ATEC, Inc. is the successor to a partnership formed in 1982 to develop and market natural and synthetic zeolites and systems and technology using these products. No revenues have been generated to date. Zeolites, also known as "molecular sieves," can be used to remove impurities from liquids and gases, as catalysts to enhance chemical reactions, as substitutes for phosphates in detergents, and in other industrial applications. ATEC has a patented process for removing ammonia from water and will market it initially to the aquaculture industry, and subsequently for ammonia removal from sewage and industrial wastewater. It hopes to develop further uses for zeolite technology. Employees: 7. Pres.: Gerard J. Griesmer. Address: 625 East Madison Ave., Riverton, WY (307-856-1760). (**Description of units:** Each unit consists of two common shares and one Class A warrant for the purchase of one common share and a Class B warrant for an additional share.) *E.B.E.*

## AMBULATORY MEDICAL CARE, INC.

**Shares:** 500,000 (All **by company**) ❶
**Est. Price:** $5.00-$7.00 **Est. Date:** Mid-Late Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Gradison & Co.; R.G. Dickinson
❶ -Excl. overallotment option (50,000 shs.).

Ambulatory Medical Care, Inc. was incorporated on July 8, 1983 for the purpose of establishing a chain of medical centers via which health care for problems not involving an immediate threat to life will be offered by separate medical corporations under contract to the company. AmCare has developed a systematic business approach that it believes will enable the company to offer quality service at lower prices than generally charged by hospital emergency rooms. The company currently has one facility, located in Springsdale, Ohio, which has been in operation since July 1982 but has not yet generated a profit. Over the next one and one-half to two years, the company plans to open 10 additional offices, including one scheduled to be opened this month. Employees: 11. Chairman and President: C. Lawrence Decker. Address: 360 Glensprings Dr., Springdale, OH 45246 (513-671-5050). Proposed NASDAQ symbol: AMCR. *R.F.S.*

## COMPUTERS FOR LESS, INC.

**Shares:** 1,000,000 (All **by company**) ❶
**Est. Price:** $2.25 **Est. Date:** Mid-Late August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Rosenkrantz Ehrenkrantz Lyon & Ross
❶ -Excl. overallotment option (100,000 shs.).

Computers For Less owns and operates retail stores that sell single-user personal and small business microcomputer systems, software, peripheral equipment, and supplies. The company currently has two stores located in Commack, New York, and Fort Lauderdale, Florida. A third store, in Syosset, New York, is scheduled to be opened in September 1983. The company purchases most of its products and obtains most of its management services from Manchester Equipment Co., Inc. Computers For Less's president is the principal owner of this firm. The company will use the proceeds from this offering to establish, promote, and operate 12 additional stores in the New York and Miami metropolitan areas. These stores are to be opened over the next 12 to 18 months. Founded: Feb. 18, 1983. Employees: 10. Pres.: Barry Steinberg. Address: 50 Marcus Boulevard, Hauppague, New York 11788 (516-435-8099). Proposed NASDAQ. Symbol: CFLI. *J.A.C.*

## DATA REALTY, INC.

**Shares:** 3,000,000 (All **by company**)
**Est. Price:** $.50 **Est. Date:** Currently Selling
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Kobrin Securities, Inc.

❶ -Minimum 1,500,000 shares.

Data Realty, Inc. has no operating history. It intends to establish a nationwide network of commercial real estate brokers through a computer and telecommunications network. The program centers around a comprehensive software package designed to automate all basic aspects of commercial real estate brokerage. The software package was designed and is used by Sussman-Bielat Realty Agency, Inc., the principals of which are the parents of Data Realty. Sussman-Bielat has assigned all rights to the software to Data Realty for no consideration. Inc.: March 20, 1981. Employees: four, none full-time. Chairman: Barry Bielat. President and C.E.O.: Jeff Sussman. Address: 2002 Sunset Avenue, Wanamassa, N.J. (201-988-2400). *R.E.U.*

## FAMILY HEALTH SYSTEMS, INC.

**Shares:** 400,000 (All **by company**)
**Est. Price:** $7.50 **Est. Date:** Early Sept.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Cralin & Co., Inc.

Family Health Systems is a development-stage company that plans to provide services to professional corporations operating full-service dental centers, including the leasing and improvement of office space, administrative, business and financial advisory, and marketing services, and the procurement of office and dental equipment and supplies. It also plans to operate, or provide services to groups that operate, emergency medical centers. On May 1, 1983 the company signed a five-year, nine-month adminstrative marketing agreement with a professional dental corporation that will provide revenues of $1,040,000 annually. In the two months following commencement of operations on May 1st, revenues were $180,000 and net income was 7¢ a share. President: Dr. Phillip Hirschhorn. Address: 1 Woodbridge Center, Woodbridge, N.J. 07095 (201- 636-0600). *R.E.U.*

## FIRST INTERMOUNTAIN HOLDING CORP.

**Shares:** 30,000,000 (All **by company**)
**Est. Price:** $.10 **Est. Date:** Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Olsen & Co.

❶ -Minimum 15 mill. shares.

First Intermountain Holding Corp. was organized on February 1, 1983, for the purpose of acquiring a substantial or controlling interest in financial institutions, primarily a small commercial bank, and possibly industrial loan corporations, savings and loan firms, mortgage companies, or related financial companies. No negotiations are currently under way with respect to such acquisitions. The company plans to seek investments with long-term growth potential rather than immediate income. Two of its officers have substantial banking experience. The company has no operating history. Employees: 1. President: Jay R. Tugaw. Address: 440 East 400 South, Suite 300, Salt Lake City, Utah 84111 (801-355-1224). Proposed NASDAQ Symbol: FIHC. *R.E.U.*

## FLEXCEL INTERNATIONAL, INC.

**Shares:** 12,000,000 (All **by company**)
**Est. Price:** $.10 **Est. Date:** Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Not Underwritten

❶ -Minimum 8,000,000 shs.

Flexcel International was organized on February 8, 1983 and has had no revenues to date. It was formed to develop and market a self-contained liquid dispenser, known as the FLEXCEL, with such potential applications as providing refueling capabilities for vehicles at remote locations and providing fuel and water for military, civil defense, disaster relief, industrial, agricultural, and commercial purposes. Several prototypes have been manufactured by The Gates Rubber Co. for testing purposes. The product's potential market will probably be limited to the military, civil defense, and disaster authorities. The rights to the Flexcel concept were acquired by the company from Yuram Curiel, the inventor, for $112,000. Employees: 2. President: Francis J. Kelly. Address: 12596 West Bayand, Lakewood, Colorado 80228 (303-985-9898). *R.E.U.*

## FOXMOOR INTERNATIONAL FILMS

**Shares:** 10,000,000 (All **by company**)
**Est. Price:** $.25 **Est. Date:** Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Rigel Securities, Inc.

❶ -Minimum 6,000,000 shares.

Foxmoor International Films is a development-stage company that was formed in December 1981 to provide development financing for variety specials, television movies, and motion pictures for theatrical, cable television, and independent and network television markets. The company's activities to date have consisted of the establishment of a creative advisory board, the acquisition of interests in literary material for further development, and the acquisition of equity capital. Since its inception, it has lost $96,213 on revenues (interest income) of $4,496. Foxmoor currently has an interest in four properties that are in various stages of development. The proceeds from this offering will be used to complete the development of these properties and also to acquire and finance the development of additional properties. Inc.: Dec. 14, 1981. Pres.: W. Ross C. Corace. Address: 4105 East Florida Avenue, Suite 205, Denver, Colorado 80222 (303-759-4626). *J.A.C.*

## HIGH PLAINS GENETICS, INC.

**Units:** 15,000,000 (All **by company**)
**Est. Price:** $.10 **Est. Date:** Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** North Hills Investors

❶ -Minimum 12 mill. units.

High Plains Genetics, Inc. is a development-stage company organized to engage in cattle embryo transfer operations, semen collection services, artificial insemination, research and other activities related to the breeding and maintenance of animals. Operating revenues to date have not been significant. The company plans to commence construction of a semen collection center upon completion of this offering. Research activities are planned in the areas of freezing, dividing, and cloning of cattle embryos and will be conducted primarily through grants to colleges and universities. Inc.: May 1982. Employees: 2. Pres.: Lawrence B. Hollers. Address: South Highway 20, Cody NE 69211 (402-823-4282). **(Description of units:** Each consists of one common share and one warrant. Two warrants entitle the purchase of one share at a price of 16¢ during a period of 180 days commencing six months after the effective date of the prospectus.) *R.F.S.*

## LIFE AID CORP.

**Units:** 30,000,000 (All **by company**)
**Est. Price:** $.10 **Est. Date:** Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** SE Sec. of Florida, Inc.

❶ -Minimum 20 million units.

Life Aid Corp. is in the initial stages of development and has not yet commenced commercial operations. Upon completion of this offering, the company expects to package and market a medical alert monitoring device under the trade name "LIFEAID 2000". This device will be marketed through the medical community for installation in the homes of ill, handicapped, or elderly persons. Upon being activated by the subscriber, the LIFEAID 2000 will alert the company's central monitoring office (not yet established), which will in turn try to contact the subscriber and, if necessary, alert local medical and/or police personnel. Inc.: April 25, 1983. No full-time employees (staff buildup planned after offering). Chrmn.: Peter Z. Rosner. Pres.: Victor R. Zahn. Address: 1414 Avenue of the Americas, N.Y., N.Y. 10019 (212-371-2625). (**Description of units:** Each consists of one share of common and one warrant. Two warrants entitle the holder to purchase one share of common at $.20 each.) *R.E.U.*

## MEDCAN, INC.

**Shares:** 5,000,000 (All **by company**)
**Est. Price:** $.50 **Est. Date:** Mid-Late August
**Type of Offering:** Best Efforts (All or None)
**Managing Underwriters:** Richey Frankel & Co.

Medcan, Inc. is a development-stage company formed in March 1983 to market through licensing agreements products owned by other companies. Only organizational business operations have been conducted to date. The company has acquired the exclusive right to market all of the medical products of Summa Medical Corp. in Mexico, the Bahamas, Central and South America, and the Caribbean, excluding Puerto Rico and the United States Virgin Islands. Summa is a publicly-held firm engaged in the development, acquisition, and proposed manufacture of products intended for the clinical diagnosis and precise location of cancer, as well as other related medical products. Medcan will need to obtain necessary governmental marketing and regulatory approval in its licensed market areas. Employees: 6 (upon completion of this offering). Chrmn.: Richard P. Montoya. Pres.: Vincent C. Villanueva. Address: 5659 Kircher Blvd., N.E., Suite E, Albuquerque, NM 87109 (505-345-3424). *R.F.S.*

## MEDICAL STERILIZATION, INC.

**Shares:** 900,000 (All **by company**) ❶❷
**Est. Price:** $5.00 **Est. Date:** Mid-Late Aug.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** D.H. Blair & Co., Inc.

❶ -Excl. overallotment option (90,000 shares). ❷ -Includes 270,000 shares to be sold to American Sterilizer Co.

Medical Sterilization, Inc. (MSI) is a development-stage company that was organized to provide sterilization services to hospitals. In addition, the company plans to purchase and provide its client hospitals with commonly used sterilizable items (surgical instruments, utensils, and other items). MSI's facility is to be located in the New York metropolitan area and will be equipped to provide sterilization using steam, ethylene oxide ( EtO), and radiation by electron and X-ray. The proceeds from this offering will be used to establish this facility, which is expected to be completed within 15 months of the offering. The company will also offer to hospitals, on a limited basis, a disposal service for bio-hazardous waste. Since its inception, MSI has engaged only in start-up activities and has not generated any revenues. It currently has no contracts nor has it solicited any contracts for its services. Inc.: May 1982. Employees: 2. Pres.: Kennard H. Morganstern. Address: 1044 Northern Blvd., Roslyn, N.Y. 11576 (516-627-8810). *J.A.C.*

## MULTIVEST CORPORATION

**Units:** 1,500,000 (All **by company**)
**Est. Price:** $1.00 **Est. Date:** Currently Selling
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Marsan Securities Co., Inc.

❶ -Minimum 750,000 units.

Multivest Corp. has no operating history to date. It intends to provide consulting services as to methods of obtaining financing and with regard to mergers and acquisitions; obtain debt and/or equity financing for clients, including the provision of short-term loans made by the company; and prepare financial documents for and take equity positions in some of its prospective clients. Multivest will limit its equity investments to under 40% of total assets so as to avoid being classified as an investment holding company. The offering is essentially a blind pool as the company has not defined specific uses for the proceeds of the offering. Inc.: January 31, 1983. Employees: 1. Pres.: Barry Pomerantz. Address: 28 Cedarhurst Avenue, Lawrence, N.Y. 11559 (516-569-0009). (**Description of units:** Each consists of one share of common stock and one warrant to purchase an additional share at $1.25 for a three-month period from June 28th and $1.50 for the subsequent three-month period.) *R.E.U.*

## NUTRI*BEVCO, INC.

**Shares:** 80,000,000 (All **by company**)
**Est. Price:** $.05 **Est. Date:** Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Southeast Sec. of Florida

❶ -Minimum 40,000,000 shs.

Nutri*Bevco, Inc. was organized in 1977 to manufacture, market, and sell a line of nutritional food supplement drink mixes. To date, the company has been engaged in development and field testing activities and has not generated any operating revenues. The company intends to establish a facility to manufacture and package its products and expects to commence commercial production approximately five months after the completion of this offering. Marketing efforts will initially be concentrated in the Middle Atlantic states primarily through food brokers and distributors as well as a direct sales force. Employees: 2. President and Chairman: James F. Rafferty. Address: 767 Third Avenue, New York, NY 10017. (212-308-0021). *R.F.S.*

## PREFERRED HEALTH CARE CORP.

**Shares:** 700,000 (All **by company**) ❶
**Est. Price:** $6.00 **Est. Date:** Mid-Late Aug.
**Type of Offering:** Firm Commitment
**Managing Underwriters:** D.H. Blair & Co.

❶ -Excl. overallotment option (70,000 shares).

Preferred Health Care Corp. was organized in May 1983 to provide clinical and non-clinical professional services to private and public mental health care facilities, hospitals, and geriatric facilities. In addition, the company will seek to market and provide psychiatric services to large collective purchasers such as corporations, unions, and health maintenance organizations on a prepaid, per capita, fixed fee, or other basis. Its only advisory services agreement to date is with Four Winds, Inc., the company's sole stockholder, and will be effective upon completion of this offering. In accordance with the agreement, the company has allocated $1.8 million of the net proceeds to provide a 10-year subordinated loan to Four Winds. Employees: 10. Chrmn.: Jay Steven Reibel, M.D. Pres.: Samuel Charles Klagsbrun, M.D. Address: Four Winds Hospital, Katonah, NY 10538 (914-763-8151). *R.F.S.*

## ROBOTRONIX CORP.

**Units:** 4,000,000 (All **by company**)
**Est. Price:** $.25 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Best Efforts (All or None)
**Managing Underwriters:** G.K. Scott & Co., Inc.

Robotronix is a development-stage company that plans to provide electronic mail services through the U.S. Postal Service's new Electronic Computer-Oriented Mail (ECOM), to develop market-specific trade and business publications, and to operate a direct marketing service. It has no operating history and believes that it may require additional external financing in the next 12 months. Inc.: February 1, 1983. Currently no full-time employees (president will devote 50% of his time to the company). President: Malcolm R. White. Address: 5041 Admiral Wright Road, Virginia Beach, VA. 23462. (804-490-9653). (**Description of units:** Each consists of one share of common stock and one warrant entitling the holder to purchase an additional common share at 50¢ for a six-month period commencing on the effective date of this offering.) *R.E.U.*

## SATELLITE INFORMATION SYSTEMS CO.

**Shares:** 5,500,000 (All **by company**)
**Est. Price:** $.50 **Est. Date:** Early-Mid August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Wall Street West

❶ -Minimum—3 mill. shares.

Satellite Information Systems has not yet commenced operations. It was organized on Septemer 29, 1982 to implement and market under the trade name "SISCOM" low-cost, high-reliability data broadcast networks that will link existing satellite broadcast channels to local common carrier networks. The feasibility of such networks is still being investigated by the company. It also leases communications equipment, which it acquired for common stock, and plans to acquire and lease additional equipment by forming leasing partnerships. Employees: Two Chairman: C. Gary Skartvedt. President and Chief Executive Officer: Robert L. Lovely. Address: 2525 West 6th Avenue, Denver, Colorado 80204 (303-629-1744). *R.E.U.*

## SILICON VALLEY BANCSHARES

**Shares:** 500,000 (All **by company**)
**Est. Price:** $10 **Est. Date:** Currently Selling
**Type of Offering:** Best Efforts (All or None)
**Managing Underwriters:** Not Underwritten

Silicon Valley Bancshares was established for the purpose of becoming a bank holding company. As of this date, neither the holding company nor the bank have commenced operations. The company has applied to the Federal Reserve Board for the authority to become a bank holding company and its application to the California Superintendent of Banks to organize the bank was approved in February 1983. Upon completion of this offering, the company will use $4.75 million of the proceeds to provide the operating capital of the bank through the purchase of all of its outstanding shares. The bank will offer a full line of services to both individual and commercial customers and will be located in northeast San Jose in Santa Clara County, California. There is only one other bank office in its primary service area. Inc.: April 23, 1982. Pres.: Roger V. Smith. Address: 2262 North First Street, San Jose, CA. 95131 (408-943-9000). *J.A.C.*

## TRI-COMP SENSORS, INC.

**Units:** 2,000,000 (All **by company**)
**Est. Price:** $1.00 **Est. Date:** Late August
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Gattini & Co.

❶ -Minimum 1 mill. units.

Tri-Comp Sensors is a development-stage company engaged in the development, manufacture, and marketing of electronic products used in computer peripheral hardware known as rotary and linear position encoders; other electronic sensing devices used in machine tools and robotics; and electronic pressure transducers used in avionics, robotics, and other applications. The company recently began marketing its product lines, though they are still under development. It has already received several firm orders totaling $216,000, which it expects to ship by the end of 1983. In the year ended December 31, 1982, Tri-Comp sustained losses of $491,017, or 10¢ a share. Inc.: August 4, 1981. Employees: 9. Chrmn. & C.E.O.: Ralph L. Vaerst. Pres.: Johan Van de Polder. Address: 2368 (D) Walsh Ave., Santa Clara, CA 95051 (408-988-6050). **(Description of units:** Each consists of one common share and one warrant exercisable at $1.25 a share until June 30, 1985.) *R.E.U.*

## UNITED STATES RESEARCH LABS, INC.

**Shares:** 500,000 (All **by company**)
**Est. Price:** $5.00 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Not Underwritten

❶ -Minimum 250,000 shares.

United States Research Laboratories, Inc. is a development-stage company organized to develop advanced energy and medical technologies. Upon completion of this offering, the company plans to commence marketing of an electronic testing device for quantitatively measuring the sensitivity of tumor cells to anti-cancer drugs. The company also intends to enter into goal-oriented research contracts with scientists and professors in the area of computer-aided drug design technologies. In addition, the company is seeking to secure revenue bond funding for an electromagnetic ground transportation system from Los Angeles to Las Vegas. To power the proposed system, a portion of the proceeds from this offering will be used to construct a geothermal powered electric generation facility. Inc.: July 1982. Employees: Not available. Chairman and President: Warren W. Wingad. Add.: 1123 N. Eutow St. Baltimore, MD 21201. *R.F.S.*

## U.S. SAFETY DEPOSIT CORP.

**Shares:** 1,000,000 (All **by company**)
**Est. Price:** $3.00 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Best Efforts (All or None)
**Managing Underwriters:** Mostel & Taylor Securities

U.S. Safety Deposit Corp. offers individual and commercial customers safety deposit boxes and lockers with 24-hour-a-day, seven-day-a-week access. The company presently has one vault located in midtown Manhattan with a total of 2,500 boxes and lockers. As of May 15, 1983, 20% of these boxes were rented. Although its marketing strategy is directed toward soliciting commercial customers, most of the company's current customers are individuals. So far, the company has operated at a loss. Management believes that in order for U.S. Safety Deposit to be profitable it must increase its number of available safety deposit boxes. A portion of the proceeds from this offering will be used for this expansion. Founded: January 1982. Employees: 3. Pres.: Richard Goldberg. Address: 609 Fifth Avenue, New York, New York 10017 (212-355-0961). Proposed NASDAQ symbol: USSD. *J.A.C.*

## VERDIX CORP.

**Shares:** 2,000,000 (All **by company**)
**Est. Price:** $2.00 **Est. Date:** Currently Selling
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Sec. Clearing of Colorado
❶ -Minimum 1.6 mill. shares.

Verdix Corp. was formed in July 1982 to design, develop, manufacture, and market a powerful, multi-level secure computer system. The company anticipates it will take at least two years to develop a secure computer system in prototype. It also tentatively expects to begin marketing in the first quarter of 1984 a nonsecure system, as well as a portable microcomputer system developed under contract by a third party. The company is also working on software development tools for the Ada programming language which is expected to become the Defense Department's single standard programming language for all mission-critical computer systems. Inc.: July 1982 as Linvs Computer Systems, Inc.; October 1982 changed to Axiom Systems Corp.; February 1983 assumed current name. Employees: 14 (11 full-time). Pres.: George Cowan. Address: 7655 Old Springhouse Road, McLean, Virginia 22102 (703-448-1980). Proposed NASDAQ symbol: VRDX. *R.C.H.*

## WORLD IMPORTS—U.S.A., INC.

**Units:** 20,000,000 (All **by company**)
**Est. Price:** $.05 **Est. Date:** Currently Selling
**Type of Offering:** Best Efforts (Minimum/Maximum) ❶
**Managing Underwriters:** Monarch Funding Corp.
❶ -Minimum—10 mill. units.

World Imports—U.S.A., Inc. was recently organized and is dependent on the proceeds of this offering in order to commence operations. It intends to act as a wholesale distributor of imported industrial parts and products, reusable and disposable medical products, consumer products, and textiles and apparel, primarily imported from the Far East. The company has not yet decided on its specific imports, and the president intends to travel to the Far East to make such a determination. None of the officers plan to devote significant time to daily operations, but they will be responsible for marketing, along with the four-person sales force of an affiliated company wholly owned by the president. Inc.: 1983. Employees: None. Pres.: Gustave T. Dotoli. Address: 166 Manchester Place, Newark, NJ 07104 (201-485-3200). (**Description of units**: Each unit consists of one common share plus a warrant for the purchase of an additional share for one year.) *E.B.E.*

## WORLD MAIL CENTER, INC.

**Shares:** 10,000,000 (All **by company**)
**Est. Price:** $.25 **Est. Date:** Late Aug.-Early Sept.
**Type of Offering:** Best Efforts (All or None)
**Managing Underwriters:** R.B. Marich, Inc.

World Mail Center, Inc. operates two private mail centers in Camarillo and Los Angeles, California. It currently plans to franchise mail centers utilizing its trademark and computerized operating procedures. Since its inception in September 1981, the company has recorded revenues of $559,857 and accumulated a deficit of $741,194. Its centers provide customers with convenient access to all the services of private couriers such as Emery Air Freight Corp. and Federal Express. The company has courier contracts with five services that grant it 20%-50% discounts. It adds a surcharge to shipments by other carriers and to U.S. Postal Service transactions. The centers turn over all letters and packages to the designated delivery service. Inc.: 1981. Employees: 7. Pres.: Dr. Clark Rex. Address: 1601 Carmen Drive, Camarillo, CA 93010 (805-987-8871). *E.B.E.*

## FOLLOW-UP REVIEWS

**The first regular edition of Follow-up Reviews is scheduled to appear in our October 3rd issue (three months following the initial public offering of Clayton Homes, the first of the Service's Recommended New Issues to come public). Thereafter all previously recommended new issues will be reviewed at regular three-month intervals from their date of initial public offering (more often if developments warrant). In the meantime, Value Line's current advice on all previously recommended new issues can be found in the "Summary of Open Recommendations" section of the Summary-Index (page 8 in this issue). A listing of all previously recommended new issues currently recommended for purchase in the aftermarket is also provided on the front page of the Summary-Index.**

**Pending the publication of the first regular edition of Follow-up Reviews, all noteworthy developments regarding previously recommended new issues will appear in the space below.**

. . . . The recent market slide has provided investors with an excellent opportunity to buy into some recent new issues at attractive prices. At present, four of our previously recommended new issues are selling below their initial offering prices and in our opinion represent attractive aftermarket purchases (see page 1 of the Summary-Index). It is not always necessary to get in on the initial offering in order to benefit from new issues.

. . . . Two Recommended New Issues have come public since our last issue: ***Crown Books Corp.*** at $25 (below its estimated range of $27-$30) and ***Information Science, Inc.*** at $17 (the low end of its estimated $17-$19 range).

. . . . Previously recommended ***Williams-Sonoma, Inc.*** reported a loss of 10¢ a share in its seasonally weak June quarter as compared with a loss of 4¢ a year earlier. Sales totaled $6.98 million, up 36% from a year ago. The company's shares are currently trading well above their initial offering price. We continue to rate them a Hold.

**NOTE: The Value Line New Issues Service is published the first and third Mondays of each month. The next issue will be published on Monday, September 5, 1983.**

# THE VALUE LINE NEW ISSUES SERVICE

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## RECOMMENDED NEW ISSUES — AUGUST 15, 1983

# DATASOUTH COMPUTER CORP.

**Business:** Datasouth Computer Corp. designs, manufactures, distributes and supports microprocessor-based heavy-duty, serial dot matrix impact printers and related products. These printers produce alphanumeric characters, graphics, and barcodes and are used primarily with personal and professional desk-top computers, distributed data processing systems, and word processors. Inc.: 1977. Employees: 140. Chairman & President: Milford R. Derrick. Address: 4216 Stuart Andrew Boulevard, Charlotte, N.C. 28210 (704-523-8500).

**Fiscal Year Ends: Dec. 31** — **6 mos. to 6/30**

| Year | 1980 | 1981 | 1982 | 1982 | 1983 |
|---|---|---|---|---|---|
| Sales ($mill.) | 1.36 | 6.22 | 12.5 | 5.91 | 8.92 |
| Pretax Margin | 16.0% | 24.8% | 26.0% | 25.4% | 29.2% |
| Tax Rate | 39.6% | 45.6% | 45.5% | 45.5% | 45.5% |
| Earn'gs per sh. ❷ | .03 | .14 | .35 | .16 | .28 |
| Avg. sh. (mill.) | 5.36 | 5.85 | 5.22 | 5.25 | 5.21 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❸ |
|---|---|---|
| Cash ($mill.) | 1.31 | — |
| W'rk'g Cap. ($mill.) | 5.34 | — |
| Current Ratio | 4.7 | — |
| L.T. Debt ($mill.) | .27 | *.27* |
| Sh. Eq. ($mill.) | 6.14 | *17.1* |
| Book Value sh. | 1.18 | *2.85* |
| Shs. Outst'g (mill.) | 5.21 | *6.01* |

❶ -Excl. overallotment option (135,000 shares).
❷ -Fully diluted.
❸ -Assumes maximum price.

**Shares:** 1,350,000 ( 800,000 **by company**) ❶
**Est. Price:** $13-$15
**Est. Date:** Late August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Dean Witter; Robinson Humphrey
**Proposed NASDAQ Symbol:** DSCC

*Datasouth Computer Corp.* is a rapidly growing manufacturer of serial dot matrix impact computer printers. In recent years, serial dot matrix impact printing has emerged as the most significant computer printing technology in terms of units shipped. The impetus behind its gains has been the use of microelectronics for systems control and improved printhead designs.

Serial dot matrix impact printers typically use an electromechanical printhead consisting of a number of print wires (nine in the case of Datasouth's products). These wires are controlled by electrical impulses that push them into an inked ribbon and thus create dots on the page. As the printhead containing the wires is moved across the page, the wires, arranged in a vertical column, are energized selectively by control electronics to print the desired character. These printers, with adequate programming, are capable of printing near letter quality print. They are typically designed with few moving parts to enhance reliability and durability, and are extremely versatile. Most can produce alphanumeric characters, elaborate graphics and barcodes.

Datasouth, which was the 10th-largest manufacturer of medium-speed printers in the United States last year, currently manufactures two serial dot matrix impact printers. The DS-180 Matrix Printer is a medium-speed (180 characters per second, or CPS) printer designed for applications where reliability and versatility are important features. Its suggested list price is $1,595. The DS-220 Multimode Matrix Printer is a multiple speed printer capable of operating at 220 CPS, 100 CPS, and 40 CPS, depending on the application and requirements of the user. It is designed for multipurpose business systems where either speed or high-quality print is desired. Its suggested list price is $1,995. Datasouth also manufactures two printer controllers, the DS-120 Terminal Controller and the DS-983 Interface Controller, which are designed to enhance the performance of certain printer terminals.

Datasouth's printers are used primarily with personal and professional desk-top computers, distributed data processing systems, and word processors. They can communicate, using either an RS-2326 or Centronics-type interface, with virtually any microcomputer. The market for such computers and systems has grown dramatically in recent years, and Datasouth has reaped the benefits. Mainly on the strength of the DS-180, its sales grew at a compounded annual rate of 131% from 1978 to 1982. Share earnings expanded 105% annually over the same period. Despite poor economic conditions, Datasouth's sales continued to expand rapidly (up 101% year to year) in 1982, reaching $12.5 million. Thanks largely to greater manufacturing efficiencies derived from increasing sales volumes, pretax margins rose to 26.0% from 24.8% in 1981. Share earnings rose 150%, to 35¢.

In the first six months of 1983, Datasouth achieved sales of $8.9 million, up 51% from the year ago level. Pretax margins, again aided by increasing manufacturing efficiencies, jumped nearly four percentage points, to 29.2%. This boosted share earnings to a 75% gain, to 28¢.

The DS-220 high-speed printer was introduced in May of this year and the company expects shipments to begin in the third (current) quarter. While this may have somewhat of an impact on sales of the less versatile DS-180, the company expects it to increase overall sales significantly. The DS-220 is best suited to data processing and word processing applications, whereas the less expensive DS-180 is largely targeted at the microcomputer market. Datasouth is also working on the development of a higher-speed version of the DS-220 that will utilize a printhead with two offset vertical columns of nine print wires each. Introduction is planned in 1984.

As of June 30, 1983, Datasouth was in solid financial condition. Cash and equivalents totaled $1.3 million, working capital stood at $5.3 million and the current ratio was 4.7. Long-term obligations of just $271,934 compared with $6.1 million of shareholders' equity. The proceeds from this offering are slated to pay for a $4 million expansion of manufacturing and office facilities and new equipment. The balance will be added to working capital.

Sales of microcomputers for both business and home use and word processors are expected to continue growing rapidly for years to come. Datasouth, with its printers geared toward this market, should benefit from this growth. We therefore consider these shares to be an attractive long-term investment at an offering price of up to $15. (The proposed offering price is $13-$15.) We do not recommend purchase above this level.

*R.E.U.*

# NANOMETRICS, INC.

**Business:** Nanometrics Inc. designs, manufactures, markets, and services microcomputer-based measurement and inspection systems used by integrated circuit manufacturers during wafer fabrication. The company is the leading producer worldwide of computerized systems that measure critical dimensions, principally film thickness and circuit line-width, of integrated circuits. Inc.: 1975. Employees: 132. Chairman and President: Vincent J. Coates. Address: 930 West Maude Avenue, Sunnyvale, CA 94086 (408-735-1044).

**Shares:** 2,100,000 (1,500,000 **by company**) ❶
**Est. Price:** $14-$16
**Est. Date:** Early-Mid September
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Lehman Brothers Kuhn Loeb; Hambrecht & Quist
**Proposed NASDAQ Symbol:** NANO

**Fiscal Year Ends: Dec. 31**

| Year | 1980 | 1981 | 1982 | 6 mos. to 6/30 1982 | 1983 |
|---|---|---|---|---|---|
| **Sales ($mill.)** | 13.5 | 13.9 | 13.3 | 6.09 | 9.66 |
| **Pretax Margin** | 34.2% | 25.0% | 5.7% | 10.6% | 19.7% |
| **Tax Rate** | 50.6% | 47.1% | 23.6% | 23.6% | 45.3% |
| **Earn'gs per sh.** | .38 | .31 | .09 | .08 | .16 |
| **Avg. sh. (mill.)** | 6.00 | 6.00 | 6.19 | 6.00 | 6.39 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❷ |
|---|---|---|
| **Cash ($mill.)** | 4.51 | — |
| **W'rk'g Cap. ($mill.)** | 9.35 | — |
| **Current Ratio** | 5.2 | — |
| **L.T. Debt ($mill.)** | — | — |
| **Sh. Eq. ($mill.)** | 9.99 | ***31.5*** |
| **Book Value sh.** | 1.57 | ***4.00*** |
| **Shs. Outst'g (mill.)** | 6.39 | ***7.89*** |

❶ -Excl. overallotment option (210,000 shs.).
❷ -Assumes maximum price.

After wallowing for two years in the depths of the worst recession of the post-war period, the U.S. economy is now recovering strongly. According to the Commerce Department, second-quarter economic growth proceeded at an impressive 8.7% annual rate (adjusted for inflation). As one might expect, a prime beneficiary of the improving business climate has been the semiconductor industry. In line with historical trends, its fortunes are closely paralleling those of the general economy.

*Nanometrics Inc.* is one of many firms that is already reaping dividends from the rebound in semiconductor orders. It is a supplier of microcomputer-based measurement and inspection systems used by integrated circuit manufacturers to improve circuit yields during the fabrication of silicon wafers. In addition, the company sells a line of microscope-based spectrophotometers (only 8% of 1982 sales) used to analyze microscopic samples of materials and substances.

For those not indoctrinated in the procedures followed in the manufacture of integrated circuits, the initial stage is the fabrication of silicon wafers. During this process, several layers of film are deposited sequentially on the wafer. Each is etched photolithographically with circuit patterns and precisely aligned. Nanometrics is the world's leading producer of computerized systems used to measure accurately and inspect critical physical dimensions of the circuit elements, including film thicknesses, circuit line-widths, and circuit pattern alignments. Its equipment enables a manufacturer to identify and correct deviations during the fabrication process, thereby increasing production yields. This becomes especially important in the manufacture of large scale integrated (LSI) and very large scale integrated (VLSI) circuits.

To date, the company has sold over 1,600 systems, almost all of which have utilized optical instrumentation. Optical systems can accurately measure the physical dimensions of the most advanced integrated circuits currently in use and are expected to be important tools in the measurement and inspection process for years to come. As technological advances continue to result in increasing circuit density, however, future generations of circuits are expected to have submicron (less than a millionth of a meter) line-widths, which cannot be measured optically. To measure accurately physical dimensions in the submicron range, scanning electron microscopes (SEMs) can be utilized. Nanometrics has developed the only commercially available field emission SEM (FESEM) system. It has the advantage of operating at low voltages to avoid damage to integrated circuit structures. The company's most advanced model, the CWIKSCAN III, began initial shipments in 1982.

Nanometrics has sold its systems to over 200 customers, including most of the world's major integrated circuit manufacturers. Marketing in the United States and Canada is conducted through a combination of direct salesmen (46% of total North American sales in 1982), distributors (18%), and independent sales representatives (36%). A majority of foreign sales (33% of total sales in 1982) have been made in Japan through the company's distributor, Tokyo Electron Ltd. Products are also marketed in Europe through two subsidiaries and an independent non-exclusive distributor.

For products other than FESEMs, service is provided by Nanometrics at its own facilities in Sunnyvale, California, and Wilton, Connecticut. The company also employs 15 full-time field service engineers for the service of its FESEM systems and other products.

Like most suppliers of equipment to integrated circuit manufacturers, Nanometrics has been strongly influenced by cyclical business conditions in the semiconductor industry. The company's sales increased substantially from $1.8 million in 1978 to $13.5 million in 1980. Earnings followed suit, rising from 5¢ to 38¢ a share over the same time span. The recession, however, began to take its toll as sales grew a modest 3% in 1981 and declined 5% in 1982. Profitability during this period was even harder hit. Rather than pare costs to the bone, the company made the decision to expand manufacturing, marketing, and research and development programs to lay the groundwork for expected future growth. Earnings slipped 18% in 1981, to 31¢, and dropped 71% further in 1982, to only 9¢.

The revival of the semiconductor industry that began in late 1982 has spelled substantially improving results in 1983. An accelerating orders pace has pushed sales 58% higher than a year ago through the first six months. Share earnings have shown even larger gains, increasing 100% year to year, to 16¢. At June 30th, Nanometrics' backlog stood at approximately $7.1 million, 61% above the yearend level and up 92% over the same time a year ago.

Nanometrics would appear to have bright long-term prospects as well. Rapidly expanding applications for integrated circuits suggest strong expansion in the semiconductor industry over the next three to five years. Demand for equipment such as Nanometrics' to meet production needs and enhance productivity should increase at least as fast.

As of June 30, 1983, Nanometrics was in solid financial condition. Cash and equivalents totaled $4.5 million, working capital stood at $9.3 million, and current assets outweighed current liabilities by a ratio of 5.2 to 1. The company had no long-term debt, compared to stockholders' equity of $10.0 million.

Nanometrics proposes to offer 2.1 million common shares, 600,000 by certain selling shareholders. Net proceeds will be used principally to acquire, expand, and equip facilities in the United States and abroad, as well as for working capital. At an estimated offering price of $14-$16, these shares are not cheap in relation to recent earnings. But in view of the recent upturn in the semiconductor industry and the company's growth prospects, we consider them an attractive, long-term investment. We recommend purchase, but not at a price above $16.

*R.F.S.*

# THE VALUE LINE NEW ISSUES SERVICE

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## RECOMMENDED NEW ISSUES — AUGUST 15, 1983

# DATASOUTH COMPUTER CORP.

**Business:** Datasouth Computer Corp. designs, manufactures, distributes and supports microprocessor-based heavy-duty, serial dot matrix impact printers and related products. These printers produce alphanumeric characters, graphics, and barcodes and are used primarily with personal and professional desk-top computers, distributed data processing systems, and word processors. Inc.: 1977. Employees: 140. Chairman & President: Milford R. Derrick. Address: 4216 Stuart Andrew Boulevard, Charlotte, N.C. 28210 (704-523-8500).

**Fiscal Year Ends: Dec. 31**

| | | | | 6 mos. to 6/30 | |
|---|---|---|---|---|---|
| **Year** | **1980** | **1981** | **1982** | **1982** | **1983** |
| **Sales ($mill.)** | 1.36 | 6.22 | 12.5 | 5.91 | 8.92 |
| **Pretax Margin** | 16.0% | 24.8% | 26.0% | 25.4% | 29.2% |
| **Tax Rate** | 39.6% | 45.6% | 45.5% | 45.5% | 45.5% |
| **Earn'gs per sh. ❷** | .03 | .14 | .35 | .16 | .28 |
| **Avg. sh. (mill.)** | 5.36 | 5.85 | 5.22 | 5.25 | 5.21 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❸ |
|---|---|---|
| **Cash ($mill.)** | 1.31 | — |
| **W'rk'g Cap. ($mill.)** | 5.34 | — |
| **Current Ratio** | 4.7 | — |
| **L.T. Debt ($mill.)** | .27 | ***.27*** |
| **Sh. Eq. ($mill.)** | 6.14 | ***17.1*** |
| **Book Value sh.** | 1.18 | ***2.85*** |
| **Shs. Outst'g (mill.)** | 5.21 | ***6.01*** |

❶ -Excl. overallotment option (135,000 shares).
❷ -Fully diluted.
❸ -Assumes maximum price.

**Shares:** 1,350,000 ( 800,000 **by company**) ❶
**Est. Price:** $13-$15
**Est. Date:** Late August
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Dean Witter; Robinson Humphrey
**Proposed NASDAQ Symbol:** DSCC

*Datasouth Computer Corp.* is a rapidly growing manufacturer of serial dot matrix impact computer printers. In recent years, serial dot matrix impact printing has emerged as the most significant computer printing technology in terms of units shipped. The impetus behind its gains has been the use of microelectronics for systems control and improved printhead designs.

Serial dot matrix impact printers typically use an electromechanical printhead consisting of a number of print wires (nine in the case of Datasouth's products). These wires are controlled by electrical impulses that push them into an inked ribbon and thus create dots on the page. As the printhead containing the wires is moved across the page, the wires, arranged in a vertical column, are energized selectively by control electronics to print the desired character. These printers, with adequate programming, are capable of printing near letter quality print. They are typically designed with few moving parts to enhance reliability and durability, and are extremely versatile. Most can produce alphanumeric characters, elaborate graphics and barcodes.

Datasouth, which was the 10th-largest manufacturer of medium-speed printers in the United States last year, currently manufactures two serial dot matrix impact printers. The DS-180 Matrix Printer is a medium-speed (180 characters per second, or CPS) printer designed for applications where reliability and versatility are important features. Its suggested list price is $1,595. The DS-220 Multimode Matrix Printer is a multiple speed printer capable of operating at 220 CPS, 100 CPS, and 40 CPS, depending on the application and requirements of the user. It is designed for multipurpose business systems where either speed or high-quality print is desired. Its suggested list price is $1,995. Datasouth also manufactures two printer controllers, the DS-120 Terminal Controller and the DS-983 Interface Controller, which are designed to enhance the performance of certain printer terminals.

Datasouth's printers are used primarily with personal and professional desk-top computers, distributed data processing systems, and word processors. They can communicate, using either an RS-2326 or Centronics-type interface, with virtually any microcomputer. The market for such computers and systems has grown dramatically in recent years, and Datasouth has reaped the benefits. Mainly on the strength of the DS-180, its sales grew at a compounded annual rate of 131% from 1978 to 1982. Share earnings expanded 105% annually over the same period. Despite poor economic conditions, Datasouth's sales continued to expand rapidly (up 101% year to year) in 1982, reaching $12.5 million. Thanks largely to greater manufacturing efficiencies derived from increasing sales volumes, pretax margins rose to 26.0% from 24.8% in 1981. Share earnings rose 150%, to 35¢.

In the first six months of 1983, Datasouth achieved sales of $8.9 million, up 51% from the year ago level. Pretax margins, again aided by increasing manufacturing efficiencies, jumped nearly four percentage points, to 29.2%. This boosted share earnings to a 75% gain, to 28¢.

The DS-220 high-speed printer was introduced in May of this year and the company expects shipments to begin in the third (current) quarter. While this may have somewhat of an impact on sales of the less versatile DS-180, the company expects it to increase overall sales significantly. The DS-220 is best suited to data processing and word processing applications, whereas the less expensive DS-180 is largely targeted at the microcomputer market. Datasouth is also working on the development of a higher-speed version of the DS-220 that will utilize a printhead with two offset vertical columns of nine print wires each. Introduction is planned in 1984.

As of June 30, 1983, Datasouth was in solid financial condition. Cash and equivalents totaled $1.3 million, working capital stood at $5.3 million and the current ratio was 4.7. Long-term obligations of just $271,934 compared with $6.1 million of shareholders' equity. The proceeds from this offering are slated to pay for a $4 million expansion of manufacturing and office facilities and new equipment. The balance will be added to working capital.

Sales of microcomputers for both business and home use and word processors are expected to continue growing rapidly for years to come. Datasouth, with its printers geared toward this market, should benefit from this growth. We therefore consider these shares to be an attractive long-term investment at an offering price of up to $15. (The proposed offering price is $13-$15.) We do not recommend purchase above this level.

*R.E.U.*

# NANOMETRICS, INC.

**Business:** Nanometrics Inc. designs, manufactures, markets, and services microcomputer-based measurement and inspection systems used by integrated circuit manufacturers during wafer fabrication. The company is the leading producer worldwide of computerized systems that measure critical dimensions, principally film thickness and circuit linewidth, of integrated circuits. Inc.: 1975. Employees: 132. Chairman and President: Vincent J. Coates. Address: 930 West Maude Avenue, Sunnyvale, CA 94086 (408-735-1044).

**Shares:** 2,100,000 (1,500,000 **by company**) ❶
**Est. Price:** $14-$16
**Est. Date:** Early-Mid September
**Type of Offering:** Firm Commitment
**Managing Underwriters:** Lehman Brothers Kuhn Loeb; Hambrecht & Quist
**Proposed NASDAQ Symbol:** NANO

**Fiscal Year Ends: Dec. 31**

| Year | 1980 | 1981 | 1982 | 6 mos. to 6/30 1982 | 1983 |
|---|---|---|---|---|---|
| Sales ($mill.) | 13.5 | 13.9 | 13.3 | 6.09 | 9.66 |
| Pretax Margin | 34.2% | 25.0% | 5.7% | 10.6% | 19.7% |
| Tax Rate | 50.6% | 47.1% | 23.6% | 23.6% | 45.3% |
| Earn'gs per sh. | .38 | .31 | .09 | .08 | .16 |
| Avg. sh. (mill.) | 6.00 | 6.00 | 6.19 | 6.00 | 6.39 |

**Capital Structure:**

| | 6/30/83 | ❶Adj.❷ |
|---|---|---|
| Cash ($mill.) | 4.51 | — |
| W'rk'g Cap. ($mill.) | 9.35 | — |
| Current Ratio | 5.2 | — |
| L.T. Debt ($mill.) | — | — |
| Sh. Eq. ($mill.) | 9.99 | *31.5* |
| Book Value sh. | 1.57 | *4.00* |
| Shs. Outst'g (mill.) | 6.39 | *7.89* |

❶ -Excl. overallotment option (210,000 shs.).
❷ -Assumes maximum price.

After wallowing for two years in the depths of the worst recession of the post-war period, the U.S. economy is now recovering strongly. According to the Commerce Department, second-quarter economic growth proceeded at an impressive 8.7% annual rate (adjusted for inflation). As one might expect, a prime beneficiary of the improving business climate has been the semiconductor industry. In line with historical trends, its fortunes are closely paralleling those of the general economy.

*Nanometrics Inc.* is one of many firms that is already reaping dividends from the rebound in semiconductor orders. It is a supplier of microcomputer-based measurement and inspection systems used by integrated circuit manufacturers to improve circuit yields during the fabrication of silicon wafers. In addition, the company sells a line of microscope-based spectrophotometers (only 8% of 1982 sales) used to analyze microscopic samples of materials and substances.

For those not indoctrinated in the procedures followed in the manufacture of integrated circuits, the initial stage is the fabrication of silicon wafers. During this process, several layers of film are deposited sequentially on the wafer. Each is etched photolithographically with circuit patterns and precisely aligned. Nanometrics is the world's leading producer of computerized systems used to measure accurately and inspect critical physical dimensions of the circuit elements, including film thicknesses, circuit line-widths, and circuit pattern alignments. Its equipment enables a manufacturer to identify and correct deviations during the fabrication process, thereby increasing production yields. This becomes especially important in the manufacture of large scale integrated (LSI) and very large scale integrated (VLSI) circuits.

To date, the company has sold over 1,600 systems, almost all of which have utilized optical instrumentation. Optical systems can accurately measure the physical dimensions of the most advanced integrated circuits currently in use and are expected to be important tools in the measurement and inspection process for years to come. As technological advances continue to result in increasing circuit density, however, future generations of circuits are expected to have submicron (less than a millionth of a meter) line-widths, which cannot be measured optically. To measure accurately physical dimensions in the submicron range, scanning electron microscopes (SEMs) can be utilized. Nanometrics has developed the only commercially available field emission SEM (FESEM) system. It has the advantage of operating at low voltages to avoid damage to integrated circuit structures. The company's most advanced model, the CWIKSCAN III, began initial shipments in 1982.

Nanometrics has sold its systems to over 200 customers, including most of the world's major integrated circuit manufacturers. Marketing in the United States and Canada is conducted through a combination of direct salesmen (46% of total North American sales in 1982), distributors (18%), and independent sales representatives (36%). A majority of foreign sales (33% of total sales in 1982) have been made in Japan through the company's distributor, Tokyo Electron Ltd. Products are also marketed in Europe through two subsidiaries and an independent non-exclusive distributor.

For products other than FESEMs, service is provided by Nanometrics at its own facilities in Sunnyvale, California, and Wilton, Connecticut. The company also employs 15 full-time field service engineers for the service of its FESEM systems and other products.

Like most suppliers of equipment to integrated circuit manufacturers, Nanometrics has been strongly influenced by cyclical business conditions in the semiconductor industry. The company's sales increased substantially from $1.8 million in 1978 to $13.5 million in 1980. Earnings followed suit, rising from 5¢ to 38¢ a share over the same time span. The recession, however, began to take its toll as sales grew a modest 3% in 1981 and declined 5% in 1982. Profitability during this period was even harder hit. Rather than pare costs to the bone, the company made the decision to expand manufacturing, marketing, and research and development programs to lay the groundwork for expected future growth. Earnings slipped 18% in 1981, to 31¢, and dropped 71% further in 1982, to only 9¢.

The revival of the semiconductor industry that began in late 1982 has spelled substantially improving results in 1983. An accelerating orders pace has pushed sales 58% higher than a year ago through the first six months. Share earnings have shown even larger gains, increasing 100% year to year, to 16¢. At June 30th, Nanometrics' backlog stood at approximately $7.1 million, 61% above the yearend level and up 92% over the same time a year ago.

Nanometrics would appear to have bright long-term prospects as well. Rapidly expanding applications for integrated circuits suggest strong expansion in the semiconductor industry over the next three to five years. Demand for equipment such as Nanometrics' to meet production needs and enhance productivity should increase at least as fast.

As of June 30, 1983, Nanometrics was in solid financial condition. Cash and equivalents totaled $4.5 million, working capital stood at $9.3 million, and current assets outweighed current liabilities by a ratio of 5.2 to 1. The company had no long-term debt, compared to stockholders' equity of $10.0 million.

Nanometrics proposes to offer 2.1 million common shares, 600,000 by certain selling shareholders. Net proceeds will be used principally to acquire, expand, and equip facilities in the United States and abroad, as well as for working capital. At an estimated offering price of $14-$16, these shares are not cheap in relation to recent earnings. But in view of the recent upturn in the semiconductor industry and the company's growth prospects, we consider them an attractive, long-term investment. We recommend purchase, but not at a price above $16.

*R.F.S.*

JUNE 1988

# RETAIL INSTITUTE TODAY™

**It gives us great pleasure to share with you the inaugural issue of *Retail Institute Today*.**

The retail business in the 1980s has been characterized by extreme change and brutal struggles for market share. As a result, retail executives are facing more and more critical marketing decisions, based on anticipating what customers will buy, and when, that have immediate repercussions in the marketplace.

This publication will offer readers a fresh look at the industry's demands. We have provided information in three different areas: marketing ***insight*** into one of the most innovative technologies being used today in database marketing; consumer ***perspective*** in the recently released Elrick and Lavidge private label research study; and ***foresight*** for the third and fourth quarter retail trends along with interviews from three top executives regarding the upcoming Christmas season. Included also is an economic overview of what forecasters are predicting for the duration of 1988.

*Retail Institute Today* is designed to take an objective approach to the questions and issues shaping our business. Regular features will spotlight the most innovative and successful minds within the retail industry.

With this publication, GE Capital Retailer Financial Services underscores its commitment to providing the highest quality of service and support for the retail industry. Our charter is simple: we believe knowledge properly applied makes a competitive difference.

We welcome your comments and suggestions, which will enable us to incorporate the fullest possible coverage into future editions of *Retail Institute Today*.

*Foresight . . .*

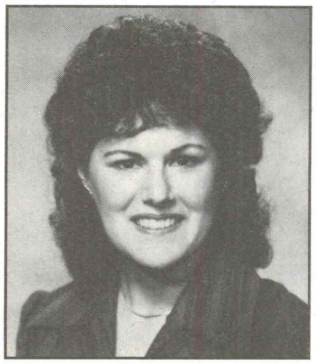
# Retailers Expectations For Christmas 1988

It won't be long before retail organizations begin gearing up for Christmas. *Retail Institute Today* talked with several major retailers to learn what they perceive to be early industry trends. Specifically, we wanted to know what is expected to sell well, how the economy will affect consumer spending and how merchandising will be used to attract shoppers this season.

Following are excerpts from interviews with three such retailers representing major market segments.

## Syms Clothing Corp.

### Ms. Marcy Syms–
**President and Chief Operating Officer**



"We expect that a three percent seasonal increase at Christmas time will be consistent with what's happening this year. That increase will most likely come from regular Syms customers who tend to buy more at Christmas and not really from first-timers or people who are looking for that 'special' gift.

"Overall, we don't expect any startling dip in the economy but we do expect shoppers to be a little bit more cautious about how they spend their money. Consequently, we will make it a management priority to pick up the level of store service at Christmas time and make the store as clean and appealing as possible.

"While specific clothing items don't necessarily sell better at Christmas time, certainly packaged items are more important. We make an effort to have smaller, prepacked goods like cologne/after shave combinations and small leather items. These are bought more on impulse. During the rest of the year we generally don't feature smaller items, except in leather goods, because they are easy to shoplift.

"The fourth quarter is our best quarter, as it is for all retailers, but it's not quite as heavily weighted as it is with regular-price stores that may not be as discount driven."

*Syms Corp., based in Secaucus, N.J., operates a chain of 22 off-price apparel stores in the Northeastern and Middle Atlantic regions, Georgia, Florida and the MidWest area. Additionally, the company operates Sulka, a prestigious retailer of men's fine haberdashery with shops in New York, San Francisco, Chicago, London and Paris. The company also operates Syms Advertising which creates and places all advertising for Syms Corp.*

## Jordan Marsh

### Mr. James Sullivan–
**Vice President, Fashion Merchandising Jordan Marsh New England**

"This Christmas we see four categories of items selling well. Novelty knits for men and women with giant printed patterns like snowflakes or abstract montages,

*(continued on pg. 2)*

## Retailers . . . (continued from pg. 1)

and luxury knits of cashmere, alpaca and mohairs will do well.

A second category is women's outerwear. Leather appears to be very strong and, more than likely, will have great desireability as Christmas 'ask for' and 'give' gifts.

The third category becoming more and more asked for by customers is novelty items which, not too long ago were kind of goofy, but since have become much more sophisticated. I think because they have, there is a much higher customer demand as gifts for the boss or for Dad. These are executive toys and desk toys, like the putt-n-golf that fits into a briefcase and the expandable adjustable golf club that gets to be about six different clubs.

Finally, a major category for Christmas that we are intensifying, is fine fragrances. We have been able to negotiate an exclusive deal to introduce Calvin Klein's new 'Eternity' fragrance. Being its headquarters should bring in a lot of customers.

We have always found that, even when we've been in a sluggish economy in the past, Christmas is emotional. People don't tend to 'scrimp' on Christmas. We also attract people who do not shop a traditional department store the year through, such as discount shoppers. That's basically because it's gift-giving and they want packaging that has that store's name on it.

This year's theme, 'Christmas in New England,' will be featured in a 140-page Christmas mailing book that includes virtually our entire product line from resort fashion to furs, jewelry to special gifts, children's toys to lingerie.

Overall, we are hoping for an even more successful Christmas than last year's which was the best one we've had in the company's history. We are certainly stocking our departments as such and look forward to a healthy season."

*Jordan Marsh New England owns and operates 26 department stores in Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut and Upstate New York. The company became part of the Campeau Corporation when Allied Stores was acquired in 1986.*

## Hess's

### Mr. Fred Bentelspacher– Senior Vice President, Marketing



"Overall, I think we're looking at a basic, value-buying type of Christmas. We feel customers, because of their perception of the economy, will spend dollars on no-frills merchandise. By 'no-frills,' I mean investment-type items like the sweater you can wear forever. We again believe it will be a traditionally good year for jewelry, whether it be gold, gem stones, pearls or diamonds. We have not seen a big resurgence of short skirts or dresses. I think that phase was overplayed by the market.

"I think that all the major retailers felt a little softness in sales in the first quarter. However, Presidential election years normally prove strong for third and fourth quarter sales. Even when the economy has been poor, we have found that customers continue to spend money because they want to provide their families with a good Christmas. That philosophy, combined with the fact that people are realizing there is not going to be a recession, will fuel the economy for the end of the third quarter and all of the fourth quarter.

"This year, we'll be looking to strengthen our point of sale decorations, signage and so on, to make it easier for the customer to buy certain categories of merchandise. Our stuffed bear this year is more of a glitz and a glamour bear. We're not getting into the $10 rat race, which will probably become a $5 one this year.

"We also intend to increase the number of sales personnel inside the stores. We'll put more people on the selling floor to try to take care of every customer that walks through the door.

"We have a gold card program that we began last August for customers purchasing $1,200 per year or more. We expect a great deal of success from this program, under which prestigious gold card holders receive an increased credit line, free gift wrap and a variety of other special benefits. In addition, the gold card customer is not charged a fee as they are with bankcards."

*Hess's is a 71-store chain, based in Allentown, Pa., with locations throughout Pennsylvania, New York, Virginia, Maryland, West Virginia, Tennessee, Kentucky, Indiana and Georgia. The company is a wholly-owned subsidiary of Crown American Corporation, the nation's 12th largest developer, based in Johnstown, Pa.*

*Insight . . .*

# Database: The Next Generation

Marketers are using supermarket product scanning technology to create a new generation of databases offering greatly expanded information on customers and their buying habits.

Ukrop's, a 19-store, privately-held supermarket chain based in Richmond, Va., expanded its database and tracking abilities by merging barcode technology with its old

*(continued on pg. 4)*

*Perspective . . .*

# Study Reveals Significant Benefits of Private Label Credit

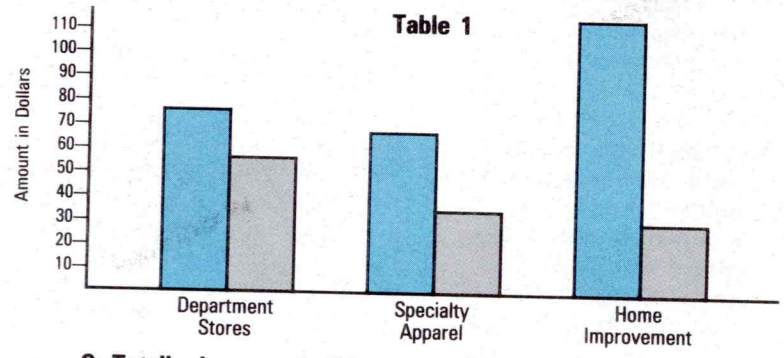
Customers with a department store credit card spend roughly twice as much, and rate the store higher on all aspects of customer service, than customers who do not have the card, according to a new nationwide survey on consumer buying.

The survey, conducted by Elrick and Lavidge, Inc., of Atlanta, an Equifax Company, provides the first statistical information on the differences between department store (private label) credit cards and other forms of payment.

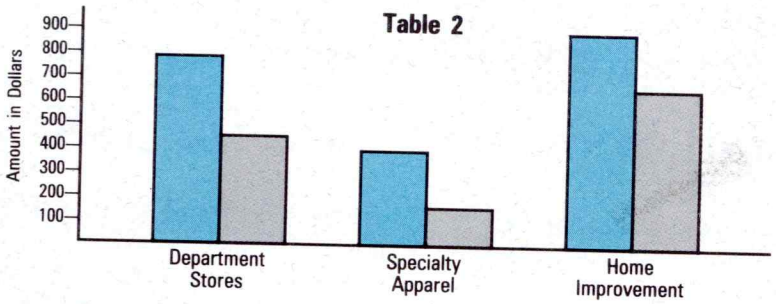
Along with department store shoppers, the survey included customers of specialty apparel and home improvement stores. Stronger buying patterns and higher satisfaction ratings, compared with all other means of purchase, were documented for private credit card holders in each of the three store categories.

The survey canvassed 2,080 retail customers nationwide, and compared private label (store) cards with all other forms of purchase, including cash, checks, American Express, Visa, and MasterCard. Among the survey's highlights are:

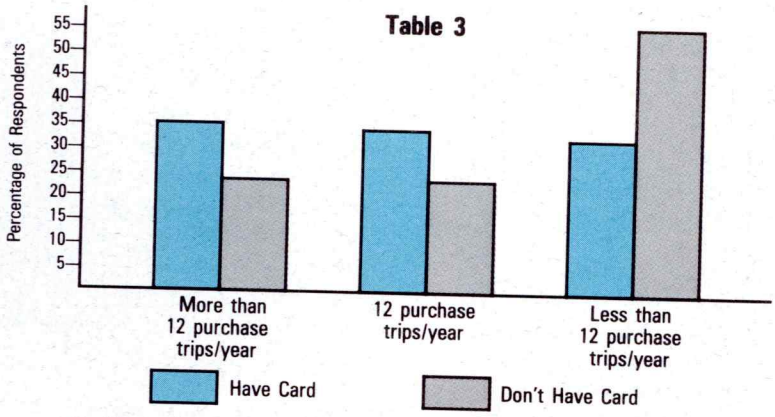
- Private credit card holders say they spend more per purchase than customers without a store card; specifically, they spend an estimated $21.90 more per purchase at department stores, $31.90 more at specialty apparel stores, and $89.30 more at home improvement stores (see table 1);
- Average annual purchases for private label customers are higher, too, than for customers without a store card—an estimated $351 higher at department stores, $160 higher at specialty apparel stores, and $266 higher at home improvement stores (see table 2);
- Customers with private label cards perceive the store more favorably than customers without the card. A total 56 percent of private card holders say the store is "better" than similar stores, compared with 38 percent of customers without the store card;




**Q: Totally, how much did you spend at this store today?**




**Q: About how much do you think you spend here per year?**




**Q: About how often do you purchase items at this store?**

- The frequency of purchase trips is significantly higher for store card holders. A total 35 percent of private label customers say they purchase items more than once a month, compared with 23 percent of customers without private label credit (see table 3);

The survey also tracked service quality based on five criteria: Overall service; good value for the money; good sales help; nice place to shop; and convenience of purchase. On all five points, customers with private label cards in each store category scored substantially higher than customers without the cards.

*Elrick and Lavidge, commissioned by GE Capital Retailer Financial Services, conducted the nationwide survey during December 1987 and January 1988.*

**Database . . .**
**(continued from pg. 2)**

check-cashing card program. As a result, under the Valued Customer Card program, 140,000 participating customers can enjoy savings from extensive coupon use without expending the time and effort normally required.

According to Marketing Manager Carol Beth Spivey, those customers receive a monthly statement by mail informing them of the month's "electronic" coupon specials. At the check-out counter, customers provide the cashier with their card, which has its own unique universal product code identifier on the back. Once the card is read by the scanning machine, purchased discounted items are automatically deducted from the cash register total.

Reaction from customers and packaged goods manufacturers has been favorable. And sales have increased about 10 to 15 percent since the program began, Spivey says, despite increased competition from larger supermarket chains which advertise heavily in area newspapers.

Marketing programs accessing this new technology are creating new opportunities with other retailers, too. The same card-scanning device at point-of-sale has potential for application in a wide range of merchandising, experts say.

Indeed, the retail and mail kiosks being tested today, as well as the shop-at-home channels, may only be forerunners of sources of information that are rapidly emerging in the everyday lifestyles of the American consumer.

Some manufacturers, like Panasonic, have new videocassette recorder models on the market which have a barcode reader actually attached to them. This reader enables consumers to program their VCR for the entire week by simply sliding it over the appropriate barcode listings provided by local cable companies' monthly program guide.

The same device may be applied in the near future to the shop-at-home concept, with the scanning technology attached to telephone or two-way cable systems that can be used with barcode catalogs.

Experts say these systems will revolutionize the amount and quality of information about buying power and buying habits of individuals, and that bringing these more advanced resources into focus is a major upcoming challenge for direct marketers.

*This story is based on an article written by Roy Schwedelson, CEO of WMI/ Worldata, a direct mail list brokerage and list management firm located in Jericho, NY, (516) 931-2442.*

*Portions of the story have been excerpted with permission from* Direct Marketing *magazine, 224 Seventh Street, Garden City, NY 11530, (516) 746-6700—March issue.*

*Foresight . . .*

# Analysts Say Retail Economy Safe for 1988

Economic forecasters are predicting that consumer buying will increase during the late summer.

One Fortune 500 firm believes consumers will respond favorably to auto makers and manufacturers' incentive programs to move end-of-model inventories. The Federal Reserve says general merchandise and department stores will fare better than specialty stores, as some retailers are pursuing aggressive markdowns to keep supplies under control.

Not all areas of retailing may share in the upswing later this year. Appliance and furniture sales, for example, could be hurt because analysts say housing sales are expected to drop 3.5 percent from 1987 levels. If consumers are not buying homes, the analysts say, they won't need furnishings either.

Overall, the outlook for retailing is promising. Analysts forecast business activity and overall economic growth are safe for the remainder of the year.

"A significant slowing of the economy, or recession, is unlikely until the second or third quarter of 1989," says Joseph Liro, vice president and money market economist for S. G. Warbug Securities Inc., in New York.

"The stock [market] collapse acted to blow off pressure in the economy, thereby suspending the eventual recession by six to nine months," he says.

When the Federal Reserve accelerated the money supply in January and February of this year, it provided capital for an economic expansion in the fall. It usually takes six to eight months for changes in the money supply to trickle through the economy and alter the level of the gross national product (GNP), according to Marc Chandler, a currency-futures analyst with Dean Witter Reynolds in Chicago.

At some point, analysts say, higher interest rates will choke off growth in the economy, but that won't be for a while. They also predict a rise in the prime lending rate to 10.5 percent by year end, with the 52-week Treasury bill and 30-year Treasury bond moving higher by about a quarter of a point each quarter in the remaining year.

Analyst Liro of Warburg Securities says that if U.S. manufacturers' order books stay robust, and if manufacturers continue to find markets for their products, they will be able to tolerate interest rates of over 10 percent.

**Retail Institute Today**
President: S. Matthew Tanzy
Editor: Josette J. Ghizzoni

*Retail Institute Today* is published by GE Capital Retailer Financial Services. Retailer Financial Services is the world's leading supplier of private label credit, with headquarters at 260 Long Ridge Road, Stamford, CT 06902, telephone (203) 357-4000.

This is the latest Research Report on your Company

By

# THE VALUE LINE
## INVESTMENT SURVEY

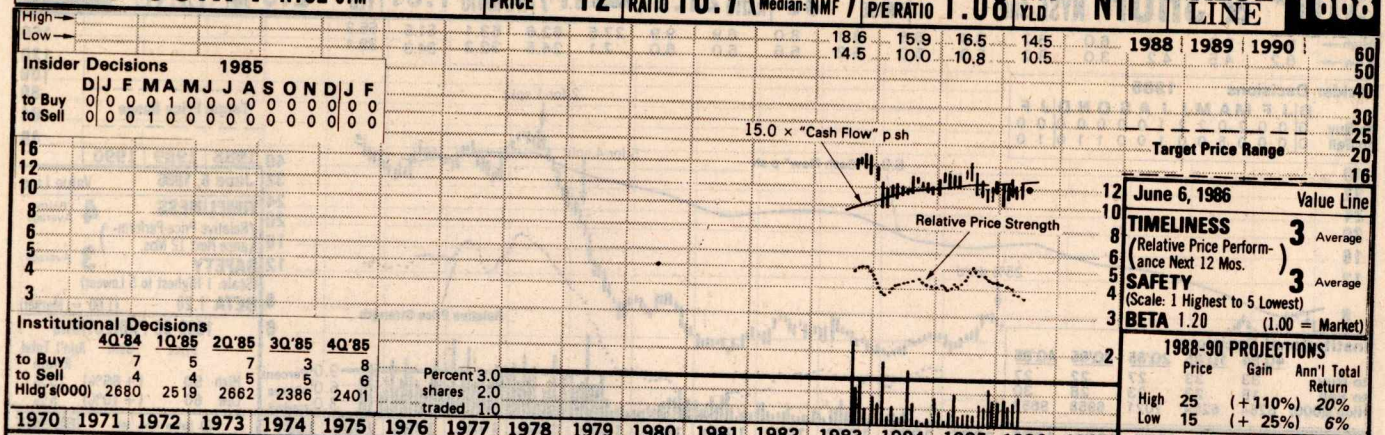
With the compliments of



711 THIRD AVENUE, NEW YORK, N.Y. 10017

# SYMS CORP. NYSE-SYM

| RECENT PRICE | P/E RATIO | RELATIVE P/E RATIO | DIV'D YLD | VALUE LINE |
|---|---|---|---|---|
| 12 | 16.7 (Trailing: 17.1 Median: NMF) | 1.08 | Nil | 1668 |




**Insider Decisions** 1985

| | D | J | F | M | A | M | J | J | A | S | O | N | D | J | F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| to Buy | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| to Sell | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Institutional Decisions**

| | 4Q'84 | 1Q'85 | 2Q'85 | 3Q'85 | 4Q'85 |
|---|---|---|---|---|---|
| to Buy | 7 | 5 | 7 | 3 | 8 |
| to Sell | 4 | 4 | 5 | 5 | 6 |
| Hldg's(000) | 2680 | 2519 | 2662 | 2386 | 2401 |

June 6, 1986 — Value Line

**TIMELINESS** 3 Average (Relative Price Performance Next 12 Mos.)

**SAFETY** 3 Average (Scale: 1 Highest to 5 Lowest)

**BETA** 1.20 (1.00 = Market)

**1988-90 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 25 | (+110%) | 20% |
| Low | 15 | (+ 25%) | 6% |

© Value Line, Inc.

| 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | 1984 | 1985 | 1986 | 1987 | 88-90E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| -- | -- | -- | -- | -- | -- | -- | -- | 3.25 | 4.09 | 4.97 | 6.39 | 8.34 | 10.15 | 11.57 | 12.19 | *13.05* | | *22.50* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .33 | .37 | .49 | .66 | .81 | .85 | *.90* | | *1.65* |
| -- | -- | -- | -- | -- | -- | -- | -- | .17 | .22 | .29 | .32 | .42 | .59 | .72 | .72 | *.80* | | *1.40* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | *Nil* | | *Nil* |
| -- | -- | -- | -- | -- | -- | -- | -- | .49 | .71 | .98 | 1.30 | 1.73 | 2.31 | 3.03 | 3.75 | *4.55* | | *8.20* |
| -- | -- | -- | -- | -- | -- | -- | -- | 17.65 | 17.65 | 17.65 | 17.65 | 17.65 | 17.65 | 17.65 | 17.65 | *17.65* | | *17.65* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 2.8 | 17.6 | 18.4 | Bold figures are Value Line estimates | | *15.0* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | .24 | 1.64 | 1.49 | | | *1.25* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | *Nil* |
| -- | -- | -- | -- | -- | -- | -- | -- | 57.4 | 72.1 | 87.8 | 112.8 | 147.2 | 179.2 | 204.3 | 215.2 | *230* | | *400* |
| -- | -- | -- | -- | -- | -- | -- | -- | 8 | 8 | 8 | 8 | 11 | 11 | 14 | 15 | *16* | | *27* |
| -- | -- | -- | -- | -- | -- | -- | -- | 3.0 | 4.0 | 5.1 | 5.7 | 7.5 | 10.3 | 12.7 | 12.7 | *14.0* | | *25.0* |
| -- | -- | -- | -- | -- | -- | -- | -- | 52.6% | 50.2% | 50.8% | 51.5% | 52.3% | 53.3% | 51.5% | 51.9% | *52.0%* | | *51.5%* |
| -- | -- | -- | -- | -- | -- | -- | -- | 5.3% | 5.5% | 5.9% | 5.0% | 5.1% | 5.8% | 6.2% | 5.9% | *6.1%* | | *6.3%* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 9.2 | 11.5 | 19.2 | 26.9 | 39.1 | 34.8 | *40.0* | | *65.0* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 9.5 | 9.8 | 7.7 | 6.7 | 5.2 | 6.2 | *5.8* | | *6.2* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | 9.4 | 14.2 | 19.8 | 30.3 | 32.0 | 41.0 | *41.0* | | *75.0* |
| -- | -- | -- | -- | -- | -- | -- | -- | 2.2 | 2.1 | 2.3 | 7.4 | 6.8 | 7.1 | 6.6 | 6.1 | *9.0* | | *8.0* |
| -- | -- | -- | -- | -- | -- | -- | -- | 8.7 | 12.5 | 17.4 | 23.0 | 30.5 | 40.8 | 53.5 | 66.3 | *80.0* | | *145* |
| -- | -- | -- | -- | -- | -- | -- | -- | 27.9% | 27.2% | 26.1% | 19.3% | 21.2% | 22.4% | 21.5% | 17.7% | *16.0%* | | *16.5%* |
| -- | -- | -- | -- | -- | -- | -- | -- | 35.0% | 31.7% | 29.6% | 24.5% | 24.5% | 25.3% | 23.7% | 19.2% | *17.5%* | | *17.5%* |
| -- | -- | -- | -- | -- | -- | -- | -- | 35.0% | 31.7% | 29.6% | 24.5% | 24.5% | 25.3% | 23.7% | 19.2% | *17.5%* | | *17.5%* |
| -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | *Nil* | | *Nil* |

Sy Syms Merns founded Syms in 1959. Marketing focus shifted from small urban stores to large suburban stores in 1971. Acquired Sulka in 1980. Incorporated in New Jersey in July 1983 as part of reorganization. 3,125,000 shares offered to public at $15 on September 23, 1983.

**CAPITAL STRUCTURE as of 12/31/85**
**Total Debt** $6.5 mill. **Due in 5 Yrs** $2.2 mill.
**LT Debt** $6.1 mill. **LT Interest** $.4 mill.
Incl. $2.4 mill. capitalized leases.
(Total interest coverage: 27.9x)
(8% of Cap'l)

**Leases, Uncapitalized** Annual rentals $1.8 mill.

**Pension Liability** None in '85 vs. None in '84

**Pfd Stock** None

**Common Stock** 17,650,000 shs. (92% of Cap'l) as of 3/11/86

| CURRENT POSITION ($MILL.) | 1983 | 1984 | 12/31/85 |
|---|---|---|---|
| Cash Assets | 8.4 | 4.0 | 10.2 |
| Receivables | .9 | 1.0 | 1.5 |
| Inventory(FIFO) | 26.9 | 39.1 | 34.8 |
| Other | 1.2 | 2.3 | 2.6 |
| Current Assets | 37.4 | 46.4 | 49.1 |
| Accts Payable | 1.2 | 8.8 | 3.0 |
| Debt Due | .4 | .5 | .4 |
| Other | 5.5 | 5.1 | 4.7 |
| Current Liab. | 7.1 | 14.4 | 8.1 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs | Past 5 Yrs | Est '83-'85 to '88-'90 |
|---|---|---|---|
| Sales | — | 22.5% | *15.0%* |
| "Cash Flow" | — | — | *16.5%* |
| Earnings | — | 24.5% | *15.5%* |
| Dividends | — | — | *Nil* |
| Book Value | — | 33.0% | *22.0%* |

| Calendar | QUARTERLY SALES ($ mill.) Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Full Year |
|---|---|---|---|---|---|
| 1982 | 23.1 | 38.0 | 33.1 | 53.0 | 147.2 |
| 1983 | 32.4 | 49.3 | 39.3 | 58.2 | 179.2 |
| 1984 | 36.3 | 54.4 | 46.5 | 67.1 | 204.3 |
| 1985 | 42.6 | 59.1 | 46.5 | 67.0 | 215.2 |
| 1986 | 43.0 | *60.0* | *55.0* | *72.0* | *230* |

| Calendar | EARNINGS PER SHARE (A) Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Full Year |
|---|---|---|---|---|---|
| 1982 | .02 | .11 | .07 | .22 | .42 |
| 1983 | .06 | .17 | .09 | .27 | .59 |
| 1984 | .08 | .19 | .13 | .32 | .72 |
| 1985 | .11 | .22 | .14 | .25 | .72 |
| 1986 | .09 | *.22* | *.16* | *.33* | *.80* |

| Calendar | QUARTERLY DIVIDENDS PAID Mar. 31 | June 30 | Sept. 30 | Dec. 31 | Full Year |
|---|---|---|---|---|---|
| 1982 | | | | | |
| 1983 | | | | | |
| 1984 | NO DIVIDENDS BEING PAID | | | | |
| 1985 | | | | | |
| 1986 | | | | | |

**BUSINESS:** Syms Corp. operates 15 off-price apparel stores in the northeastern and middle Atlantic regions and in Florida and Illinois. Each store offers a broad range of first-quality, in-season, brand-name merchandise at prices substantially lower than in department and specialty stores. Operates 7 Sulka haberdasheries in the United States and Europe, as well as Syms Advertising Agency. Store sizes range from 23,000 to 80,000 sq. ft. '85 depreciation rate: 5.9%. Advertising is 1.5% of sales. Has 1,215 employees, 475 stockholders. Insiders own 81% of stock. Chairman: Sy Syms Merns. President: Marcy Syms Merns. Inc.: NJ. Address: 300 Chubb Avenue, Lyndhurst, NJ 07071. Tel.: 201-935-7500.

**Frequent department store promotional activity is hurting Syms' sales performance...** The high markdowns offered by department stores are drawing shoppers away from Syms since it does not have advertised promotions on its already low-priced merchandise.

**...but margins should improve anyway in 1986.** The absence of unadvertised "special" shopping hours at Syms will help profitability—one hour a week of reduced prices for six months sliced 9¢ a share off the bottom line last year.

**Syms will now build stores rather than rely solely on finding suitable existing units.** The retailer will construct a store in Westbury, N.Y.; the opening date is scheduled for next spring. Management continues to aggressively seek sites and may soon be closing on three deals. Targeted markets include Atlanta, Baltimore, Detroit, and Pittsburgh. And in a related matter, Syms finally got the okay to more than double the size of its Paramus, N.J. store. If all things go well, Syms' total selling space could be significantly higher by early next year. This could allow earnings to "explode" in 1987.

**In order to better accommodate expansion, a new distribution center will replace two smaller facilities later this year.** (The new Secaucus, N.J. location will also house a small retail outlet.) Moreover, a central distribution point should ease the implementation of a perpetual inventory system. Since Syms buys goods opportunistically, an advanced control system won't have much impact on inventory levels. The company, however, will be able to make better-informed decisions concerning the stocking of individual stores. In addition, the retailer may abandon its practice of estimating gross margins for the first nine months of a year based on the previous full-year's margin and then making adjustments in the fourth quarter after the physical inventory is taken. That was the main reason gross margins dropped four percentage points in 1985's final period.

**Long-term appreciation prospects look good.** Syms' solid market position as an off-price retailer of men's apparel (about 65% of volume) and its tight expense control in a no-frills selling environment underlie our optimism that profits will expand at a double-digit pace over the next 3 to 5 years.

*Dorianne S. Greenberg/Peter W. Lin*

(A) Based on average shares outstanding. Next earnings report due early August. (B) Includes intangibles. In '85: $1.6 mill., 9¢/sh. (C) In millions.

| | |
|---|---|
| Company's Financial Strength | B+ |
| Stock's Price Stability | 40 |
| Price Growth Persistence | NMF |
| Earnings Predictability | NMF |

Factual material is obtained from sources believed to be reliable but the statistics and comments published herein cannot be guaranteed as to accuracy, completeness, or fitness for any particular use.

OF SPECIAL INTEREST

# Preferred Invest Beneficiaries

If adopted, the proposed tax changes will create the best individual investment climate since World War. We believe consumers may end up with as much as $20 billion in extra disposable income via tax savings. Therefore, those stocks that benefit from increased consumer spending will be extremely attractive investments.

PIP #2: Beneficiaries of Tax Reform features eight stocks that are most likely to benefit from this windfall. These eight issues come from the following industries.

Retail
Leisure

AVG. 86

Leisure
Media
Consumer Durables

In addition, many of the stocks in PIP#2 now pay the maximum 46% tax on corporate profits, they will benefit from the proposed cut in the corporate tax rate.

The stocks selected for PIP#2 are:

**Syms Corp. (SYM–13 1/8)**

- Syms operates a chain of 15 off-price apparel stores in six states in the northeastern and Middle Atlantic regions, in Florida, and more recently in Illinois. Each store offers a broad assortment of first-quality, in-season merchandise with nationally recognized designer or brand-name labels at prices substantially below those generally found in department and specialty stores.
- Although other off-price retailers have gone public in the recent past, we believe that Syms stands out because of the enormous breadth of its selection (especially in men's tailored clothing), its relatively low gross margin, its extraordinarily high sales per square foot of $450, the consistency of its margins, and its ability to expand revenues to $215 million, and earnings per share to $0.72 in 1985.
- The company has a 21% return on equity, with only 10% of capitalization in long-term debt and no short-term debt. Long-term debt consists of low-cost (65% of the prime rate) industrial development funds.
- We estimate 1986 EPS at $0.77.

**The Maytag Company (MYG–47)**

- Prior to its recent purchase of Magic Chef, Maytag was the fifth largest appliance manufacturer, with a highly profitable niche at the high-quality, high-priced end of the market with a particularly large share of the laundry equipment business.
- We expect Maytag's premium multiple to be reestablished as investors start to appreciate the significant potential for incremental revenue and profit growth resulting from the company's recent purchase of Magic Chef.
- Maytag now has the opportunity to increase market share by broadening its product line to include refrigerators to be distributed under both the Maytag and Jenn-Air brand names.
- Maytag will continue to generate excess cash flow, which will permit enormous financial flexibility to maintain an above-average dividend payout policy, to pursue further acquisition opportunities, or to act on any other strategy that will enhance shareholder value.
- Earnings per share in 1985 were $2.89 and for 1986 our EPS estimate is $3.00.

**Club Med, Inc. (CMI–26 1/2)**

- Club Med, Inc. was partially spun off in September 1984 by the highly successful French company, Club Mediterranee. Club Med sells vacations in self-contained and generally warm weather settings with an international environment, at reasonable prices which include practically everything: air travel, food, wine, sports, etc.
- CMI offers market share expansion with unit growth, has a unique worldwide franchise, and is a beneficiary of demographic changes in society and the trend toward more vacations.
- CMI's earnings are in a strong upward trend, and our 6-12 month price projection is $40 per share.
- EPS for 1985 was $1.14 and for 1986 we are estimating EPS of $1.50.

**Walt Disney Productions (DIS–49 5/8)**

- Walt Disney is a leader in family entertainment that derives the major portion of its revenues and earnings from its two theme parks, Disneyland (California) and Walt Disney World (Florida). It also produces motion pictures, develops real estate, and sells consumer products.
- DIS features a unique franchise with strong management, and the company has exposure to major leisure time trends in the U.S. and abroad.

As filed with the Securities and Exchange Commission on September 23, 1983

Registration No. 2-85554

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

To

# FORM S-1

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

# SYMS CORP.

(Exact name of registrant as specified in its charter)


IRWIN M. ROSENTHAL, ESQ.
BOTEIN, HAYS, SKLAR & HERZBERG
200 Park Avenue, New York, New York 10166
(212) 867-5500


(Name, address, including zip code, and telephone number, including area code, of agent for service)

*with copies to:*


JEFFREY J. WEINBERG, ESQ.
WEIL, GOTSHAL & MANGES
767 Fifth Avenue
New York, New York 10153
(212) 310-8000

J. SLOAME IMMERMAN, ESQ.
IMMERMAN & IMMERMAN
270 Madison Avenue
New York, N.Y. 10016
(212) 532-8980


**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

# SYMS CORP.

## Cross-Reference Sheet

| Form S-1 Item Number | Caption | Prospectus Caption |
|---|---|---|
| 1. | Forepart of the Registration Statement and Outside Front Cover Page of Prospectus | Outside Front Cover Page |
| 2. | Inside Front and Outside Back Cover Pages of Prospectus | Inside Front Cover and Outside Back Cover Pages |
| 3. | Summary Information, Risk Factors, and Ratio of Earnings to Fixed Charges | Prospectus Summary; Investment Considerations* |
| 4. | Use of Proceeds | Inapplicable |
| 5. | Determination of Offering Price | Underwriting |
| 6. | Dilution | Dilution |
| 7. | Selling Security Holders | Principal and Selling Shareholders |
| 8. | Plan of Distribution | Outside Front Cover Page; Underwriting |
| 9. | Description of Securities to be Registered | Description of Capital Stock; Dividends |
| 10. | Interests of Named Experts and Counsel | Legal Matters |
| 11. | Information with Respect to the Registrant | Outside Front Cover Page; Prospectus Summary; The Company; Investment Considerations; Dividends; Capitalization; Selected Consolidated Financial Data; Management's Discussion and Analysis of Results of Operations and Financial Condition; Business; Legal Proceedings; Management; Recent History and Certain Transactions; Principal and Selling Shareholders; Description of Capital Stock; Consolidated Financial Statements |
| 12. | Disclosure of Commission Position on Indemnification for Securities Act Liabilities | Indemnification |

* Ratio of Earnings to Fixed Charges Not Applicable.

PROSPECTUS

# 3,125,000 Shares

# SYMS CORP.

An Educated Consumer is Our Best Customer

## Common Stock

The shares of Common Stock offered hereby are being sold by the Selling Shareholders. See "Principal and Selling Shareholders." The Company will not receive any of the proceeds from the sale of such shares.

Prior to the offering, there has been no public market for the Common Stock. See "Underwriting" for a discussion of the factors considered in determining the initial public offering price. 150,000 of the shares offered hereby have been reserved for sale to directors, officers and employees of, and certain other persons designated by, the Company.

The shares offered hereby have been authorized for listing on the New York Stock Exchange on the date of this Prospectus.

**For information concerning investment considerations relating to this offering, see "Investment Considerations."**

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

| | Price to Public | Underwriting Discounts and Commissions(1) | Proceeds to the Selling Shareholders(2) |
|---|---|---|---|
| Per Share | $15.00 | $0.86 | $14.14 |
| Total(3) | $46,875,000 | $2,687,500 | $44,187,500 |

(1) See "Underwriting" regarding indemnification of the Underwriters.

(2) Before deducting expenses payable by the Selling Shareholders estimated at $347,374.50. The Company will pay expenses estimated at $884,397. The Proceeds to Selling Shareholders are based upon a cash price per share. See "Underwriting" for information relating to the cash equivalent to be received by the Selling Shareholders in 1984.

(3) Excludes exercise of an over-allotment option granted to the Underwriters by Sy Syms Merns, a Selling Shareholder, on the same terms per share as set forth above for up to an additional 312,500 shares. If all such shares covered by the over-allotment option are purchased by the Underwriters, the total Price to Public will be $51,562,500, the total Underwriting Discounts and Commissions will be $2,956,250, and the total Proceeds to Selling Shareholders will be $48,606,250. See "Underwriting."

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The shares are offered when, as and if delivered to and accepted by the Underwriters, subject to prior sale and to certain conditions. The Underwriters reserve the right to withdraw, cancel or modify the offer without notice and to reject orders in whole or in part. It is expected that delivery of certificates for the shares will be made at the offices of Bear, Stearns & Co., 55 Water Street, New York, New York 10041 on or about September 30, 1983.

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**Rothschild Inc.** **Bear, Stearns & Co.**

**September 23, 1983**

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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**No dealer, salesman or other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, by the Selling Shareholders or by any of the Underwriters. This Prospectus does not constitute an offer to sell or the solicitation of an offer to purchase any securities other than those specifically offered hereby or any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation. The delivery of this Prospectus shall not under any circumstances create an implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct as of any time subsequent to, any of the dates as of which information is furnished herein or the date hereof.**

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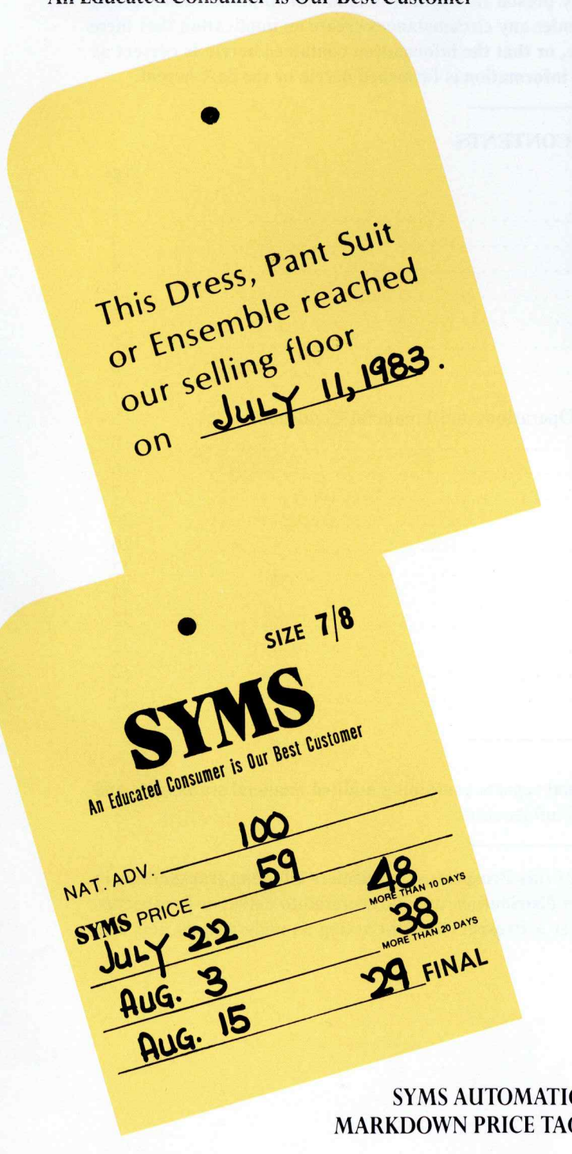
**The Company will furnish to its shareholders annual reports containing audited financial statements and quarterly reports containing certain unaudited financial information.**

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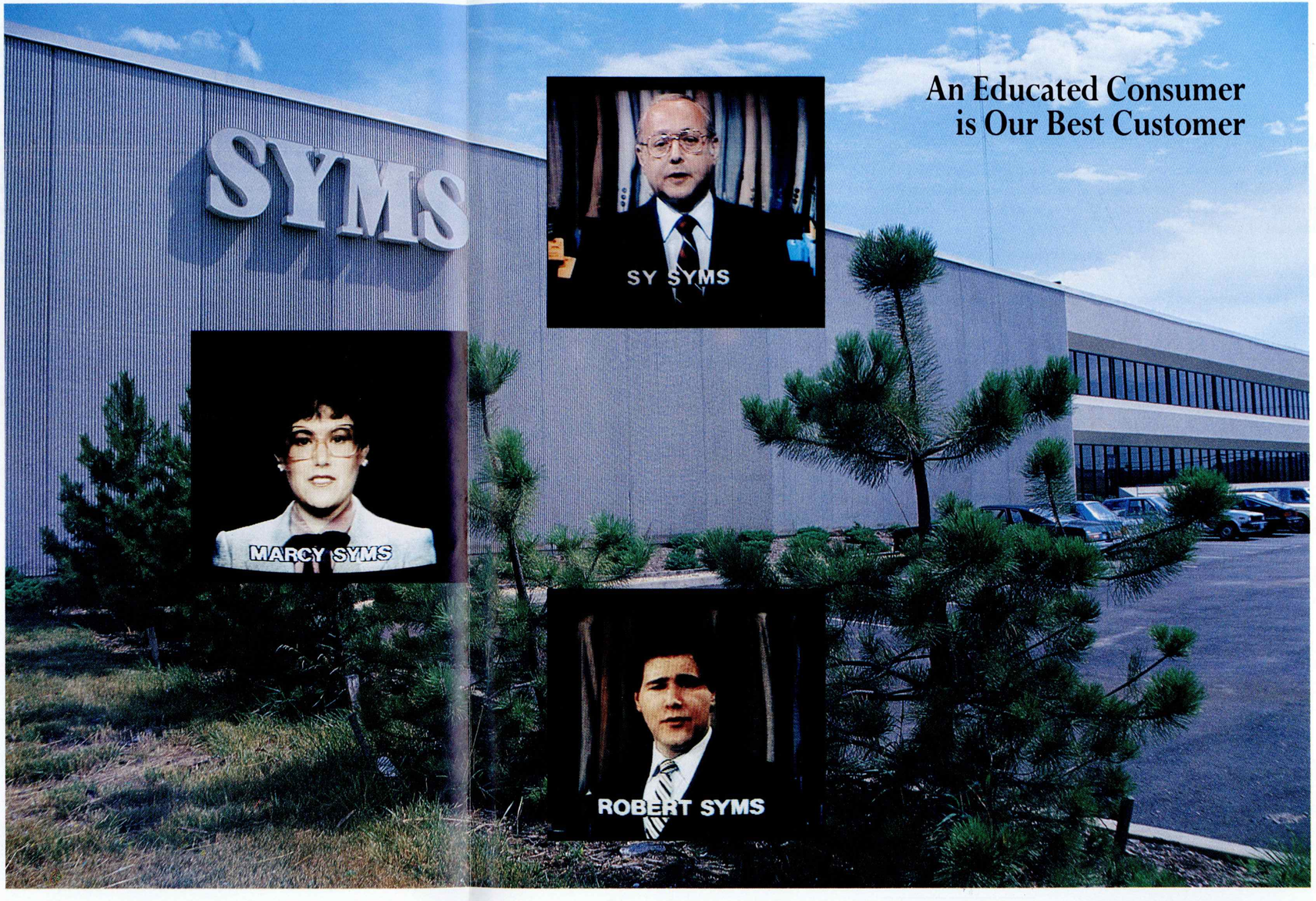
**Until December 22, 1983 (90 days after the date of this Prospectus), all dealers effecting transactions in the Common Stock, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligation of dealers to deliver a Prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

# SYMS CORP.

An Educated Consumer is Our Best Customer




SYMS AUTOMATIC
MARKDOWN PRICE TAG




Distribution Center, Lyndhurst, New Jersey

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by reference to the more detailed information and consolidated financial statements appearing elsewhere in this Prospectus.*

### THE COMPANY

Syms Corp. operates a chain of 11 "off-price" apparel stores in the northeastern and middle Atlantic regions and in Florida. These "no-frills" stores offer, at prices substantially lower than those generally found in department and specialty stores, a broad range of first-quality, in-season, brand-name merchandise consisting primarily of men's tailored clothes and haberdashery, women's dresses, suits and separates as well as children's wear.

During the past three years the Company opened three new stores, relocated two stores to significantly enlarged premises, expanded two existing stores and introduced new lines of "off-price" branded merchandise. The Company plans by December 31, 1984 to open three new stores, expand three existing stores, and add several new lines of merchandise, including couture items and furs. The Company recently completed the acquisition of Sulka, a retailer of men's fine haberdashery, which now operates three stores in the United States, one in London and one in Paris.

### THE OFFERING

| | |
|---|---|
| Securities offered | 3,125,000 shares of Common Stock by Selling Shareholders. |
| Shares to be outstanding | 17,650,000 shares consisting of 3,125,000 shares held by public shareholders and 14,525,000 shares held by Selling Shareholders, of which 4,422,226 shares are in a Voting Trust. |
| Listing and Stock Symbol | The Common Stock has been authorized for listing on the New York Stock Exchange on the date of this Prospectus under the symbol SYM. |

### SELECTED CONSOLIDATED FINANCIAL INFORMATION

**(In thousands, except per share amounts)**

| | Year Ended December 31, | | | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|---|---|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1982 | 1983 |
| | (unaudited) | | | | | (unaudited) | |
| **Income statement data:** | | | | | | | |
| Net sales | $57,409 | $72,143 | $87,757 | $112,801 | $147,181 | $61,058 | $81,679 |
| Income before provision for income taxes | 6,392 | 8,051 | 10,453 | 11,641 | 15,673 | 4,876 | 8,518 |
| Net income | 3,033 | 3,963 | 5,143 | 5,654 | 7,471 | 2,324 | 4,024 |
| Earnings per share(1) | .17 | .22 | .29 | .32 | .42 | .13 | .23 |
| **Balance sheet data:** | | | | | | | |
| Working capital | $ 4,519 | $ 8,487 | $ 8,218 | $ 14,145 | $ 19,727 | $14,865 | $23,777 |
| Total assets | 19,210 | 20,176 | 24,737 | 35,582 | 43,342 | 43,455 | 54,256 |
| Long-term debt and capitalized leases(2) | 2,178 | 2,094 | 2,338 | 7,353 | 6,760 | 7,121 | 6,465 |
| Shareholders' equity | 8,671 | 12,486 | 17,365 | 23,019 | 30,490 | 25,343 | 34,514 |

(1) Based on 17,650,000 shares outstanding.
(2) Excludes current maturities.

The above summary assumes no exercise of the Underwriters' over-allotment option. See "Underwriting."

**All data included in this Prospectus have been restated, as applicable, to reflect the recently completed reorganization of the Company. See "Recent History and Certain Transactions—Reorganization" and Note 10 of "Notes to Consolidated Financial Statements."**

## THE COMPANY

Syms Corp., through its principal subsidiary, Syms Inc., operates a chain of 11 "off-price" apparel stores located throughout the northeastern and middle Atlantic regions and in Florida. Each "no-frills" Syms store offers a broad range of first-quality, in-season merchandise bearing nationally-recognized designer or brand-name labels at prices substantially lower than those generally found in department and specialty stores. Syms aims its merchandising efforts at predominantly middle-income, fashion-minded and price-conscious customers. Since 1974, its theme "At Syms, An Educated Consumer is Our Best Customer" has been the focus of extensive television and radio advertising.

The first Syms store opened in 1959 in a 2,000 square foot location in New York City. In 1971 Syms shifted its marketing focus from small urban downtown stores to large high visibility suburban stores with the opening of an approximately 16,000 square foot store in Paramus, New Jersey. Since that time, the Company has expanded to 11 stores. Between January 1, 1978 and June 30, 1983, the aggregate amount of selling space in the Syms chain increased from approximately 159,000 square feet to approximately 421,000 square feet. In 1981 the Company opened a 100,000 square foot distribution center and executive headquarters (the "Distribution Center"). By December 31, 1984, the Company plans to open three new stores—one on the south shore of Long Island, New York and the remaining two stores in the Chicago and/or Philadelphia areas. The Company also intends to increase the selling space in its existing stores in New York City, Buffalo, New York and Paramus, New Jersey. Moreover, the Company proposes to expand its Sulka haberdashery business which now includes three stores in the United States, one in London and one in Paris.

As part of a corporate reorganization, Syms Corp. was incorporated in New Jersey on July 11, 1983 and thereafter became the parent of several subsidiaries, including Syms Inc. The other operating subsidiaries of Syms Corp. are A. Sulka & Company Ltd. and Syms Advertising Inc. For additional information concerning the recently effected reorganization of the Company, see "Recent History and Certain Transactions—Reorganization."

Prior to this offering, the Company's 17,650,000 outstanding shares of Common Stock, par value $.05 per share ("Common Stock"), were owned by Sy Syms Merns and his six children (the "Selling Shareholders"), four of whom are employees of the Company. The 3,125,000 shares which are the subject of this offering are being sold by the Selling Shareholders. None of the proceeds of the sale of such shares will be received by the Company. See "Investment Considerations" and "Principal and Selling Shareholders."

The Company maintains its executive offices at 300 Chubb Avenue, Lyndhurst, New Jersey 07071, telephone (201) 935-7500. Unless otherwise noted, references to the "Company" or to "Syms" relate to Syms Corp., its subsidiaries (other than Sulka) and their predecessors, and references to "Sulka" relate to A. Sulka & Company Ltd., its subsidiaries and their predecessors.

## INVESTMENT CONSIDERATIONS

In analyzing this offering, prospective investors should consider, among other factors, the following:

*Absence of Public Market and Determination of Offering Price.* Prior to this offering there has been no public market for the Common Stock. The public offering price of the Common Stock was determined by negotiation among the Company, the Selling Shareholders and the Representatives of the Underwriters. See "Underwriting."

*Principal Shareholders, Voting Trust and Control of the Company.* Assuming the sale of the 3,125,000 shares offered hereby, the Selling Shareholders will own 82.3% of the outstanding Common Stock. Sy Syms Merns will own 56.9% of such shares directly and 25.1% as the sole voting trustee (the "Voting Trustee") of a voting trust ("Voting Trust") for all the Selling Shareholders. Consequently, Sy Syms Merns will control the Company, will be able to elect all of the directors of the Company and could approve certain corporate transactions, such as a going private merger, without the concurrence of minority shareholders. See "Description of Capital Stock—Common Stock."

*Proceeds of the Offering.* All the shares of Common Stock offered hereby are being sold by the Selling Shareholders. See "Principal and Selling Shareholders." The Company will not receive any of the proceeds from the sale of such shares.

*Management of the Company.* The development of the Company's business has been dependent to a large extent upon Sy Syms Merns, its Chief Executive Officer and principal shareholder. The Company believes that it has developed an experienced management group; however, the Company's operations could be adversely affected if, for any reason, Sy Syms Merns does not continue to be active in the Company's

management. The Company owns and is the beneficiary of life insurance policies on the life of Sy Syms Merns in the amount of $4,750,000. See "Management" and "Principal and Selling Shareholders."

*Competition.* The retail apparel business is highly competitive. Many of the stores with which the Company competes are units of large national or regional chains that have substantially greater resources than the Company. The "off-price" apparel business itself may become more competitive in the future and greater competition may also result in the event of increased use by manufacturers of their own factory outlets. See "Business—Competition."

*Purchasing and Pricing.* The Company has been able to purchase first-quality, in-season, brand-name merchandise directly from manufacturers on terms more favorable than those generally offered large retail department and specialty stores. Although the Company has maintained long-term business dealings with a number of manufacturers, there can be no assurances that the Company will be able to continue to purchase such merchandise at such favorable prices and to offer such merchandise to customers at prices substantially below those considered to be full retail. The Company's business may also be adversely affected by the legalization of resale price maintenance. See "Business—Competition."

*Future Store Sites.* There can be no assurances that sites for future stores or the expansion of existing stores will be available on terms as favorable as those applicable to present stores. Further, the Company may not be able to obtain the sites it desires to open new stores or to expand existing ones. See "Business—The Stores."

*Shares Eligible for Future Sale.* Upon completion of this offering, the Selling Shareholders will own 14,525,000 shares of Common Stock and may be eligible to sell such shares in the public market pursuant to Rule 144 if they are deemed for purposes of Rule 144 to have beneficially owned their shares of Common Stock since the date they acquired the shares of Syms, Inc. which they exchanged for such shares of Common Stock. The Voting Trust, which will contain 4,422,226 of such shares, by its terms prohibits for 21 years any transfer or sale of shares or the termination of the Voting Trust, except by the Voting Trustee. The Selling Shareholders and the Voting Trustee have agreed not to sell any of the shares they own or control until at least 120 days after the date of this Prospectus. See "Principal and Selling Shareholders—Voting Trust." Sales of substantial amounts of such Common Stock on the public market could adversely affect the market price of the Common Stock. See "Underwriting— Shares Eligible For Future Sale."

*Certain Certificate of Incorporation and By-Law Provisions.* The Company's Certificate of Incorporation and By-Laws require a greater than majority shareholder vote and director vote to approve certain corporate transactions. Without further action by the shareholders, the Company's Board of Directors may designate the terms of and issue 1,000,000 shares of Preferred Stock and the Board's Stock Option Committee may grant options to purchase 1,000,000 shares of Common Stock. These provisions and powers could, under certain circumstances, be utilized as a method of preventing a takeover of the Company. See "Description of Capital Stock."

## MARKET FOR COMMON STOCK

This is the initial public offering of the Company's Common Stock and there is no established public market for the Common Stock. The Common Stock has been authorized for listing on the New York Stock Exchange ("NYSE") on the date of this Prospectus under the symbol SYM.

## DIVIDENDS

The Company has never paid cash dividends on its Common Stock, except for a $40,000 cash dividend paid in 1979 to Sy Syms Merns who was then its sole shareholder. Payment of dividends is within the discretion of the Company's Board of Directors and will depend upon the earnings, capital requirements and financial condition of the Company, among other factors. The Company anticipates that for the foreseeable future it will follow a policy of retaining earnings in order to finance the expansion and development of its business.

## DILUTION

At June 30, 1983, the net tangible book value of the Company was $1.85 per share, which amount will be unaffected by the sale of shares offered hereby. "Net tangible book value per share" represents the amount of total tangible assets (valued at book value) reduced by the amount of total liabilities and divided by the number of shares of Common Stock outstanding.

Sy Syms Merns in 1959 and his children in 1980 each paid a nominal price for the shares currently held by them. The price per share to the public in this offering is $15.00.

## CAPITALIZATION

The following table sets forth the capitalization of the Company as of June 30, 1983, after giving retroactive effect as of that date to the recently completed reorganization of the Company as described under "Recent History and Certain Transactions—Reorganization."

| | (In thousands) |
|---|---|
| Long-term debt(1)(3) | $ 4,692 |
| Capitalized leases(2)(3) | 1,773 |
| Shareholders' equity: | |
| Preferred stock, par value $100 per share: | |
| Authorized—1,000,000 shares | |
| Issued and outstanding—none | —0— |
| Common stock, par value $.05 per share: | |
| Authorized—30,000,000 shares(4) | |
| Issued and outstanding—17,650,000 shares | 883 |
| Additional paid-in capital | 11,339 |
| Retained earnings | 22,292 |
| Total shareholders' equity | 34,514 |
| Total capitalization | $40,979 |

(1) See Note 6 of "Notes to Consolidated Financial Statements" for additional information with respect to the Company's long-term debt obligations.

(2) See Note 8a of "Notes to Consolidated Financial Statements" for additional information with respect to the Company's lease obligations.

(3) Excludes current maturities.

(4) Includes 1,000,000 shares reserved for issuance under the Company's Incentive Stock Option Plan. See "Management—Incentive Stock Option Plan."

## SELECTED CONSOLIDATED FINANCIAL DATA
**(In thousands, except per share amounts)**

The following selected consolidated financial data of the Company for the five fiscal years ended December 31, 1982 have been derived from the consolidated financial statements of the Company which, with the exception of 1978 which was unaudited, have been examined by Mann Judd Landau, independent Certified Public Accountants, as indicated in their report included elsewhere herein. The selected consolidated financial data for the six months ended June 30, 1982 and 1983 are unaudited, but in the opinion of management contain all adjustments (consisting only of normal recurring adjustments) that the Company considers necessary for a fair presentation of such data. The results for the six months ended June 30, 1983 are not necessarily indicative of results to be expected for the full year. Selected consolidated financial data should be read in conjunction with the consolidated financial statements and the related notes herein. All data included in this Prospectus have been restated, where applicable, to reflect the recently completed reorganization of the Company. See "Recent History and Certain Transactions—Reorganization" and Note 10 of "Notes to Consolidated Financial Statements."

| | Year Ended December 31, | | | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|---|---|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1982 | 1983 |
| | (unaudited) | | | | | (unaudited) | |
| **Income statement data:** | | | | | | | |
| Net sales | $57,409 | $72,143 | $87,757 | $112,801 | $147,181 | $61,058 | $81,679 |
| Costs and expenses | | | | | | | |
| Cost of sales | 41,732 | 51,925 | 62,282 | 81,097 | 105,345 | 43,797 | 58,564 |
| Selling, general and administrative | 9,274 | 12,087 | 15,053 | 20,123 | 26,166 | 12,437 | 14,679 |
| Interest expense (income)—net | 11 | 80 | (31) | (60) | (3) | (52) | (82) |
| | 51,017 | 64,092 | 77,304 | 101,160 | 131,508 | 56,182 | 73,161 |
| Income before provision for income taxes | 6,392 | 8,051 | 10,453 | 11,641 | 15,673 | 4,876 | 8,518 |
| Provision for income taxes | 3,359 | 4,088 | 5,310 | 5,987 | 8,202 | 2,552 | 4,494 |
| Net income | $ 3,033 | $ 3,963 | $ 5,143 | $ 5,654 | $ 7,471 | $ 2,324 | $ 4,024 |
| Earnings per share | $.17 | $.22 | $.29 | $.32 | $.42 | $.13 | $.23 |
| Shares outstanding | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |
| **Balance sheet data:** | | | | | | | |
| Working capital | $ 4,519 | $ 8,487 | $ 8,218 | $ 14,145 | $ 19,727 | $14,865 | $23,777 |
| Total assets | 19,210 | 20,176 | 24,737 | 35,582 | 43,342 | 43,455 | 54,256 |
| Long-term debt and capitalized leases(1) | 2,178 | 2,094 | 2,338 | 7,353 | 6,760 | 7,121 | 6,465 |
| Shareholders' equity | 8,671 | 12,486 | 17,365 | 23,019 | 30,490 | 25,343 | 34,514 |

(1) Excludes current maturities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following table sets forth certain items appearing in the Consolidated Statements of Income of the Company as a percentage of net sales as well as the percentage increase in the dollar amount of those items as compared to the prior period.

| | Percentage of Sales | | | | | Period to Period Increase | | |
|---|---|---|---|---|---|---|---|---|
| | Year Ended December 31, | | | Six Months Ended June 30, | | Year | | Six Months |
| | 1980 | 1981 | 1982 | 1982 | 1983 | 1981 vs 1980 | 1982 vs 1981 | 1983 vs 1982 |
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 28.5% | 30.5% | 33.8% |
| Cost of sales | 71.0 | 71.9 | 71.6 | 71.7 | 71.7 | 30.2 | 29.9 | 33.7 |
| Selling, general and administrative | 17.2 | 17.8 | 17.8 | 20.4 | 18.0 | 33.7 | 30.0 | 18.0 |
| Income before provision for income taxes | 11.9 | 10.3 | 10.7 | 8.0 | 10.4 | 11.4 | 34.6 | 74.7 |
| Provision for income taxes | 6.0 | 5.3 | 5.6 | 4.2 | 5.5 | 12.7 | 37.0 | 76.1 |
| Net income | 5.9 | 5.0 | 5.1 | 3.8 | 4.9 | 9.9 | 32.1 | 73.1 |

### Results of Operations—Six Months Ended June 30, 1983 and 1982

For the six months ended June 30, 1983, the Company's net sales were $81,679,000, an increase of $20,621,000 or 33.8% over the comparable prior period. Of this increase, $8,368,000 was derived from increased sales volume in existing stores, $7,679,000 was from a new store opened in September 1982 and $4,574,000 was from increased volume in two stores which were only open for part of the comparable six-month period ended June 30, 1982. Syms benefitted from increased consumer awareness due to its continuing advertising campaign, an increase in the number of brand-name labels available to its customers, and the offering of a wider variety of sizes and styles. During the same periods, gross margins remained constant at 28.3%.

Selling, general and administrative expenses increased by $2,242,000 to $14,679,000 over the comparable period in 1982. However, as a percentage of net sales, selling, general and administrative expenses declined to 18.0% in 1983 from 20.4% in 1982. This resulted from relatively small increases in fixed charges as compared to the large sales volume increase and greater efficiencies in store operations.

Net income increased by 73.1% to $4,024,000 in 1983 from $2,324,000 in 1982, reflecting strong volume increases and the Company's ability to reduce operating expenses as a percentage of net sales.

### Results of Operations—Three Years Ended December 31, 1982

Net sales increased to $147,181,000 in 1982 from $112,801,000 in 1981, an increase of $34,380,000 or 30.5%. In 1982, the opening of three new stores generated $22,889,000 in additional sales and $11,491,000 of the increase resulted from volume and price increases in existing locations. Management believes that sales increases resulted from several factors, the primary of which are store openings, an increase in the number of product lines available, and greater consumer awareness of the Syms chain due to an increase in advertising expenditures. Average net sales per square foot of selling space increased to $424.83 in 1982 from $412.17 in 1981 for stores open for all of each respective year.

In 1981, net sales increased to $112,801,000 from $87,757,000 in 1980, an increase of $25,044,000 or 28.5%. The primary reasons for the increase were additional product lines, increased brand-name availability, improved store layouts and increased selling space at one store. Average net sales per square foot of selling space in 1981 increased to $412.17 from $334.18 in 1980 for stores open for all of each respective year.

Cost of sales in each of the three years ended December 31, 1982 remained relatively consistent. The Company has been able to maintain consistent gross margins of 28.4% in 1982, 28.1% in 1981 and 29.0% in 1980 through effective buying and selling policies.

Selling, general and administrative expenses increased by $6,043,000 or 30.0% in 1982, $5,070,000 or 33.7% in 1981 and $2,966,000 or 24.5% in 1980 over the previous year. The dollar increases are attributable to several factors, the primary of which are additional costs arising from the continued growth in the number of stores and total selling space, the increase in sales volume, the opening of the Distribution Center, and general inflationary factors. As a percentage of net sales, selling, general and administrative expenses were 17.8% in 1982 and 1981 and 17.2% in 1980.

The effective income tax rates were relatively constant at 52.3% in 1982, 51.4% in 1981 and 50.8% in 1980.

Net income as a percentage of net sales in 1982, 1981 and 1980 was 5.1%, 5.0% and 5.9%, respectively. The decrease in this percentage since 1980 related primarily to increased selling, general and administrative costs incurred in the development of the Distribution Center and a small erosion in gross margin.

**Liquidity and Capital Resources—Six Months Ended June 30, 1983 and 1982**

Cash available for the Company's use was $13,549,000 at June 30, 1983. In the six months ended June 30, 1983, as well as during the three years ended December 31, 1982, the Company has had no short-term borrowings. Working capital increased $4,050,000 to $23,777,000 from December 31, 1982 to June 30, 1983. The ratio of current assets to current liabilities increased from 2.4 to 1 at June 30, 1982 to 2.8 to 1 at June 30, 1983. The improved liquidity was due primarily to cash flow from operations.

Capital expenditure requirements for the six-month periods were nominal and current operating requirements were adequately covered by internally generated funds.

**Liquidity and Capital Resources—Three Years Ended December 31, 1982**

Working capital increased to $19,727,000 at December 31, 1982 from $14,145,000 at December 31, 1981. The ratio of current assets to current liabilities increased to 4.4 to 1 at December 31, 1982 from 3.7 to 1 at December 31, 1981. The improved liquidity was due primarily to strong cash flow from operations. The current ratio at year end is typically higher than the current ratio at the period ended June 30 because of seasonal fluctuations.

The Company has not incurred material long-term debt except in December 1981 to finance the Distribution Center through a $5,600,000 15-year New Jersey Economic Development Authority Revenue Bond upon which interest is payable at 65% of Chemical Bank's prime rate and which is collateralized by the Distribution Center. Except for this financing, the Company has generally satisfied its operating requirements and capital expenditures, including those for the opening and expansion of stores, from internally generated funds. Management believes that existing cash reserves and projected internally generated funds will remain sufficient for working capital and capital expenditure requirements, including the capital expenditure requirements of the Company's planned expansion. See "Business—The Stores—Planned Expansion."

**Inflation**

Historically the Company has been able to pass on inflationary cost increases in the form of increased selling prices.

## BUSINESS

The Syms chain of 11 apparel stores offers a broad range of "off-price" first-quality, in-season merchandise consisting primarily of men's tailored clothing and haberdashery and women's dresses, suits and separates. Syms stores emphasize better quality, nationally-recognized designer or brand-name merchandise at a price substantially below those generally charged by department and specialty stores. Syms carries a wide selection of sizes and styles of men's, women's and children's wear. The Company's buying practices, relationships with its manufacturers, high inventory turnover and "no-frills" approach to presenting merchandise enable Syms to offer its goods at prices below full retail.

Syms operates in a single industry segment and, with the exception of the two Sulka stores in Europe, has no foreign operations. No material part of the Company's consolidated revenues is received from a single customer or group of customers.

### Merchandise

For the years ended December 31, 1982, 1981 and 1980, 67%, 65% and 65%, respectively, of the Company's total sales were generated by men's tailored clothes and haberdashery, and 29%, 30% and 31%, respectively, by women's dresses, suits, separates and accessories. The balance of sales was divided among children's wear, luggage, domestics and fragrances.

Most of the items sold by the Company consist of nationally-recognized fashion name merchandise. Syms also offers a small portion of its merchandise under its own "S" private label. This merchandise, containing generic (natural) fibers, such as silk, cashmere, shetland, cotton and lambswool, is typically imported from the Far East or manufactured domestically for the Company. The "S" label is found mostly on sweaters, jackets and shirts, for which quality fibers are emphasized in lieu of brand names. However, the Company believes that brand name apparel sold at "off-prices" principally attracts its customers and, accordingly, Syms has limited its "S" label program.

### Purchasing

An important factor in the Company's growth has been its continued ability to purchase first-quality, in-season, brand-name merchandise directly from manufacturers on terms more favorable than those generally offered to department and specialty stores. Syms estimates that approximately 500 brand-name manufacturers of apparel are represented at its stores. Only one manufacturer accounted for more than 5% (i.e., approximately 7%) of the Company's purchases during the last fiscal year.

The Company does not maintain large out of season inventories nor does it maintain any long-term or exclusive commitments or arrangements to purchase from any particular manufacturer. However, Syms occasionally buys certain basic clothing which does not change in style from year to year at attractive prices for warehousing until the following year. While the Company has had long-term business dealings with many manufacturers, there can be no assurances that the Company always will be able to purchase merchandise directly from such manufacturers at favorable prices or to offer such merchandise to customers at prices substantially below those generally charged by department or specialty stores for the same merchandise. See "Business—Competition."

Syms has an in-house buying organization typical of many large specialty store chains. After consultation with store managers, purchasing is performed by the Company's staff of six merchandise managers and six buyers in conjunction with the Vice President—Merchandise.

### Distribution

The Company opened its Distribution Center located at 300 Chubb Avenue, Lyndhurst, New Jersey in August 1981. The facility contains approximately 90,000 square feet of warehouse and distribution space and 10,000 square feet of office space on ten acres of land. The opening of the Distribution Center allowed the Syms stores in New York City and Roslyn Heights, New York in particular to utilize as selling space areas formerly used to warehouse goods.

Most merchandise is received from manufacturers at the Distribution Center where it is inspected, ticketed and allocated to particular stores. Some merchandise, principally men's suits, is shipped by the manufacturers directly to the stores for inspection, ticketing and sale. The Company distributes merchandise to stores from one to four times a week. Turnaround time of generally 72 hours between receipt of goods at the warehouse from the manufacturers and shipment to the stores and the Company's high level of inventory turnover reduce the need for extensive storage space.

**Marketing**

The Company's pricing policy is to affix to each item a ticket displaying Syms' selling price as well as the price the Company regards as the traditional full retail price of that item at department or specialty stores. In the men's tailored clothing department, garments are displayed with the brand-name affixed to the sleeve; this label is removed at the time of purchase and before the garment leaves the store. In contrast, the brand-name label affixed to all other merchandise is not removed. Because women's dresses and suits are vulnerable to considerable style fluctuation, Syms has long utilized a ten-day automatic markdown pricing policy to promote movement of merchandise. The date of placement on the selling floor of each women's dress or suit is stamped on the back of the sales ticket. The front of each ticket contains what the Company believes to be the nationally-advertised price, the initial Syms price and three reduced prices. Each reduced price becomes effective after the passage of ten days. Throughout the year, the Company also offers "dividend" prices consisting of additional price reductions on various types of merchandise.

So that merchandise may be offered to the public at the lowest possible price, stores are designed to be functional. The Company has expended in opening its last four stores between $400,000 and $950,000 for fixtures and leasehold improvements. Merchandise is displayed by type and size on conveniently arranged racks or counters. Brand-name and "S" label garments are intermixed, and no emphasis is placed on any particular "label." To highlight merchandise, the interior color scheme of each store includes only gray and black. No carpeting is used except in the area in which men's tailored clothes are displayed. Store fixtures are made by the Company of wood and hardware, and there are no point-of-sale promotional displays. The stores generally offer minor alterations for an additional charge.

The Company sells its merchandise primarily for cash, but accepts checks or its own Syms credit card. No other credit cards are honored. Syms sells its credit card receivables on a non-recourse basis to a bank for a fee. Applications for Syms credit cards are forwarded to and reviewed and processed by such bank. Syms paid $1,486,012 in fees to such bank during the fiscal year ended December 31, 1982.

Merchandise purchased from the Company may be returned within a reasonable amount of time, within season. The Company does not offer refunds but issues credits which only may be used toward the purchase of other merchandise.

**Advertising**

The Company has spent for the years ended December 31, 1982, 1981 and 1980, 2.3%, 2.0% and 2.5%, respectively, of the prior year's net sales for advertising primarily on television and radio. Syms advertising has as its theme "At Syms, An Educated Consumer is Our Best Customer." Advertisements feature Sy Syms Merns, Marcy Syms Merns and Robert Merns explaining Syms' emphasis on first-quality, brand-name merchandise offered at below full retail prices. All advertising has been placed for a fee through Syms Advertising Agency which, until the recent reorganization of the Company, had been owned solely by Sy Syms Merns. See "Recent History and Certain Transactions—Reorganization."

**The Stores**

*Location.* All but one of the Company's 11 stores are located in leased facilities. In addition to the selling space noted in the following table, each store contains between approximately 2,000 to 12,000 square feet for inspection and ticketing of merchandise. During the last fiscal year, no store open throughout the year accounted for more than 14.1% or less than 5.8% of the Company's total sales.

| Location(1) | Year Opened | Approximate Selling Space at Opening (sq. ft.) | Approximate Selling Space at June 30, 1983 (sq. ft.) |
|---|---|---|---|
| New York City, New York | 1968(2) | 8,000 | 36,000 |
| Buffalo, New York | 1970(2) | 4,000 | 23,000 |
| Paramus, New Jersey | 1971(2) | 16,000 | 28,000 |
| Woodbridge, New Jersey | 1972(2) | 16,000 | 34,000 |
| Roslyn Heights, New York | 1974 | 24,000 | 29,000 |
| Fort Lauderdale, Florida | 1975(2) | 31,000 | 48,000 |
| Falls Church, Virginia | 1978 | 36,000 | 36,000 |
| Elmsford, New York | 1978 | 53,000 | 53,000 |
| Norwood, Massachusetts | 1982 | 37,000 | 37,000 |
| Peabody, Massachusetts | 1982 | 39,000 | 39,000 |
| Rockville, Maryland | 1982 | 58,000 | 58,000 |

(1) Sulka stores are not included. See "Business—Sulka".

(2) Year original store in this vicinity was opened; store site within vicinity subsequently changed.

The Company's stores do not require prime real estate sites because the Company believes that its customers are attracted to its stores principally by their large assortment of first-quality, in-season, brand-name merchandise at attractive prices and their "no-frills" courteous atmosphere. The Company has selected sites where there usually was a suitable existing building requiring minimal refurbishing and, therefore, has been able to establish stores in new locations in a relatively short period of time. The Company maintains flexibility with respect to its methods of operation and may engage in other operating formats in the future, including the increased ownership of stores in lieu of leasing. See "Business—The Stores; Planned Expansion."

All of the Syms stores are "free standing," except for the stores located in downtown New York City and Rockville, Maryland, and all are surrounded by adequate parking areas except for the New York City store. Syms stores are usually located near a major highway or thoroughfare in suburban areas populated by one to two million persons and are readily accessible to customers by automobile. In certain areas where there is a population in excess of two million persons, such as the Boston suburbs, Syms has opened more than one store at a time in the same general vicinity. Because Syms stores generally are located outside of urban centers, the Company believes some of its customers drive long distances to visit store locations. It is likely that the Company would be affected adversely by any conditions requiring reductions in automobile use.

The Company owns substantially all of the fixtures used in its stores and believes that its selling space is well utilized. Included in the fixtures and equipment owned by the Company are its material handling systems (including specially designed locked cages for delivery and control of inventory and a specially designed rail system for movement of inventory within the Distribution Center) which cost approximately $476,000, the Company's store fixtures and office equipment (including display racks, shelving and approximately 125 cash registers) which cost approximately $2,342,000 and the Company's computer system used by its accounting office (including terminals) which cost approximately $153,000. In addition, the Company leases five trucks for transportation of goods among the Distribution Center and the Syms stores. The Company believes that its fixtures and equipment are well maintained and suitable for its requirements. The Company operates all of the space in each Syms store and does not lease any space to any third party concessionaires. The stores are generally open six days a week, from 10:00 a.m. to 9:00 p.m., Monday to Friday, and 9:00 a.m. to 6:00 p.m. on Saturday. None of the stores are open on Sunday.

*Lease Terms.* The Company's general policy is to lease its stores. Nine stores are leased from unrelated parties, and the Elmsford, New York store is leased from Sy Syms Merns. See "Recent History and Certain Transactions—Other Transactions." The following table summarizes all lease expirations and any renewal options:

| Calendar Years | Number of Leases Expiring(1)(2) | Number of Lease Renewal Options(1) | Length in Years of Renewal Option Periods(3) |
|---|---|---|---|
| 1986 | 1 | 1 | 10 |
| 1987 | 2 | 1 | 10 |
| 1988 | 1 | 1 | 6 |
| 1989(4) | 1 | 1 | 10 |
| 1990 | 0 | 0 | — |
| 1991 | 1 | 1 | 15 |
| 1992 | 1 | 1 | 5 |
| 1993 | 0 | 0 | — |
| 1994 | 1 | 1 | 15 |
| 1995 | 1 | 0 | — |
| 1996 and thereafter(4) | 3 | 1 | 63 |
| | 12 | 8 | |

(1) Sulka stores are not included. See "Business—Sulka".

(2) One site no longer used by the Company is sublet to a third party.

(3) Depending on the applicable option, the minimum rent due during the renewal option periods may be based upon a formula contained in the existing lease or negotiations between the parties.

(4) The store referred to is covered by two leases.

Store leases other than for Elmsford provide for a base rental of between $2.25 and $4.92 per square foot. In addition, under the "net, net, net" terms of all of the leases, the Company must also pay maintenance expenses, real estate taxes and other charges. Rental payments for Syms' leased stores other than Elmsford aggregated $782,000 for the year ended December 31, 1982. For that period, the Company paid $666,000 in rent for the Elmsford store and the adjacent parking area. The Elmsford store is the only Syms store to have a percentage of sales rental as well as a fixed minimum rent. As described in "Recent History and Certain Transactions—Other Transactions," the lease for the Elmsford store has been amended as of August 1, 1983 to reduce the rent paid by the Company.

*Historic Growth.* In 1968, the Company opened its first full-size store of 8,000 square feet in downtown New York City. The store sold primarily men's wear and offered a limited line of women's wear. At various times from 1959 to 1970, the Company operated seven other stores, five averaging 2,000 square feet in downtown New York City, and one of 4,000 square feet in each of downtown Buffalo, New York and downtown Miami, Florida. In 1971, Syms shifted its marketing focus from urban downtown stores to large, high visibility suburban stores with the opening of a 16,000 square foot store in Paramus, New Jersey. The Company has since expanded to 11 stores as of June 30, 1983. Since May 1980, three of such stores were opened, two of such stores were relocated to significantly enlarged premises and the selling space of two existing stores was expanded. Between 1971 and 1980, the Company also closed and relocated three stores to significantly enlarged premises in the same general vicinities. The following table sets forth certain information concerning the net sales of Syms stores:

| | Year Ended December 31, (1)(2) | | | | | Six Months Ended June 30, (1)(2) | |
|---|---|---|---|---|---|---|---|
| | 1978 | 1979 | 1980 | 1981 | 1982 | 1982 | 1983 |
| Number of stores open for the entire period | 6 | 8 | 8 | 8 | 8 | 8 | 11 |
| Average approximate square footage of selling space during the period(3) | 159,000 | 248,000 | 260,000 | 268,100 | 287,000 | 287,000 | 421,000 |
| Average net sales per store (in thousands of dollars) | $8,124 | $9,018 | $10,861 | $13,813 | $15,241 | $6,814 | $7,328 |
| Average net sales per square foot of selling space | $306.57 | $290.90 | $334.18 | $412.17 | $424.83 | $189.94 | $191.47 |

(1) Sulka stores are not included. See "Business—Sulka".

(2) Data relate only to stores open throughout the applicable year or six-month period.

(3) Determined on a weighted average basis for stores which expanded selling space during the applicable year or six-month period.

*Planned Expansion.* The Company operates stores in five states in the northeastern and middle Atlantic regions and in Florida and is considering further expansion within these geographical regions and in other areas. By December 1984, the Company plans to open three stores of approximately 40,000 to 60,000 square feet each—one on the south shore of Long Island, New York and the remaining two stores in the Chicago and/or Philadelphia areas. The Company also intends to expand its stores in New York City, Buffalo, New York and Paramus, New Jersey by approximately 4,000 square feet, 28,000 square feet and 38,000 square feet, respectively. However, there can be no assurance that, by December 31, 1984, the Company will be able to open the three planned new stores or undertake the contemplated expansions of existing stores. Management believes that existing cash reserves and projected internally generated funds will be

sufficient to finance the Company's planned expansion, as well as to satisfy working capital and other capital expenditure requirements.

The Company entered into an agreement to purchase a site on the south shore of Long Island, New York, in connection with the construction of a new store facility. The agreement is contingent upon obtaining the requisite building permits. The initial application for such permits was denied by the local authorities on September 12, 1983. The Company is considering whether to appeal or resubmit the application for such permits, and is continuing to investigate alternate sites in the same area.

The Company is currently in the process of negotiating a lease agreement for a store space in the Philadelphia area. There can be no assurances that such a lease will be consummated, however, and the Company is continuing to seek and evaluate new store locations in the Philadelphia and/or Chicago areas.

At its downtown New York City store, the Company plans to convert approximately 4,000 square feet of space already leased into additional selling space. In Buffalo, New York, the Company intends to lease an additional 28,000 square feet of selling space from its existing landlord at an annual rental of $180,000, although there can be no assurance that the proposed transaction will be effected.

The Company plans to add approximately 38,000 square feet of selling space to its Paramus, New Jersey store. The Company is negotiating for the purchase for approximately $1,150,000 of the four-acre site on which its present leased facility is located and intends to build a two-story addition there for approximately $1,750,000. The Company also purchased a one and one-half acre adjacent parking site for $393,000.

The Company believes that its ability to find satisfactory locations for its stores is essential for the continued growth of its business. The opening of stores is generally contingent upon several factors, including the availability of desirable locations with suitable structures and required parking, and the negotiation of acceptable lease or purchase terms. There can be no assurance that such sites will continue to be available or if available will be obtained on favorable terms.

**Operations and Control Systems**

Each merchandise manager and buyer and the Vice President—Merchandise receive weekly computer reports on the previous week's sales in each of 250 classifications of merchandise and other pertinent data. These reports are organized by department, class, price, and store. Store sales information is keyed daily into a data base for weekly transmission to the Company's computer bank. The Company is developing a fully integrated merchandise control system which when completed will monitor receipt of merchandise from manufacturers, price marking, shipments to stores, inventories, shrinkage and store sales by 250 classifications of merchandise.

Management of the Company visits stores on a regular basis to coordinate with store managers in the training of employees in loss prevention methods. Each store has on-premises security personnel during normal hours and a security system after hours.

**Employees**

At June 30, 1983, the Company and Sulka had 1,130 employees of whom approximately 150 work part time. Collective bargaining agreements cover 862 sales and tailor employees. The Company considers its employee relations to be good.

Approximately 65 to 125 persons are employed at each Syms store. Most of these employees are sales personnel who are available to guide and inform customers. A store usually has a nucleus of six experienced

management persons consisting of a store manager, two general assistant managers and three department managers who also act as sales persons.

To encourage increased sales volume and improved store management, the Company has recently instituted a "management-by-objectives" incentive bonus program for each store management team and anticipates expanding this program to other employees. Bonuses are generally granted to store management personnel for surpassing certain established sales goals and for quality of store management. Promotion from within is a management policy.

**Trademark; Tradename**

"Syms", "An Educated Consumer is Our Best Customer", "The More You Know About Clothing the Better It is For Syms" and "Sulka" have been registered with the United States Patent and Trademark Office.

**Seasonality**

The Company's business (including Sulka) is seasonal with its highest sales occurring in the second and fourth quarters of each year. For each of the last three fiscal years, more than one-half of net sales occurred during the periods from July 1 to December 31. The following table sets forth the aggregate net sales of the Company and Sulka per fiscal quarter for the past three fiscal years.

| | Year Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | Thousands of Dollars(1) | | | Percent of Year's Total(1) | | |
| | 1980 | 1981 | 1982 | 1980 | 1981 | 1982 |
| Net Sales: | | | | | | |
| 1st Quarter (through March) | $15,524 | $ 19,447 | $ 23,031 | 17.69% | 17.24% | 15.65% |
| 2nd Quarter (through June) | 22,694 | 31,076 | 38,028 | 25.86 | 27.55 | 25.84 |
| 3rd Quarter (through Sept.) | 19,026 | 24,478 | 33,075 | 21.68 | 21.70 | 22.47 |
| 4th Quarter (through Dec.) | 30,513 | 37,800 | 53,047 | 34.77 | 33.51 | 36.04 |
| Total | $87,757 | $112,801 | $147,181 | 100.00% | 100.00% | 100.00% |

(1) Includes stores that opened during the period.

**Competition**

The retail apparel business is highly competitive, and the Company accounts for only a small fraction of the total market for men's, women's and children's apparel. The Company's stores compete with discount stores, apparel specialty stores, department stores, manufacturer-owned factory outlet stores and others. Many of the stores with which the Company competes are units of large national or regional chains that have substantially greater resources than the Company. Retailers having substantially greater resources than the Company have indicated their intention to enter the "off-price" apparel business, and the "off-price" apparel business itself may become increasingly competitive in the future, especially with respect to the increased use by manufacturers of their own factory outlets. At various times throughout the year, department store chains and specialty shops offer brand-name merchandise at substantial markdowns.

*Retail Price Maintenance:* Since it is the general policy of the Company to buy merchandise below wholesale prices and to sell at lower than the traditional full retail price, its business may be adversely

affected by manufacturers who attempt to maintain the resale price of their merchandise by refusing to sell to purchasers such as the Company who do not adhere to suggested retail prices. Federal and state legislation is proposed from time to time which, if enacted, would permit manufacturers to establish minimum prices. In a case before the United States Supreme Court involving a claim of unlawful resale price maintenance, the Justice Department has filed a brief urging the Court to consider adopting a rule that would legalize resale price maintenance under certain circumstances. It is unclear, however, whether the Court will address the Justice Department's request. The Company cannot predict the effect on its business of the enactment of any such Federal or state legislation, any change in the enforcement policy of certain Federal agencies, or the rendering of any judicial decisions which would permit or encourage the establishment of minimum retail prices.

**Sulka**

In July 1980, the Company acquired certain rights in the United States and various other countries to the tradename "Sulka," three Sulka store leases in the United States (two in New York and one in San Francisco), one store lease in London and the machinery, equipment and know-how to manufacture Sulka dressing gowns (men's and women's) and smoking jackets. In July 1983, the Company purchased the assets of the Sulka operation in Paris and remaining worldwide rights to the "Sulka" tradename. The Company continues the Sulka tradition of providing the highest quality haberdashery. Sulka products are sold at full retail prices.

Except for Sulka dressing gowns and smoking jackets which are produced by the Company in part of its space in Paramus, New Jersey, Sulka haberdashery is manufactured by outside producers. The Company is not reliant on any one source for production of its Sulka products. Net sales of Sulka products amounted to $2,367,000 and $2,299,000, respectively, for the fiscal years ended December 31, 1982 and 1981, and $1,074,000 and $1,169,000, respectively, for the six-month periods ended June 30, 1983 and 1982. Sulka operations sustained losses of $309,000 and $357,000, respectively, during the fiscal years ended December 31, 1982 and 1981. The leases for the five currently operating Sulka stores, with an aggregate of approximately 8,000 square feet of selling space, are based on a fixed annual rental with escalation clauses and expire between 1985 and 1992. Three of such leases require payment of additional rent based upon the amount of net sales. Rental payments for the Sulka stores (excluding the Paris store acquired in 1983) aggregated $340,000 for the year ended December 31, 1982. The Company plans to open two Sulka stores each year, commencing in 1984, in major cities outside the United States, particularly in Europe. It also plans to open and operate two leased departments each year, commencing in 1984, in high-priced department or specialty stores in major cities throughout the United States. Notwithstanding such expansion plans, the Company anticipates that for the foreseeable future Sulka will not have a material impact on the Company's consolidated net sales or net income.

## LEGAL PROCEEDINGS

There are currently no material legal proceedings pending or threatened against the Company.

## MANAGEMENT

### Directors and Executive Officers

The directors and executive officers of the Company and its principal subsidiary, Syms Inc., are as follows:

| Name | Age | Title |
|---|---|---|
| Sy Syms Merns(1) | 57 | Chairman of the Board, Chief Executive Officer and Chief Operating Officer and Director of the Company and Syms Inc. |
| Marcy Syms Merns(1) | 32 | President and Director of the Company and Syms Inc. |
| Richard B. Diamond(1) | 45 | Vice President—Finance, Treasurer and Director of the Company and Syms Inc. |
| Irwin Shivek | 58 | Vice President—Operations of Syms Inc. |
| Norman Fately | 59 | Vice President—Merchandise of Syms Inc. |
| Ira Weiser | 64 | Vice President—Men's wear of Syms Inc. |
| Charles Koopersmith | 55 | Vice President—Men's wear of Syms Inc. |
| Jack Model | 64 | Vice President—Women's wear of Syms Inc. |
| Alan Kilman | 30 | Vice President—Women's wear of Syms Inc. |
| Abraham Oliver | 65 | Vice President—Imports of Syms Inc. |
| Stephen Merns | 30 | Vice President and Secretary of Syms Inc. |
| Robert Merns | 28 | Secretary of the Company and Vice President of Syms Inc. |
| Richard Merns | 26 | Vice President of Syms Inc. |
| Wilbur L. Ross, Jr.(2)(3) | 45 | Director of the Company and Syms Inc. |
| J. Sloame Immerman(3) | 76 | Assistant Secretary and Director of the Company and Syms Inc. |

(1) Member of the Executive Committee of the Company.

(2) Member of the Audit Committee of the Company.

(3) Member of the Stock Option Committee of the Company.

The officers and directors of A. Sulka & Company Ltd. are: Sy Syms Merns—Chairman of the Board, Chief Executive Officer, Chief Operating Officer and Director; Marcy Syms Merns—President and Director; Jean Marie Bossard—Vice President—International Operations; Michel Kramer—Vice President—International Merchandising; Richard B. Diamond—Vice President—Finance, Treasurer and Director; Richard Merns—Secretary. The officers and directors of Syms Advertising Inc. are: Sy Syms Merns—Chairman of the Board, Chief Executive Officer, Chief Operating Officer and Director; Marcy Syms Merns—President and Director; Richard B. Diamond—Vice President—Finance, Treasurer and Director; Richard Merns—Secretary.

The Company has structured an executive management team, including members drawn from retail department store and chain operations, that it believes will provide continuity of management. None of the organizations with which these persons were previously associated is a parent, subsidiary or other affiliate of the Company except as otherwise set forth:

SY SYMS MERNS has been Chairman of the Board, Chief Executive Officer, Chief Operating Officer and a director of the Company, Syms Inc. and/or its predecessors since 1959.

MARCY SYMS MERNS has been President and a director of the Company and Syms Inc. since 1983, an officer and director of Syms Inc. since 1978 and President of Sulka since 1983. From 1976 to 1977, Ms. Merns was assistant to the President of Straus Broadcasting Company.

RICHARD B. DIAMOND, C.P.A., has been a Vice President, Chief Financial Officer, Treasurer and a director of the Company and Syms Inc. since 1983 and Treasurer of Syms Inc. since 1978. From 1964 to 1978, Mr. Diamond was associated with the accounting firm of Mann Judd Landau, independent Certified Public Accountants for the Company.

IRWIN SHIVEK has been a Vice President of Syms Inc. since 1980, and an employee since 1973. Prior to that time Mr. Shivek owned and operated two ladies dress establishments in New York City.

NORMAN FATELY has been a Vice President of Syms Inc. since 1983 and an employee since 1981. From February 1978 to July 1981, Mr. Fately was a partner in a business providing security to retail establishments. From January 1949 to January 1978, Mr. Fately was involved with distribution and merchandising at Alexanders, Inc.

IRA WEISER has been a Vice President of Syms Inc. since 1983 and a merchandise manager since 1975. From 1945 to 1975, Mr. Weiser was an officer and an employee in merchandising for Barney's, Inc.

CHARLES KOOPERSMITH has been a Vice President of Syms Inc. since 1983 and a merchandise manager since 1979. From 1954 to 1979, Mr. Koopersmith was a principal stockholder of Kings Menswear, Inc., a retail store.

JACK MODEL has been a Vice President of Syms Inc. since 1983 and a merchandise manager since 1977. From 1972 to 1977, Mr. Model owned and operated four ladies dress stores in Florida. From 1960 to 1972, Mr. Model was a merchandise manager for Loehmann's, Inc.

ALAN KILMAN has been a Vice President of Syms Inc. since 1983. From 1976 to 1983, Mr. Kilman was merchandise manager of ladies separates for Syms Inc. From 1971 to 1976, he was assistant store manager of the Paramus, New Jersey store of the Company.

ABRAHAM OLIVER has been a Vice President of Syms Inc. since 1983 and director of imports for Syms Inc. since 1980. From 1970 to 1980, he was import director for Murjani, Inc.

STEPHEN MERNS has been a Vice President of Syms Inc. since 1980 and Secretary of Syms Inc. since 1983 and a buyer of men's haberdashery for Syms Inc. since 1980. From 1975 to 1980, Mr. Stephen Merns was self-employed as a ready-to-wear sales representative and engaged in the business of importing and exporting ready-to-wear apparel.

ROBERT MERNS has been Secretary of the Company since 1983 and a Vice President of Syms Inc. and a buyer of men's tailored clothing for Syms Inc. since 1980. From 1976 to 1980, Mr. Robert Merns was an assistant buyer of men's tailored clothing for Syms Inc.

RICHARD MERNS has been a Vice President of Syms Inc. since 1980 and Secretary of Sulka since 1983. From 1978 to the present, Mr. Richard Merns has been a store manager in various stores of the Company.

WILBUR L. ROSS JR. has been a Managing Director of Rothschild Inc. since 1976. From 1971 to 1976, Mr. Ross was President of Faulkner Dawkins & Sullivan Securities Corp. He is a member of the Board of Directors of N.M. Rothschild & Sons (International) Ltd., Aileen, Inc., Dale Electronics, Inc., Energetics Inc., GEO International Corp., Investors Insurance Holding Company, Land Resources Corp.,

Peabody International Corp., and Transact International Inc. He has been a director of the Company since 1983.

J. SLOAME IMMERMAN has been a partner in the New York law firm of Immerman & Immerman for more than fifty-two years. He has been a director and Assistant Secretary of the Company since 1983 and general counsel of Syms Inc. since 1963. See "Recent History and Certain Transactions—Other Transactions."

The members of the Company's Board of Directors hold office until the next annual meeting of shareholders and until their successors are duly elected and qualified. Executive officers are elected annually by the Board of Directors of the Company and serve at the pleasure of the Board. Marcy Syms Merns, Stephen Merns, Robert Merns and Richard Merns are the children of Sy Syms Merns and are Selling Shareholders. See "Principal and Selling Shareholders." There are no other family relationships between any directors or executive officers of the Company.

The Company's business is materially dependent on the active participation of Sy Syms Merns, the Company's Chairman of the Board, Chief Executive Officer and Chief Operating Officer and largest shareholder, and the loss of his services could substantially adversely affect the Company's business. The Company maintains $4,750,000 in insurance on the life of Sy Syms Merns, payable to the Company upon his death. By virtue of his position in the Company, his beneficial ownership of Common Stock and his position as trustee of the Voting Trust, Sy Syms Merns "controls" and therefore is a "parent" of the Company as those terms are defined in the rules and regulations promulgated under the Securities Act of 1933, as amended (the "Securities Act"). See "Recent History and Certain Transactions" and "Principal and Selling Shareholders."

**Management Remuneration**

The following table sets forth all remuneration paid or accrued by the Company for the fiscal year ended December 31, 1982 (a) with respect to each of its most highly compensated executive officers or directors whose total cash and cash equivalent remuneration exceeded $50,000 each and for each member of the Merns family employed by the Company, and (b) for all officers and directors of the Company as a group:

| Name of Individual or Number of Persons in Group | Capacities in Which Served | Cash and Cash Equivalent Forms of Remuneration | | Aggregate of Contingent Forms of Remuneration (3) |
|---|---|---|---|---|
| | | Salaries, Fees, Directors' Fees, Commissions and Bonuses (1) | Securities or Property, Insurance Benefits or Reimbursement, Personal Benefits (2) | |
| Sy Syms Merns | Chairman of the Board, Chief Executive Officer and Chief Operating Officer and Director of the Company and Syms Inc. | $ 801,619(4) | $108,539 | $ 44,666 |
| Marcy Syms Merns | President and Director of the Company and Syms Inc. | 92,850(5) | 5,365 | 3,895 |
| Richard B. Diamond | Vice President—Finance, Treasurer and Director of the Company and Syms Inc. | 56,170 | 15,322 | 5,608 |
| Irwin Shivek | Vice President—Operations of Syms Inc. | 85,700 | 4,567 | 7,296 |
| Norman Fately | Vice President—Merchandise of Syms Inc. | 57,300 | 2,414 | — |
| Gustav Genzwuerker(6) | Vice President—Maintenance | 41,000 | 7,480 | 3,697 |
| Ira Weiser | Vice President—Men's wear of Syms Inc. | 87,400 | 2,612 | 8,184 |
| Charles Koopersmith | Vice President—Men's wear of Syms Inc. | 51,500 | 2,361 | 4,807 |
| Jack Model | Vice President—Women's wear of Syms Inc. | 59,550 | 2,393 | 5,238 |
| Alan Kilman | Vice President—Women's wear of Syms Inc. | 44,675 | 2,296 | 3,587 |
| Abraham Oliver | Vice President—Imports of Syms Inc. | 53,850 | 2,410 | 5,275 |
| Stephen Merns | Vice President and Secretary of Syms Inc. | 37,650 | 8,164 | 2,933 |
| Robert Merns | Secretary of the Company and Vice President of Syms Inc. | 58,650(5) | 4,346 | 3,254 |
| Richard Merns | Vice President of Syms Inc. | 31,181 | 1,230 | 1,725 |
| All officers and directors as a group (consisting of 14 persons) | | $1,559,095 | $169,499 | $100,165 |

*(Footnotes on following page)*

(1) Members of the Board of Directors have not been compensated heretofore for their services as directors in such capacity alone. The Company intends to pay fees to non-employee directors of approximately $500 to $1,100 per meeting of the board and of committees of the board attended by each such director. Wilbur L. Ross, Jr. and J. Sloame Immerman are currently the only non-employee directors.

(2) Officers and key employees participate in medical, group life insurance and disability insurance plans provided to all non-union employees of the Company. The officers of the Company also participate in a medical reimbursement plan. The cost of these plans to the Company has been included in the table. The Company provides automobiles to all of the executive officers listed above and in some cases parking privileges. The table does not assign any value to possible personal benefits derived from the use of the automobiles or parking because the dollar amount cannot be specifically ascertained and the Company does not believe in any individual's case such value would equal or exceed $10,000. See "Management—Pension Plan" for contributions to the Company's pension plan.

(3) Consists solely of the Company's contribution to its Profit Sharing Plan for the year ended December 31, 1982 for the individuals listed.

(4) Includes payments of $226,619 to Sy Syms Merns as the sole proprietor of Syms Advertising Agency. Does not include payments made to Sy Syms Merns of $645,259 for the year ended December 31, 1982 under the lease for the Elmsford store. See "Recent History and Certain Transactions—Other Transactions."

(5) Includes payments of $50,000 and $20,000 paid to Marcy Syms Merns and Robert Merns, respectively, by Syms Advertising Agency as performance fees for advertising. Until the reorganization, Syms Advertising Agency operated as a sole proprietorship owned by Sy Syms Merns. See "Recent History and Certain Transactions—Reorganization."

(6) Died August 3, 1982.

The Company has no employment agreements with any individual. Compensation of all non-union employees is generally reviewed in September of each year, at which time base compensation for the next 12 months is determined.

**Incentive Stock Option Plan**

The Company's 1983 Incentive Stock Option Plan (the "1983 Option Plan") was adopted by the Board of Directors and approved by the shareholders on July 29, 1983. The purpose of the 1983 Option Plan is to make options available to certain officers and other key employees of the Company in order to give them a greater personal interest in the success of the Company and an added incentive to continue and advance in their employment. A total of 1,000,000 shares of Common Stock is reserved for issuance under the 1983 Option Plan. The 1983 Option Plan provides for the granting to officers and key employees of "incentive stock options" within the meaning of Section 422A of the Internal Revenue Code of 1954, as amended (the "Code"). To date, no options have been granted.

The 1983 Option Plan is administered by a Committee appointed by the Board of Directors which determines the officers and key employees and the class or group of officers and key employees to be granted options under the 1983 Option Plan, and the number of shares subject to the option. No member of such Committee shall, while a member, be eligible to participate in the 1983 Option Plan. Each option is exercisable during the lifetime of the optionee. No options granted under the 1983 Option Plan are transferable by the optionee, other than by will or the laws of descent and distribution. Any options granted to an employee will terminate upon his ceasing to be an employee or six months thereafter in the case of death or disability. No options may be granted under the 1983 Option Plan after July 29, 1993.

The exercise price of all incentive stock options for Common Stock granted under the 1983 Option Plan must be equal to the fair market value of such shares on the date of grant as determined by the Committee based on guidelines set forth in the 1983 Option Plan. The term of each option and the manner in which it may be exercised will be determined by the Committee, subject to the requirement that no option may be

exercisable more than ten years after the date of grant. With respect to any option granted to a participant who owns stock possessing more than 10% of the voting rights of the Company's outstanding capital stock on the date of grant, the exercise price of the option must be at least equal to 110% of fair market value on the date of grant and the option may not be exercisable more than five years after the date of grant. Under the terms of the 1983 Option Plan, the aggregate fair market value of the Common Stock (determined at the date of of the option grant) for which any employee may be granted incentive stock options in any calendar year may not exceed $100,000, plus certain carryover allowances from the previous three years.

The federal income tax treatment of incentive stock options under the 1983 Option Plan is generally more favorable to employees than the treatment accorded other options. It is also less favorable to the Company because the Company is not entitled to a tax deduction with respect to the grant or exercise of an incentive stock option nor with respect to any disposition of such shares after certain holding periods, as described in Section 422A(a)(1) of the Code. The Company will be entitled to a tax deduction for an amount equal to the ordinary income realized by an optionee in the event shares purchased under the Plan are sold before the end of the relevant holding periods.

The Board of Directors may from time to time amend or terminate the 1983 Option Plan without action by the Company's shareholders, but no such amendment may increase the number of shares of Common Stock that may be issued under the Plan, permit the grant of options to persons other than officers or key employees, reduce the minimum option price per share, extend the period of granting or exercising incentive stock options or impair the rights of holders of outstanding options without their consent.

**Profit Sharing Plan**

The Company maintains a profit sharing plan for employees over age 21 with at least six months of service other than union members and hourly wage earners in the Company's store in Falls Church, Virginia (the "Profit Sharing Plan"). The amount of the Company's annual contribution is determined by the Board of Directors at its discretion and is allocated to each participant's account based upon a point system determined by compensation with one point awarded for each $100 of compensation for the first $20,000 of compensation and two points for each $100 of compensation over $20,000. No amount shall be allocated for any year to any employee in excess of an amount equal to seven dollars multiplied by the total of such employee's points. A participant or his beneficiary is entitled to be paid the entire interest in the participant's account upon his retirement, death or disability. A participant may retire at age 65 or, if a participant has at least 15 years of service, he may retire upon reaching age 55. A participant who leaves the Company for any reason other than death, retirement or permanent disability will be entitled to receive his vested interest payable over different periods of time depending on the aggregate amount vested and payment option elected. A participant's interest vests over an 11 year period commencing in the fifth year at the rate of 40% after completing four years of employment, 5% for each of the fifth and sixth years and 10% for each year thereafter, and is 100% vested after the completion of 11 years of service. An eligible "year of service" is one in which the employee has been employed by the Company for 12 months. Benefit payments are made in the form of an annuity unless a participant elects one of the optional forms of payment under the Profit Sharing Plan. The Company's total contribution to the Profit Sharing Plan for the fiscal year ended December 31, 1982 was $218,260. See "Management—Management Remuneration." None of such amounts allocated to directors, officers and key employees are fully vested under the Profit Sharing Plan except for the contribution allocable to Messrs. Sy Syms Merns, Abraham Oliver and Alan Kilman. Contributions allocable to all other directors, officers and key employees (other than one new employee) are vested to the extent of between 40% and 80%. Sy Syms Merns, Marcy Syms Merns and Richard Merns are trustees of the trust created to hold the assets of the Profit Sharing Plan.

**Pension Plan**

The Company adopted a defined benefit pension plan (the "Pension Plan"), effective January 1, 1976, for employees with at least six months of service who have attained age 21 other than union members and hourly wage earners in Falls Church, Virginia. The Company is required to make annual contributions to the Pension Plan so that sufficient amounts will be accumulated to provide the defined monthly pension benefits for each participant. Each participant is entitled to an annual retirement benefit equal to 19% of the average compensation (excluding bonuses) during his five consecutive highest paid calendar years during the ten years prior to retirement. Such benefit is reduced pro-rata if the employee has completed less than fifteen years of service. A participant is entitled to be paid his full benefits upon his retirement at age 65. If a participant has completed at least 15 years of service he may retire upon reaching age 55 but the benefits he receives will be actuarially reduced to reflect the longer period during which he will receive a benefit. A participant who becomes permanently disabled will be entitled to receive a benefit and a beneficiary of a participant who dies prior to receiving a benefit under the Pension Plan also will be entitled to receive a benefit. A participant who leaves the Company for any reason other than death, disability or retirement will be entitled to receive the vested portion of his benefit payable over different periods of time depending on the aggregate amount vested and payment option elected. A participant's interest vests over an 11 year period commencing in the fifth year at the rate of 40% after completing four years of employment, 5% for each of the fifth and sixth years and 10% for each year thereafter, and is 100% vested after the completion of 11 years of service. An eligible "year of service" is one in which the employee completes at least 1,000 hours. Benefit payments are made in the form of an annuity unless the participant elects one of the optional forms of payment. A participant whose service terminates before his normal or early retirement date normally must wait until such date to receive his benefit.

The following table sets forth the estimated annual benefits, which are not subject to any deduction for Social Security or other offset amount, payable on retirement to persons in specified remuneration and years of service classifications:

| | Years of Service | | |
|---|---|---|---|
| **Remuneration** | **5** | **10** | **15 or more** |
| Less than or equal to $50,000 | 3,167 | 6,333 | 9,500 |
| Greater than $50,000 but less than or equal to $100,000 | 6,333 | 12,667 | 19,000 |
| Greater than $100,000 but less than or equal to $150,000 | 9,500 | 19,000 | 28,500 |
| Greater than $150,000 but less than or equal to $200,000 | 12,667 | 25,333 | 38,000 |
| Greater than $200,000 but less than or equal to $250,000 | 15,833 | 31,667 | 47,500 |
| Greater than $250,000 but less than or equal to $300,000 | 19,000 | 38,000 | 57,000 |
| Greater than $300,000 but less than or equal to $400,000 | 25,333 | 50,667 | 76,000 |
| Greater than $400,000 but less than or equal to $500,000 | 31,667 | 63,333 | 90,000 |

The Company's total contribution to the Pension Plan for the fiscal year ended December 31, 1982 was $116,846. The years of credited service at the normal retirement age of 65, the compensation covered by the Pension Plan for benefit computation purposes for the fiscal year ended December 31, 1982, the estimated

annual benefits payable under the Pension Plan (assuming no changes from such compensation) and the pro-rata contribution allocation for the officers listed below are as follows:

| Name | Years of Credited Service At Age 65 | Compensation for Benefit Plan Purposes | Estimated Annual Benefit | Pro-rata Contribution Allocation(1) |
|---|---|---|---|---|
| Sy Syms Merns ..... | Over 15 years | $575,000 | $90,000(2) | $28,750 |
| Marcy Syms Merns .... | Over 15 years | 41,600 | 7,904 | 2,080 |
| Richard B. Diamond ... | Over 15 years | 55,500 | 10,545 | 2,775 |
| Irwin Shivek ..... | Over 15 years | 69,200 | 13,148 | 3,460 |
| Norman Fately ..... | 7 years, 11 months | 54,300 | 5,445 | 2,715 |
| Ira Weiser ..... | 11 years | 74,635(3) | 10,399 | 3,820 |
| Charles Koopersmith ... | 14 years, 1 month | 49,000 | 8,741 | 2,450 |
| Jack Model ..... | 6 years, 4 months | 47,054(3) | 3,775 | 2,628 |
| Alan Kilman ..... | Over 15 years | 39,175 | 7,443 | 1,959 |
| Abraham Oliver(4) ..... | — | — | — | — |
| Stephen Merns ..... | Over 15 years | 33,800 | 6,422 | 1,690 |
| Robert Merns ..... | Over 15 years | 36,400 | 6,916 | 1,820 |
| Richard Merns ..... | Over 15 years | 33,800 | 6,422 | 1,690 |

(1) Company contributions to the Pension Plan are made on an aggregate basis to accumulate funds to provide defined benefits for all participants, rather than on an individual contribution basis; this column is merely an estimate of allocations to particular employees based on the ratio of their compensation for Pension Plan purposes to the total of such compensation of all employees in the Pension Plan during the fiscal year.

(2) Benefit limited to statutory maximum.

(3) Member within five years of normal retirement.

(4) Not eligible due to age.

With certain exceptions, the Code, as amended by the Tax Equity and Fiscal Responsibility Act of 1982, presently restricts to an aggregate of $90,000 the annual pension which may be paid to an employee from a qualified defined benefit pension plan. In addition, the annual amount which may be contributed to an employee's account under a qualified profit sharing plan is presently limited to $30,000. Aggregate limitations also apply in the case of an individual who participates in both a defined benefit pension plan and a profit sharing plan.

The Company is presently reviewing its employee benefit programs and may determine to revise such programs in certain respects, including, but not limited to, the consolidation of the various plans or the adoption of additional plans for the benefit of employees of the Company.

## RECENT HISTORY AND CERTAIN TRANSACTIONS

### Reorganization

On July 25, 1983, a reorganization was effected pursuant to which Syms Inc., A. Sulka & Company Ltd. and Syms Advertising Inc. became wholly-owned subsidiaries of Syms Corp. in the following manner. All of the outstanding shares of various classes of Syms Inc. owned by Sy Syms Merns and his family, being all of such shares issued and outstanding, were exchanged for an aggregate of 17,650,000 shares of Common Stock. Such exchange was based on an independent appraisal received by the Company. See "Principal and Selling Shareholders" for information relating to the Merns family beneficial ownership of Common Stock before and after this offering. Syms Advertising Agency, a sole proprietorship owned by Sy Syms Merns, was transferred by him for no consideration to Syms Advertising Inc., a newly-formed, wholly-owned subsidiary of the Company. All of the Sulka stores (three of which were operated as a division of Syms Inc. and two of which were operated as wholly-owned subsidiaries) were transferred to another newly-formed, wholly-owned subsidiary, A. Sulka & Company Ltd.

**Other Transactions**

The Company leases its store in Elmsford, New York of approximately 60,000 square feet from Sy Syms Merns. Sy Syms Merns voluntarily amended the lease as of August 1, 1983 as to its rental provisions based upon independent appraisals. Under the original and amended leases, the rent payable by the Company consists of a fixed annual rent plus a percentage rent based on gross sales of the Elmsford store. Under the amended lease, commencing August 1, 1983, the fixed annual rent was changed to $435,000 through November 30, 1999 and the percentage rent was changed to .5% of the store's gross sales in excess of $20,000,000. Not more frequently than once every five years, the rental terms may be adjusted based upon independent appraisals if requested by Sy Syms Merns.

During the fiscal years ended December 31, 1982, 1981 and 1980, respectively, the Company paid to Sy Syms Merns a total of $645,259 in rent for the Elmsford store (of which $347,759 was based on a percentage of sales), $544,275 (of which $290,233 was based on a percentage of sales) and $489,440 (of which $216,440 was based on a percentage of sales). If the lease as amended had been in effect for the fiscal year ended December 31, 1982, the rental for such period would have been $435,000, none of which would have been based on a percentage of sales. For the six month period ended June 30, 1983, the Company paid $364,787 in rent for the Elmsford store of which $216,037 was based on a percentage of sales. The lease has been pledged by Sy Syms Merns as collateral security for his outstanding mortgage indebtedness on the Elmsford property of approximately $2,000,000.

Until July 25, 1983, when the reorganization of the Company was effected, Sy Syms Merns was the sole proprietor of Syms Advertising Agency, through which all advertisements for the Company are placed generally at a fee of 15% of the cost of commissionable advertising. During the fiscal years ended December 31, 1982, 1981 and 1980, respectively, the Company paid fees of $306,174, $237,722 and $238,937, respectively, to Syms Advertising Agency. Except for a small amount, most of these fees were then paid by Syms Advertising Agency to Mr. Merns and members of his family in consideration for appearances in advertisements for Syms. See "Management—Management Remuneration."

J. Sloame Immerman, a director of the Company and general counsel, received fees from the Company for the fiscal years ended December 31, 1982, 1981 and 1980 of $72,770, $69,467 and $52,653, respectively. No fees were paid for the six months ended June 30, 1983.

## PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of the Common Stock of the Company on the date of this Prospectus and as adjusted to reflect the sale of shares offered by this Prospectus by (a) the present shareholders of the Company who include all of the Selling Shareholders; (b) each person known by the Company to own beneficially more than five percent of the outstanding Common Stock; (c) each director of the Company; and (d) all directors and officers as a group. Unless otherwise noted in the footnotes to the table, the persons named in the table have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them.

| | Amount of Beneficial Ownership Prior to The Offering | | | Amount of Beneficial Ownership After The Offering | |
|---|---|---|---|---|---|
| Name of Beneficial Owner | Number of Shares | Percentage of Class | Number of Shares Being Offered | Number of Shares | Percentage of Class |
| Sy Syms Merns, as trustee under the Voting Trust Agreement dated July 25, 1983 300 Chubb Avenue, Lyndhurst, New Jersey 07071 | 4,422,226(1) | 25.1% | —0— | 4,422,226(1) | 25.1% |
| Sy Syms Merns | 12,231,450 | 69.3 | 2,187,500 | 10,043,950(2) | 56.9(2) |
| Marcy Syms Merns | 169,375 | * | 159,375 | 10,000 | * |
| Stephen Merns | 169,375 | * | 159,375 | 10,000 | * |
| Robert Merns | 169,375 | * | 159,375 | 10,000 | * |
| Richard Merns | 169,375 | * | 159,375 | 10,000 | * |
| Adrienne Merns | 159,412 | * | 150,000 | 9,412 | * |
| Laura Merns | 159,412 | * | 150,000 | 9,412 | * |
| All directors and officers as a group (consisting of 14 persons of whom five own Common Stock) | 17,650,000 | 100.0% | 3,125,000 | 14,525,000 | 82.3% |

* Less than 1%.

(1) Includes 123,550 shares in the Voting Trust for the account of Sy Syms Merns and 730,775 shares for each of Marcy Syms Merns, Stephen Merns, Robert Merns and Richard Merns, and 687,788 shares for each of Adrienne Merns and Laura Merns. Sy Syms Merns is deemed to be the beneficial owner of all the shares in the Voting Trust held by him as trustee.

(2) Assumes the Underwriters' over-allotment option is not exercised. If such option is exercised in full, Sy Syms Merns will be the direct beneficial owner of 9,731,450 (55.1%) of the shares outstanding after the offering.

### Voting Trust

The Voting Trust created under the Voting Trust Agreement dated July 25, 1983 terminates July 15, 2004 and is administered by Sy Syms Merns who, as the non-salaried Voting Trustee, can unilaterally vote, sell or otherwise dispose of the shares of Common Stock so held. Under no condition may a shareholder who deposited shares in the Voting Trust withdraw shares from the Voting Trust during its 21 year term. The Voting Trustee may, in his sole discretion, terminate the Voting Trust prior to its scheduled expiration date at any time. The Trustee is permitted to be a director of the Company. In the event of Sy Syms Merns' death or his resignation or inability to perform as Voting Trustee, Marcy Syms Merns is designated as successsor Trustee. In the event of her death, resignation or inability to perform, Richard Merns becomes successor Trustee.

The Selling Shareholders will continue to hold an aggregate of 82.3% of the Common Stock of the Company after the offering. However, the Company believes that Sy Syms Merns individually, by virtue of his direct ownership of 56.9% of the Common Stock, his position as sole voting trustee of the Voting Trust containing 25.1% of the Common Stock and his positions as Chairman of the Board, Chief Executive Officer and Chief Operating Officer, will control the Company. Because the Company's Certificate of Incorporation does not provide for cumulative voting, the public shareholders of the Company may be precluded from electing any members of the Board of Directors of the Company.

## DESCRIPTION OF CAPITAL STOCK

### Common Stock

The Company is authorized to issue 30,000,000 shares of Common Stock. Subject to any preferences, limitations and relative rights that may be fixed for any series of Preferred Stock that may be issued as described below, the holders of Common Stock of the Company are entitled, among other things, (1) to share ratably in dividends if, when, and as declared by the Board of Directors out of funds legally available therefor (see "Dividends"), (2) to one vote per share at all meetings of shareholders, and (3) in the event of liquidation, to share ratably in the distribution of assets remaining after payment of debts, expenses and the liquidation preference of any outstanding shares of Preferred Stock. Holders of shares of Common Stock have no cumulative voting rights or pre-emptive rights to subscribe for or purchase any additional shares of capital stock issued by the Company. The Company's Certificate of Incorporation provides that the affirmative vote of holders of 70% of the outstanding shares of Common Stock are required to effect or validate any merger or consolidation of the Company with or into any other corporation, any sale or lease of all or any substantial part of the assets of the Company or any sale or lease to the Company of assets (having an aggregate fair market value in excess of $1,000,000) in exchange for voting securities (or rights to acquire voting securities or securities convertible into voting securities) of the Company, except where the merger or similar transaction with another corporation has been approved by a 75% vote of the entire Board of Directors of the Company or where the Company owns a majority of every class of voting stock of such other corporation. The affirmative vote of a majority of the outstanding shares of Common Stock is required to amend the foregoing provisions of the Certificate of Incorporation. The Company's Certificate of Incorporation provides that the affirmative vote of a majority of the outstanding shares of Common Stock is sufficient to effect the removal of a director with or without cause, and similar action by a majority of the Board of Directors is sufficient to effect the removal of a director with cause. Such provisions could be utilized, under certain circumstances, as a method of preventing a takeover of the Company.

All issued and outstanding shares of Common Stock are fully paid, validly issued, and nonassessable. On the date of this Prospectus all of the Company's issued and outstanding Common Stock was held of record by the Selling Shareholders.

Morgan Guaranty & Trust Company of New York will act as transfer agent and registrar for the Company's Common Stock.

The Company will furnish to its shareholders annual reports containing audited financial statements and quarterly reports containing certain unaudited financial information.

### Preferred Stock

The Board of Directors is authorized to issue 1,000,000 shares of Preferred Stock, par value $100, without further action by the shareholders, in one or more series and to fix as to any such series the dividend rate, redemption prices, preferences on liquidation or dissolution, sinking fund terms, if any, conversion rights, voting rights and any other preference or special rights and qualifications. Shares of Preferred Stock issued by the Board of Directors could be utilized, under certain circumstances, as a method of preventing a takeover of the Company. As of the date of this Prospectus, the Board of Directors has not authorized any series of Preferred Stock. There are no agreements or understandings for the issuance of any shares of Preferred Stock.

### New York Stock Exchange Limitations

The shares offered hereby have been authorized for listing on the New York Stock Exchange on the date of this Prospectus. In order to meet the requirements for listing of the shares on the New York Stock

Exchange certain requirements had to be met. Included in such requirements are the undertaking by the Underwriters to sell lots of 100 or more shares to a minimum of 2,000 beneficial holders, the undertaking by Sy Syms Merns to dispose within five years of the date of this Prospectus of the Elmsford store to the Company or a third party and the undertaking by the Company to elect within one year of the date of this Prospectus an additional independent director who would serve on the Audit Committee.

## UNDERWRITING

The Underwriters, for whom Rothschild Inc. and Bear, Stearns & Co. are acting as Representatives, have severally agreed, subject to the terms and conditions of the Underwriting Agreement, a copy of which is filed as an exhibit to the Registration Statement, to purchase the aggregate number of shares of Common Stock set forth opposite their names below:

| Underwriter | Number of Shares |
|---|---|
| Rothschild Inc. | 511,000 |
| Bear, Stearns & Co. | 511,000 |
| A. G. Becker Paribas Incorporated | 55,000 |
| Blyth Eastman Paine Webber Incorporated | 55,000 |
| The First Boston Corporation | 55,000 |
| Alex. Brown & Sons | 55,000 |
| Donaldson, Lufkin & Jenrette Securities Corporation | 55,000 |
| Drexel Burnham Lambert Incorporated | 55,000 |
| Goldman, Sachs & Co. | 55,000 |
| E. F. Hutton & Company | 55,000 |
| Kidder, Peabody & Co. | 55,000 |
| Lazard Frères & Co. | 55,000 |
| Lehman Brothers Kuhn Loeb Incorporated | 55,000 |
| Merrill Lynch, Pierce, Fenner & Smith Incorporated | 55,000 |
| Prudential-Bache Securities Inc. | 55,000 |
| L. F. Rothschild, Unterberg, Towbin | 55,000 |
| Shearson/American Express Inc. | 55,000 |
| Smith Barney, Harris Upham & Co. Incorporated | 55,000 |
| Wertheim & Co., Inc. | 55,000 |
| Dean Witter Reynolds Inc. | 55,000 |
| Allen & Company Incorporated | 28,000 |
| A. G. Edwards & Sons, Inc. | 28,000 |
| Montgomery Securities | 28,000 |
| Robertson, Colman & Stephens | 28,000 |
| Thomson McKinnon Securities Inc. | 28,000 |
| Josephthal & Co. Inc. | 28,000 |
| Advest, Inc. | 14,000 |
| Arnhold and S. Bleichroeder, Inc. | 14,000 |
| Bacon, Stifel Nicolaus | 14,000 |
| Robert W. Baird & Co. | 14,000 |
| Bateman Eichler, Hill Richards Incorporated | 14,000 |
| Sanford C. Bernstein & Co. | 14,000 |
| William Blair & Co. | 14,000 |
| Blunt Ellis & Loewi Incorporated | 14,000 |
| Boettcher & Company | 14,000 |
| J. C. Bradford & Co. Incorporated | 14,000 |
| Brean Murray, Foster Securities Inc. | 14,000 |
| Butcher & Singer Inc. | 14,000 |
| Cable, Howse & Ragen | 14,000 |
| Cowen & Co. | 14,000 |

| Underwriter | Number of Shares |
|---|---|
| Dain Bosworth Incorporated | 14,000 |
| R. G. Dickinson & Co. | 14,000 |
| F. Eberstadt & Co., Inc. | 14,000 |
| Eppler, Guerin & Turner, Inc. | 14,000 |
| Fahnestock & Co. | 14,000 |
| First of Michigan Corporation | 14,000 |
| Foster & Marshall/American Express Inc. | 14,000 |
| Furman Selz Mager Dietz & Birney Incorporated | 14,000 |
| Gruntal & Co. | 14,000 |
| J. J. B. Hilliard, W. L. Lyons, Inc. | 14,000 |
| Interstate Securities Corporation | 14,000 |
| Invemed Associates, Inc. | 14,000 |
| Janney Montgomery Scott Inc. | 14,000 |
| Johnston, Lemon & Co. Incorporated | 14,000 |
| Ladenburg, Thalmann & Co. Inc. | 14,000 |
| Legg Mason Wood Walker, Incorporated | 14,000 |
| McDonald & Company Securities, Inc. | 14,000 |
| Moseley, Hallgarten, Estabrook & Weeden | 14,000 |
| Neuberger & Berman | 14,000 |
| The Ohio Company | 14,000 |
| Piper, Jaffray & Hopwood Incorporated | 14,000 |
| Prescott, Ball & Turben | 14,000 |
| Raffensperger, Hughes & Co. Inc. | 14,000 |
| Rauscher Pierce Refsnes, Inc. | 14,000 |
| Robinson-Humphrey/American Express Inc. | 14,000 |
| Rodman & Renshaw, Inc. | 14,000 |
| Rooney, Pace Inc. | 14,000 |
| Rotan Mosle Inc. | 14,000 |
| SoGen Securities Corporation | 14,000 |
| Stephens Inc. | 14,000 |
| Sutro & Co. Incorporated | 14,000 |
| Tucker, Anthony & R. L. Day, Inc. | 14,000 |
| Underwood, Neuhaus & Co. Incorporated | 14,000 |
| Wheat, First Securities, Inc. | 14,000 |
| American Securities Corporation | 7,000 |
| The Chicago Corporation | 7,000 |
| Craigie Incorporated | 7,000 |
| D. A. Davidson & Co., Inc. | 7,000 |
| Ferris & Company, Incorporated | 7,000 |
| First Albany Corporation | 7,000 |
| First Equity Corporation of Florida | 7,000 |
| First Manhattan Co. | 7,000 |
| Hamershlag, Kempner & Co. | 7,000 |
| Herzfeld & Stern | 7,000 |
| Howard, Weil, Labouisse, Friedrichs Incorporated | 7,000 |
| Institutional Equity Corporation | 7,000 |
| Johnson, Lane, Space, Smith & Co., Inc. | 7,000 |
| Laidlaw Adams & Peck Inc. | 7,000 |
| Cyrus J. Lawrence Incorporated | 7,000 |
| R. Lewis Securities, Inc. | 7,000 |
| Manley, Bennett, McDonald & Co. | 7,000 |
| Moore & Schley, Cameron & Co. | 7,000 |

| Underwriter | Number of Shares |
|---|---|
| Newhard, Cook & Co., Inc. | 7,000 |
| New York & Foreign Securities Corp. | 7,000 |
| Parker/Hunter Incorporated | 7,000 |
| Raymond, James & Associates, Inc. | 7,000 |
| R. Rowland & Co. Incorporated | 7,000 |
| Schneider, Bernet & Hickman, Inc. | 7,000 |
| Seidler, Amdec Securities Inc. | 7,000 |
| Burton J. Vincent, Chesley & Co. | 7,000 |
| Woodman Kirkpatrick & Gilbreath | 7,000 |
| Banca del Gottardo | 7,000 |
| Campagnie de Banque et d'Investissement | 7,000 |
| Cazenove and Co. | 7,000 |
| Credit Industriel d'Abace et de Lorrain | 7,000 |
| deZoete & Bevan | 7,000 |
| Grieveson, Grant & Co. | 7,000 |
| Morgan Grenfell & Co. | 7,000 |
| Paribas (Suisse) | 7,000 |
| Lombardfin | 7,000 |
| Samuel Montagu & Co. | 7,000 |
| J. Henry Schroder Wagg & Co. | 7,000 |
| S. G. Warburg & Co. | 7,000 |
| | 3,125,000 |

The Underwriters are committed to purchase all of the shares of Common Stock offered hereby if any are purchased. Under certain circumstances, the commitments of non-defaulting Underwriters may be increased.

In connection with providing the Selling Shareholders the opportunity to elect the installment sale method for income tax purposes, Rothschild Inc. and Bear, Stearns & Co., acting in their individual capacities as principals and not as Representatives of the Underwriters, each have agreed to purchase from the Selling Shareholders one-half of the shares offered hereby for a cash equivalent of $15.32 per share, payable on September 21, 1984. Immediately after such purchase, pursuant to the terms of the Underwriting Agreement, Rothschild Inc. and Bear, Stearns & Co. will resell the shares so purchased by them to the several Underwriters, which shares are offered pursuant to this Prospectus.

The Company has been advised by the Representatives that, except as hereinafter described, the Underwriters propose initially to offer some or all of the shares offered hereby directly to the public at the public offering price set forth on the cover page of this Prospectus and any balance to certain selected dealers (who may include Underwriters) at such public offering price less a concession not to exceed $0.45 per share. The selected dealers may re-allow a concession not to exceed $0.10 per share in sales to other dealers. After the initial public offering, the public offering price and the concession reallowance to dealers may be changed by the Representatives.

At the request of the Company, the Underwriters have reserved 150,000 shares of Common Stock for sale at the public offering price to certain directors, officers and employees of the Company and certain other persons designated by the Company. Although it is anticipated that all of such reserved shares will be purchased by such directors, officers, employees and other persons, any shares not so purchased will be offered by the Underwriters to the public and certain dealers as described in the immediately preceding paragraph.

Sy Syms Merns has granted to the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to an additional 312,500 shares of Common Stock at the initial public offering price, less underwriting discounts and commissions, shown on the cover page of this Prospectus. The Underwriters may exercise such option only for the purpose of covering any over-allotments incurred in the sale of the shares offered hereby. To the extent that the Underwriters exercise such option, each Under-

writer will be committed, subject to certain conditions, to purchase a number of additional shares in proportion to such Underwriter's initial commitment.

The Representatives have informed the Company that except as described in the next sentence, they do not expect sales to discretionary accounts by the Underwriters to exceed five percent of the total number of shares of Common Stock offered hereby and that sales to discretionary accounts by the Representatives will be less than two percent of the total number of shares of Common Stock offered hereby. One of the Representatives intends to sell not more than an additional 10% of the total number of shares of Common Stock offered hereby to discretionary accounts of its affiliates outside the United States.

The Company and the Selling Shareholders have agreed to indemnify the Underwriters against any and all losses, claims, damages or liabilities, including those arising under the Securities Act of 1933, arising out of, based upon or in connection with any untrue or alleged untrue statement of a material fact, or omission or alleged omission to state a material fact, in the Registration Statement or Prospectus, except to the extent that such claim relates to information furnished by the Underwriters.

Wilbur L. Ross, Jr., elected a director of the Company on July 11, 1983, is a Managing Director of Rothschild Inc. See "Management—Directors and Executive Officers."

**Determination of Price**

Prior to this offering, there has been no public market for the Company's Common Stock. The initial public offering price for the Common Stock has been determined by negotiation among the Company, the Selling Shareholders and the Representatives of the Underwriters. Among the factors considered in determining the initial public offering price were the earnings and certain other financial and operating information of the Company in recent periods, the future prospects of the Company and its industry in general, the general condition of the securities market at the time of the offering, and the market prices of securities and certain financial and operating information of companies engaged in activities similar to those of the Company.

**Shares Eligible For Future Sale**

Upon completion of this offering, the Company will have outstanding 17,650,000 shares of Common Stock. Of these shares, the 3,125,000 shares (assuming no exercise of the Underwriters' over-allotment option) sold in this offering will be freely tradable without restriction under the Securities Act. The remaining 14,525,000 shares retained by the Selling Shareholders will be eligible for public sale if registered under the Securities Act or if sold in accordance with Rule 144 thereunder. However, 4,422,226 of such shares are held in the Voting Trust and may not be sold for 21 years except by the Voting Trustee. The Company, the Selling Shareholders and the Voting Trustee have agreed that, for a period of 120 days from the date of this Prospectus, they will not, without the prior written consent of the Representatives of the several Underwriters, sell, offer or contract to sell, or grant any option to purchase, or otherwise dispose of, directly or indirectly, any shares of Common Stock owned and/or controlled by them, except as contemplated herein. In general, under Rule 144, any existing shareholder (or shareholders whose shares are required to be aggregated) who is an affiliate and who has beneficially owned his or her shares for at least two years would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of the Company's Common Stock (approximately 176,500 shares as of the date of this Prospectus) or the average weekly trading volume of the shares on all national securities exchanges or reported on NASDAQ during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission (the "Commission"). Any such shareholder who is not deemed an affiliate of the Company at the time of sale and who has not been an affiliate during the preceding three months and has beneficially owned his or her shares for at least three years would be entitled to sell shares under Rule 144 without regard to the volume limitations described above.

The Company estimates that if the Selling Shareholders are deemed for purposes of Rule 144 to have beneficially owned their shares of Common Stock since the date they acquired the shares of Syms Inc. which they exchanged for such shares of Common Stock, then all of the 14,525,000 outstanding shares of Common Stock beneficially owned by them will be eligible for sale under Rule 144 after the expiration of the 120-day period from the date of this Prospectus referred to above. Of such shares, 4,422,226 shares will

be subject to the Voting Trust and, prior to the expiration of the 21 year term, may be sold only by the Voting Trustee.

Prior to this offering, there has been no market for the Common Stock of the Company and no precise predictions can be made as to the effect, if any, that market sales of shares or the availability of such shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of substantial amounts of Common Stock of the Company in the public market could adversely affect prevailing market prices.

## LEGAL MATTERS

Certain matters with respect to the legality of the issuance of the Common Stock offered hereby are being passed upon for the Company and the Selling Shareholders by Botein, Hays, Sklar & Herzberg, 200 Park Avenue, New York, New York 10166 and as to real estate matters by Immerman & Immerman, 270 Madison Avenue, New York, New York 10016. Certain legal matters have been passed upon for the Underwriters by Weil, Gotshal & Manges, 767 Fifth Avenue, New York, New York 10153.

## EXPERTS

The consolidated financial statements of Syms Corp. and its subsidiaries as of December 31, 1981 and 1982 and for each of the three years in the period ended December 31, 1982 included in this Prospectus, and the consolidated financial statements of the Company as of December 31, 1979 and 1980 and for the year ended December 31, 1979, from which the selected consolidated financial data on page 7 of this Prospectus have been derived, have been examined by Mann Judd Landau, independent Certified Public Accountants, as stated in their report appearing herein. Such consolidated financial statements and selected consolidated financial data have been included herein in reliance upon such opinions given upon the authority of that firm as experts in accounting and auditing.

## ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission, Washington, D.C. 20549, a Registration Statement under the Securities Act of 1933, as amended, with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the Common Stock, reference is hereby made to such Registration Statement, including the exhibits and schedules thereto which may be obtained from the Commission's principal office in Washington, D.C., upon payment of the fees prescribed by the Commission.

# SYMS CORP. AND SUBSIDIARIES

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
Syms Corp.

We have examined the consolidated balance sheets of Syms Corp. and Subsidiaries as of December 31, 1981 and 1982 and the related consolidated statements of income and changes in financial position for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Syms Corp. and Subsidiaries as of December 31, 1981 and 1982, and the results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982, all in conformity with generally accepted accounting principles applied on a consistent basis.

We have also previously examined, in accordance with generally accepted auditing standards, the consolidated balance sheets as of December 31, 1979, and 1980, and the related consolidated statements of income and changes in financial position, for the year ended December 31, 1979 (none of which are presented herein); and we expressed unqualified opinions on those consolidated financial statements. In our opinion, the information set forth in the selected consolidated financial data for each of the four years in the period ended December 31, 1982, appearing on page 7, is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
March 25, 1983
(except for note 8a
as to which the date
is July 26, 1983 and
note 10 as to which
the date is July 29, 1983)

# SYMS CORP. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS
**(In thousands, except share amounts)**

### Assets

| | December 31, | | June 30, | |
|---|---|---|---|---|
| | 1981 | 1982 | 1982 | 1983 |
| | | | (Unaudited) | |
| Current assets | | | | |
| Cash and cash equivalents | $ 6,008 | $ 5,808 | $ 7,949 | $13,549 |
| Receivables—trade and others | 525 | 461 | 686 | 713 |
| Merchandise inventories (note 1b) | 11,483 | 19,201 | 14,882 | 21,976 |
| Prepaid expenses | 179 | 91 | 468 | 378 |
| Prepaid taxes | — | — | 650 | 38 |
| Tax benefits of net operating loss carryforwards (note 2) | 1,160 | — | 1,160 | — |
| Total current assets | 19,355 | 25,561 | 25,795 | 36,654 |
| Property and equipment, net of accumulated depreciation and amortization (notes 1c, 3 and 6) | 13,542 | 15,664 | 14,967 | 15,389 |
| Other assets net of accumulated amortization of $275 at December 31, 1981, $157 at December 31, 1982, $325 at June 30, 1982 and $186 at June 30, 1983 (note 1e) | 2,685 | 2,117 | 2,693 | 2,213 |
| Total assets | $35,582 | $43,342 | $43,455 | $54,256 |

### Liabilities and Shareholders' Equity

| | | | | |
|---|---|---|---|---|
| Current liabilities | | | | |
| Current maturities of long-term debt (note 6) | $ 555 | $ 505 | $ 525 | $ 373 |
| Accounts payable | 1,235 | 1,082 | 7,458 | 8,947 |
| Accrued expenses and taxes other than income taxes | 1,729 | 2,065 | 1,670 | 1,910 |
| Obligations to customers (note 5) | 967 | 1,048 | 923 | 1,283 |
| Due to Chief Executive Officer and principal shareholder | 532 | 748 | 277 | 279 |
| Income taxes (notes 1d and 4) | 118 | 305 | — | — |
| Current portion of obligations under capitalized leases (note 8a) | 74 | 81 | 77 | 85 |
| Total current liabilities | 5,210 | 5,834 | 10,930 | 12,877 |
| Long-term debt (note 6) | 5,456 | 4,944 | 5,263 | 4,692 |
| Obligations under capitalized leases (note 8a) | 1,897 | 1,816 | 1,858 | 1,773 |
| Deferred income taxes (note 4) | — | 258 | 61 | 400 |
| Commitments and contingent liabilities (notes 7 and 8) | | | | |
| Shareholders' equity (note 10) | | | | |
| Preferred stock—par value $100 per share; authorized 1,000,000 shares; none issued and outstanding | | | | |
| Common stock—par value $.05 per share; authorized 30,000,000 shares; issued and outstanding 17,650,000 shares | 883 | 883 | 883 | 883 |
| Additional paid-in capital | 11,339 | 11,339 | 11,339 | 11,339 |
| Retained earnings (note 9) | 10,797 | 18,268 | 13,121 | 22,292 |
| Total shareholders' equity | 23,019 | 30,490 | 25,343 | 34,514 |
| Total liabilities and shareholders' equity | $35,582 | $43,342 | $43,455 | $54,256 |

See accompanying notes to consolidated financial statements.

# SYMS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF INCOME

**(In thousands, except per share amounts)**

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|
| | 1980 | 1981 | 1982 | 1982 | 1983 |
| | | | | (Unaudited) | |
| Net sales | $87,757 | $112,801 | $147,181 | $61,058 | $81,679 |
| Costs and expenses | | | | | |
| Cost of sales | 62,282 | 81,097 | 105,345 | 43,797 | 58,564 |
| Selling, general and administrative | 15,053 | 20,123 | 26,166 | 12,437 | 14,679 |
| Interest expense (income)—net (note 6) | (31) | (60) | (3) | (52) | (82) |
| | 77,304 | 101,160 | 131,508 | 56,182 | 73,161 |
| Income before provision for income taxes | 10,453 | 11,641 | 15,673 | 4,876 | 8,518 |
| Provision for income taxes (notes 1d and 4) | | | | | |
| Current | 5,354 | 5,914 | 7,916 | 2,463 | 4,352 |
| Deferred | (44) | 73 | 286 | 89 | 142 |
| | 5,310 | 5,987 | 8,202 | 2,552 | 4,494 |
| Net income | $ 5,143 | $ 5,654 | $ 7,471 | $ 2,324 | $ 4,024 |
| Earnings per share (note 1g) | $ .29 | $ .32 | $ .42 | $ .13 | $ .23 |
| Shares outstanding (note 1g) | 17,650 | 17,650 | 17,650 | 17,650 | 17,650 |

See accompanying notes to consolidated financial statements.

# SYMS CORP. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

**(In thousands)**

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|
| | 1980 | 1981 | 1982 | 1982 | 1983 |
| | | | | (Unaudited) | |
| Sources of funds | | | | | |
| Net income | $5,143 | $ 5,654 | $ 7,471 | $ 2,324 | $ 4,024 |
| Items not consuming working capital | | | | | |
| Depreciation and amortization | 685 | 933 | 1,158 | 548 | 594 |
| Deferred taxes | (44) | 73 | 286 | 89 | 142 |
| Sundry | 125 | 4 | — | — | — |
| Working capital provided by operations | 5,909 | 6,664 | 8,915 | 2,961 | 4,760 |
| Proceeds of long-term debt | — | 5,600 | — | — | — |
| Disposition of fixed assets | — | 502 | 1,122 | — | — |
| Assumption of long-term debt on acquisition of subsidiaries | 2,595 | — | — | — | — |
| Decrease in other assets | — | 606 | 439 | — | — |
| Total funds provided | 8,504 | 13,372 | 10,476 | 2,961 | 4,760 |
| Use of funds | | | | | |
| Acquisition of fixed assets | 3,329 | 6,698 | 4,301 | 1,951 | 289 |
| Current maturities and repayments of long-term debt | 2,115 | 657 | 512 | 193 | 252 |
| Current portion and retirement of obligation under capitalized leases | 47 | 60 | 81 | 39 | 43 |
| Decrease in other liabilities | — | 30 | — | — | — |
| Acquisition of stock of subsidiary | 68 | — | — | — | — |
| Reacquisition of preferred and common shares | 264 | — | — | — | — |
| Increase in other assets | 2,950 | — | — | 58 | 126 |
| Total funds consumed | 8,773 | 7,445 | 4,894 | 2,241 | 710 |
| Net increase (decrease) in working capital | (269) | 5,927 | 5,582 | 720 | 4,050 |
| Working capital—beginning of period | 8,487 | 8,218 | 14,145 | 14,145 | 19,727 |
| Working capital—end of period | $8,218 | $14,145 | $19,727 | $14,865 | $23,777 |

See accompanying notes to consolidated financial statements.

## SYMS CORP. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION (Continued)
(In thousands)

| | Year Ended December 31, | | | Six Months Ended June 30, | |
|---|---|---|---|---|---|
| | 1980 | 1981 | 1982 | 1982 | 1983 |
| | | | | (Unaudited) | |
| Changes in components of working capital | | | | | |
| Increase (decrease) in current assets | | | | | |
| Cash and cash equivalents | $(1,345) | $2,615 | $ (200) | $1,941 | $7,741 |
| Receivables | 195 | 18 | (64) | 161 | 252 |
| Merchandise inventories | 277 | 2,253 | 7,718 | 3,399 | 2,775 |
| Prepaid expenses | 42 | 87 | (88) | 289 | 287 |
| Prepaid taxes | — | — | — | 650 | 38 |
| Tax benefits of net operating loss carryforwards | — | 1,160 | (1,160) | — | — |
| (Increase) decrease in current liabilities | | | | | |
| Current maturities of long-term debt | (63) | (442) | 50 | 30 | 132 |
| Accounts payable | 1,356 | (313) | 153 | (6,223) | (7,865) |
| Accrued expenses and taxes other than income taxes | (454) | (194) | (336) | 59 | 155 |
| Obligations to customers | 108 | (88) | (81) | 44 | (235) |
| Due to Chief Executive Officer and principal shareholder | (239) | (158) | (216) | 255 | 469 |
| Income taxes | (141) | 1,003 | (187) | 118 | 305 |
| Current portion of obligations under capitalized leases | (5) | (14) | (7) | (3) | (4) |
| Net increase (decrease) in working capital | $ (269) | $5,927 | $5,582 | $ 720 | $4,050 |

See accompanying notes to consolidated financial statements.

# SYMS CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 31, 1980, 1981 AND 1982

## (INFORMATION PERTAINING TO JUNE 30, 1982 AND 1983 AND FOR THE SIX MONTHS THEN ENDED IS UNAUDITED)

### Note 1—Summary of Significant Accounting Policies

**a. Principles of Consolidation**

The consolidated financial statements include the accounts of Syms Corp. and its subsidiaries (the "Company"), all of which are wholly-owned (see note 10). All significant intercompany accounts and transactions have been eliminated.

**b. Inventories**

Finished goods inventories are stated at the lower of cost (first-in, first-out) or market, as determined by the retail inventory method.

**c. Depreciation and Amortization**

Depreciation is computed principally by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The cost of leasehold improvements is amortized over the terms of the leases or the useful lives of the assets, whichever is shorter.

Facilities' leases (see note 8a) having the substance of financing transactions have been capitalized. The related lease obligations have been included as obligations under capitalized leases. The leased assets are being amortized as described above.

**d. Income Taxes**

Income taxes provided include deferred taxes due to timing differences between financial and tax reporting related to the use of accelerated depreciation and capitalized leases.

Investment tax credits are recorded as reductions of provision for income taxes in the year of qualified property addition.

**e. Excess of Purchase Price Over Net Assets of Purchased Subsidiaries**

The excess of purchase price over net assets (goodwill) is charged to income over a period of forty years. Goodwill is included in other assets and amounted to $1,620,000 and $1,557,000 at December 31, 1981 and 1982, net of accumulated amortization of $62,000 and $103,000, respectively.

**f. Principal Business**

The Company operates eleven stores which sell "off-price" apparel for men, women and children.

**g. Earnings Per Share**

Earnings per share are based on the earnings for each year divided by the number of shares outstanding during each period. The shares outstanding for each period retroactively reflect the reorganization effected in July 1983 (see note 10).

**h. Unaudited Information**

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the Company's financial position as of June 30, 1982 and 1983 and the results of its operations and changes in financial position for the six months ended June 30, 1982 and 1983. Inventories at June 30, 1982 and 1983 have been computed using a gross profit margin estimated by management. The results of the six months ended June 30, 1983 are not necessarily indicative of the results for the full year.

### Note 2—Tax Benefits of Net Operating Loss Carryforwards

In 1982, the Company realized the tax benefits of net operating loss carryforwards of the Sulka subsidiary purchased in July 1980. The tax benefits were recognized as an asset at the date of purchase because realization had been assured beyond any reasonable doubt.

**Note 3—Property and Equipment**

Property and equipment consists of:

| | (In thousands) December 31, | |
|---|---|---|
| | 1981 | 1982 |
| Land | $ 1,439 | $ 1,611 |
| Buildings and building improvements | 5,716 | 5,787 |
| Equipment and machinery | 421 | 506 |
| Furniture and fixtures | 2,007 | 2,816 |
| Leasehold improvements | 4,364 | 6,060 |
| Automobiles | 269 | 320 |
| Capitalized leases | 2,131 | 2,131 |
| | 16,347 | 19,231 |
| Less accumulated depreciation and amortization | 2,805 | 3,567 |
| | $13,542 | $15,664 |

**Note 4—Income Taxes**

The provision for income taxes for the three years ended December 31, 1980, 1981 and 1982 is as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Provision for income taxes | | | |
| Current—federal | $4,328 | $4,682 | $6,275 |
| —state | 1,026 | 1,232 | 1,641 |
| | 5,354 | 5,914 | 7,916 |
| Deferred—federal | (44) | 57 | 285 |
| —state | — | 16 | 1 |
| | (44) | 73 | 286 |
| | $5,310 | $5,987 | $8,202 |

The variation in the customary relationship between the provision for income taxes and pre-tax income is shown in the following calculation:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Statutory federal income tax rate | 46.0% | 46.0% | 46.0% |
| State taxes, net of federal income tax benefits | 5.3 | 5.8 | 5.7 |
| Other, net | (.5) | (.4) | .6 |
| Effective tax rate | 50.8% | 51.4% | 52.3% |

**Note 5—Obligations to Customers**

Obligations to customers represents credits issued for returned merchandise. The Company's policy is to allow cash customers to exchange credit memos for other merchandise.

**Note 6—Long-Term Debt**

Long-term debt is summarized as follows:

| | (In thousands) December 31, 1981 | | December 31, 1982 | |
|---|---|---|---|---|
| | Due Within One Year | Due After One Year | Due Within One Year | Due After One Year |
| Notes payable to former shareholders (a) | $132 | $ 229 | $132 | $ 90 |
| Mortgage payable to bank (b) | 373 | 5,227 | 373 | 4,854 |
| Other | 50 | — | — | — |
| | $555 | $5,456 | $505 | $4,944 |

(a) Principal is due in four equal annual installments commencing July 29, 1982. Interest is payable at 7% per annum.

(b) On December 11, 1981, the Company obtained a $5,600,000 New Jersey Economic Development Authority loan from a bank to finance a Distribution Center completed during August, 1981. The loan is collateralized entirely by a mortgage on the Distribution Center which has a net book value of $5,302,000 at December 31, 1982. Quarterly repayments in the amount of $93,000 are due the first day of March, June, September and December. The final installment of $95,000 is due December 1, 1996. The interest rate is 65% of the prime rate of Chemical Bank. The effective interest rate at December 31, 1982 was 7.475%.

The agreement establishes limits for the Company in connection with any new borrowings. Covenants, including those relating to tangible net worth and working capital, are also included.

**Note 6—Long-Term Debt (Continued)**

Interest expense including amounts related to capitalized leases (see note 8a) for the years ended December 31, 1980, 1981 and 1982 was $362,000, $426,000 and $876,000, respectively.

Repayments of long-term debt for each year following December 31, 1982 are:

| | (In thousands) |
|---|---|
| 1983 | $ 505 |
| 1984 | 463 |
| 1985 | 373 |
| 1986 | 373 |
| 1987 | 373 |
| 1988-1992 | 1,865 |
| 1993-1996 | 1,497 |
| | $5,449 |

**Note 7—Pension and Profit Sharing Plans**

The Company has a pension and a profit sharing plan covering all employees other than those under collective bargaining agreements. Hourly employees in the Virginia store are also excluded. Pension plan costs are funded annually. Contributions to the profit sharing plan are made at the discretion of the Plan's administrators.

Accumulated pension plan benefits and net assets for the year ended December 31, 1981 and 1982 (determined as of January 1, 1981 and 1982, respectively) are as follows:

| | (In thousands) Year Ended December 31, | |
|---|---|---|
| | 1981 | 1982 |
| Actuarial present value of accumulated plan benefits: | | |
| Vested | $191 | $218 |
| Non-vested | 72 | 30 |
| | $263 | $248 |
| Net assets available for benefits | $387 | $527 |

The weighted average assumed rate of return of 6.25% is used in determining the actuarial present values.

Pension and profit sharing plan contributions were $317,000, $301,000 and $335,000 for the years ended December 31, 1980, 1981 and 1982, respectively.

**Note 8—Commitments and Contingent Liabilities**

**a. Leases**

The Company has either capital or operating leases for each of its stores, with terms expiring between 1986 and 2068, except for one store which is owned. Under most lease agreements, the Company pays real estate taxes, maintenance and other operating expenses. Certain store leases also provide for additional contingent rentals based upon a percentage of sales in excess of certain minimum amounts as well as increases in the consumer price index.

Future minimum lease payments at December 31, 1982, are as follows:

| | (In thousands) Capital Leases—Real Estate | Operating Leases |
|---|---|---|
| 1983 | $ 388 | $ 1,206 |
| 1984 | 388 | 1,230 |
| 1985 | 388 | 1,238 |
| 1986 | 365 | 1,240 |
| 1987 | 298 | 1,019 |
| Thereafter—cumulative | 3,818 | 4,836 |
| Total minimum payments | 5,645 | $10,769 |
| Less—amount representing interest | 3,748 | |
| Present value of net minimum lease payments | 1,897 | |
| Less—current maturities | 81 | |
| | $1,816 | |

Capitalized real estate leases are computed at interest rates from 9.0% to 17.4%.

Future minimum sublease rentals at December 31, 1982 were $467,000 and are not reflected in the above table.

Rent expenses for operating leases are as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Minimum rentals | $ 617 | $ 797 | $ 930 |
| Escalation rentals | 266 | 284 | 389 |
| Contingent rentals | 216 | 314 | 388 |
| Sublease rentals | (53) | (47) | (33) |
| | $1,046 | $1,348 | $1,674 |

Total minimum payments under real estate capital leases include $5,308,000 payable from 1983 through 1999 to the Company's Chief Executive Officer and principal shareholder.

On July 26, 1983, the lease for the Elmsford store with the Company's Chief Executive Officer and principal shareholder was amended effective August 1, 1983. Minimum annual lease payments will be increased by $138,000 through 1999. The aggregate obligation under the capitalized lease and the related asset will be increased by $745,000. Under the old lease, additional rent was payable on all sales in excess of $6,000,000. The revised lease provides for additional rent to be paid on all sales in excess of $20,000,000 at a reduced percentage.

**Note 8—Commitments and Contingent Liabilities (Continued)**

**b. Other Commitments**

At December 31, 1982, the Company had outstanding letters of credit in the amount of $1,491,000.

At December 31, 1982 the Company was the guarantor of an outstanding mortgage indebtedness of approximately $2,000,000 (see note 10g). This store property is leased to the Company and owned by the Company's Chief Executive Officer and principal shareholder.

In connection with a new store opening, the Company entered into an agreement to purchase a land site for $1,700,000. In addition, the Company is negotiating a construction agreement to build a store on this site for approximately $2,300,000. Both agreements are contingent upon obtaining an approved building permit.

**Note 9—Retained Earnings**

Transactions in retained earnings are summarized as follows:

| | (In thousands) | | | | |
|---|---|---|---|---|---|
| | Year Ended December 31, | | | Six Months Ended June 30, | |
| | 1980(a) | 1981 | 1982 | 1982 | 1983 |
| Retained earnings, beginning of period | $ — | $ 5,143 | $10,797 | $10,797 | $18,268 |
| Net income | 5,143 | 5,654 | 7,471 | 2,324 | 4,024 |
| Retained earnings, end of period | $5,143 | $10,797 | $18,268 | $13,121 | $22,292 |

(a) In connection with a 1979 recapitalization, the Company transferred its then existing retained earnings of $12,420,000 to preferred stock.

**Note 10—Subsequent Events**

**a. Merger**

Effective January 1, 1983, Syms Menswear, Inc. was merged into Syms Haberdashery, Inc. and the name of the surviving company was changed to Syms Inc. Shares of stock in the former companies were exchanged for an equal number of shares in the surviving corporation.

**b. Formation of Syms Corp.**

On July 11, 1983, Syms Corp. was formed with an authorized capital stock consisting of 1,000,000 shares of preferred stock, $100 par value, and 30,000,000 shares of common stock, $.05 par value. Syms Corp. was formed to become the publicly owned parent company of the consolidated group.

**Note 10—Subsequent Events (continued)**

**c. Reorganization**

In July 1983, the following steps were taken in connection with the reorganization of the Company:

1. On July 25, 1983, the shareholders of Syms Inc. exchanged all of their outstanding common and preferred stock for 17,650,000 shares of voting common stock of the newly formed Syms Corp. pursuant to an agreement and plan of reorganization.

2. On July 29, 1983, Syms Advertising Agency was transferred to Syms Advertising Inc., a newly-formed, wholly-owned subsidiary. Prior to the reorganization, Syms Advertising Agency was owned by the Chief Executive Officer and principal shareholder of Syms Corp. Advertising for Syms Inc. was placed through Syms Advertising Agency and amounted to $1,788,000, $1,751,000 and $2,524,000 for 1980, 1981 and 1982, respectively.

3. On July 29, 1983, all of the assets of the Sulka stores were transferred to a newly-formed, wholly-owned subsidiary, A. Sulka & Company Ltd. Prior to the reorganization, three of the stores were operated as a division of Syms Inc. and two stores were operated as wholly-owned subsidiaries.

The consolidated financial statements and notes thereto have been retroactively restated to reflect the above reorganization.

**d. Voting Trust**

On July 25, 1983 a voting trust was created with a 21 year term. The Chief Executive Officer and principal shareholder presently serves as sole trustee of the voting trust. Under its terms, the trustee unilaterally can sell or otherwise dispose of common stock held in the trust and terminate the trust. The voting trust contains 4,422,226 shares or 25.1% shares of the Company's common stock.

**e. Stock Option Plan**

On July 29, 1983, the Company adopted an incentive stock option plan covering 1,000,000 shares of common stock. The plan requires that all options be granted at an exercise price equal to the fair market value of the common stock at the date of grant. With respect to holders of more than 10% of the voting rights of the Company the excercise price of the option must be equal to 110% of the fair market value at the date of grant. To date, no options have been granted under the plan.

**f. Contingent Rescission**

The transactions described in Notes 10c, d and e may be rescinded at the discretion of the Chief Executive Officer and principal shareholder if the contemplated public offering is not consummated by October 1, 1983.

**g. Termination of Guarantee**

On July 29, 1983 the company's guarantee of an outstanding mortgage indebtedness of its Chief Executive Officer and principal shareholder was terminated (see note 8b).

**3,125,000 Shares**




**An Educated Consumer is Our Best Customer**

**Common Stock**

## PART II

## INFORMATION NOT REQUIRED IN THE PROSPECTUS

**Item 13. Other Expenses of Issuance and Distribution.**

The following table sets forth the expenses (other than underwriting compensation) expected to be incurred in connection with the issuance and distribution of the securities being registered, including the recent reorganization of the Company and the original listing of the Common Stock on the New York Stock Exchange.

| | Total | Portion to be borne by the Company | Portion to be borne by the Selling Shareholders |
|---|---|---|---|
| SEC Registration Fee | $ 13,062.50 | $ — | $ 13,062.50 |
| NASD Filing Fee | 5,100.00 | — | 5,100.00 |
| NYSE Listing Fee | 104,235.00 | 85,023.00 | 19,212.00 |
| Blue Sky Fees and Expenses | 15,000.00* | — | 15,000.00 |
| Printing and Engraving Costs | 295,000.00* | 165,000.00 | 130,000.00 |
| Mailing and Distribution Costs | 75,000.00* | 60,000.00 | 15,000.00 |
| Legal Fees and Expenses | 300,000.00* | 200,000.00 | 100,000.00 |
| Accounting Fees and Expenses | 180,000.00* | 130,000.00 | 50,000.00 |
| Transfer Agent and Registrar Fees and Expenses | 10,000.00* | 10,000.00 | — |
| Securities Act Insurance Premium | 234,374.00 | 234,374.00 | — |
| Miscellaneous | — | — | — |
| Total | $1,231,771.50 | $884,397.00 | $347,374.50 |

* Estimated

**Item 14. Indemnification of Directors and Officers.**

Article Seventh of the Certificate of Incorporation of the Company contains the following provisions:

SEVENTH: The Corporation shall, to the fullest extent permitted by Section 14A:3-5 of the Business Corporation Act of New Jersey, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said Section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said Section.

Article X of the Company's By-Laws contains substantially identical provisions regarding indemnification of officers, directors and employees of the Company.

The Company is a New Jersey corporation. Section 14A:3-5 of the Corporation Law of the State of New Jersey, as amended, authorizes the Company to indemnify "corporate agents" (as defined in the statute). The following is a brief summary of the provisions of Section 14A:3-5 and is qualified in its entirety by reference to the statute itself, which is set forth in full as Exhibit 28 hereto.

Corporate agents, including, generally, past and present officers, directors, employees and other agents of the corporation, may be indemnified against both expenses and liabilities in connection with any "proceeding" (as defined in the statute) involving any such corporate agent, other than in a proceeding by or in the right of the corporation to procure a judgment in its favor, if (i) such corporate agent acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company; and (ii) with respect to any criminal proceeding, such corporate agent had no reasonable cause to believe his conduct was unlawful. In addition, in connection with any proceeding by or in the right of the Company to procure a judgment in its favor which involved the corporate agent, the statute authorizes the Company, generally, to indemnify such corporate agent against only his expenses, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company.

The statute requires the Company to indemnify a corporate agent against expenses to the extent that such officer or director has been successful on the merits or otherwise in any proceeding referred to above or in defense of any claim, issue or matter therein.

Indemnification of a corporate agent may be made by the Company only as authorized in a specific case upon a determination that indemnification is proper in the circumstances because the corporate agent met the applicable standard of conduct set forth in the statute. Such determination shall be (a) by the Board of Directors or committee thereof, acting by a majority vote of a quorum consisting of directors who were not parties to or otherwise involved in the proceeding; or (b) if such a quorum is not obtainable, or, even if obtainable and such quorum of the Board of Directors or committee by a majority vote of the disinterested directors so directs, by independent legal counsel in a written opinion, such counsel to be designated by the Board of Directors; or (c) by the shareholders if a resolution of the Board of Directors or of the shareholders so directs. By the means set forth in any of subparagraphs (a) through (c) above, the Company may authorize the payment of expenses of a corporate agent in advance of a final disposition of a proceeding, provided that such agent undertakes to repay such amount unless it shall be ultimately determined that he is entitled to be indemnified.

The Company has in effect a policy insuring its directors and officers against certain liabilities, to which they would be entitled to indemnification by the Company, arising from acts or omissions taken in the discharge of their duties in such capacities. In addition, the Company has obtained Securities Act Liability Insurance in connection with the offering insuring its directors and officers against certain liabilities arising in connection with claims under provisions of the Securities Act of 1933 or the Securities Exchange Act of 1934 by reason of untrue statements in or omissions from this Registration Statement or the Prospectus forming a part hereof.

Pursuant to the Underwriting Agreement between the Underwriters and the Company, the Underwriters have agreed to indemnify the officers and directors of the Company against certain civil liabilities which may be incurred in connection with the offering, including certain liabilities under the Securities Act of 1933, as amended.

**Item 15. Recent Sales of Unregistered Securities.**

There have been no sales by the Company of any of its securities prior to the date this Registration Statement was filed with the Securities and Exchange Commission, except as set forth below.

As part of the corporate reorganization described in the Prospectus under "Recent History and Certain Transactions," the Company distributed 17,650,000 shares of Common Stock to its shareholders in exchange for all of their shares of common stock of Syms Inc. The exchange of shares did not involve any public offering and was therefore exempt from registration under section 4(2) of the Securities Act of 1933, as amended.

**Item 16. Exhibits and Financial Statement Schedules.**

**(a) Exhibits**

| Exhibit Number | Description |
|---|---|
| 1 | — Underwriting Agreement between the Company and the Underwriters |
| 2.3 | — Assignment, dated July 29, 1983, from Syms Inc. to A. Sulka & Company Ltd. |
| 4.1 | — Specimen Certificate of Common Stock |
| 5.1 | — Opinion of Botein, Hays, Sklar & Herzberg |
| 10.9 | — Leased Premises: 11840 Rockville Pike, Rockville, Maryland<br>10.9d Guarantee, August 22, 1983 |
| 10.13 | — Leased Premises: 711 Fifth Avenue, New York, New York<br>10.13c Consent, September 2, 1983<br>10.13d Guarantee, August 29, 1983 |
| 10.26 | — Directors and Officers Liability Insurance Policy |
| 10.27a | — Securities Act Insurance Binders |
| 10.27b | — Specimen Securities Act Insurance Policy |
| 24.1 | — Consent of Mann Judd Landau. See page II-5 |
| 24.3 | — Consent of Botein, Hays, Sklar & Herzberg, included in Opinion filed as Exhibit 5.1. |
| 25 | — Selling Shareholders' Power of Attorney and Depositary Agreement for Their Shares, as amended, effective as of July 25, 1983. |

(b) **Financial Statement Schedules**

Report of Independent Certified Public Accountants on Financial Statement Schedules

Schedules for the three years ended December 31, 1982

V — Property, Plant and Equipment
VI — Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment.
X — Supplementary Consolidated Income Statement Information

All other schedules and columns in schedules are omitted, as the required information is inapplicable or the information is presented in the financial statements and related notes included in the Prospectus.

**Item 17. Undertakings.**

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the provisions described under Item 14 above, or otherwise, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 23rd day of September, 1983.

SYMS CORP.

By /s/ SY SYMS MERNS
Sy Syms Merns
*Chairman of the Board*

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ SY SYMS MERNS<br>Sy Syms Merns | Chairman of the Board and Director (principal executive officer) | September 23, 1983 |
| /s/ MARCY SYMS MERNS<br>Marcy Syms Merns | President and Director | September 23, 1983 |
| /s/ RICHARD B. DIAMOND<br>Richard B. Diamond | Vice President—Finance, Treasurer and Director (principal financial and accounting officer) | September 23, 1983 |
| /s/ J. SLOAME IMMERMAN<br>J. Sloame Immerman | Director | September 23, 1983 |
| /s/ WILBUR L. ROSS, JR.<br>Wilbur L. Ross, Jr. | Director | September 23, 1983 |

**EXHIBIT 24.1**

## CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the inclusion in this registration statement on Form S-1 and the related prospectus of our reports dated March 25, 1983, except for note 8a as to which the date is July 26, 1983 and note 10 as to which the date is July 29, 1983, on our examination of the consolidated financial statements and schedules of Syms Corp. and Subsidiaries. We also consent to the references to our firm in the prospectus under the captions "Experts" and "Selected Consolidated Financial Data".

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
September 23, 1983

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES

To the Board of Directors and Shareholders
Syms Corp.

We have examined the consolidated financial statements of Syms Corp. and Subsidiaries as of December 31, 1981 and 1982 and for each of the three years in the period ended December 31, 1982, and have issued our report thereon dated March 25, 1983, except for note 8a as to which the date is July 26, 1983 and note 10 as to which the date is July 29, 1983. In connection with our examinations, we also examined the financial statement schedules listed in item 16(b). In our opinion, these schedules, when considered in relation to the basic consolidated financial statements, present fairly in all material respects the information set forth therein.

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
March 25, 1983
(except for note 8a
as to which the date
is July 26, 1983
and note 10 as to
which the date
is July 29, 1983)

Schedule V

## SYMS CORP.

## PROPERTY, PLANT AND EQUIPMENT
(In thousands)

| Classification | Balance at Beginning of Period | Additions at Cost | Retirements | Other Changes Add (Deduct) Describe | Balance at End of Period |
|---|---|---|---|---|---|
| Year ended December 31, 1980 | | | | | |
| Land | $ — | $ 1,487 | | | $ 1,487 |
| Furniture and fixtures | 1,255 | 313 | | | 1,568 |
| Leasehold improvements | 3,477 | 593 | | | 4,070 |
| Automobiles | 143 | 102 | $ 21 | | 224 |
| Capitalized leases | 2,131 | | | | 2,131 |
| Construction-in-progress | — | 1,021 | | | 1,021 |
| | $ 7,006 | $ 3,516(C) | $ 21 | | $10,501 |
| Year Ended December 31, 1981 | | | | | |
| Land | $ 1,487 | $ 364 | $412 | | $ 1,439 |
| Buildings and improvements | — | 523 | | 5,193(B) | 5,716 |
| Machinery and equipment | — | 421 | | | 421 |
| Furniture and fixtures | 1,568 | 562 | 123 | | 2,007 |
| Leasehold improvements | 4,070 | 487 | 193 | | 4,364 |
| Automobiles | 224 | 169 | 124 | | 269 |
| Capitalized leases | 2,131 | | | | 2,131 |
| Construction-in-progress | 1,021 | 4,172 | | (5,193)(B) | — |
| | $10,501 | $ 6,698 | $852 | $ — | $16,347 |
| Year ended December 31, 1982 | | | | | |
| Land | $ 1,439 | $ 172 | | | $ 1,611 |
| Buildings and improvements | 5,716 | 71 | | | 5,787 |
| Machinery and equipment | 421 | 95 | $ 17 | $ 7 (A) | 506 |
| Furniture and fixtures | 2,007 | 1,170 | 437 | 76 (A) | 2,816 |
| Leasehold improvements | 4,364 | 921 | 26 | (83)(A)<br>884 (B) | 6,060 |
| Automobiles | 269 | 104 | 53 | | 320 |
| Capitalized leases | 2,131 | | | | 2,131 |
| Construction-in-progress | — | 884 | | (884)(B) | — |
| | $16,347 | $ 3,417 | $533 | $ — | $19,231 |

(A) Transfers and reclassifications.
(B) Reclassification of construction completed.
(C) Includes property and equipment of acquired business of $346.

Schedule VI

## SYMS CORP.

## ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT
(In thousands)

| Description | Balance at Beginning of Period | Additions Charged to Costs and Expenses | Retirements | Other Changes Add (Deduct) Describe | Balance at End of Period |
|---|---|---|---|---|---|
| Year ended December 31, 1980 | | | | | |
| Furniture and fixtures | $ 586 | $ 278 | | | $ 864 |
| Leasehold improvements | 578 | 362 | | | 940 |
| Automobiles | 42 | 80 | $ 12 | | 110 |
| Capitalized leases | 181 | 143 | | | 324 |
| | $1,387 | $ 863 | $ 12 | | $2,238 |
| Year ended December 31, 1981 | | | | | |
| Buildings and improvements | $ — | $ 85 | | | $ 85 |
| Machinery and equipment | — | 30 | | | 30 |
| Furniture and fixtures | 864 | 197 | $ 95 | | 966 |
| Leasehold improvements | 940 | 300 | 143 | | 1,097 |
| Automobiles | 110 | 91 | 34 | | 167 |
| Capitalized leases | 324 | 136 | | | 460 |
| | $2,238 | $ 839 | $ 272 | | $2,805 |
| Year ended December 31, 1982 | | | | | |
| Buildings and improvements | $ 85 | $ 171 | | | $ 256 |
| Machinery and equipment | 30 | 66 | $ 3 | | 93 |
| Furniture and fixtures | 966 | 271 | 253 | $ 15(A) | 999 |
| Leasehold improvements | 1,097 | 348 | | (15)(A) | 1,430 |
| Automobiles | 167 | 65 | 40 | | 192 |
| Capitalized leases | 460 | 137 | | | 597 |
| | $2,805 | $1,058 | $ 296 | $ — | $3,567 |

(A) Transfers and reclassifications.

Schedule X

# SYMS CORP.

## SUPPLEMENTARY CONSOLIDATED INCOME STATEMENT INFORMATION
(In Thousands)

| | For the year ended December 31, | | |
|---|---|---|---|
| | 1980 | 1981 | 1982 |
| Advertising | $1,817 | $2,374 | $2,947 |

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CORP: 3 STORE: 711 FIFTH AVE

| DEPT | | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|---|
| 7100 | SHIRTS - DRESS | | 2,489 | 4,303 | 3,950 | 0.00 | 131,840.00 | 278,390.00 | 294,465.00 |
| 7101 | PLEATED TX SHIR | | 235 | 242 | 138 | 0.00 | 26,395.00 | 29,140.00 | 17,870.00 |
| 7102 | SPORTS SHIRTS | | 323 | 376 | 329 | 0.00 | 32,990.00 | 28,226.00 | 33,000.00 |
| 7103 | KNIT SHIRTS | | 387 | 254 | 179 | 0.00 | 22,370.00 | 19,050.00 | 13,235.00 |
| 7200 | HOSIERY | | 5,933 | 6,449 | 9,704 | 0.00 | 61,948.00 | 87,954.00 | 154,613.00 |
| 7300 | PAJAMA | | 1,127 | 1,460 | 1,286 | 0.00 | 84,890.00 | 106,865.00 | 146,433.00 |
| 7400 | ROBES | | 89 | 142 | 302 | 0.00 | 60,800.00 | 90,520.00 | 184,350.00 |
| 7500 | UNDERWEAR | | 2,528 | 1,596 | 1,838 | 0.00 | 42,650.50 | 27,671.50 | 44,609.50 |
| 7600 | GLOVES | | 42 | 588 | 232 | 0.00 | 2,742.00 | 24,208.00 | 16,085.00 |
| 7700 | JEWELRY | | 307 | 311 | 583 | 0.00 | 16,734.00 | 12,656.00 | 21,222.00 |
| 7800 | HANDKERCHEIFS | | 1,487 | 1,156 | 3,970 | 0.00 | 16,129.00 | 15,725.00 | 53,395.00 |
| 7900 | TIES & BOWTIES | | 14,358 | 14,117 | 13,078 | 0.00 | 375,065.00 | 373,668.00 | 466,972.50 |
| 8000 | SWEATERS | | 73 | 464 | 676 | 0.00 | 8,715.00 | 68,240.00 | 118,160.00 |
| 8100 | MUFFLERS & SCAR | | 455 | 670 | 547 | 0.00 | 32,320.00 | 32,335.00 | 38,585.00 |
| 8200 | UMBRELLAS | | 111 | 128 | 339 | 0.00 | 2,995.00 | 3,980.00 | 17,515.00 |
| 8400 | SUSPENDERS & CU | | 93 | 727 | 604 | 0.00 | 2,005.00 | 39,540.00 | 40,685.00 |
| 8500 | BELTS | | 471 | 232 | 661 | 0.00 | 19,390.00 | 19,328.00 | 59,234.00 |
| 8501 | SHOES & SLIPPER | | | 29 | 47 | 0.00 | 0.00 | 1,015.00 | 8,720.00 |
| 8502 | WALLETS & GLASS | | | 63 | 29 | 0.00 | 0.00 | 5,075.00 | 4,100.00 |
| 8503 | LUGGAGE | | | | 31 | 0.00 | 0.00 | 0.00 | 10,725.00 |
| 8600 | SPORTSCOATS | | 258 | 153 | 116 | 0.00 | 107,425.00 | 85,900.00 | 56,325.00 |
| 8601 | SUITS | | 1 | | 0 | 0.00 | 475.00 | 0.00 | 0.00 |
| 8602 | VESTS | | | | 3 | 0.00 | 0.00 | 0.00 | 195.00 |
| 8700 | TROUSERS | | 128 | 61 | 130 | 0.00 | 4,480.00 | 8,005.00 | 15,565.00 |
| 8800 | RAINCOATS | | 30 | 31 | 53 | 0.00 | 10,425.00 | 16,050.00 | 31,700.00 |
| 8900 | OVERCOATS & TOP | | 13 | 80 | 21 | 0.00 | 9,700.00 | 56,650.00 | 8,600.00 |
| 9000 | PIECES GOODS | | 20,754 | 316 | 0 | 0.00 | 207,041.62 | 3,983.57 | 0.00 |
| | TOTAL FOR STORE | 0 | 51,692 | 33,948 | 38,846 | 0.00 | 1,279,525.12 | 1,434,175.07 | 1,856,359.00 |

CORP: 3 STORE: 712 WALDORF

| DEPT | QUANTITY 1981 | QUANTITY 1982 | QUANTITY 1983 | QUANTITY 1984 | TOTAL RETAIL $ 1981 | TOTAL RETAIL $ 1982 | TOTAL RETAIL $ 1983 | TOTAL RETAIL $ 1984 |
|---|---|---|---|---|---|---|---|---|
| 7100 SHIRTS - DRESS | | 313 | 802 | 623 | 0.00 | 18,965.00 | 57,705.00 | 45,055.00 |
| 7101 PLEATED TX SHIR | | 40 | 52 | 39 | 0.00 | 4,255.00 | 6,900.00 | 5,225.00 |
| 7102 SPORTS SHIRTS | | 119 | 15 | 14 | 0.00 | 11,875.00 | 1,600.00 | 2,100.00 |
| 7103 KNIT SHIRTS | | 163 | 53 | 0 | 0.00 | 9,430.00 | 2,965.00 | 0.00 |
| 7200 HOSIERY | | 421 | 313 | 388 | 0.00 | 3,106.00 | 3,979.00 | 4,592.00 |
| 7300 PAJAMA | | 141 | 119 | 151 | 0.00 | 15,500.00 | 13,225.00 | 20,305.00 |
| 7400 ROBES | | 66 | 84 | 81 | 0.00 | 60,500.00 | 49,400.00 | 50,200.00 |
| 7500 UNDERWEAR | | 340 | 413 | 263 | 0.00 | 5,649.50 | 8,199.50 | 5,450.00 |
| 7600 GLOVES | | 12 | 5 | 75 | 0.00 | 1,020.00 | 355.00 | 6,020.00 |
| 7700 JEWELRY | | 108 | 288 | 506 | 0.00 | 2,256.00 | 2974.00 [illegible] | 4,718.00 |
| 7800 HANDKERCHEIFS | | 469 | 545 | 785 | 0.00 | 3,199.00 | 6,865.00 | 17,266.00 |
| 7900 TIES & BOWTIES | | 668 | 1,030 | 943 | 0.00 | 24,507.00 | 36,610.00 | 35,080.00 |
| 8000 SWEATERS | | | 167 | 80 | 0.00 | 0.00 | 23,440.00 | 15,125.00 |
| 8100 MUFFLERS & SCAR | | 71 | 79 | 139 | 0.00 | 4,325.00 | 5,795.00 | 10,915.00 |
| 8200 UMBRELLAS | | 35 | 21 | 45 | 0.00 | 1,110.00 | 1,080.00 | 2,435.00 |
| 8400 SUSPENDERS & CU | | 2 | 68 | 45 | 0.00 | 60.00 | 4,165.00 | 3,145.00 |
| 8500 BELTS | | 98 | 97 | 104 | 0.00 | 6,435.00 | 5,951.00 | 8,765.00 |
| 8501 SHOES & SLIPPER | | | | 4 | 0.00 | 0.00 | 0.00 | 340.00 |
| 8502 WALLETS & GLASS | | | 10 | 1 | 0.00 | 0.00 | 1,150.00 | 75.00 |
| 8503 LUGGAGE | | | [illegible] | 6 | 0.00 | 0.00 | [illegible] | 2,175.00 |
| 8600 SPORTSCOATS | | 82 | 46 | 20 | 0.00 | 35,525.00 | 26,100.00 | 7,740.00 |
| 8700 TROUSERS | | 1 | 16 | 18 | 0.00 | 100.00 | 2,400.00 | 2,500.00 |
| 8800 RAINCOATS | | 6 | 11 | 3 | 0.00 | 3,600.00 | 6,600.00 | 1,550.00 |
| 8900 OVERCOATS & TOP | | 2 | 22 | 20 | 0.00 | 1,700.00 | 12,550.00 | 8,375.00 |
| TOTAL FOR STORE | 0 | 3,157 | 4,256 | 4,353 | 0.00 | 215,117.50 | 280,008.50 | 259,151.00 |

CORP: 3 STORE: 713 SAN FRANCISCO

| DEPT | | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|---|
| 7100 | SHIRTS - DRESS | | 1,019 | 2,115 | 2,247 | 0.00 | 55,235.00 | 136,855.00 | 149,410.00 |
| 7101 | PLEATED TX SHIR | | 113 | 82 | 108 | 0.00 | 12,445.00 | 7,800.00 | 11,487.50 |
| 7102 | SPORTS SHIRTS | | 134 | 64 | 290 | 0.00 | 13,785.00 | 4,290.00 | 33,472.50 |
| 7103 | KNIT SHIRTS | | 168 | 213 | 139 | 0.00 | 9,500.00 | 14,885.00 | 9,080.00 |
| 7200 | HOSIERY | | 1,462 | 736 | 2,196 | 0.00 | 12,840.00 | 12,780.00 | 30,713.00 |
| 7300 | PAJAMA | | 423 | 525 | 542 | 0.00 | 34,235.00 | 44,180.00 | 46,957.50 |
| 7400 | ROBES | | 33 | 293 | 131 | 0.00 | 19,600.00 | 143,950.00 | 72,160.00 |
| 7500 | UNDERWEAR | | 849 | 899 | 970 | 0.00 | 13,738.00 | 14,987.50 | 21,519.00 |
| 7600 | GLOVES | | 4 | 76 | 96 | 0.00 | 36.00 | 5,610.00 | 6,785.00 |
| 7700 | JEWELRY | | 214 | 118 | 115 | 0.00 | 4,743.00 | 4,593.00 | 8,045.00 |
| 7800 | HANDKERCHEIFS | | 449 | 134 | 913 | 0.00 | 5,085.00 | 1,840.00 | 11,365.00 |
| 7900 | TIES & BOWTIES | | 1,512 | 975 | 5,630 | 0.00 | 40,875.00 | 33,865.00 | 151,285.00 |
| 8000 | SWEATERS | | 60 | 303 | 240 | 0.00 | 3,880.00 | 34,815.00 | 36,940.00 |
| 8100 | MUFFLERS & SCAR | | 113 | 210 | 321 | 0.00 | 6,770.00 | 12,995.00 | 29,390.00 |
| 8200 | UMBRELLAS | | 62 | 29 | 115 | 0.00 | 1,568.00 | 1,045.00 | 6,330.00 |
| 8400 | SUSPENDERS & CU | | | 318 | 62 | 0.00 | 0.00 | 18,024.00 | 4,385.00 |
| 8500 | BELTS | | 194 | 7 | 275 | 0.00 | 11,025.00 | 295.00 | 20,285.00 |
| 8501 | SHOES & SLIPPER | | | 2 | 32 | 0.00 | 0.00 | 70.00 | 4,985.00 |
| 8502 | WALLETS & GLASS | | | 4 | 7 | 0.00 | 0.00 | 80.00 | 420.00 |
| 8503 | LUGGAGE | | | | 21 | 0.00 | 0.00 | 0.00 | 4,650.00 |
| 8600 | SPORTSCOATS | | 145 | | 55 | 0.00 | 59,740.00 | 0.00 | 23,800.00 |
| 8602 | VESTS | | | | 3 | 0.00 | 0.00 | 0.00 | 195.00 |
| 8700 | TROUSERS | | 50 | | 112 | 0.00 | 1,750.00 | 0.00 | 13,780.00 |
| 8800 | RAINCOATS | | 16 | 18 | 19 | 0.00 | 5,650.00 | 9,500.00 | 11,850.00 |
| 8900 | OVERCOATS & TOP | | | 63 | 72 | 0.00 | 0.00 | 36,750.00 | 16,200.00 |
| TOTAL FOR STORE | | 0 | 7,020 | 7,184 | 14,711 | 0.00 | 312,500.00 | 539,209.50 | 725,489.50 |

CORP: 3 STORE: 714 DTC

| DEPT | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|
| 7100 SHIRTS - DRESS | | 3,953 | 2,361 | 1,417 | 0.00 | 231,415.00 | 142,624.00 | 108,250.00 |
| 7102 SPORTS SHIRTS | | 149 | 451 | 356 | 0.00 | 11,930.00 | 31,240.00 | 34,120.00 |
| 7200 HOSIERY | | 10,225 | 7,373 | 6,384 | 0.00 | 93,511.00 | 75,607.00 | 79,290.00 |
| 7300 PAJAMA | | 1,950 | 579 | 91 | 0.00 | 186,690.00 | 46,435.00 | 13,650.00 |
| 7400 ROBES | | 34 | 78 | 0 | 0.00 | 2,550.00 | 5,850.00 | 0.00 |
| 7500 UNDERWEAR | | 3,525 | 1,554 | 4,649 | 0.00 | 56,823.00 | 31,716.00 | 95,710.00 |
| 7900 TIES & BOWTIES | | 1,254 | 276 | 1,133 | 0.00 | 34,800.00 | 7,920.00 | 52,325.00 |
| 8000 SWEATERS | | | | 89 | 0.00 | 0.00 | 0.00 | 20,025.00 |
| 8600 SPORTSCOATS | | 47 | | 0 | 0.00 | 17,550.00 | 0.00 | 0.00 |
| 8601 SUITS | | 1 | | 0 | 0.00 | 475.00 | 0.00 | 0.00 |
| 8700 TROUSERS | | | 47 | 0 | 0.00 | 0.00 | 6,800.00 | 0.00 |
| 8800 RAINCOATS | | | 22 | 0 | 0.00 | 0.00 | 13,200.00 | 0.00 |
| 9000 PIECES GOODS | | 24,992 | 27,909 | 27,640 | 0.00 | 118,998.01 | 119,598.05 | 120,336.07 |
| TOTAL FOR STORE | 0 | 46,130 | 40,650 | 41,759 | 0.00 | 754,742.01 | 480,990.05 | 523,706.07 |

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CORP: 3 STORE: 715 ROCCO

| DEPT | QUANTITY 1981 | QUANTITY 1982 | QUANTITY 1983 | QUANTITY 1984 | TOTAL RETAIL $ 1981 | TOTAL RETAIL $ 1982 | TOTAL RETAIL $ 1983 | TOTAL RETAIL $ 1984 |
|---|---|---|---|---|---|---|---|---|
| 9000 PIECES GOODS | | | 2,360 | 5,041 | 0.00 | 0.00 | 39,516.98 | 84,334.25 |
| TOTAL FOR STORE | 0 | 0 | 2,360 | 5,041 | 0.00 | 0.00 | 39,516.98 | 84,334.25 |

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CORP: 3 STORE: 716 STONEHILL

| DEPT | QUANTITY 1981 | QUANTITY 1982 | QUANTITY 1983 | QUANTITY 1984 | TOTAL RETAIL $ 1981 | TOTAL RETAIL $ 1982 | TOTAL RETAIL $ 1983 | TOTAL RETAIL $ 1984 |
|---|---|---|---|---|---|---|---|---|
| 9000 PIECES GOODS | | | 129 | 0 | 0.00 | 0.00 | 4,092.99 | 0.00 |
| TOTAL FOR STORE | 0 | 0 | 129 | 0 | 0.00 | 0.00 | 4,092.99 | 0.00 |

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CORP: 3 STORE: 717 J. BRYAN

| DEPT | QUANTITY 1981 | QUANTITY 1982 | QUANTITY 1983 | QUANTITY 1984 | TOTAL RETAIL $ 1981 | TOTAL RETAIL $ 1982 | TOTAL RETAIL $ 1983 | TOTAL RETAIL $ 1984 |
|---|---|---|---|---|---|---|---|---|
| 9000 PIECES GOODS | | | 7,287 | 9,133 | 0.00 | 0.00 | 96,772.78 | 47,859.63 |
| TOTAL FOR STORE | 0 | 0 | 7,287 | 9,133 | 0.00 | 0.00 | 96,772.78 | 47,859.63 |

CORP: 3 STORE: 718 HOUSTON

| DEPT | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|
| 7100 SHIRTS - DRESS | | | | 1,081 | 0.00 | 0.00 | 0.00 | 80,305.00 |
| 7101 PLEATED TX SHIR | | | | 79 | 0.00 | 0.00 | 0.00 | 9,875.00 |
| 7102 SPORTS SHIRTS | | | | 313 | 0.00 | 0.00 | 0.00 | 40,340.00 |
| 7200 HOSIERY | | | | 1,823 | 0.00 | 0.00 | 0.00 | 29,190.00 |
| 7300 PAJAMA | | | | 197 | 0.00 | 0.00 | 0.00 | 21,225.00 |
| 7400 ROBES | | | | 97 | 0.00 | 0.00 | 0.00 | 61,950.00 |
| 7500 UNDERWEAR | | | | 592 | 0.00 | 0.00 | 0.00 | 11,806.00 |
| 7600 GLOVES | | | | 27 | 0.00 | 0.00 | 0.00 | 2,175.00 |
| 7700 JEWELRY | | | | 67 | 0.00 | 0.00 | 0.00 | 6,815.00 |
| 7800 HANDKERCHEIFS | | | | 602 | 0.00 | 0.00 | 0.00 | 7,475.00 |
| 7900 TIES & BOWTIES | | | | 1,500 | 0.00 | 0.00 | 0.00 | 55,560.00 |
| 8000 SWEATERS | | | | 90 | 0.00 | 0.00 | 0.00 | 14,450.00 |
| 8100 MUFFLERS & SCAR | | | | 66 | 0.00 | 0.00 | 0.00 | 8,420.00 |
| 8200 UMBRELLAS | | | | 58 | 0.00 | 0.00 | 0.00 | 4,740.00 |
| 8500 BELTS | | | | 290 | 0.00 | 0.00 | 0.00 | 24,065.00 |
| 8501 SHOES & SLIPPER | | | | 24 | 0.00 | 0.00 | 0.00 | 4,200.00 |
| 8502 WALLETS & GLASS | | | | 1 | 0.00 | 0.00 | 0.00 | 20.00 |
| 8503 LUGGAGE | | | | 32 | 0.00 | 0.00 | 0.00 | 9,675.00 |
| 8600 SPORTSCOATS | | | | 41 | 0.00 | 0.00 | 0.00 | 19,475.00 |
| 8700 TROUSERS | | | | 30 | 0.00 | 0.00 | 0.00 | 3,390.00 |
| 8800 RAINCOATS | | | | 15 | 0.00 | 0.00 | 0.00 | 9,750.00 |
| 8900 OVERCOATS & TOP | | | | 10 | 0.00 | 0.00 | 0.00 | 3,300.00 |
| 9000 PIECES GOODS | | | | 0 | 0.00 | 0.00 | [redacted].00 | 0.00 |
| TOTAL FOR STORE | 0 | 0 | [redacted] | 7,035 | 0.00 | 0.00 | [redacted].00 | 428,201.00 |

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CORP: 3 STORE: 719 DUNLEIGH

| DEPT | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|
| 7900 TIES & BOWTIES | | | | 853 | 0.00 | 0.00 | 0.00 | 28,475.00 |
| 9000 PIECES GOODS | | | 2,998 | 4,386 | 0.00 | 0.00 | 79,808.02 | 104,128.93 |
| TOTAL FOR STORE | 0 | 0 | 2,998 | 5,239 | 0.00 | 0.00 | 79,808.02 | 132,603.93 |

CORP: 3 STORE: 720 MEL HOWARD

| DEPT | QUANTITY 1981 | QUANTITY 1982 | QUANTITY 1983 | QUANTITY 1984 | TOTAL RETAIL $ 1981 | TOTAL RETAIL $ 1982 | TOTAL RETAIL $ 1983 | TOTAL RETAIL $ 1984 |
|---|---|---|---|---|---|---|---|---|
| 9000 PIECES GOODS | | | 120 | 0 | 0.00 | 0.00 | 1,756.65 | 0.00 |
| TOTAL FOR STORE | 0 | 0 | 120 | 0 | 0.00 | 0.00 | 1,756.65 | 0.00 |

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CORP: 3 STORE: 721 Del PARIE

| DEPT | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|
| 9000 PIECES GOODS | | | 960 | 919 | 0.00 | 0.00 | 5,128.80 | 4,606.24 |
| TOTAL FOR STORE | 0 | 0 | 960 | 919 | 0.00 | 0.00 | 5,128.80 | 4,606.24 |

CORP: 3 STORE: [redacted]

| DEPT | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|
| 7100L#5SHIRTS - DRESS | 7,774 | 9,581 | 9,318 | | 0.00 | 437,455.00 | 618,574.00 | 677,485.00 |
| 7101L#5PLEATED TX SHIR | 388 | 376 | 364 | | 0.00 | 43,095.00 | 43,840.00 | 44,457.50 |
| 7102L#5SPORTS SHIRTS | 785 | 906 | 1,302 | | 0.00 | 76,580.00 | 65,356.00 | 143,032.50 |
| 7103L#5KNIT SHIRTS | 718 | 520 | 318 | | 0.00 | 41,300.00 | 36,900.00 | 22,315.00 |
| 7200L#5HOSIERY | 18,041 | 18,871 | 20,495 | | 0.00 | 171,405.00 | 180,320.00 | 298,398.00 |
| 7300L#5PAJAMA | 3,641 | 2,883 | 2,267 | | 0.00 | 321,315.00 | 210,705.00 | 248,570.50 |
| 7400L#5ROBES | 222 | 597 | 611 | | 0.00 | 143,450.00 | 289,720.00 | 368,660.00 |
| 7500L#5UNDERWEAR | 7,242 | 4,462 | 8,312 | | 0.00 | 118,861.00 | 82,574.50 | 179,094.50 |
| 7600L#5GLOVES | 58 | 669 | 430 | | 0.00 | 3,798.00 | 30,173.00 | 31,065.00 |
| 7700L#5JEWELRY | 629 | 486 | 1,271 | | 0.00 | 23,733.00 | 19,299.00 | 40,800.00 |
| 7800L#5HANDKERCHEIFS | 2,405 | 1,835 | 5,270 | | 0.00 | 26,413.00 | 24,430.00 | 89,501.00 |
| 7900L#5TIES & BOWTIES | 17,792 | 16,398 | 23,137 | | 0.00 | 475,247.00 | 452,063.00 | 789,697.50 |
| 8000L#5SWEATERS | 133 | 734 | 1,175 | | 0.00 | 12,595.00 | 126,495.00 | 204,700.00 |
| 8100L#5MUFFLERS & SCAR | 638 | 959 | 1,073 | | 0.00 | 48,415.00 | 51,125.00 | 87,310.00 |
| 8200L#5UMBRELLAS | 208 | 178 | 557 | | 0.00 | 5,679.00 | 6,105.00 | 31,020.00 |
| 8400L#5SUSPENDERS & CU | 95 | 1,113 | 711 | | 0.00 | 2,845.00 | 61,729.00 | 48,215.00 |
| 8500L#5BELTS | 763 | 336 | 1,330 | | 0.00 | 36,850.00 | 25,574.00 | 112,349.00 |
| 8501L#5SHOES & SLIPPER | | 31 | 107 | | 0.00 | 0.00 | 1,085.00 | 18,245.00 |
| 8502L#5WALLETS & GLASS | | 77 | 38 | | 0.00 | 0.00 | 6,385.00 | 4,615.00 |
| 8503L#5LUGGAGE | | 231 | 90 | | 0.00 | 0.00 | 24.00 | 27,225.00 |
| 8600L#5SPORTSCOATS | 532 | 199 | 232 | | 0.00 | 220,240.00 | 112,000.00 | 107,340.00 |
| 8601L#5SUITS | 2 | | 0 | | 0.00 | 950.00 | 0.00 | 0.00 |
| 8602L#5VESTS | | | 6 | | 0.00 | 0.00 | 0.00 | 390.00 |
| 8700L#5TROUSERS | 179 | 124 | 290 | | 0.00 | 6,330.00 | 17,205.00 | 35,235.00 |
| 8800L#5RAINCOATS | 52 | 82 | 90 | | 0.00 | 19,675.00 | 45,350.00 | 54,850.00 |
| 8900L#5OVERCOATS & TOP | 15 | 165 | 123 | | 0.00 | 11,400.00 | 109,950.00 | 36,475.00 |
| 9000L#5PIECES GOODS | 45,746 | 42,088 | 47,119 | | 0.00 | 326,039.63 | 351,727.84 | 361,265.15 |

DATE 02/14/85 END OF YEAR INVENTORY REPORT PAGE 13

CORP: ALL CORPORATIONS

| DEPT | QUANTITY 1981 | 1982 | 1983 | 1984 | TOTAL RETAIL $ 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|---|---|
| 7100 SHIRTS - DRESS | | 7,774 | 9,581 | 9,318 | 0.00 | 437,455.00 | 615,574.00 | 677,485.00 |
| 7101 PLEATED TX SHIR | | 388 | 376 | 364 | 0.00 | 43,095.00 | 43,840.00 | 44,457.50 |
| 7102 SPORTS SHIRTS | | 725 | 906 | 1,302 | 0.00 | 70,580.00 | 65,356.00 | 143,032.50 |
| 7103 KNIT SHIRTS | | 718 | 520 | 318 | 0.00 | 41,300.00 | 36,900.00 | 22,315.00 |
| 7200 HOSIERY | | 18,041 | 14,871 | 20,495 | 0.00 | 171,405.00 | 180,320.00 | 298,398.00 |
| 7300 PAJAMA | | 3,641 | 2,683 | 2,267 | 0.00 | 321,315.00 | 210,705.00 | 248,570.50 |
| 7400 ROBES | | 222 | 597 | 611 | 0.00 | 143,450.00 | 289,720.00 | 368,660.00 |
| 7500 UNDERWEAR | | 7,242 | 4,462 | 8,312 | 0.00 | 118,861.00 | 82,574.50 | 179,094.50 |
| 7600 GLOVES | | 58 | 669 | 430 | 0.00 | 3,798.00 | 30,173.00 | 31,065.00 |
| 7700 JEWELRY | | 629 | 717 [redacted] | 1,271 | 0.00 | 23,733.00 | 20223. ~~19,299.00~~ | 40,800.00 |
| 7800 HANDKERCHEIFS | | 2,405 | 1,835 | 6,270 | 0.00 | 26,413.00 | 24,430.00 | 89,501.00 |
| 7900 TIES & BOWTIES | | 17,792 | 16,398 | 23,137 | 0.00 | 475,247.00 | 452,063.00 | 789,697.50 |
| 8000 SWEATERS | | 133 | 934 | 1,175 | 0.00 | 12,595.00 | 126,495.00 | 204,700.00 |
| 8100 MUFFLERS & SCAR | | 639 | 959 | 1,073 | 0.00 | 43,415.00 | 51,125.00 | 87,310.00 |
| 8200 UMBRELLAS | | 208 | 178 | 557 | 0.00 | 5,673.00 | 6,105.00 | 31,020.00 |
| 8400 SUSPENDERS & CU | | 95 | 1,113 | 711 | 0.00 | 2,065.00 | 61,729.00 | 48,215.00 |
| 8500 BELTS | | 763 | 336 | 1,330 | 0.00 | 36,850.00 | 25,574.00 | 112,349.00 |
| 8501 SHOES & SLIPPER | | | 31 | 107 | 0.00 | 0.00 | 1,085.00 | 18,245.00 |
| 8502 WALLETS & GLASS | | | 77 | 38 | 0.00 | 0.00 | 6,305.00 | 4,615.00 |
| 8503 LUGGAGE | | | [redacted] | 90 | 0.00 | 0.00 | [redacted].00 | 27,225.00 |
| 8600 SPORTSCOATS | | 532 | 199 | 232 | 0.00 | 220,240.00 | 112,000.00 | 107,340.00 |
| 8601 SUITS | | 2 | | 0 | 0.00 | 950.00 | 0.00 | 0.00 |
| 8602 VESTS | | | | 6 | 0.00 | 0.00 | 0.00 | 390.00 |
| 8700 TROUSERS | | 179 | 124 | 290 | 0.00 | 6,330.00 | 17,205.00 | 35,235.00 |
| 8800 RAINCOATS | | 52 | 82 | 90 | 0.00 | 19,675.00 | 45,350.00 | 54,850.00 |
| 8900 OVERCOATS & TOP | | 15 | 165 | 123 | 0.00 | 11,400.00 | 105,950.00 | 36,475.00 |
| 9000 PIECES GOODS | | 45,746 | 42,088 | 47,119 | 0.00 | 326,039.63 | 351,727.84 | 361,265.12 |
| TOTAL ALL CORPS | 0 | 107,999 | 99,901 | 127,036 | 0.00 | 2,561,884.63 | 2,962,529.34 | 4,062,310.62 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### RESULTS OF OPERATIONS

Net sales for the three months ended March 31, 1985, increased by $6,341,000 or 17.5% when compared with the corresponding period in 1984. Of this increase, $6,124,000 was derived from sales in the three stores that were opened in 1984. The balance of $217,000 was derived from additional sales volume in existing stores.

Selling, general and administrative expenses as a percent of sales for the three months decreased to 21.3% in 1985 from 21.5% for the corresponding period in 1984.

Net income for the three month period ended March 31, 1985 increased by $565,000 or 42.1% when compared with the corresponding period in 1984. This increase resulted from additional sales and the Company's ability to keep operating expenses relatively constant.

### LIQUIDITY AND CAPITAL RESOURCES

Working capital increased to $34,136,000 at March 31, 1985 from $31,987,000 at December 31, 1984. Management believes that internally generated funds will remain sufficient for working capital and capital expenditure requirements, for new and existing stores.

### SYMS INC.
**Retail Stores**

New York — Manhattan
New York — Long Island
New York — Westchester
New York — Buffalo
New Jersey — Bergen County
New Jersey — Woodbridge
Washington — Falls Church
Washington — Rockville
Boston — Norwood
Boston — W. Peabody
Florida — Fort Lauderdale
Philadelphia — Cherry Hill
Chicago — Addison
Chicago — Niles

### SULKA
**Retail Shops**

New York, New York
San Francisco, California
Philadelphia, Pennsylvania
Houston, Texas
Dallas, Texas
London, England
Paris, France

### SYMS ADVERTISING

711 Fifth Avenue, New York City

### SYMS CORP.
**Corporate Headquarters and Distribution Center**

300 Chubb Avenue
Lyndhurst, New Jersey

# SYMS CORP.

An Educated Consumer is Our Best Customer

## QUARTERLY REPORT
March 31, 1985

## TO OUR STOCKHOLDERS:

**We are pleased to report to you that your Company's sales for the first quarter ended March 31, 1985 totalled $42,614,000 compared with $36,273,000 in the same period last year ... an increase of 17.5%.**

**Net income for the first quarter ended March 31, 1985 increased 42.1% to $1,906,000 from $1,341,000 in the same period last year.**

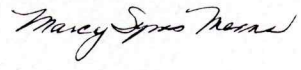
**Earnings per share for the first quarter ended March 31, 1985 were $.11 as compared to $.08 in the first quarter of 1984.**

**On May 4, 1985 our Sulka operation opened a new shop in the Sakowitz store in Dallas, Texas. Although a small part of our Company, Sulka has now grown to 6 shops in the United States as well as our London and Paris operations.**

**The year is starting out well for us and we are optimistic about our ability to stay on plan in the coming months.**



**Chairman**



**President**

**SYMS CORP. AND SUBSIDIARIES**
**CONSOLIDATED CONDENSED FINANCIAL STATEMENTS**
(In Thousands Except Share Amounts)

## Consolidated Condensed Statements of Income

| | Three Months Ended March 31, (Unaudited) | |
|---|---|---|
| | 1984 | **1985** |
| **Net Sales** | $ 36,273 | **$ 42,614** |
| Costs and expenses | | |
| Cost of sales | 25,639 | **29,503** |
| Selling, general and administrative | 7,781 | **9,091** |
| Interest expense (income) — net | — | **116** |
| | 33,420 | **38,710** |
| Income before provision for income taxes | 2,853 | **3,904** |
| Provisions for income taxes | | |
| Current | 1,476 | **1,929** |
| Deferred | 36 | **69** |
| | 1,512 | **1,998** |
| **Net Income** | $ 1,341 | **$ 1,906** |
| Earnings Per Share | $ .08 | **$ .11** |
| Shares outstanding | 17,650 | **17,650** |

## Consolidated Condensed Balance Sheets

| | March 31, 1984 | **March 31, 1985** | December 31, 1984 |
|---|---|---|---|
| **Current Assets** | (Unaudited) | **(Unaudited)** | (Audited) |
| Cash and cash equivalents | $ 13,021 | **$ 11,172** | $ 3,946 |
| Receivables — trade and others | 1,302 | **1,620** | 1,015 |
| Merchandise inventories (Note 2) | 32,739 | **47,885** | 39,134 |
| Prepaid expenses | 462 | **753** | 479 |
| Prepaid taxes | — | **265** | 1,812 |
| Total Current Assets | 47,524 | **61,965** | 46,386 |
| Property and equipment, net of accumulated depreciation and amortization | 21,564 | **26,620** | 26,903 |
| Other assets, net of accumulated amortization | 2,265 | **2,223** | 2,220 |
| Total Assets | $ 71,353 | **$ 90,538** | $ 75,509 |
| **Liabilities and Shareholders' Equity** | | | |
| **Current Liabilities** | | | |
| Current maturities of long-term debt | $ 373 | **$ 398** | $ 398 |
| Accounts payable | 17,975 | **23,529** | 8,795 |
| Accrued expenses and taxes other than income taxes | 1,643 | **2,093** | 3,195 |
| Obligations to customers | 1,117 | **1,396** | 1,445 |
| Due to Chief Executive Officer and principal shareholder | 112 | **31** | — |
| Income taxes | 296 | **—** | 434 |
| Current portion of obligations under capitalized leases | 124 | **112** | 132 |
| Total Current Liabilities | 21,640 | **27,559** | 14,399 |
| Long-term debt | 4,412 | **4,014** | 4,107 |
| Obligations under capitalized leases | 2,558 | **2,446** | 2,459 |
| Deferred income taxes | 571 | **1,070** | 1,001 |
| Commitments and contingent liabilities (Note 3) | | | |
| Total shareholders' equity | 42,172 | **55,449** | 53,543 |
| Total liabilities and shareholders' | $ 71,353 | **$ 90,538** | $ 75,509 |

# NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

## MARCH 31, 1984 and 1985

### NOTE 1:

In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position as of March 31, 1984 and March 31, 1985, the results of operations for the three month periods ended March 31, 1984 and 1985, and the changes in financial position for the three month periods ended March 31, 1984 and 1985.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated condensed financial statements be read in conjunction with the consolidated financial statements and the notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 1984.

Because of the seasonal nature of the Company's business, the results of operations for the three month period ended March 31, 1985 is not necessarily indicative of the results for the full year.

### NOTE 2:

Inventories (consisting of finished goods) at March 31, 1984 and 1985 have been computed using a gross profit margin estimated by management.

### NOTE 3: Litigation

On November 29, 1983, a class action was filed against Syms Inc., the Company's principal retailing subsidiary, and one of its major suppliers.

The plaintiff alleged a conspiracy to restrain trade, lessen competition and engage in price discrimination which violated anti-trust laws. This class action was withdrawn.

The plaintiff subsequently filed an individual action against Syms Inc. and the supplier alleging that the defendants violated antitrust laws by engaging in price discrimination. Plaintiff seeks treble damages in an unspecified amount as well as other relief. The outcome of this action cannot presently be determined.

SYMS CORP.

An Educated Consumer is Our Best Customer

# Annual Report
## for the year ended December 31, 1985

## CONTENTS


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### FINANCIAL HIGHLIGHTS

| | 1984 | 1985 |
|---|---|---|
| Net Sales | $204,251,000 | $215,168,000 |
| Income before provision for income taxes | $ 26,192,000 | $ 26,403,000 |
| As a percentage of net sales | 12.8% | 12.3% |
| Net income | $ 12,712,000 | $ 12,715,000 |
| As a percentage of net sales | 6.2% | 5.9% |
| Earnings per share | $.72 | $.72 |
| Working capital | $ 31,987,000 | $ 41,067,000 |
| Current ratio | 3.2 to 1 | 6.1 to 1 |
| Shareholders' equity | $ 53,543,000 | $ 66,258,000 |





# To Our Shareholders

As we look back on 1985, it is disappointing that our tradition of growth was only minimally achieved last year. We have examined our errors and are taking steps to correct them.

We now know that we reacted more strongly than necessary to both competition and our substantial inventory position.

We offered merchandise well below our regular selling prices every Saturday morning between 9 and 10AM. The word quickly spread and almost every Saturday saw hundreds of people on line waiting for the doors to open. The net result was that an increasing share of our business was being done at reduced margins. That marketing technique was discontinued by late summer, 1985.

The year 1986 will see us making some very important moves. We are in contract for an existing facility of 300,000 square feet to be used for offices, distribution and warehousing. From this new distribution center we will be able to handle as many as 40 stores as we grow. There is a very special plus to our distribution center. Since it is situated in an area zoned for retail stores, we will be able to open a store in the building equal to 10% of our total space.

We are in contract for a land parcel of approximately 11 acres on which we intend to erect a store with 75,000 square feet of selling space in Westbury, Long Island.

All the clearances, waivers and permits are in order so that we will begin work on enlarging our store in Paramus, New Jersey from 28,000 square feet to 68,000 square feet.

As you can see on page 4 we have added or promoted several key people. We will begin installation of state-of-the-art equipment which will streamline and make more efficent our systems and procedures. Our inventories are exactly where we want them. Our balance sheet is excellent.

Our new Sulka store on Park Avenue and 55th Street in New York, which opened in November of last year, epitomizes the elegance and tradition for which Sulka is known and our sales increases have been dramatic. Our other new Sulka shop, opened at about the same time in Bonwit Teller, Chicago is posting higher sales than projected. In fact, all Sulka operations are running ahead of last year.

While the lessons learned last year are never far from our minds, our focus is on the present and the future. We are confident and enthusiastic about both.

Chairman

President

# Profile



Syms stores offer a broad range of first quality brand and designer name merchandise at substantially lower prices than generally found in traditional retail stores. Syms wide selections in men's, women's and children's clothing are intended to appeal to middle and high income families seeking fashion, quality and value.

**PRODUCT MIX:**

A shopper in Syms stores will find huge assortments of wearing apparel and accessories for the whole family. Shoes, including current fashions, sneakers and sport styles are offered for both men and women. Additionally, the shopper will find luggage, wallets, handbags, attache cases, sheets, pillow cases, towels and related items.

**MARKETING:**

It is Company policy that the brand or designer name be on all garments. The price ticket that is affixed displays the Syms selling price and what the Company has researched and believes to be the traditional full retail price. The customer thus has the opportunity to compare the Syms price with the specific or general price level of identical branded merchandise available elsewhere.

Syms has a ten-day automatic markdown policy on seasonally vulnerable women's dresses, suits and ensembles. The date of placement on the selling floor is stamped on the back of the price ticket. On the front of each ticket is what the Company believes to be the nationally advertised price, the Syms price, and three reduced prices. Each price reduction becomes effective after the passage of ten selling days.

**ADVERTISING:**

The Company's advertising program closely follows the total marketing concept. We tell the consumer that, as the "off-price" representatives of hundreds of brand and designer names, we offer our customers substantially lower prices on apparel for men, women and children.

With television and radio as the primary media, either Sy, Marcy or Robert Syms point out that "there's never a need for a sale at Syms."

The creative and media strategies are basic: the accumulated impact of steady, believable advertising will eventually bring a customer into the store to see for themselves.

Matching the consistency of its "off-price" philosophy, the advertising schedule runs every month during the year with no peaks or valleys. The basic "off-price" message doesn't vary, whether the commercial is focusing on apparel, shoes or Sunday openings.

In contrast to this level consistency, the Company has pre-planned programs ready to be implemented when a new market is opened. A new market, by definition, does not have the accumulated advantage of years of advertising. Awareness impact is achieved through the use of 60 second television commercials prior to opening. Radio is used simultaneously. This is followed by a concentrated 5-day period that begins the week of the opening, which is normally on a Thursday. Major space newspaper ads run the week before opening and in the concentrated opening week. By the time the store opens, the plan will have produced a high level of awareness within the target demographic group. Our customers know Syms is coming. Following the opening our regular advertising schedules take over and run more heavily than in older more developed markets.

## SULKA

Building on its base of shops in New York, London, Paris, San Francisco, Phildelphia and Houston, Sulka opened a leased department Sulka Shop in Bonwit Teller, Chicago in late 1985, making a total of 6 Sulka outlets in the United States.

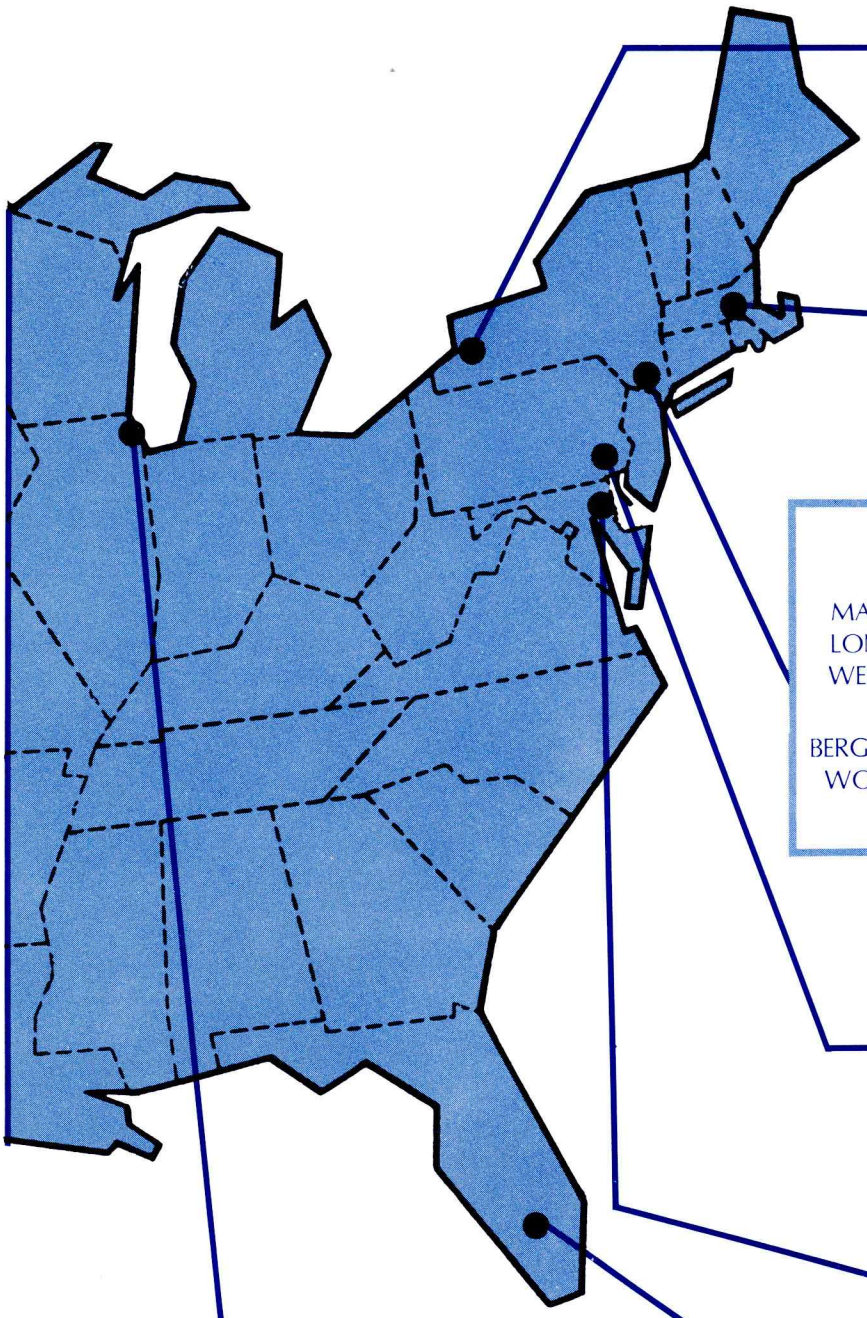
The Company is planning on adding addtional leased departments in fine department stores.

## SYMS ADVERTISING

The Company owns Syms Advertising Inc. which creates and places advertising for Syms and Sulka. It is responsible for purchasing, monitoring and compliance of the Syms and Sulka broadcast and print contracts. Early in 1985, Syms Advertising acquired two new outside accounts. The agency will actively seek out and add to its roster additional clients whom it can effectively service.

# Syms Locations

SYMS CORP. AND SUBSIDIARIES



**BUFFALO MARKET**
23,000 square feet
selling space

**BOSTON MARKET**
NORWOOD, MASSACHUSETTS
37,000 square feet selling space
PEABODY, MASSACHUSETTS
39,000 square feet selling space

**NEW YORK MARKET**
MANHATTAN: 36,000 square feet selling space
LONG ISLAND: 29,000 square feet selling space
WESTCHESTER: 53,000 square feet selling space

**NEW JERSEY MARKET**
BERGEN COUNTY: 28,000 square feet selling space
WOODBRIDGE: 34,000 square feet selling space

**PHILADELPHIA MARKET**
CHERRY HILL
80,000 square feet
selling space
KING OF PRUSSIA
60,000 square feet
selling space

**WASHINGTON MARKET**
FALLS CHURCH, VIRGINIA
36,000 square feet selling space
ROCKVILLE, MARYLAND
58,000 square feet selling space

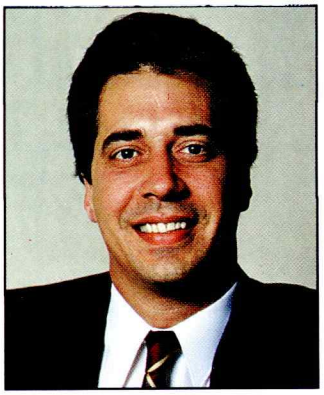
**CHICAGO MARKET**
ADDISON, ILLINOIS
60,000 square feet selling space
NILES, ILLINOIS
33,000 square feet selling space

**FLORIDA MARKET**
FT. LAUDERDALE
48,000 square feet
selling space

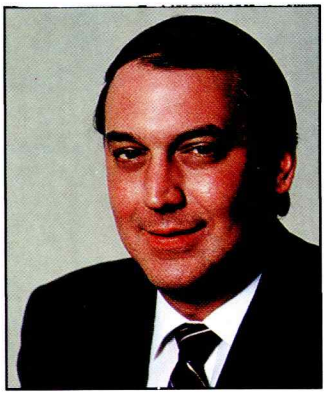
# The People Who Make Your Company Work

## WELCOME ABOARD.

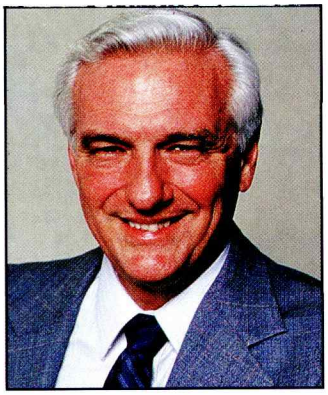
Key executives who have either joined us or been promoted during 1985/86



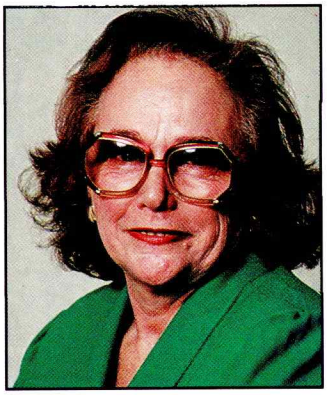
**Gregory Diamond**
Vice President-Merchandise
With Syms since 1971



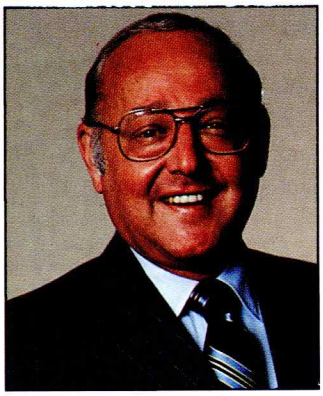
**Timothy Pranschke**
Vice President-Human Resources
With Syms since 1983



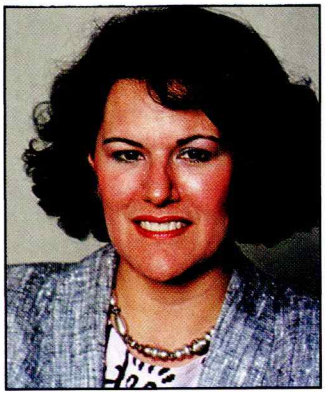
**Richard Morehouse**
Director-Management Information Systems
With Syms since 1986



**Margot Bersin**
Vice President-Women's Wear
With Syms since 1985

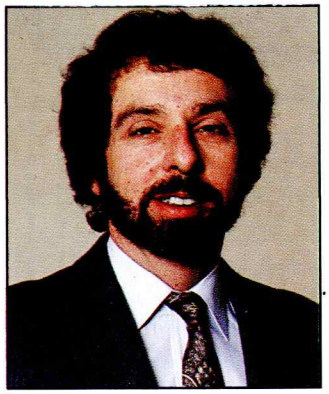


**Sy Syms Merns**
Chairman of the Board and Chief Executive Officer
With Syms since 1959

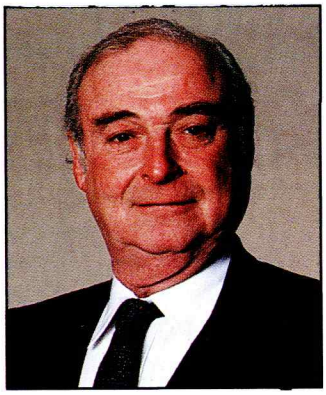


**Marcy Syms Merns**
President and Chief Operating Officer
With Syms since 1978

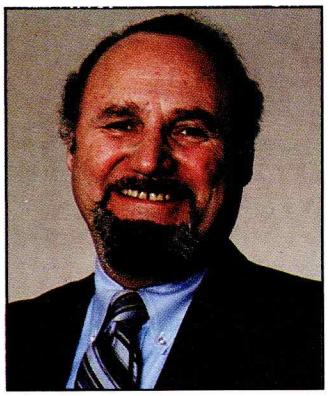
A COMPANY
IS KNOWN
BY THE PEOPLE
IT KEEPS.



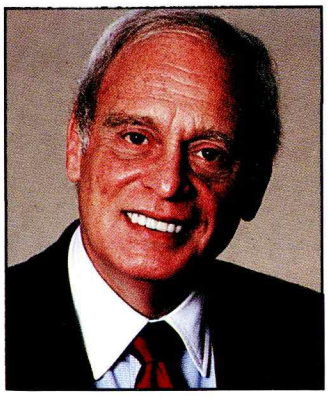
**Richard B. Diamond**
Vice President-Chief Financial Officer and Treasurer
With Syms since 1978



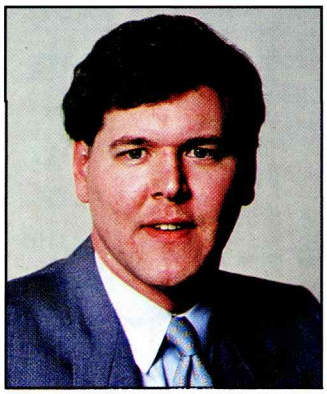
**Norman Fately**
Vice President-Merchandise
With Syms since 1981



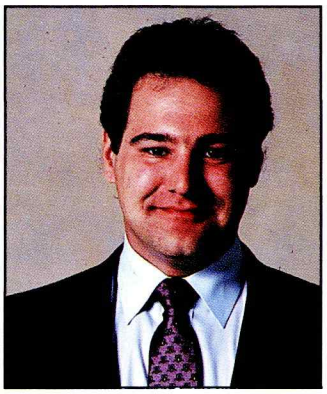
**Irwin Shivek**
Vice President-Operations,
With Syms since 1973



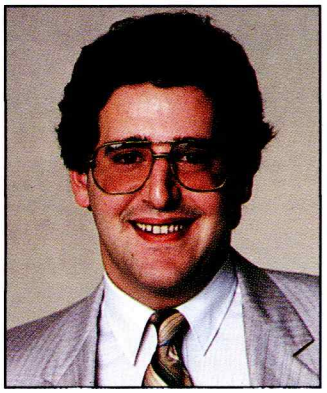
**David S. Bernard**
Director Investor Relations, Sulka, Syms Advertising
With Syms since 1982



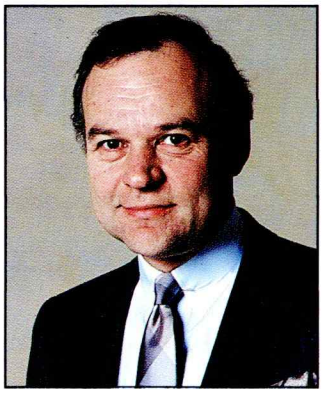
**Stephen Merns**
Vice President and Secretary
With Syms since 1980



**Robert Merns**
Vice President
With Syms since 1976

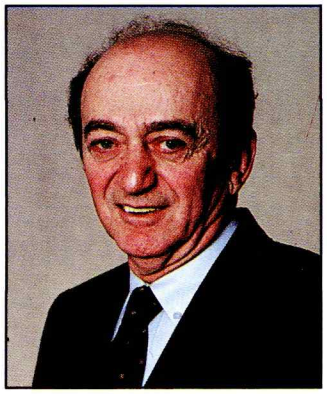


**Richard Merns**
Vice President-Real Estate
With Syms since 1978



**Michel Kramer**
Vice President-International
Merchandising, Sulka
With Sulka since 1982

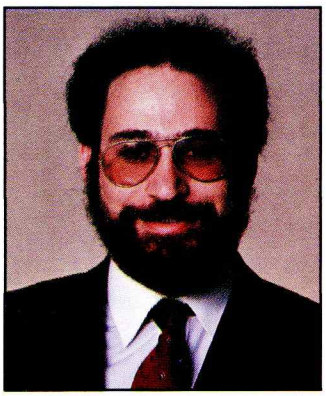
A Company is known by the people it keeps. At Syms, we choose the quality of our people very carefully. Meticulous selection and continuous training pays dividends as we watch our people display their abilities and grow with us. It is not by accident that senior executives spend time with the people who report to them. Our executives must not only be leaders, they must also be teachers.
At every level of our operation we are building tomorrow's leaders.
You can see the extraordinary mix of youth and experience in the group of executives pictured here. Space alone limits the number of our people we could present with equal pride.



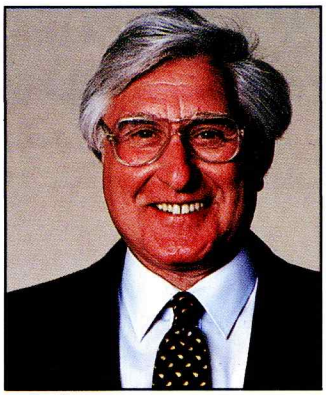
**Abraham Oliver**
Vice President-Imports
With Syms since 1980



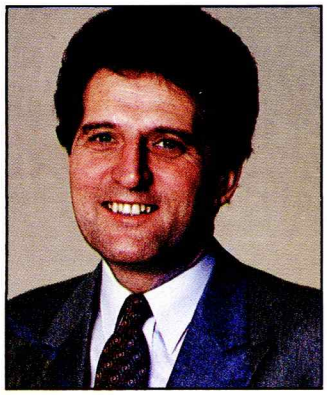
**Ira Weiser**
Vice President-Men's Wear
With Syms since 1975



**Alan Kilman**
Vice President-Women's
Wear
With Syms since 1971



**Charles Koopersmith**
Vice President-Men's Wear
With Syms since 1979



**Eugene Karp**
Merchandise Manager
With Syms since 1982



**Isabel Davis**
Merchandise Manager
With Syms since 1973

# Consolidated Statements of Income

(In thousands, except per share amounts)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1983 | 1984 | **1985** |
| Net Sales | $179,231 | $204,251 | **$215,168** |
| Costs and expenses | | | |
| Cost of sales | 126,605 | 141,741 | **150,123** |
| Selling, general and administrative | 30,219 | 36,266 | **38,958** |
| Interest expense (income)—net (note 5) | (226) | 52 | **(316)** |
| | 156,598 | 178,059 | **188,765** |
| Income from operations | 22,633 | 26,192 | **26,403** |
| Expenses related to public offering | 504 | — | **—** |
| Income before provision for income taxes | 22,129 | 26,192 | **26,403** |
| Provision for income taxes (notes 1d and 3) | | | |
| Current | 11,512 | 13,013 | **13,208** |
| Deferred | 276 | 467 | **480** |
| | 11,788 | 13,480 | **13,688** |
| Net income | $ 10,341 | $ 12,712 | **$ 12,715** |
| Earnings per share (note 1g) | $.59 | $.72 | **$.72** |
| Shares outstanding (note 1g) | 17,650 | 17,650 | **17,650** |

See accompanying accountants' report and notes to consolidated financial statements.

# Consolidated Balance Sheets

SYMS CORP. AND SUBSIDIARIES

(In thousands, except share amounts)

| | December 31, 1984 | December 31, 1985 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 3,946 | **$ 10,170** |
| Receivables—trade and others | 1,015 | **1,622** |
| Merchandise inventories (note 1b) | 39,134 | **34,764** |
| Prepaid expenses | 479 | **592** |
| Prepaid income taxes (notes 1d and 3) | 1,812 | **1,985** |
| Total current assets | 46,386 | **49,133** |
| Property and equipment, net of accumulated depreciation and amortization (notes 1c, 2, 5 and 7a) | 26,903 | **30,455** |
| Other assets, net of accumulated amortization of $296 at December 31, 1984 and $361 at December 31, 1985 (note 1e) | 2,220 | **2,354** |
| Total assets | $ 75,509 | **$ 81,942** |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities | | |
| Current maturities of long term debt (note 5) | $ 398 | **$ 373** |
| Accounts payable | 8,795 | **2,946** |
| Accrued expenses and taxes other than income taxes | 3,195 | **2,687** |
| Obligations to customers (note 4) | 1,445 | **1,550** |
| Due to principal shareholder | — | **125** |
| Income taxes (notes 1d and 3) | 434 | **329** |
| Current portion of obligations under capitalized leases (note 7a) | 132 | **56** |
| Total current liabilities | 14,399 | **8,066** |
| Long-term debt (note 5) | 4,107 | **3,734** |
| Obligations under capitalized leases (note 7a) | 2,459 | **2,403** |
| Deferred income taxes (notes 1d and 3) | 1,001 | **1,481** |
| **Commitments and contingent liabilities (notes 6, 7, 10 and 11)** | | |
| **Shareholders' equity (notes 8 and 9)** | | |
| Preferred stock—par value, $100 per share; authorized 1,000,000 shares; none issued | | |
| Common stock—par value, $.05 per share; authorized 30,000,000 shares; issued and outstanding 17,650,000 shares | 883 | **883** |
| Additional paid—in capital | 11,339 | **11,339** |
| Retained earnings | 41,321 | **54,036** |
| Total shareholders' equity | 53,543 | **66,258** |
| Total liabilities and shareholders' equity | $ 75,509 | **$ 81,942** |

See accompanying accountants' report and notes to consolidated financial statements.

# Consolidated Statements of Changes in Financial Position

SYMS CORP. AND SUBSIDIARIES

(In thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1983 | 1984 | **1985** |
| Sources of funds | | | |
| Net income | $ 10,341 | $ 12,712 | **$ 12,715** |
| Items not consuming working capital | | | |
| Depreciation and amortization | 1,232 | 1,637 | **2,250** |
| Deferred taxes | 276 | 467 | **480** |
| Working capital provided by operations | 11,849 | 14,816 | **15,445** |
| Increase in obligations under capitalized leases | 908 | — | **—** |
| Disposition of fixed assets | 268 | 23 | **—** |
| Total funds provided | $ 13,025 | $ 14,839 | **$ 15,445** |
| Uses of funds | | | |
| Aquisition of fixed assets | 1,646 | 12,615 | **5,737** |
| Current maturities and repayments of long-term debt | 439 | 398 | **373** |
| Current portion and retirement of obligations under capitalized leases | 133 | 132 | **56** |
| Increase in other assets | 231 | 10 | **199** |
| Total funds consumed | 2,449 | 13,155 | **6,365** |
| Net increase in working capital | 10,576 | 1,684 | **9,080** |
| Working capital—begining of year | 19,727 | 30,303 | **31,987** |
| Working capital—end of year | $ 30,303 | $ 31,987 | **$ 41,067** |
| Changes in components of working capital | | | |
| Increase (decrease) in current assets | | | |
| Cash and cash equivalents | $ 2,579 | $ (4,441) | **$ 6,224** |
| Receivables | 411 | 143 | **607** |
| Merchandise inventories | 7,697 | 12,236 | **(4,370)** |
| Prepaid expenses | 332 | 56 | **113** |
| Prepaid income taxes | 785 | 1,027 | **173** |
| (Increase) decrease in current liabilities | | | |
| Current maturities of long-term debt | 132 | (25) | **25** |
| Accounts payable | (69) | (7,644) | **5,849** |
| Accrued expenses and taxes other than income taxes | (582) | (548) | **508** |
| Obligations to customers | (254) | (143) | **(105)** |
| Due to principal shareholder | 298 | 450 | **(125)** |
| Income taxes | (713) | 584 | **105** |
| Current portion of obligations under capitalized leases | (40) | (11) | **76** |
| Net increase in working capital | $ 10,576 | $ 1,684 | **$ 9,080** |

See accompanying accountants' report and notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

## Note 1—Summary of Significant Accounting Policies

a. Principles of Consolidation
The consolidated financial statements include the accounts of Syms Corp. and its subsidiaries (the "Company"), all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated.

b. Merchandise Inventories
Inventories are stated at the lower of cost (first-in, first-out) or market, as determined by the retail inventory method.

c. Depreciation and Amortization
Depreciation is computed principally by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The cost of leasehold improvements is amortized over the terms of the leases or the useful lives of the assets, whichever is shorter.

Facilities' leases (see note 7a) having the substance of financing transactions have been capitalized. The related lease obligations have been included as obligations under capitalized leases. The leased assets are being amortized as described above.

d. Income Taxes
Income taxes provided include deferred taxes due to timing differences between financial and tax reporting related to the use of accelerated depreciation for tax purposes and capitalized leases for financial statement purposes.

Investment tax credits are recorded as reductions of provision for income taxes in the year of qualified property addition.

e. Excess of Purchase Price Over Net Assets Acquired
The excess of purchase price over net assets (goodwill) is being charged to income over a period of forty years. Goodwill is included in other assets and amounted to $1,636,000 and $1,617,000 at December 31, 1984 and 1985, net of accumulated amortization of $196,000 and $262,000, respectively.

f. Principal Business
The Company operates fifteen retail stores (fourteen in 1984) which sell "off-price" apparel for men, women and children.

g. Earnings Per Share
Earnings per share are based on the earnings for each year divided by the number of shares outstanding during each period.

## Note 2—Property and Equipment

Property and equipment consists of:

| | (In thousands) December 31, | |
|---|---|---|
| | 1984 | 1985 |
| Land | $ 3,289 | $ 3,621 |
| Buildings and building improvements | 13,536 | 18,019 |
| Machinery and equipment | 638 | 652 |
| Furniture and fixtures | 4,486 | 4,951 |
| Leasehold improvements | 7,546 | 7,363 |
| Automobiles | 519 | 564 |
| Capitalized leases | 3,039 | 3,039 |
| | 33,053 | 38,209 |
| Less accumulated depreciation and amortization | 6,150 | 7,754 |
| | $ 26,903 | $ 30,455 |

## Note 3—Income Taxes

The Provision for income taxes for the years ended December 31, 1983, 1984 and 1985 is as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1983 | 1984 | 1985 |
| Provision for income taxes | | | |
| Current—federal | $ 9,140 | $ 10,315 | $ 10,455 |
| —state | 2,372 | 2,698 | 2,753 |
| | 11,512 | 13,013 | 13,208 |
| Deferred—federal | 270 | 452 | 464 |
| —state | 6 | 15 | 16 |
| | 276 | 467 | 480 |
| | $ 11,788 | $ 13,480 | $ 13,688 |

The variation in the customary relationship between the provision for income taxes and pre-tax income is shown in the following calculation:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1983 | 1984 | 1985 |
| Statutory federal income tax rate | 46.0% | 46.0% | 46.0% |
| State taxes, net of federal income tax benefits | 5.7 | 5.6 | 5.7 |
| Other, net | 1.6 | (.1) | .1 |
| Effective tax rate | 53.3% | 51.5% | 51.8% |

# Notes to Consolidated Financial Statements

## Note 4—Obligations to Customers

Obligations to customers represent credits issued for returned merchandise. The Company's policy is to allow cash customers to exchange credit memos for other merchandise.

## Note 5—Long-Term Debt

Long-term debt is summarized as follows:

(In thousands)

| | December 31, | | | |
|---|---|---|---|---|
| | 1984 | | 1985 | |
| | Due Within One Year | Due After One Year | Due Within One Year | Due After One Year |
| Notes payable to former shareholders—due July 29,1985 with interest at 7% per annum | $ 25 | $ — | $ — | $ — |
| Mortgage payable to bank(a) | 373 | 4,107 | 373 | 3,734 |
| | $ 398 | $4,107 | $ 373 | $3,734 |

(a) In 1981, the Company obtained a $5,600,000 New Jersey Economic Development Authority loan from a bank to finance a Distribution Center completed during August 1981. The loan is collateralized entirely by a mortgage on the Distribution Center which has a net book value of $4,924,000 at December 31,1985. Quarterly repayments in the amount of $93,000 are due the first day of March, June, September and December. The final installment of $95,000 is due December 1, 1996. The interest rate is 65% of the prime rate of Chemical Bank. The effective interest rate at December 31, 1985 was 6.2%.

The agreement establishes limits in connection with any new borrowings as well as covenants, including those relating to tangible net worth and working capital.

Interest expense including amounts related to capitalized leases (see note 7a) for the years ending December 31, 1983, 1984 and 1985 was $791,000, $780,000 and $703,000, respectively.

Repayments of long-term debt for each year following December 31, 1985 are:

| | (In thousands) |
|---|---|
| 1986 | $ 373 |
| 1987 | 373 |
| 1988 | 373 |
| 1989 | 373 |
| 1990 | 373 |
| 1991-1995 | 1,867 |
| 1996 | 375 |
| | $4,107 |

## Note 6—Pension and Profit Sharing Plans

The Company has a defined benefit pension and profit sharing plan for all employees other than those covered under collective bargaining agreements. Hourly employees in the Virginia store are also excluded. Pension plan costs are funded annually. Contributions to the profit sharing plan are made at the discretion of the Plan's administrators.

Accumulated pension plan benefits and net assets for the years ended December 31, 1984 and 1985 (determined as of January 1, 1984 and 1985, respectively) are as follows:

(In thousands)

| | Year ended December 31, | |
|---|---|---|
| | 1984 | 1985 |
| Acturial present value of accumulated plan benefits: | | |
| Vested | $ 399 | $ 594 |
| Non-vested | 71 | 83 |
| | $ 470 | $ 677 |
| Net assets available for benefits | $ 980 | $ 1,237 |

The weighted average assumed rate of return of 6.25% is used in determining the actuarial present values.

Pension and profit sharing plan contributions were $261,000, $290,000 and $348,000 for the years ending December 31, 1983, 1984 and 1985, respectively.

## Note 7—Commitments and Contingent Liabilities

a. Leases

The Company has either capital or operating leases for ten of its fifteen stores with terms expiring between 1986 and 2068. Five stores are owned by the Company. Under most lease agreements, the Company pays real estate taxes, maintenance and other operating expenses. Certain store leases also provide for additional contingent rentals based upon a percentage of sales in excess of certain minimum amounts, as well as increases in the consumer price index.

Future minimum lease payments at December 31, 1985, are as follows:

# Notes to Consolidated Financial Statements

| | (In thousands) Capital Leases—Real Estate | Operating Leases |
|---|---|---|
| 1986 | $ 435 | $ 1,793 |
| 1987 | 435 | 1,608 |
| 1988 | 435 | 1,147 |
| 1989 | 435 | 1,065 |
| 1990 | 435 | 1,045 |
| Thereafter—cumulative | 3,879 | 8,677 |
| Total minimum payments | 6,054 | $ 15,335 |
| Less—amount representing interest | 3,595 | |
| Present value of net minimum lease payments | 2,459 | |
| Less—current maturities | 56 | |
| | $ 2,403 | |

Total minimum payments under real estate capital leases include $6,054,000 payable from 1986 through 1999 to the Company's Chief Executive Officer and principal shareholder. Rental payments in 1985 were $451,000.

Capitalized real estate leases are computed at interest rates ranging from 12.0% to 17.4%.

Future minimum sublease rentals at December 31, 1985 amounted to $186,000 and are not reflected in the above table.

Rent expense for operating leases are as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1983 | 1984 | 1985 |
| Minimum rentals | $1,427 | $1,543 | $1,618 |
| Escalation rentals | 155 | 163 | 177 |
| Contingent rentals | 317 | 57 | 28 |
| Sublease rentals | (123) | (204) | (193) |
| | $1,776 | $1,559 | $1,630 |

b. Other Commitments

At December 31, 1985, the Company had outstanding letters of credit in the amount of $1,814,000.

## Note 8—Capital Stock—Stock Option Plan

The Company has provided 1,000,000 shares of common stock in its incentive stock option plan. The plan requires that all options be granted at an exercise price equal to the fair market value of the common stock at the date of grant. The exercise price of the option for holders of more than 10% of the voting rights of the Company must be equal to 110% of the fair market value at the date of grant. To date, no options have been granted under the plan.

The Board of Directors of the Company has adopted an Amended and Restated Incentive Stock Option and Appreciation Plan (the "Amended Plan"), subject to the approval of the stockholders. If the Amended Plan is approved by stockholders, the maximum number of shares available for issuance under the Plan will not be increased but the Plan will authorize the grant of options that do not meet requirements for Incentive Stock Options and the grant of stock appreciation rights.

## Note 9—Retained Earnings

Transactions in retained earnings are summarized as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1983 | 1984 | 1985 |
| Retained earnings, beginning of year | $18,268 | $28,609 | $41,321 |
| Net income | 10,341 | 12,712 | 12,715 |
| Retained earnings, end of year | $28,609 | $41,321 | $54,036 |

# Notes to Consolidated Financial Statements

**Note 10—Litigation**

On November 29, 1983, a class action was filed against Syms Inc., the Company's principal retailing subsidiary, and one of its major suppliers.

The complaint alleged a conspiracy to restrain trade, lessen competition and engage in price discrimination which violated antitrust laws. This class action was withdrawn.

The plaintiff subsequently filed an individual action against Syms Inc. and the supplier alleging that the defendants violated anti-trust laws by engaging in price discrimination. Plaintiff seeks treble damages in an unspecified amount as well as other relief. The outcome of this action cannot presently be determined.

**Note 11—Subsequent Events**

On January 22, 1986, Syms Corp. entered into an agreement to purchase a larger distribution/office facility at a purchase price of $11,850,000. The closing is anticipated to take place after certain conditions including government compliance, are satisfied.

On February 28, 1986, Syms Corp. entered into an agreement to purchase a parcel of land for $9,000,000 upon which it intends to build a retail store.

# Report of Independent Certified Public Accountants

SYMS CORP. AND SUBSIDIARIES

To the Board of Directors and Shareholders—Syms Corp.

We have examined the consolidated balance sheets of Syms Corp. and Subsidiaries as of December 31, 1984 and 1985 and the related consolidated statements of income and changes in financial position for each of the three years in the period ended December 31, 1985. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 10 to the consolidated financial statements, the Company is involved in litigation alleging violation of antitrust laws, the outcome of which cannot presently be determined.

In our opinion, subject to the effects on the consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the consolidated financial statements referred to above present fairly the consolidated financial position of Syms Corp. and Subsidiaries as of December 31, 1984 and 1985, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1985, in conformity with generally accepted accounting principles applied on a consistent basis.

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
March 5, 1986

# Quarterly Information



## SUPPLEMENTARY FINANCIAL INFORMATION

**(In thousands, except per share amounts)**

| Unaudited Selected Quarterly Financial Data | Quarter | | | |
|---|---|---|---|---|
| **Year ended December 31, 1984** | **First** | **Second** | **Third** | **Fourth** |
| Net sales | $ 36,273 | $ 54,385 | $ 46,513 | $ 67,080 |
| Gross profit | $ 10,634 | $ 15,987 | $ 13,576 | $ 22,313 |
| Net income | $ 1,341 | $ 3,420 | $ 2,211 | $ 5,740 |
| Earnings per share | $ .08 | $ .19 | $ .13 | $ .32 |
| **Year ended December 31, 1985** | | | | |
| Net sales | $ 42,614 | $ 59,097 | $ 46,523 | $ 66,934 |
| Gross profit | $ 13,111 | $ 18,097 | $ 14,246 | $ 19,591 |
| Net income | $ 1,906 | $ 3,939 | $ 2,452 | $ 4,418 |
| Earnings per share | $ .11 | $ .22 | $ .14 | $ .25 |

## MARKET FOR SYMS CORP. COMMON STOCK AND RELATED STOCKHOLDER MATTERS

On September 23, 1983, the Company's Common Stock commenced trading on the New York Stock Exchange under the symbol SYM. Prior to that time, there was no public market for the Company's Common Stock. The high and low quarterly sales prices for the Common Stock during the third quarter and for the last quarter of fiscal year 1983 and subsequent years are as follows:

| | High | Low |
|---|---|---|
| **1983** | | |
| Third Quarter (Commencing September 23) | 17½ | 15¼ |
| Fourth Quarter | 18⅝ | 14½ |
| **1984** | | |
| First Quarter | 15⅞ | 10 |
| Second Quarter | 13¼ | 11⅛ |
| Third Quarter | 14½ | 11⅝ |
| Fourth Quarter | 13¾ | 11¾ |
| **1985** | | |
| First Quarter | 15¼ | 11⅝ |
| Second Quarter | 15¾ | 12¾ |
| Third Quarter | 16½ | 11⅜ |
| Fourth Quarter | 13¾ | 10¾ |
| **1986** | | |
| First Quarter(through 3/11/86) | 14¼ | 10½ |

**Holders**

As of March 11, 1986, there were 476 record holders of the Company's Common Stock.

**Dividends**

The Company has never paid cash dividends on its Common Stock, except for a $40,000 cash dividend paid in 1979 to Sy Syms Merns who was then its sole share holder. Payment of dividends is within the discretion of the Company's Board of Directors and will depend upon the earnings, capital requirements and financial condition of the Company, among other factors. The Company anticipates that for the foreseeable future it will follow a policy of retaining earnings in order to finance the expansion and development of its business.

# Selected Financial Data

(In thousands, except per share amounts)

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | **1981** | **1982** | **1983** | **1984** | **1985** |
| Income statement data: | | | | | |
| Net Sales | $112,801 | $147,181 | $179,231 | $204,251 | **$215,168** |
| Costs and expenses | | | | | |
| Cost of Sales | 81,097 | 105,345 | 126,605 | 141,741 | **150,123** |
| Selling, general and administrative | 20,123 | 26,166 | 30,219 | 36,266 | **38,958** |
| Interest expense (income)—net | (60) | (3) | (226) | 52 | **(316)** |
| | 101,160 | 131,508 | 156,598 | 178,059 | **188,765** |
| Income from operations | 11,641 | 15,673 | 22,633 | 26,192 | **26,403** |
| Expenses related to public offering | — | — | 504 | — | **—** |
| Income before provision for income taxes | 11,641 | 15,673 | 22,129 | 26,192 | **26,403** |
| Provision for income taxes | 5,987 | 8,202 | 11,788 | 13,480 | **13,688** |
| Net income | $ 5,654 | $ 7,471 | $ 10,341 | $ 12,712 | **$ 12,715** |
| Earnings per share | $ .32 | $ .42 | $ .59 | $ .72 | **$ .72** |
| Shares outstanding | 17,650 | 17,650 | 17,650 | 17,650 | **17,650** |
| Balance sheet data: | | | | | |
| Working capital | $ 14,145 | $ 19,727 | $ 30,303 | $ 31,987 | **$ 41,067** |
| Total assets | 35,582 | 43,342 | 55,523 | 75,509 | **81,942** |
| Long-term debt and capitalized leases (1) | 7,353 | 6,760 | 7,096 | 6,566 | **6,137** |
| Shareholders' equity | 23,019 | 30,490 | 40,831 | 53,543 | **66,258** |

(1) Excludes current maturities.

# Management's Discussion and Analysis

## RESULTS OF OPERATIONS—THREE YEARS ENDED DECEMBER 31, 1985

In 1985, net sales increased to $215,168,000 from $204,251,000 in 1984, an increase of $10,917,000 or 5.3%. The increase was attributable to increased volume in the new stores that were opened in 1984 and a new store which was opened in 1985. Net sales in the Company's other store locations decreased 3.2% in 1985 from 1984.

In 1984, net sales increased to $204,251,000 from $179,231,000 in 1983, an increase of $25,020,000 or 14.0%. In 1984, sales in the three stores that were opened in 1984 generated $16,849,000 of the increase and $8,171,000 resulted from volume increases in the Company's other stores. Management believes that sales increases in existing stores resulted from several factors including the addition of new product lines and the continued effectiveness of the Company's advertising program.

The Company's gross margin decreased to 30.2% in 1985 from 30.6% in 1984. The reduction in gross margin resulted primarily from promotional activities during 1985. These promotional activities were discontinued in 1985.

In 1984 gross margin increased to 30.6% from 29.4% in 1983. The increased gross margin in 1984 over the preceding year resulted from the Company's effective buying policies.

As a percentage of net sales, selling, general and administrative expenses were 18.1% in 1985, 17.8% in 1984 and 16.9% in 1983. The increase in selling, general and administrative expenses as a percentage of net sales in 1985 can be attributed to costs related to a full year of operations of the three stores opened in 1984 and the one new store opened in 1985. The increase in selling, general and administrative expenses as a percentage of net sales in 1984 can be attributed to an increase in 1984 advertising expenditures and costs related to opening three new stores.

In 1985, the effective income tax rate increased to 51.8% from 51.5% in 1984. This increase resulted from a decrease in investment tax credits available to the Company.

The effective tax rates in 1984 and 1983 were 51.5% and 53.3% respectively. In 1984, the effective tax rate decreased due to increased investment tax credits and reduced effective state income tax rates from the preceding year.

Net income as a percentage of net sales in 1985, 1984 and 1983 was 5.9%, 6.2% and 5.8% respectively. The decrease in net income as a percentage of net sales in 1985 from the preceding year resulted from a decreased gross margin percentage and an increase in selling, general and administrative expenses.

The increase in net income as a percentage of net sales in 1984 resulted in the Company's ability to increase its gross margin percentage; however, this was partially offset by an increase in selling, general and administrative expenses.

## LIQUIDITY AND CAPITAL RESOURCES—THREE YEARS ENDED DECEMBER 31, 1985

Working capital increased to $41, 067,000 at December 31, 1985 from $31, 987,000 at December 31, 1984. The ratio of current assets to current liabilities increased to 6.1 to 1 at December 31, 1985 from 3.2 to 1 at December 31, 1984. The increase in the current ratio in 1985, resulted from strong cash flow from operations.

In 1985, the Company incurred capital expenditures of $4,565,000 relating to the opening of a new store. These expenditures were internally funded.

# Management's Discussion and Analysis

The Company has not incurred material long-term debt except in December 1981 to finance the distribution center through a $5,600,000 fifteen year New Jersey Economic Development Authority Revenue Bond upon which interest is payable at 65% of Chemical Bank's prime rate and which is collateralized by the distribution center. Except for this financing, the Company has satisfied its operating requirements and capital expenditures, including those for the opening and expansion of stores, from internally generated funds. Management believes that existing cash reserves, internally generated funds and bank financing will be available in the future. These funds will be sufficient for future working capital and capital expenditure requirements, for new and existing stores.

**Inflation**

Historically the Company has been able to pass on inflationary cost increases in the form of increased selling prices.

# SYMS CORP.

## DIRECTORS

**Sy Syms Merns,** Chairman of the Board, Chief Executive Officer
**Marcy Syms Merns,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Wilber L. Ross, Jr.,** Managing Director, Rothschild, Inc.
**J. Sloame Immerman,** Partner, Immerman and Immerman
**Lawrence Lachman,** Retired Chairman of the Board and Chief Executive Officer of Bloomingdales

## CORPORATE OFFICERS

**Sy Syms Merns,** Chairman of the Board, Chief Executive Officer
**Marcy Syms Merns,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Irwin Shivek,** Vice President-Operations
**Norman Fately,** Vice President-Merchandise
**Gregory Diamond,** Vice President-Merchandise
**Ira Weiser,** Vice President-Men's Wear
**Charles Koopersmith,** Vice President-Men's Wear
**Alan Kilman,** Vice President-Women's Wear
**Margot Bersin,** Vice President-Women's Wear
**Abraham Oliver,** Vice President-Imports
**Timothy Pranschke,** Vice President-Human Resources
**Stephen Merns,** Vice President and Secretary
**Robert Merns,** Vice President
**Richard Merns,** Vice President-Real Estate

## ANNUAL MEETING

The Annual Meeting of Shareholders will be held on Tuesday, May 9, 1986 at the Company's Corporate Offices, 300 Chubb Avenue, Lyndhurst, New Jersey, at 11:30 A.M. Notice of the meeting and proxy form are being mailed with this report.

Holders of Common Stock may obtain a copy of the Annual Report to the Securities Exchange Commission on Form 10-K by addressing requests to the Investor Relations Department, Syms Corp., 300 Chubb Avenue, Lyndhurst, New Jersey 07071.

**TRANSFER AGENT AND REGISTRAR:**
American Stock Transfer Company
New York, New York

**AUDITORS:**
Mann Judd Landau
New York, New York

**GENERAL COUNSEL:**
Botein Hays & Sklar
New York, New York

**CORPORATE OFFICES AND DISTRIBUTION CENTER:**
300 Chubb Avenue, Lyndhurst, New Jersey 07071

SYMS CORP.

**An Educated Consumer is Our Best Customer**

# Annual Report
## for the year ended
## December 31, 1987

### FINANCIAL HIGHLIGHTS

| | 1986 | 1987 |
|---|---|---|
| Net sales | $223,071,000 | **$256,756,000** |
| Income before provision for income taxes | $ 29,731,000 | **$ 32,561,000** |
| Net income | $ 14,773,000 | **$ 17,780,000** |
| As a percentage of net sales | 6.6% | **6.9%** |
| Earnings per share | $.84 | **$1.01** |
| Working capital | $ 27,886,000 | **$ 24,158,000** |
| Current ratio | 2.6 to 1 | **1.8 to 1** |
| Shareholders' equity | $ 81,031,000 | **$ 98,811,000** |

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# To Our Shareholders

We are pleased to report that your Company recorded net sales in 1987 of $256,756,000 compared with $223,071,000 last year, an increase of just over 15%.

Net income for the year ended December 31, 1987 was $17,780,000 versus $14,773,000, an increase of approximately 20%. Earnings per share increased to $1.01 in 1987 from $.84 in 1986. It should be noted that in 1986, our net income benefited by approximately $.09 per share from gains on the sale of real estate.

This has been a year of accomplishment for the entire Syms team. Our increases in sales and net income have been noteworthy, but even more significant were several fundamental improvements and additions. The key areas we focused on included our new Distribution Center, the addition of new markets, the upgrading of internal systems and the people who run them.

For both the short range and long term our new Distribution Center is the fulcrum. With the physical arrangements in place, we moved into the new facility in March 1987. Although we thought that we were prepared and well rehearsed, there were several months of difficult adjustment. We carefully studied the problems and solved them individually as they arose. Gradually, everything fell into its proper place and by Summer's end we were ready for Fall deliveries. The dedication and determination of every Syms employee was inspiring and the extra commitment required and given built a feeling of accomplishment that will always be a part of our organization.

The past year was the first time in our history that we opened five new stores, four of which were in new markets. It, too, was a massive undertaking, but all the new markets are operating to plan and new Syms stores can now be found in Miami, Cleveland, Detroit, Atlanta and St. Louis. Additionally we were able to complete arrangements and execute our plans for doubling the size of our Bergen County, New Jersey store, which has been operating in its new configuration since November. All this store expansion is even more remarkable considering that in the 13 month period starting in October, 1986 to October, 1987 we added approximately 50% to our existing store selling space.

This was also a year in which we made substantial progress in upgrading our internal systems. New management tools require people to use and integrate them into the total operation, and we were able to bring aboard excellent new people. With their help, we now have a substantially greater ability to track the movement of merchandise, considerably improved electronic register security and the ability to review register codes. The reports being generated by these improvements are adding to our ability to manage more effectively and efficiently. We continue to make progress with additional systems which we plan to emplace during the next 12 months.

At every level of our business, we feel we defined and met our objectives. The achieved results were very satisfying and the long range investments should help us to continue to improve the Company in the years to come. We look forward with enthusiasm and confidence to the future.

Chairman

Marcy Syms

President

# Profile

Syms stores offer a broad range of in-season first quality Brand and Designer apparel and accessories for men, women and children at substantially lower prices than generally found in traditional retail stores. Since we buy directly from the manufacturer, the brand or designer label is on every garment thus protecting the consumer from counterfeit labels.

**PRODUCT MIX:**

While the emphasis is on wearing apparel, a Syms shopper will additionally find, at off-price, shoes, luggage, wallets, handbags, attache cases, sheets, pillow cases, towels and related items.
Special attention is given to all sizes in men's wear as well as Half and Queen sizes in women's wear. At Syms a customer does not pay extra regardless of their size.

**MARKETING:**

All merchandise has a price ticket affixed that displays two prices – the Syms selling price and what the Company has researched and believes to be the traditional full selling price.
Syms has a ten-day automatic markdown policy on seasonally vulnerable women's dresses and dress outfits. The date of placement on the selling floor is stamped on the back of the price ticket. On the front is what the Company believes to be the nationally advertised price, the initial Syms price, and three reduced prices. Each price reduction becomes effective after the passage of ten selling days.

## SULKA

This very prestigious men's haberdashery operation continued to grow and we have now turned the corner into a profitable mode. Sulka, known for over 90 years as the epitomé of quality products, is benefiting from the increasing number of men of all ages who are insisting on the highest levels of workmanship and service and our ability to satisfy them. We are now planning on at least one new Sulka store in the United States this year.

## SYMS ADVERTISING

The Company owns Syms Advertising, Inc. which creates and places advertising for Syms and Sulka. It is responsible for purchasing, monitoring and compliance of the Syms and Sulka broadcast and print contracts. The agency will actively seek out and add to its roster additional clients whom it can effectively service.

## SYMS LOCATIONS

**ATLANTA MARKET**
**Norcross, Georgia**
*55,000 square feet selling space*

**BOSTON MARKET**
**Norwood, Massachusetts**
*37,000 square feet selling space*
**Peabody, Massachusetts**
*39,000 square feet selling space*

**BUFFALO MARKET**
**Williamsville, New York**
*23,000 square feet selling space*

**CHICAGO MARKET**
**Addison, Illinois**
*55,000 square feet selling space*
**Niles, Illinois**
*33,000 square feet selling space*

**CLEVELAND MARKET**
**North Randall, Ohio**
*48,000 square feet selling space*

**DETROIT MARKET**
**Southfield, Michigan**
*48,000 square feet selling space*

**FLORIDA MARKET**
**Ft. Lauderdale, Florida**
*48,000 square feet selling space*
**Miami, Florida**
*53,000 square feet selling space*

**NEW YORK MARKET**
**Manhattan, New York City, N.Y.**
*36,000 square feet selling space*
**Long Island, New York**
*29,000 square feet selling space*
**Westchester, New York**
*53,000 square feet selling space*

**NEW JERSEY MARKET**
**Bergen County, New Jersey**
*68,000 square feet selling space*
**Woodbridge, New Jersey**
*34,000 square feet selling space*
**Secaucus, New Jersey**
*25,000 square feet selling space*

**PHILADELPHIA MARKET**
**Cherry Hill, New Jersey**
*65,000 square feet selling space*
**King of Prussia, Pennsylvania**
*60,000 square feet selling space*

**PITTSBURGH MARKET**
**Monroeville, Pennsylvania**
*33,000 square feet selling space*

**ST. LOUIS MARKET**
**Brentwood, Missouri**
*33,000 square feet selling space*

**WASHINGTON MARKET**
**Falls Church, Virginia**
*36,000 square feet selling space*
**Rockville, Maryland**
*58,000 square feet selling space*

# The Distribution Center

A

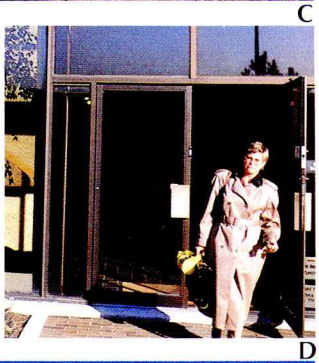



OUR NEW DISTRIBUTION CENTER WAS PURCHASED IN MAY, 1986 AND WE COMPLETED OUR MOVE INTO THE FACILITY IN MARCH, 1987. COMPRISED OF 300,000 SQUARE FEET, IT HOUSES RECEIVING, SORTING, STORAGE AND SHIPPING AREAS AS WELL AS OUR EXECUTIVE AND BUYING OFFICES AND A 25,000 SQ. FOOT RETAIL SYMS STORE.

B




C



D




WE ESTIMATE THAT THE SPACE AND EQUIPMENT NOW IN PLACE WILL ALLOW US TO DOUBLE THE NUMBER OF STORES WE NOW OPERATE WITHOUT MAJOR ADDITIONS.

A. ENTRANCE TO THE SYMS RETAIL STORE.

B. THERE IS A COMPLETE SHIPPING AREA FOR ALL OF OUR TRUCKS OF ANY SIZE.

C. THE ENTRANCE TO OUR OFFICES IS SET APART FROM OTHER SERVICE ENTRANCES FOR SECURITY AND CONVENIENCE.

D. THE DISTRIBUTION CENTER.



# Inside the Distribution Center



Count verification of incoming shipment prior to issuing receipt. Receipts then go on-line with central computer system.



Flat merchandise is opened into totes and sorted by style, size and color.



Control Office personnel prepare distribution and ticket batches from on-line entry of receiving data.



Hanging merchandise is ticketed and routed to the hanging sorter for automatic store distribution.



Flat merchandise is routed to one of four sort stations. A single station can process 20,000 units daily.



Flat merchandise is counted by style, size and color for distribution tracking and buyer information.

DOZENS OF OTHER SUPPORT FUNCTIONS TAKE PLACE WITHIN THE DISTRIBUTION CENTER, BUT ON THESE TWO PAGES WE HAVE PICTURED SOME OF THE OPERATIONAL FUNCTIONS. IN A VERY GENERAL WAY YOU WILL SEE MANY OF THE STEPS THAT TAKE PLACE FROM THE TIME MERCHANDISE COMES INTO THE CENTER UNTIL IT IS SHIPPED TO OUR STORES. THE PEOPLE AND EQUIPMENT SHOWN HERE WORK TOGETHER TO HELP US CONTINUE TO REDUCE THE TURNAROUND TIME REQUIRED FOR MERCHANDISE TO REACH OUR STORES.



Individual store shipments are placed in cages, sealed and moved to the shipping platform.



Flat merchandise is inspected and ticketed prior to distribution.



Cartons and cages are scanned for contents prior to shipment to our stores.

# Consolidated Statements of Income

(In thousands, except per share amounts)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | **1987** |
| Net sales | $215,168 | $223,071 | **$256,756** |
| Costs and expenses | | | |
| Cost of sales (note 12) | 150,123 | 153,317 | **171,934** |
| Operating, general and administrative | 38,958 | 42,883 | **51,919** |
| Interest – net (note 6) | (316) | (295) | **342** |
| Gain on sale of real estate (note 11) | – | (2,565) | – |
| Income before provision for income taxes | 26,403 | 29,731 | **32,561** |
| Provision for income taxes (notes 1d and 3) | | | |
| Current | 13,208 | 15,241 | **14,610** |
| Deferred | 480 | (283) | **171** |
| | 13,688 | 14,958 | **14,781** |
| Net income | $ 12,715 | $ 14,773 | **$ 17,780** |
| Earnings per share (note 1g) | $.72 | $.84 | **$1.01** |
| Shares outstanding (note 1g) | 17,650 | 17,650 | **17,650** |

**See accompanying notes to consolidated financial statements.**

# Consolidated Balance Sheets

(In thousands, except share amounts)

| | December 31, | |
|---|---|---|
| | 1986 | **1987** |
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 5,991 | **$ 2,530** |
| Receivables – trade and other | 1,828 | **1,923** |
| Merchandise inventories (note 1b) | 36,289 | **48,240** |
| Prepaid expenses and income taxes (notes 1d and 3) | 991 | **832** |
| Deferred income taxes (notes 1d and 3) | – | **434** |
| Total current assets | 45,099 | **53,959** |
| Property and equipment, net of accumulated depreciation and amortization (notes 1c, 2, 5, 6 and 8a) | 59,441 | **81,207** |
| Other assets net of accumulated amortization of $358 at December 31, 1986 and $411 at December 31, 1987 (note 1e) | 2,315 | **2,510** |
| Total assets | $ 106,855 | **$ 137,676** |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities | | |
| Loan payable – bank (note 5) | $ 3,000 | **$ 5,000** |
| Current maturities of long-term debt (note 6) | 71 | **77** |
| Accounts payable | 7,768 | **18,181** |
| Accrued expenses and taxes other than income taxes | 3,069 | **3,609** |
| Obligations to customers (note 4) | 1,599 | **2,003** |
| Income taxes (notes 1d and 3) | 1,643 | **856** |
| Current portion of obligations under capitalized lease (note 8a) | 63 | **75** |
| Total current liabilities | 17,213 | **29,801** |
| Long-term debt (note 6) | 5,073 | **4,996** |
| Obligations under capitalized lease (note 8a) | 2,340 | **2,265** |
| Deferred income taxes (notes 1d and 3) | 1,198 | **1,803** |
| **Commitments and contingent liabilities (notes 7 and 8)** | | |
| **Shareholders' equity (notes 9 and 10)** | | |
| Preferred stock – par value, $100 per share; authorized 1,000,000 shares; none issued | | |
| Common stock – par value, $.05 per share; authorized 30,000,000 shares; issued and outstanding 17,650,000 shares | 883 | **883** |
| Additional paid-in capital | 11,339 | **11,339** |
| Retained earnings | 68,809 | **86,589** |
| Total shareholders' equity | 81,031 | **98,811** |
| Total liabilities and shareholders' equity | $ 106,855 | **$ 137,676** |

**See accompanying notes to consolidated financial statements.**

# Consolidated Statements of Changes in Financial Position

SYMS CORP. AND SUBSIDIARIES

(In thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | **1987** |
| Sources of funds | | | |
| Net income | $12,715 | $ 14,773 | **$ 17,780** |
| Items not consuming (not providing) working capital | | | |
| Depreciation and amortization | 2,250 | 2,342 | **3,563** |
| Gain on sale of real estate | – | (2,565) | – |
| Deferred income taxes | 480 | (283) | **605** |
| Working capital provided by operations | 15,445 | 14,267 | **21,948** |
| Disposition of fixed assets | – | 11,002 | **40** |
| Increase in long-term debt | – | 5,182 | – |
| Total funds provided | 15,445 | 30,451 | **21,988** |
| Uses of funds | | | |
| Acquisition of fixed assets | 5,737 | 39,703 | **25,322** |
| Current maturities and repayments of long-term debt | 373 | 3,843 | **77** |
| Current portion of obligations under capitalized lease | 56 | 63 | **75** |
| Increase in other assets | 199 | 23 | **242** |
| Total funds consumed | 6,365 | 43,632 | **25,716** |
| Net increase (decrease) in working capital | 9,080 | (13,181) | **(3,728)** |
| Working capital – beginning of year | 31,987 | 41,067 | **27,886** |
| Working capital – end of year | $41,067 | $ 27,886 | **$ 24,158** |
| Changes in components of working capital | | | |
| Increase (decrease) in current assets | | | |
| Cash and cash equivalents | $ 6,224 | $ (4,179) | **$ (3,461)** |
| Receivables | 607 | 206 | **95** |
| Merchandise inventories | (4,370) | 1,525 | **11,951** |
| Prepaid expenses and income taxes | 286 | (1,586) | **(159)** |
| Deferred income taxes | – | – | **434** |
| (Increase) decrease in current liabilities | | | |
| Loan payable – bank | – | (3,000) | **(2,000)** |
| Current maturities of long-term debt | 25 | 302 | **(6)** |
| Accounts payable | 5,849 | (4,822) | **(10,413)** |
| Accrued expenses and taxes other than income taxes | 508 | (382) | **(540)** |
| Obligations to customers | (105) | (49) | **(404)** |
| Due to principal shareholder | (125) | 125 | – |
| Income taxes | 105 | (1,314) | **787** |
| Current portion of obligations under capitalized lease | 76 | (7) | **(12)** |
| Net increase (decrease) in working capital | $ 9,080 | $(13,181) | **$ (3,728)** |

**See accompanying notes to consolidated financial statements.**

# Notes to Consolidated Financial Statements

## Note 1—Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of Syms Corp. and its subsidiaries (the "Company"), all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated.

b. Merchandise Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market, as determined by a retail inventory method.

c. Depreciation and Amortization

Depreciation is computed principally by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The cost of leaseholds and leasehold improvements are amortized over the terms of the leases or the useful lives of the assets, whichever is shorter.

Facilities' leases (see note 8a) having the substance of financing transactions have been capitalized. The related lease obligations have been included as obligations under capitalized lease. The leased assets are being amortized as described above.

d. Income Taxes

Income taxes provided include deferred taxes due to timing differences between financial and tax reporting related to the use of accelerated depreciation for tax purposes, additional inventory capitalization required for tax purposes and capitalized leases for financial statement purposes.

e. Excess of Purchase Price Over Net Assets Acquired

The excess of purchase price over net assets acquired (goodwill) is being charged to income over a period of forty years. Goodwill is included in other assets and amounted to $1,596,000 and $1,581,000 at December 31, 1986 and 1987, net of accumulated amortization of $289,000 and $336,000, respectively.

f. Principal Business

The Company operates twenty-two Syms retail stores (seventeen in 1986) which sell "off-price" apparel for men, women and children. In addition the Company operates six retail locations under the Sulka name.

g. Earnings Per Share

Earnings per share are based on net income for each year divided by the average number of shares outstanding during each period. In 1986 and 1987 no effect has been given to outstanding common stock options as their effect would be immaterial. There were no common stock options outstanding in 1985.

## Note 2—Property and Equipment

Property and equipment consists of:

| | (In thousands) December 31, | |
|---|---|---|
| | 1986 | 1987 |
| Land | $ 8,146 | $ 12,947 |
| Leasehold and leasehold improvements | 11,333 | 12,269 |
| Buildings and building improvements | 34,183 | 47,360 |
| Machinery and equipment | 4,165 | 6,837 |
| Furniture and fixtures | 6,347 | 8,042 |
| Capitalized lease | 3,039 | 3,039 |
| Construction in progress | 1,286 | 3,101 |
| | 68,499 | 93,595 |
| Less accumulated depreciation and amortization | 9,058 | 12,388 |
| | $59,441 | $81,207 |

## Note 3—Income Taxes

The provision for income taxes for the years ended December 31, 1985, 1986 and 1987 is as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Provision for income taxes | | | |
| Current – federal | $10,455 | $12,356 | $11,492 |
| – state | 2,753 | 2,885 | 3,118 |
| | 13,208 | 15,241 | 14,610 |
| Deferred – federal | 464 | (216) | 234 |
| – state | 16 | (67) | (63) |
| | 480 | (283) | 171 |
| | $13,688 | $14,958 | $14,781 |

# Notes to Consolidated Financial Statements

The variation in the customary relationship between the provision for income taxes and pre-tax income is shown in the following calculation:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Statutory federal income tax rate | 46.0% | 46.0% | 40.0% |
| State taxes, net of federal income tax benefits | 5.7 | 5.4 | 5.6 |
| Other, net | .1 | (1.1) | (.2) |
| Effective tax rate | 51.8% | 50.3% | 45.4% |

No effect has been provided for Financial Accounting Standards Board Statement No. 96 concerning Accounting for Income Taxes. Its adoption is required for fiscal years beginning after December 15, 1988, with earlier adoption being optional. The Company expects that the adoption of Statement No. 96 will not have a material effect on its financial position or results of operations.

## Note 4—Obligations to Customers

Obligations to customers represent credits issued for returned merchandise. The Company's policy is to allow customers to exchange credit memos for other merchandise.

## Note 5—Loan Payable—Bank

In October, 1986 the Company negotiated a revolving credit and term loan agreement with a bank in an aggregate amount not to exceed $25,000,000. Advances up to $15,000,000 are evidenced by revolving credit notes. Advances which exceed $15,000,000 will be collateralized by certain real property owned by the Company. On October 31, 1989 any outstanding advances will automatically convert to a term loan, which would be due by October 31, 1994. Interest on individual advances is payable at one half of 1% per annum below the bank's base rate, however, at no time shall the rate of interest on advances evidenced by revolving credit notes exceed or be less than the initial interest rate on that advance plus or minus 2%. As of December 31, 1987 borrowings under this agreement were $5,000,000 and were repaid by February 17, 1988.

The agreement establishes covenants, including those relating to tangible net worth, working capital and capital expenditures, as defined.

## Note 6—Long-Term Debt

Long-term debt is summarized as follows:

| | (In thousands) | | | |
|---|---|---|---|---|
| | December 31, 1986 | | December 31, 1987 | |
| | Due Within One Year | Due After One Year | Due Within One Year | Due After One Year |
| Mortgage payable | $71 | $5,073 | $77 | $4,996 |

In May, 1986 the Company assumed a mortgage in connection with the purchase of a new store, distribution center and corporate office. The mortgage is payable in equal monthly installments of $45,000, including interest at 9¼%, through September 1, 1999.

Total interest charges incurred, including amounts related to capitalized leases (see note 8a), for the years ending December 31, 1985, 1986 and 1987 were $703,000, $1,014,000 and $1,310,000, respectively, of which $447,000 and $448,000 was capitalized in 1986 and 1987, respectively, in connection with purchase and construction of new facilities.

As of December 31, 1987 long-term debt matures as follows:

| | (In thousands) |
|---|---|
| 1988 | $ 77 |
| 1989 | 85 |
| 1990 | 93 |
| 1991 | 102 |
| 1992 | 112 |
| Thereafter | 4,604 |
| | $5,073 |

## Note 7—Pension and Profit Sharing Plans

a. Pension Plan

The Company has a defined benefit pension plan for all employees other than those covered under collective bargaining agreements. Hourly employees in the Virginia store are also excluded.

# Notes to Consolidated Financial Statements

The benefits are based on years of service and the employee's highest average pay during any five consecutive years within the ten year period prior to retirement. Pension plan costs are funded annually. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In 1987, the Company adopted FASB Statement No. 87, "Employers' Accounting for Pensions." The effect of this adoption was to reduce 1987 pension cost by approximately $56,000. Pension expense and disclosures for 1986 have not been restated.

The following table sets forth the plan's funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 1987 (in thousands):

| | |
|---|---|
| Actuarial present value of benefit obligations: | |
| Accumulated benefit obligation, including vested benefits of $1,392 | $1,506 |
| Plan assets at fair value, primarily mutual funds and United States treasury bills | $1,818 |
| Projected benefit obligation for service rendered to date | 1,804 |
| Plan assets in excess of projected benefit obligation | 14 |
| Unrecognized net loss from past experience different from that assumed and the effects of changes in assumptions | 176 |
| Unrecognized net asset at January 1, 1987 | (355) |
| Pension cost (accrued) as included in accrued expenses | $ (165) |

Pension expense for the year ended December 31, 1987 includes the following components:

| | |
|---|---|
| Service cost-benefits earned during the period | $ 264 |
| Interest cost of projected benefit obligation | 108 |
| Actual return on plan assets | (17) |
| Net amortization and deferral | (134) |
| Net periodic pension cost | $ 221 |

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.5% and 4.75%, respectively, at December 31, 1987. The expected long-term rate of return on plan assets in 1987 was 7.5%.

Accumulated pension plan benefits and net assets for the year ended December 31, 1986 (determined as of January 1, 1986), were as follows:

| | (In thousands) |
|---|---|
| Actuarial present value of accumulated plan benefits: | |
| Vested | $ 731 |
| Non-vested | 88 |
| | $ 819 |
| Net assets available for benefits | $1,513 |

The weighted average assumed rate of return for the year ended December 31, 1986, of 6.25% was used in determining the actuarial present values.

Pension expense for the years ending December 31, 1985, 1986 and 1987 was $208,000, $234,000 and $221,000, respectively.

b. Profit Sharing Plan

The Company has a profit sharing plan for all employees other than those covered under collective bargaining agreements. Hourly employees in the Virginia store are also excluded. Contributions to the profit sharing plan are made at the discretion of the Plan's administrators.

Profit sharing plan contributions were $140,000, $160,000 and $169,000 for the years ending December 31, 1985, 1986 and 1987, respectively.

## Note 8—Commitments and Contingent Liabilities

a. Leases

The Company has operating leases and one capital lease for its retail stores, with terms expiring between 1988 and 2068. In addition, eleven stores are owned by the Company. The Company also has a ground lease which expires in 2276. Under most lease agreements, the Company pays real estate taxes, maintenance and other operating expenses. Certain store leases also provide for additional contingent rentals based upon a percentage of sales in excess of certain minimum amounts, as well as increases in the consumer price index.

# Notes to Consolidated Financial Statements

Future minimum lease payments at December 31, 1987, are as follows:

| | (In thousands) Capital Lease—Real Estate | Operating Leases |
|---|---|---|
| 1988 | $ 435 | $ 2,127 |
| 1989 | 435 | 2,076 |
| 1990 | 435 | 2,056 |
| 1991 | 435 | 2,058 |
| 1992 | 435 | 1,923 |
| Thereafter – cumulative | 3,009 | 30,798 |
| Total minimum payments | 5,184 | $41,038 |
| Less – amount representing interest | 2,844 | |
| Present value of net minimum lease payments | 2,340 | |
| Less – current maturities | 75 | |
| | $ 2,265 | |

Payments under the real estate capital lease, which expires in 1999, are payable to the Company's principal shareholder. Rental payments in 1987 were $448,000, including escalation payments of $13,000.

The real estate lease has been capitalized using an interest rate of 17.4%.

Rent expense for operating leases are as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Minimum rentals | $ 1,618 | $ 2,031 | $ 2,294 |
| Escalation rentals | 177 | 180 | 160 |
| Contingent rentals | 28 | 15 | 21 |
| Sublease rentals | (193) | (77) | (48) |
| | $ 1,630 | $ 2,149 | $ 2,427 |

b. Other Commitments

At December 31, 1987, the Company had outstanding letters of credit in the amount of $3,664,000.

## Note 9—Capital Stock—Stock Option Plan

In 1983, and as amended in 1986 and 1987, the Board of Directors adopted a stock option plan and reserved 1,000,000 shares of common stock for issuance thereunder. In 1986, the plan was amended and restated. Under the plan, the Company may grant options to purchase up to 1,000,000 shares of common stock in the form of either incentive stock options, as defined in Section 422A of the Internal Revenue Code of 1954, as amended, nonqualified stock options, or stock appreciation rights. The plan requires that all incentive stock options be granted at an exercise price equal to the fair market value of the common stock at the date of grant. The exercise price of the option for holders of more than 10% of the voting rights of the Company must be equal to 110% of the fair market value at the date of grant. Nonqualified options and stock appreciation rights may be granted at any exercise price.

The maximum exercise period for any option or stock appreciation right under the Plan is ten years from the date the option is granted (five years for any optionee who holds more than 10% of the voting rights of the Company).

Options which were granted in 1986 to purchase 308,750 shares of common stock at a price of $11.875 per share, the fair market value at the date of grant, were terminated voluntarily by the holders thereof. In November, 1987, options were granted to purchase 323,250 shares of common stock. The options which expire in 1997, were granted at price of $8.625 per share, which was the fair market value at the date of grant. These options are exercisable at the rate of 20% per year. At December 31, 1987, none of the options were exercised.

## Note 10—Retained Earnings

Transactions in retained earnings are summarized as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Retained earnings, beginning of year | $ 41,321 | $ 54,036 | $ 68,809 |
| Net income | 12,715 | 14,773 | 17,780 |
| Retained earnings, end of year | $ 54,036 | $ 68,809 | $ 86,589 |

# Notes to Consolidated Financial Statements

**Note 11—Gain on Sale of Real Estate**

During 1986, the Company sold its former distribution center and corporate office resulting in a gain of $1,774,000. In addition, the Company sold land resulting in a gain of $791,000.

**Note 12—Other Transactions**

Included in cost of sales for the year ended December 31, 1987 are purchases of approximately $3,700,000 from a company related to the principal shareholder.

# Report of Independent Certified Public Accountants

To the Board of Directors and Shareholders – Syms Corp.

We have examined the consolidated balance sheets of Syms Corp. and Subsidiaries as of December 31, 1986 and 1987 and the related consolidated statements of income and changes in financial position for each of the three years in the period ended December 31, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Syms Corp. and Subsidiaries as of December 31, 1986 and 1987, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1987, in conformity with generally accepted accounting principles applied on a consistent basis.

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
March 4, 1988

# Quarterly Information

**SUPPLEMENTARY FINANCIAL INFORMATION**
**(In thousands, except per share amounts)**

| Unaudited Selected Quarterly Financial Data | Quarter | | | |
|---|---|---|---|---|
| **Year ended December 31, 1986** | **First** | **Second** | **Third** | **Fourth** |
| Net sales | $43,026 | $58,005 | $50,026 | $72,014 |
| Gross profit | $13,004 | $17,488 | $14,931 | $24,331 |
| Net income | $ 1,526 | $ 3,172 | $ 2,456 | $ 7,619* |
| Earnings per share | $.09 | $.18 | $.14 | $.43 |
| **Year ended December 31, 1987** | | | | |
| Net sales | $47,293 | $65,576 | $59,211 | $84,676 |
| Gross profit | $14,880 | $20,538 | $19,637 | $29,767 |
| Net income | $ 2,053 | $ 4,305 | $ 3,102 | $ 8,320 |
| Earnings per share | $.12 | $.24 | $.18 | $.47 |

* Includes gain on sale of real estate.

## MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

### Market Information

On September 23, 1983, the Company's Common Stock commenced trading on the New York Stock Exchange under the symbol SYM. Prior to that time, there was no public market for the Company's Common Stock. The high and low quarterly sales prices for the Common Stock during each quarter of the last three years and for the first quarter of 1988 are as follows:

| | High | Low |
|---|---|---|
| **1985** | | |
| First Quarter | 15¼ | 11⅝ |
| Second Quarter | 15¾ | 12¾ |
| Third Quarter | 16½ | 11⅜ |
| Fourth Quarter | 13¾ | 10¾ |
| **1986** | | |
| First Quarter | 14½ | 10½ |
| Second Quarter | 14¾ | 11¼ |
| Third Quarter | 14⅜ | 11¼ |
| Fourth Quarter | 12¾ | 10¼ |
| **1987** | | |
| First Quarter | 16 | 10⅝ |
| Second Quarter | 14⅞ | 10¼ |
| Third Quarter | 15 | 11⅝ |
| Fourth Quarter | 14⅞ | 7⅞ |
| **1988** | | |
| First Quarter (through 3/4/88) | 10¾ | 9⅛ |

### Holders

As of March 4, 1988, there were 433 record holders of the Company's Common Stock.

### Dividends

The Company has never paid cash dividends on its Common Stock, except for a $40,000 cash dividend paid in 1979 to Sy Syms who was then its sole shareholder. Payment of dividends is within the discretion of the Company's Board of Directors and will depend upon the earnings, capital requirements and financial condition of the Company, among other factors. The Company anticipates that for the foreseeable future it will follow a policy of retaining earnings in order to finance the expansion and development of its business.

# Selected Financial Data

(In thousands, except per share amount)

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1983 | 1984 | 1985 | 1986 | **1987** |
| Income statement data: | | | | | |
| Net sales | $179,231 | $204,251 | $215,168 | $223,071 | **$256,756** |
| Costs and expenses | | | | | |
| Cost of sales | 126,605 | 141,741 | 150,123 | 153,317 | **171,934** |
| Operating, general and administrative | 30,219 | 36,266 | 38,958 | 42,883 | **51,919** |
| Interest – net | (226) | 52 | (316) | (295) | **342** |
| Gain on sale of real estate | – | – | – | (2,565) | **—** |
| Expenses related to public offering | 504 | – | – | – | **—** |
| Income before provision for income taxes | 22,129 | 26,192 | 26,403 | 29,731 | **32,561** |
| Provision for income taxes | 11,788 | 13,480 | 13,688 | 14,958 | **14,781** |
| Net income | $ 10,341 | $ 12,712 | $ 12,715 | $ 14,773 | **$ 17,780** |
| Earnings per share | $.59 | $.72 | $.72 | $.84 | **$1.01** |
| Shares outstanding | 17,650 | 17,650 | 17,650 | 17,650 | **17,650** |
| Balance sheet data: | | | | | |
| Working capital | $ 30,303 | $ 31,987 | $ 41,067 | $ 27,886 | **$ 24,158** |
| Total assets | 55,523 | 75,509 | 81,942 | 106,855 | **137,676** |
| Long-term debt and capitalized leases(1) | 7,096 | 6,566 | 6,137 | 7,413 | **7,261** |
| Shareholders' equity | 40,831 | 53,543 | 66,258 | 81,031 | **98,811** |

(1) Excludes current maturities.

# Management's Discussion and Analysis

## RESULTS OF OPERATIONS—THREE YEARS ENDED DECEMBER 31, 1987

In 1987, net sales increased to $256,756,000 from $223,071,000 in 1986, an increase of $33,685,000 or 15.1%. The increase was attributable to a full year of operations in the two new stores that were opened in 1986 and the addition of five new stores in 1987. Net sales in the Company's other store locations decreased .9% in 1987 from 1986.

In 1986, net sales increased to $223,071,000 from $215,168,000 in 1985, an increase of $7,903,000 or 3.7%. The increase was attributable to a full year of operations in the new store that was opened in 1985 and the addition of two new stores in 1986. Net sales in the Company's other store locations decreased 1.2% in 1986 from 1985.

The Company's gross margin increased to 33.0% in 1987 from 31.3% in 1986. The increase in gross margin resulted primarily from the effectiveness of the Company's buying policies.

The Company's gross margin increased to 31.3% in 1986 from 30.2% in 1985. The increase in gross margin resulted primarily from the effectiveness of the Company's buying policies and the discontinuance of special promotional activities during 1985.

As a percentage of net sales, operating, general and administrative expenses were 20.2% in 1987, 19.2% in 1986 and 18.1% in 1985. The increase in operating, general and administrative expenses as a percentage of net sales in 1987 can be attributed to costs related to a full year of operations of two stores opened in 1986, and five new stores opened in 1987. The increase in operating, general and administrative expenses as a percentage of net sales in 1986 can be attributed to costs related to a full year of operations of the store opened in 1985 and the two new stores opened in 1986.

In 1987, the effective income tax rate decreased to 45.4% from 50.3% in 1986. This was attributable to the change in corporate income tax rates due to the passage of the 1986 Tax Reform Act.

In 1986, the effective income tax rate decreased to 50.3% from 51.8% in 1985. This decrease resulted from a lower tax rate applied to the gain on sales of real estate.

Net income as a percentage of net sales in 1987, 1986 and 1985 were 6.9%, 6.6% and 5.9% respectively. The increase in net income as a percentage of net sales in 1987 from the preceding year resulted primarily from an increased gross margin percentage and a decrease in the income tax rates which offset increases in operating, general and administrative expenses. The increase in net income as a percentage of net sales in 1986 from the preceding year resulted primarily from an increased gross margin percentage and the gain on sales of real estate.

## LIQUIDITY AND CAPITAL RESOURCES—THREE YEARS ENDED DECEMBER 31, 1987

Working capital decreased to $24,158,000 at December 31, 1987 from $27,886,000 at December 31, 1986. The ratio of current assets to current liabilities decreased to 1.81 to 1 at December 31, 1987, from 2.62 to 1 at December 31, 1986. The current ratio decreased in 1987 because of increases in capital expenditures.

The Company incurred capital expenditures of approximately $25,322,000 in 1987. These expenditures primarily related to the opening of new stores, the new distribution center and the opening of new corporate offices, and were primarily funded internally.

In 1986, the Company negotiated a revolving credit and term loan agreement in the aggregate amount of $25,000,000. At December 31, 1987, the outstanding balance of this loan was $5,000,000 and was subsequently repaid in February 1988. Except for this financing, the Company has satisfied its operating and capital expenditure requirements, including those for the opening and expansion of stores, from internally generated funds. Management believes that existing cash reserves, internally generated funds and funds available from the revolving credit and term loan agreement will be sufficient for future working capital and capital expenditure requirements, for new and existing stores.

**SYMS** CORP.

## DIRECTORS

**Sy Syms,** Chairman of the Board, Chief Executive Officer
**Marcy Syms,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Wilbur L. Ross, Jr.,** Managing Director, Rothschild, Inc.
**J. Sloame Immerman,** Partner, Immerman and Immerman

## CORPORATE OFFICERS

**Sy Syms,** Chairman of the Board, Chief Executive Officer
**Marcy Syms,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Irwin Shivek,** Vice President-Operations
**Norman Fately,** Vice President-Merchandise
**Gregory Diamond,** Vice President-Merchandise
**Ira Weiser,** Vice President-Men's Wear
**Charles Koopersmith,** Vice President-Men's Wear
**Alan Kilman,** Vice President-Women's Wear
**Abraham Oliver,** Vice President-Imports
**Timothy Pranschke,** Vice President-Human Resources
**Stephen Merns,** Vice President and Secretary
**Robert Syms,** Vice President
**Richard Morehouse,** Vice President-Management Information Systems
**Eugene Karp,** Vice President-Merchandise

## ANNUAL MEETING

The Annual Meeting of Shareholders will be held on Friday, May 6, 1988 at the Company's Corporate Offices on Syms Way, Secaucus, New Jersey at 11:30 A.M. Notice of the meeting and proxy forms are being mailed with this report.

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Holders of Common Stock may obtain a copy of the Annual Report to the Securities Exchange Commission on Form 10-K by addressing requests to the Investor Relations Department, Syms Corp., Syms Way, Secaucus, New Jersey 07094.

**TRANSFER AGENT AND REGISTRAR:**
American Stock Transfer Company
New York, New York

**AUDITORS:**
Mann Judd Landau
New York, New York

**GENERAL COUNSEL:**
Botein Hays & Sklar
New York, New York

**CORPORATE OFFICES AND DISTRIBUTION CENTER:**
Syms Way, Secaucus, New Jersey 07094

SYMS CORP.

**An Educated Consumer is Our Best Customer**

# Annual Report
## for the year ended
## December 31, 1988

### FINANCIAL HIGHLIGHTS

| | 1987 | 1988 |
|---|---|---|
| Net sales | $256,756,000 | **$282,555,000** |
| Income before provision for income taxes | $ 32,561,000 | **$ 30,921,000** |
| Net income | $ 17,780,000 | **$ 18,736,000** |
| As a percentage of net sales | 6.9% | **6.6%** |
| Earnings per share | $1.01 | **$1.06** |
| Working capital | $ 24,158,000 | **$ 38,400,000** |
| Current ratio | 1.8 to 1 | **2.3 to 1** |
| Shareholders' equity | $ 98,811,000 | **$117,550,000** |

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# To Our Shareholders

We are pleased to report that your Company recorded net sales in 1988 of $282,555,000 compared with $256,756,000 last year.

Net income for the year ended December 31, 1988 was $18,736,000 versus $17,780,000. Earnings per share increased to $1.06 from $1.01 in 1987.

During 1988 we opened one new store in a new market, Dallas, Texas. This was our plan. The previous thirteen months had seen us add 50% more selling space with five new stores and expanded space in our Bergen County, New Jersey store.

With our systems running smoothly we had the capacity to add stores in 1988, but we felt that prudence dictated a year of consolidation. Additionally, we wanted to complete the staffing of our MIS functions. With the added costs of a high capacity Distribution Center and MIS Department, and with the new stores having to work their way up to our traditional return per square foot, we knew that earnings might be affected. And they were – our earnings growth in 1988 was smaller than usual. It is the price we knew we had to pay to prepare ourselves for future growth.

Now, confident that we can physically operate successfully from our Distribution Center, we would expect to resume our growth mode. In April, 1989 we will open a new store in Charlotte, North Carolina with another planned for May 1989 in Rochester, New York. We are confident that there will be additional stores in the next 18 months as we find and develop sites in both new and existing markets.

During the year we initiated a research project which we felt was very productive. It was designed to obtain insights into the relationships and expectations which customers have with us and to evaluate their actual shopping experiences in those terms. Organized as an Exit Survey it was conducted in selected Syms stores representing a range of older to newer facilities. The research instrument was a 15 question interview almost entirely structured in design. Additionally, 2 open-end questions were included: the first inviting customers to describe any unique character they associated with Syms; the second asked them to describe any changes which they felt would improve the Syms shopping experience. The answers yielded a wealth of both direct and tangential material which we are incorporating into our advertising, store functions and operational procedures.

And finally, in November we opened a new leased Sulka Shop in the Bonwit Teller store at the Somerset Mall in Troy Michigan. This is one of the outstanding up-scale malls in the country and we expect it to be a Sulka location of which we can all be proud.

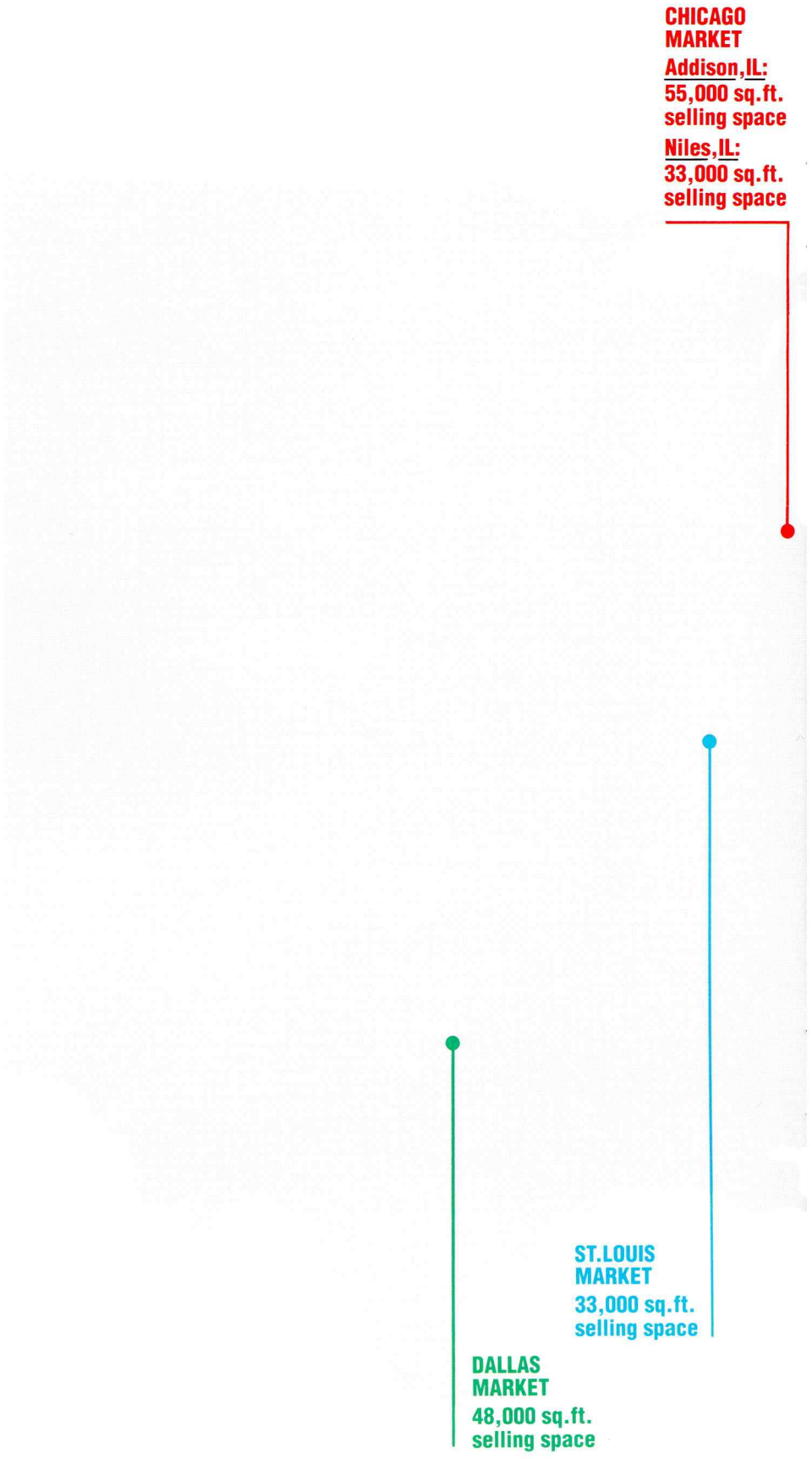
It has taken almost 2 years of hard work to achieve the position we're now in and our prospects are excellent.

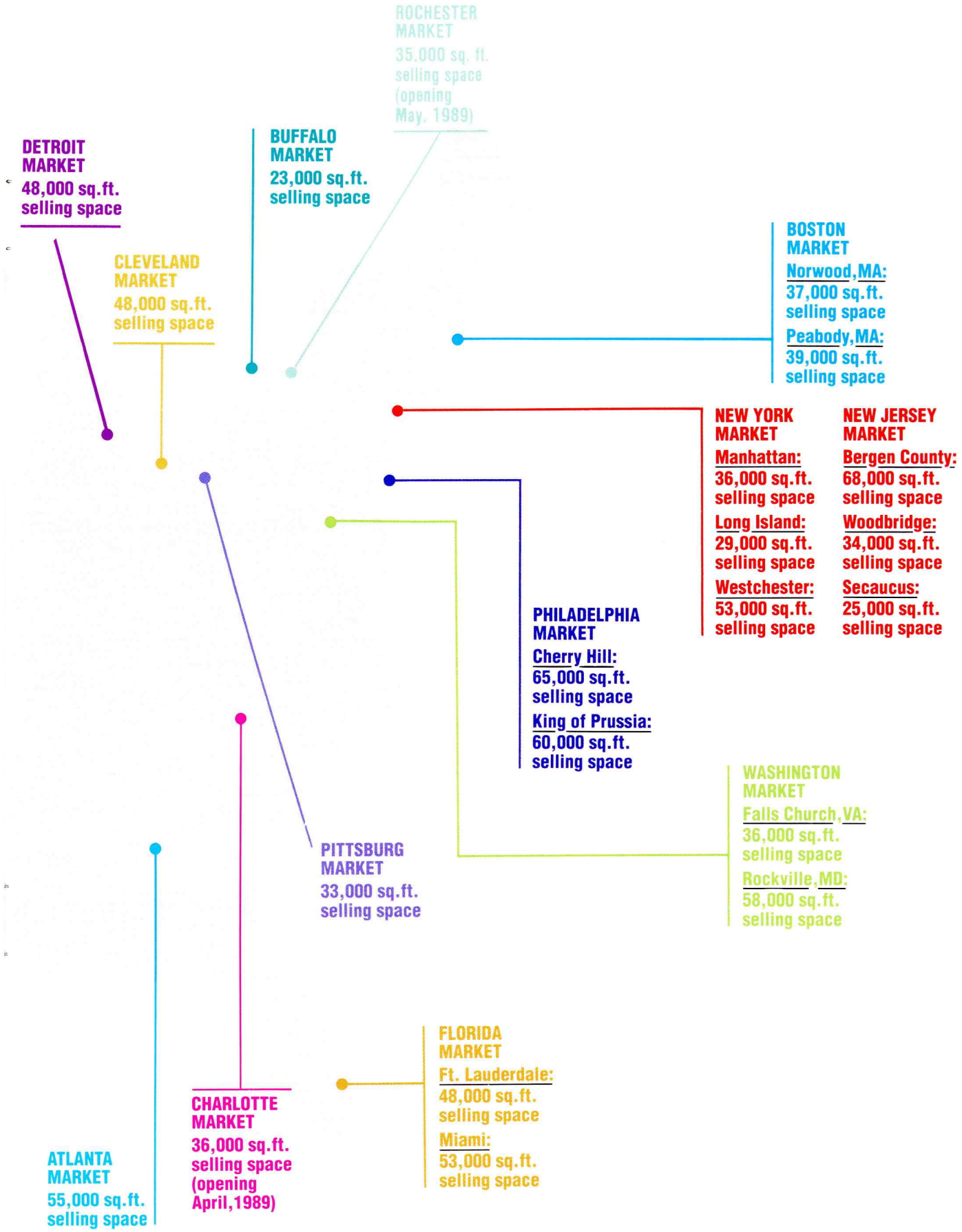
Chairman

Marcy Syms

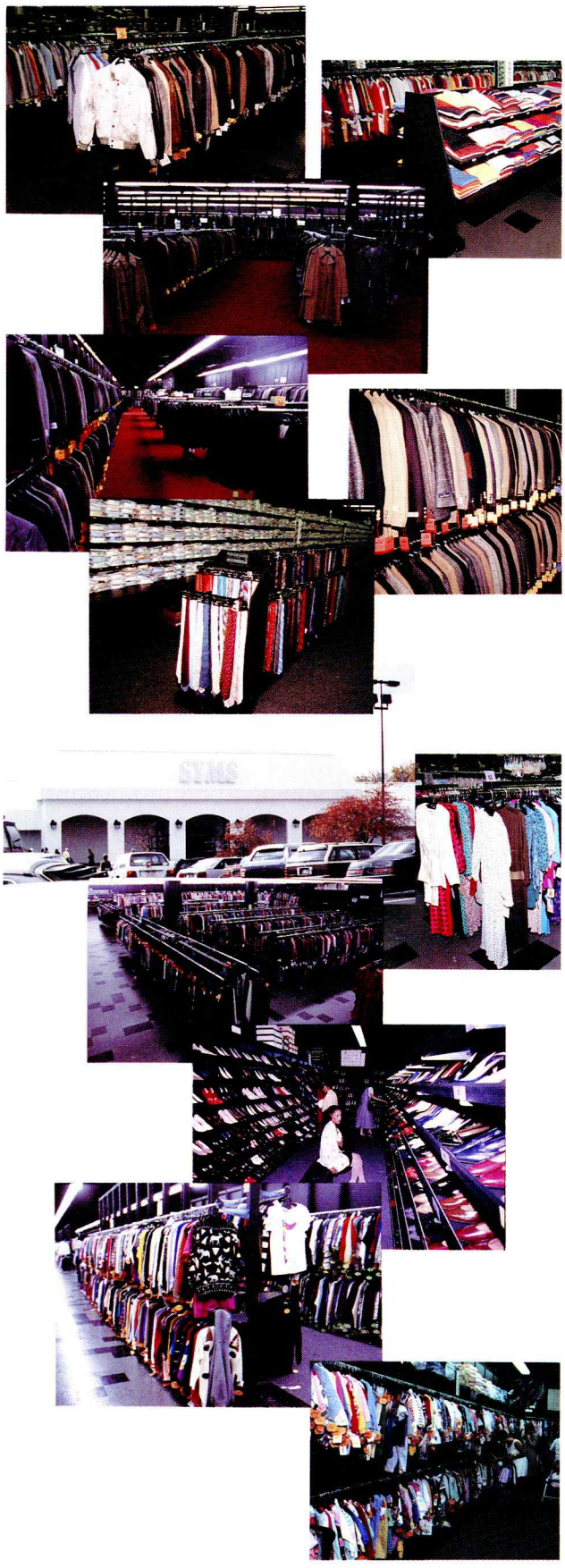
President

# Locations


CHICAGO
MARKET
Addison,IL:
55,000 sq.ft.
selling space
Niles,IL:
33,000 sq.ft.
selling space
ST.LOUIS
MARKET
33,000 sq.ft.
selling space
DALLAS
MARKET
48,000 sq.ft.
selling space


ROCHESTER MARKET
35,000 sq. ft. selling space (opening May, 1989)
DETROIT MARKET
48,000 sq.ft. selling space
BUFFALO MARKET
23,000 sq.ft. selling space
CLEVELAND MARKET
48,000 sq.ft. selling space
BOSTON MARKET
Norwood, MA:
37,000 sq.ft. selling space
Peabody, MA:
39,000 sq.ft. selling space
NEW YORK MARKET
Manhattan:
36,000 sq.ft. selling space
Long Island:
29,000 sq.ft. selling space
Westchester:
53,000 sq.ft. selling space
NEW JERSEY MARKET
Bergen County:
68,000 sq.ft. selling space
Woodbridge:
34,000 sq.ft. selling space
Secaucus:
25,000 sq.ft. selling space
PHILADELPHIA MARKET
Cherry Hill:
65,000 sq.ft. selling space
King of Prussia:
60,000 sq.ft. selling space
WASHINGTON MARKET
Falls Church, VA:
36,000 sq.ft. selling space
Rockville, MD:
58,000 sq.ft. selling space
PITTSBURG MARKET
33,000 sq.ft. selling space
FLORIDA MARKET
Ft. Lauderdale:
48,000 sq.ft. selling space
Miami:
53,000 sq.ft. selling space
CHARLOTTE MARKET
36,000 sq.ft. selling space (opening April, 1989)
ATLANTA MARKET
55,000 sq.ft. selling space

# Profile



## SYMS

Syms operates 23 off-price apparel stores in the 13 marketing areas shown on pages 2 and 3. First quality, in season designer and brand name apparel for men, women and children is sold at prices substantially lower than generally found in traditional retail stores.

All merchandise has a price ticket attached that displays two prices – the Syms selling price and what the Company believes to be the traditional full selling price. Additionally, women's dresses carry a pre-dated automatic markdown price tag. The date of placement on the floor is stamped on the back of the tag. On the front is what the Company believes to be the nationally advertised price, the initial Syms price and three reduced prices. Each price reduction becomes effective after the passage of ten selling days.

Syms wide selection of sizes and styles reflects today's buying habits and covers the soft goods apparel spectrum. A shopper at Syms will find a full line of clothing for the whole family. Accessories include hosiery, underwear, sleepwear as well as seasonal items. Shoes are offered for both men and women, from current fashion to sneakers and sport styles. Brand and designer name luggage and leather goods include wallets, handbags and attache cases.

Special attention is given to all sizes in men's wear as well as half and queen sizes in women's wear. It is a matter of policy that a customer does not pay extra regardless of their size.

## SULKA

Sulka, established in 1895, continued to enhance its reputation as one of the world's most prestigious haberdashers. A new Sulka Shop was added late in the year within the Bonwit Teller store in the Somerset Mall at Troy, Michigan.

Additionally, we added a Custom Clothing department in our New York store. Previously, custom clothing had been available only in our Paris store and we are very excited about now offering it in New York.

We closed the year with 7 locations in New York, San Francisco, Chicago, Troy, London and Paris.

## SYMS ADVERTISING

The Company owns Syms Advertising which creates and places advertising for Syms and Sulka. It is responsible for purchasing and monitoring all the Company's print and broadcast schedules. The agency will actively seek out and add to its roster additional clients whom it can effectively serve.

# Consolidated Statements of Income

(In thousands, except per share amounts)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | **1988** |
| Net sales | $223,071 | $256,756 | **$282,555** |
| Costs and expenses | | | |
| Cost of sales (Note 12) | 153,317 | 171,934 | **189,871** |
| Operating, general and administrative | 42,883 | 51,919 | **61,681** |
| Interest – net (Note 6) | (295) | 342 | **82** |
| Gain on sale of real estate (Note 11) | (2,565) | – | **—** |
| | 193,340 | 224,195 | **251,634** |
| Income before provision for income taxes | 29,731 | 32,561 | **30,921** |
| Provision for income taxes (Notes 1d and 3) | 14,958 | 14,781 | **12,185** |
| Net income | $ 14,773 | $ 17,780 | **$ 18,736** |
| Earnings per share (Note 1g) | $.84 | $1.01 | **$1.06** |
| Shares outstanding (Note 1g) | 17,650 | 17,650 | **17,650** |

**See notes to consolidated financial statements.**

# Consolidated Balance Sheets

(In thousands, except share amounts)

| | December 31, 1987 | December 31, 1988 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents (Note 1h) | $ 2,530 | **$ 2,039** |
| Receivables – trade and other | 1,923 | **1,865** |
| Merchandise inventories (Note 1c) | 48,240 | **62,116** |
| Prepaid expenses and income taxes (Notes 1e and 3) | 832 | **1,363** |
| Deferred income taxes (Notes 1e and 3) | 434 | **1,664** |
| Total current assets | 53,959 | **69,047** |
| Property and equipment, net of accumulated depreciation and amortization (Notes 1d, 2, 5, 6 and 8a) | 81,207 | **86,043** |
| Other assets, net of accumulated amortization of $411 at December 31, 1987 and $461 at December 31, 1988 (Note 1f) | 2,510 | **2,378** |
| Total assets | $137,676 | **$157,468** |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities | | |
| Loan payable – bank (Note 5) | $ 5,000 | **$ —** |
| Current maturities of long-term debt (Note 6) | 77 | **85** |
| Accounts payable | 18,181 | **21,285** |
| Accrued expenses | 2,189 | **1,944** |
| Taxes other than income taxes | 1,420 | **1,695** |
| Obligations to customers (Note 4) | 2,003 | **2,387** |
| Income taxes (Notes 1e and 3) | 856 | **3,140** |
| Current portion of obligations under capitalized lease (Note 8a) | 75 | **111** |
| Total current liabilities | 29,801 | **30,647** |
| Long-term debt (Note 6) | 4,996 | **4,911** |
| Obligations under capitalized lease (Note 8a) | 2,265 | **2,154** |
| Deferred income taxes (Notes 1e and 3) | 1,803 | **2,206** |
| **Commitments and contingent liabilities (Notes 7 and 8)** | | |
| **Shareholders' equity (Notes 9 and 10)** | | |
| Preferred stock – par value, $100 per share; authorized 1,000,000 shares; none issued | | |
| Common stock – par value, $.05 per share; authorized 30,000,000 shares; issued and outstanding 17,650,000 shares in 1987 and 17,650,400 shares in 1988 | 883 | **883** |
| Additional paid-in capital | 11,339 | **11,342** |
| Retained earnings | 86,589 | **105,325** |
| Total shareholders' equity | 98,811 | **117,550** |
| Total liabilities and shareholders' equity | $137,676 | **$157,468** |

**See notes to consolidated financial statements.**

# Consolidated Statements of Cash Flows

(In thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | **1988** |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $14,773 | $ 17,780 | **$ 18,736** |
| Adjustment to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 2,342 | 3,563 | **4,933** |
| Gain on sale of fixed assets | (2,580) | – | **(23)** |
| Changes in assets and liabilities | | | |
| (Increase) decrease in receivables – trade and other | (206) | (95) | **58** |
| Increase in inventory | (1,525) | (11,951) | **(13,876)** |
| (Increase) decrease in prepaid expenses and income taxes | 1,586 | 159 | **(531)** |
| (Increase) decrease in other assets | (8) | (242) | **82** |
| Increase in accounts payable | 4,822 | 10,413 | **3,104** |
| Increase in obligations to customers | 49 | 404 | **384** |
| Increase (decrease) in accrued expenses | 404 | 304 | **(245)** |
| Increase (decrease) in taxes other than income taxes | (22) | 236 | **275** |
| Increase (decrease) in deferred income taxes | (283) | 171 | **(827)** |
| Increase (decrease) in income tax | 1,314 | (787) | **2,284** |
| | 5,893 | 2,175 | **(4,382)** |
| Net cash provided by operating activities | 20,666 | 19,955 | **14,354** |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Expenditures for fixed assets | (34,521) | (25,322) | **(9,735)** |
| Cash received on sale of fixed assets | 11,002 | 40 | **39** |
| Net cash used in investing activities | (23,519) | (25,282) | **(9,696)** |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Reduction of capital lease obligations | (56) | (63) | **(75)** |
| Reduction of long-term debt | (4,145) | (71) | **(77)** |
| Reduction of due to principal shareholder | (125) | – | **—** |
| Net repayments of bank loan | – | – | **(5,000)** |
| Net proceeds from bank loan | 3,000 | 2,000 | **—** |
| Exercise of options | – | – | **3** |
| Net cash provided by (used in) financing activities | (1,326) | 1,866 | **(5,149)** |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (4,179) | (3,461) | **(491)** |
| CASH AND CASH EQUIVALENTS, beginning of year | 10,170 | 5,991 | **2,530** |
| CASH AND CASH EQUIVALENTS, end of year | $ 5,991 | $ 2,530 | **$ 2,039** |

**See notes to consolidated financial statements.**

# Consolidated Statements of Cash Flows (Continued)



(In thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | **1988** |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Cash paid during the year for: | | | |
| Interest (net of interest capitalized) | $ 454 | $ 472 | **$ 665** |
| Income taxes | $12,234 | $ 15,537 | **$ 10,665** |

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

In May 1986, the Company assumed a mortgage in connection with the purchase of a new store, distribution center and corporate office as follows:

| | |
|---|---|
| Fair value of assets acquired | $11,850 |
| Cash paid for assets | 6,668 |
| Liability assumed | $ 5,182 |

**See notes to consolidated financial statements.**

# Notes to Consolidated Financial Statements

## Note 1—Summary of Significant Accounting Policies

a. Principal business

The Company operates twenty-three Syms retail stores (twenty-two in 1987 and seventeen in 1986) which sell "off-price" apparel for men, women and children. In addition the Company operates seven retail locations under the Sulka name.

b. Principles of consolidation.

The consolidated financial statements include the accounts of Syms Corp. and its subsidiaries (the "Company"), all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated.

c. Merchandise inventories

Inventories are stated at the lower of cost (first-in, first-out) or market, as determined by a retail inventory method.

d. Depreciation and amortization

Depreciation is computed principally by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The cost of leaseholds and leasehold improvements are amortized over the terms of the leases or the useful lives of the assets, whichever is shorter.

Facilities' leases (see note 8a) having the substance of financing transactions have been capitalized. The related lease obligations have been included as obligations under capitalized lease. The leased assets are being amortized as described above.

e. Income Taxes

Income taxes provided include deferred taxes due to timing differences between financial and tax reporting related to the use of accelerated depreciation for tax purposes, additional inventory capitalization required for tax purposes, capitalized leases for financial statement purposes and reserves for inventory markdowns not currently deductible for tax purposes.

No effect has been provided for Financial Accounting Standards Board Statement No. 96 concerning Accounting for Income Taxes. Its adoption is required for fiscal years beginning after December 15, 1989, with earlier adoption being optional. The Company expects that the adoption of Statement No. 96 will not have a material effect on its financial position or results of operations.

f. Excess of purchase price over net assets acquired

The excess of purchase price over net assets acquired (goodwill) is being charged to income over a period of forty years. Goodwill is included in other assets and amounts to $1,581,000 and $1,511,000 at December 31, 1987 and 1988, net of accumulated amortization of $336,000 and $381,000, respectively.

g. Earnings Per Share

Earnings per share are based on net income for each year divided by the average number of shares outstanding during each period. In 1986, 1987 and 1988 no effect has been given to outstanding common stock options as their effect would be immaterial.

h. Financial statement presentation

In 1988, the Company is presenting statements of cash flows in accordance with SFAS No. 95 "Statement of Cash Flows". In the prior years, the Company presented statements of changes in financial position. The prior years' statements have been conformed to the 1988 presentation.

Cash equivalents consist primarily of repurchase agreements with original maturities of 90 days or less.

## Note 2—Property and Equipment

Property and equipment consists of:

| | December 31, | |
|---|---|---|
| | 1987 | 1988 |
| | (In thousands) | |
| Land | $ 12,947 | $ 17,067 |
| Leasehold and leasehold improvements | 12,269 | 12,573 |
| Buildings and building improvements | 47,360 | 49,938 |
| Machinery and equipment | 6,837 | 8,634 |
| Furniture and fixtures | 8,042 | 9,065 |
| Capitalized lease | 3,039 | 3,039 |
| Construction in progress | 3,101 | 2,827 |
| | 93,595 | 103,143 |
| Less accumulated depreciation and amortization | 12,388 | 17,100 |
| | $81,207 | $86,043 |

# Notes to Consolidated Financial Statements

## Note 3—Income Taxes

The provision for income taxes for the years ended December 31, 1986, 1987 and 1988 is as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | 1988 |
| | (In thousands) | | |
| Provision for income taxes | | | |
| Current – federal | $ 12,356 | $ 11,492 | $ 10,489 |
| – state | 2,885 | 3,118 | 2,523 |
| | 15,241 | 14,610 | 13,012 |
| Deferred – federal | (216) | 234 | (624) |
| – state | (67) | (63) | (203) |
| | (283) | 171 | (827) |
| | $ 14,958 | $ 14,781 | $ 12,185 |

The components of the deferred income tax provision are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | 1988 |
| | (in thousands) | | |
| Reserve for inventory markdowns | $ – | $ – | $ (823) |
| Miscellaneous | (283) | 171 | (4) |
| | $ (283) | $ 171 | $ (827) |

The following is a reconciliation of income taxes computed at the U.S. Federal statutory rate to the provision for income taxes:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | 1988 |
| Statutory federal income tax rate | 46.0% | 40.0% | 34.0% |
| State taxes, net of federal income tax benefits | 5.4 | 5.6 | 4.2 |
| Other, net | (1.1) | ( .2) | 1.2 |
| Effective income tax rate | 50.3% | 45.4% | 39.4% |

## Note 4—Obligations to Customers

Obligations to customers represent credits issued for returned merchandise. The Company's policy is to allow customers to exchange credit memos for other merchandise.

## Note 5—Loan Payable — Bank

In October, 1986 the Company negotiated a revolving credit and term loan agreement with a bank in an aggregate amount not to exceed $25,000,000. Advances up to $15,000,000 are evidenced by revolving credit notes. Advances which exceed $15,000,000 will be collateralized by certain real property owned by the Company. On October 31, 1989 any outstanding advances will automatically convert to a term loan, which would be due by October 31, 1994. Interest on individual advances is payable at one half of 1% per annum below the bank's base rate, however, at no time shall the rate of interest on advances evidenced by revolving credit notes exceed or be less than the initial interest rate on that advance plus or minus 2%. As of December 31, 1988 there were no borrowings under this agreement.

The agreement establishes covenants, including those relating to tangible net worth, working capital and capital expenditures, as defined.

## Note 6—Long-Term Debt

Long-term debt is summarized as follows:

| | December 31, 1987 | | December 31, 1988 | |
|---|---|---|---|---|
| | Due Within One Year | Due After One Year | Due Within One Year | Due After One Year |
| | (In thousands) | | | |
| Mortgage payable | $77 | $4,996 | $85 | $4,911 |

In May, 1986 the Company assumed a mortgage in connection with the purchase of a new store, distribution center and corporate office. The mortgage is payable in equal monthly installments of $45,000, including interest at 9¼%, through September 1, 1999.

Total interest charges incurred, including amounts related to capitalized leases (see note 8a), and bank loans (see note 5), for the years ending December 31, 1986, 1987 and 1988 were $1,014,000, $1,310,000 and $1,164,000, respectively, of which $448,000 and $574,000 were capitalized in 1987 and 1988, respectively, in connection with the purchase and construction of new facilities.

As of December 31, 1988 long-term debt matures as follows:

| | (In thousands) |
|---|---|
| 1989 | 85 |
| 1990 | 93 |
| 1991 | 102 |
| 1992 | 112 |
| 1993 | 122 |
| Thereafter | 4,482 |
| | $4,996 |

## Note 7—Pension and Profit Sharing Plans

a. Pension Plan

The Company has a defined benefit pension plan for all employees other than those covered under collective bargaining agreements.

The benefits are based on years of service and the employee's highest average

# Notes to Consolidated Financial Statements

pay during any five consecutive years within the ten year period prior to retirement. Pension plan costs are funded annually. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In 1987, the Company adopted Financial Accounting Standards Board Statement No. 87, "Employers' Accounting for Pensions." The effect of this adoption was to reduce 1987 pension cost by approximately $56,000. Pension expense and disclosures for 1986 have not been restated. Pension expense for the year ending December 31, 1986 was $234,000.

The following table sets forth the plan's funded status and amounts recognized in the Company's consolidated balance sheet.

| | December 31, 1987 | December 31, 1988 |
|---|---|---|
| | (In thousands) | |
| Actuarial present value of benefit obligations: | | |
| Accumulated benefit obligation, including vested benefits of $1,392 in 1987 and $1,337 in 1988 | $1,506 | $1,547 |
| Projected benefit obligation | 1,804 | 2,048 |
| Plan assets at fair value, primarily mutual funds and United States treasury bills | $1,818 | $2,125 |
| Plan assets in excess of projected benefit obligation | 14 | 77 |
| Unrecognized net loss | 176 | 120 |
| Unamortized net asset at transition | (355) | (329) |
| Accrued pension cost (included in accrued expenses) | $ (165) | $ (132) |

Pension expense includes the following components:

| | Year Ended December 31, 1987 | Year Ended December 31, 1988 |
|---|---|---|
| | (In thousands) | |
| Service cost-benefits earned during the period | $ 264 | $ 242 |
| Interest cost on projected benefit obligation | 108 | 134 |
| Actual return on plan assets | (17) | (136) |
| Net amortization and deferral | (134) | (52) |
| Net periodic pension cost | $ 221 | $ 188 |

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.5% and 4.75%, respectively, at December 31, 1987 and 8.75% and 4.75%, respectively, at December 31, 1988. The increase in the weighted average discount rate from 1987 to 1988 had the effect of decreasing the projected benefit obligation by approximately $200,000 at January 1, 1988. The expected long-term rate of return on plan assets was 7.5% in 1987 and 8.75% in 1988.

b. Profit Sharing Plan

The Company has a profit sharing plan for all employees other than those covered under collective bargaining agreements. Contributions to the profit sharing plan are made at the discretion of the Plan's administrators.

Profit sharing plan contributions were $160,000, $194,000 and $244,000 for the years ending December 31, 1986, 1987 and 1988, respectively.

## Note 8—Commitments and Contingent Liabilities

a. Leases

The Company has operating leases and one capital lease for its retail stores, with terms expiring between 1989 and 2068. In addition, twelve stores are owned by the Company. The Company also has a ground lease which expires in 2276. Under most lease agreements, the Company pays real estate taxes, maintenance and other operating expenses. Certain store leases also provide for additional contingent rentals based upon a percentage of sales in excess of certain minimum amounts, as well as increases in the consumer price index.

Future minimum lease payments at December 31, 1988, are as follows:

| | Capital Lease—Real Estate | Operating Leases |
|---|---|---|
| | (In thousands) | |
| 1989 | 460 | 2,265 |
| 1990 | 460 | 2,289 |
| 1991 | 460 | 2,304 |
| 1992 | 460 | 2,169 |
| 1993 | 460 | 2,163 |
| Thereafter – cumulative | 2,449 | 30,640 |
| Total minimum payments | 4,749 | $41,830 |
| Less – amount representing interest | 2,484 | |
| Present value of net minimum lease payments | 2,265 | |
| Less – current maturities | 111 | |
| | $ 2,154 | |

# Notes to Consolidated Financial Statements

Payments under the real estate capital lease, which expires in 1999, are payable to the Company's principal shareholder. Rental payments were $446,000, $448,000 and $446,000 for the years ending December 31, 1986, 1987 and 1988, respectively.

The real estate lease has been capitalized using an interest rate of 17.4%.

Not included in future minimum lease payments are rental payments on a retail store, the status of which is currently in dispute. The lease agreement dated August 5, 1974 gave the Company the option to either purchase the store for $4,400,000 or renew the lease term for a ten year period commencing December, 1987 at an annual rental of $440,000. The Company desires to purchase the building and contends that it had exercised its purchase option. The lessor contends that the option period expired and therefore the renewal option was exercised and is in effect. The Company has currently commenced action to compel the lessor to sell the store.

Rent expense for operating leases are as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | 1988 |
| | (In thousand) | | |
| Minimum rentals | $ 2,031 | $ 2,294 | $ 2,958 |
| Escalation rentals | 180 | 160 | 157 |
| Contingent rentals | 15 | 21 | 14 |
| Sublease rentals | (77) | (48) | (97) |
| | $ 2,149 | $ 2,427 | $ 3,032 |

b. Other Commitments

At December 31, 1988, the Company had outstanding letters of credit in the amount of $3,608,000.

The Company entered into a construction contract with a contractor on March 21, 1988 for the construction of a store for a fixed fee of $5,440,000. Included in construction in progress at December 31, 1988 are payments and billings to date totalling $1,636,000.

**Note 9—Capital Stock—Stock Option Plan**

In 1983, and as amended in 1986 and 1987, the Board of Directors adopted a stock option plan and reserved 1,000,000 shares of common stock for issuance thereunder. In 1986, the plan was amended and restated. Under the plan, the Company may grant options to purchase up to 1,000,000 shares of common stock in the form of either incentive stock options, as defined in Section 422A of the Internal Revenue Code of 1954, as amended, non-qualified stock options, or stock appreciation rights. The plan requires that all incentive stock options be granted at an exercise price equal to the fair market value of the common stock at the date of grant. The exercise price of the option for holders of more than 10% of the voting rights of the Company must be equal to 110% of the fair market value at the date of grant. Non-qualified options and stock appreciation rights may be granted at any exercise price.

The maximum exercise period for any option or stock appreciation right under the Plan is ten years from the date the option is granted (five years for any optionee who holds more than 10% of the voting rights of the Company).

Options which were granted in 1986 to purchase 308,750 shares of common stock at a price of $11.875 per share, the fair market value at the date of grant, were terminated voluntarily by the holders thereof. In November, 1987, options were granted to purchase 323,250 shares of common stock. The options which expire in 1997, were granted at price of $8.625 per share, which was the fair market value at the date of grant. These options are exercisable at the rate of 20% per year. At December 31, 1988, 400 of the options granted in 1987 were exercised for a total of approximately $3,000.

# Notes to Consolidated Financial Statements

### Note 10—Retained Earnings

Transactions in retained earnings are summarized as follows:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1986 | 1987 | 1988 |
| | (In thousands) | | |
| Retained earnings, beginning of year | $ 54,036 | $ 68,809 | $ 86,589 |
| Net income | 14,773 | 17,780 | 18,736 |
| Retained earnings, end of year | $ 68,809 | $ 86,589 | $ 105,325 |

### Note 11—Gain on Sale of Real Estate

During 1986, the Company sold its former distribution center and corporate office resulting in a gain of $1,774,000. In addition, the Company sold land resulting in a gain of $791,000.

### Note 12—Other Transactions

Included in cost of sales for the year ended December 31, 1987 and 1988 are purchases of approximately $3,700,000 and $9,650,000, respectively from a company related to the principal shareholder.

### Note 13—Subsequent Events

Subsequent to December 31, 1988 the Company purchased a store facility for $1,650,000. In addition, the Company entered into a five year store lease with minimum monthly rent of approximately $10,000.

# Independent Auditor's Report

To the Board of Directors – Syms Corp. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Syms Corp. and Subsidiaries as of December 31, 1988 and 1987, and the related consolidated statements of income and cash flows for the three years in the period ended December 31, 1988. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Syms Corp. and Subsidiaries as of December 31, 1988 and 1987, and the results of its operations and cash flows for the three years in the period ended December 31, 1988, in conformity with generally accepted accounting principles.

TOUCHE ROSS & CO.
Certified Public Accountants

(Successors to the practice of Mann Judd Landau, Certified Public Accountants, who audited the consolidated financial statements for the years ended December 31, 1987 and 1986)

New York, New York
March 10, 1989

# Quarterly Information

**SUPPLEMENTARY FINANCIAL INFORMATION**
**(In thousands, except per share amounts)**

| Unaudited Selected Quarterly Financial Data | Quarter | | | |
|---|---|---|---|---|
| **Year ended December 31, 1987** | **First** | **Second** | **Third** | **Fourth** |
| Net sales | $47,293 | $65,576 | $59,211 | $84,676 |
| Gross profit | $14,880 | $20,538 | $19,637 | $29,767 |
| Net income | $ 2,053 | $ 4,305 | $ 3,102 | $ 8,320 |
| Earnings per share | $.12 | $.24 | $.18 | $.47 |
| **Year ended December 31, 1988** | | | | |
| Net sales | $58,272 | $71,532 | $62,843 | $89,908 |
| Gross profit | $18,644 | $22,809 | $20,088 | $31,143 |
| Net income | $ 2,481 | $ 4,545 | $ 2,897 | $ 8,813 |
| Earnings per share | $.14 | $.26 | $.16 | $.50 |

## MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

### Market Information

On September 23, 1983, the Company's Common Stock commenced trading on the New York Stock Exchange under the symbol SYM. Prior to that time, there was no public market for the Company's Common Stock. The high and low quarterly sales prices for the Common Stock during each quarter of the last three years and for the first quarter of 1989 are as follows:

| | High | Low |
|---|---|---|
| **1986** | | |
| First Quarter | 14½ | 10½ |
| Second Quarter | 14¾ | 10¼ |
| Third Quarter | 14⅜ | 11¼ |
| Fourth Quarter | 12¾ | 10¼ |
| **1987** | | |
| First Quarter | 16 | 10⅝ |
| Second Quarter | 14⅞ | 10¼ |
| Third Quarter | 15 | 11⅝ |
| Fourth Quarter | 14⅞ | 7⅞ |
| **1988** | | |
| First Quarter | 11 | 9⅛ |
| Second Quarter | 11⅞ | 10⅛ |
| Third Quarter | 12⅝ | 11⅜ |
| Fourth Quarter | 12⅜ | 9⅝ |
| **1989** | | |
| First Quarter (through 3/10/89) | 11⅝ | 10¼ |

### Holders

As of March 10. 1989, there were 375 record holders of the Company's Common Stock.

### Dividends

The Company has never paid cash dividends on its Common Stock, except for a $40,000 cash dividend paid in 1979 to Sy Syms who was then its sole shareholder. Payment of dividends is within the discretion of the Company's Board of Directors and will depend upon the earnings, capital requirements and financial condition of the Company, among other factors. The Company anticipates that for the foreseeabale future it will follow a policy of retaining earnings in order to finance the expansion and development of its business.

# Selected Financial Data

(In thousands, except per share amount)

| | Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1984 | 1985 | 1986 | 1987 | **1988** |
| Income statement data: | | | | | |
| Net sales | $204,251 | $215,168 | $223,071 | $256,756 | **$282,555** |
| Costs and expenses | | | | | |
| Cost of sales | 141,741 | 150,123 | 153,317 | 171,934 | **189,871** |
| Operating, general and administrative | 36,266 | 38,958 | 42,883 | 51,919 | **61,681** |
| Interest – net | 52 | (316) | (295) | 342 | **82** |
| Gain on sale of real estate | – | – | (2,565) | – | **—** |
| Income before provision for income taxes | 26,192 | 26,403 | 29,731 | 32,561 | **30,921** |
| Provision for income taxes | 13,480 | 13,688 | 14,958 | 14,781 | **12,185** |
| Net income | $ 12,712 | $ 12,715 | $ 14,773 | $ 17,780 | **$ 18,736** |
| Earnings per share | $.72 | $.72 | $.84 | $1.01 | **$1.06** |
| Shares outstanding | 17,650 | 17,650 | 17,650 | 17,650 | **17,650** |
| Balance sheet data: | | | | | |
| Working capital | $ 31,987 | $ 41,067 | $ 27,886 | $ 24,158 | **$ 38,400** |
| Total assets | 75,509 | 81,942 | 106,855 | 137,676 | **157,468** |
| Long-term debt and capitalized leases(1) | 6,566 | 6,137 | 7,413 | 7,261 | **7,065** |
| Shareholders' equity | 53,543 | 66,258 | 81,031 | 98,811 | **117,550** |

(1) Excludes current maturities.

# Management's Discussion and Analysis

**RESULTS OF OPERATIONS—THREE YEARS ENDED DECEMBER 31, 1988**

In 1988, net sales increased to $282,555,000 from $256,756,000 in 1987, an increase of $25,799,000 or 10.0%. Of this increase 7.6% was attributable to a full year of operations in the five new stores that were opened in 1987 and the addition of one new store in 1988. Net sales in the Company's other store locations increased 2.4% in 1988 from 1987.

In 1987, net sales increased to $256,756,000 from $223,071,000 in 1986, an increase of $33,685,000 or 15.1%. The increase was attributable to a full year of operations in the two new stores that were opened in 1986 and the addition of five new stores in 1987. Net sales in the Company's other store locations decreased .9% in 1987 from 1986.

The Company's gross margin decreased to 32.8% in 1988 from 33.0% in 1987. The Company's gross margin increased to 33.0% in 1987 from 31.3% in 1986. The increase in 1987 gross margin resulted primarily from the effectiveness of the Company's buying policies.

As a percentage of net sales, operating, general and administrative expenses were 21.8% in 1988, 20.2% in 1987 and 19.2% in 1986. The increase in operating, general and administrative expenses as a percentage of net sales in 1988 can be attributed to higher operating costs of the five stores opened in 1987 and the one new store opened in 1988, as well as the Company's new distribution center which was opened in 1987. The increase in operating, general and administrative expenses as a percentage of net sales in 1987 can be attributed to costs related to a full year of operations of two stores opened in 1986 and the five new stores opened in 1987.

Income before provision for income taxes as a percentage of net sales in 1988, 1987 and 1986 was 10.9%, 12.7% and 13.3% respectively. The decrease in income before income taxes as a percentage of net sales in 1988 from the preceding year resulted primarily from increases in operating, general and administrative expenses and a lower gross margin. The decrease in income before income taxes as a percentage of net sales in 1987 from the preceding year, resulted from increases in operating, general and administrative expenses.

In 1988, the effective income tax rate decreased to 39.4% from 45.4% in 1987. This decrease was attributable to lower corporate income tax rates pursuant to the Tax Reform Act of 1986.

In 1987, the effective income tax rate decreased to 45.4% from 50.3% in 1986. This was attributable to the change in corporate income tax rates due to the passage of the Tax Reform Act of 1986.

Net income as a percentage of net sales in 1988, 1987 and 1986 were 6.6%, 6.9% and 6.6% respectively. The decrease in net income as a percentage of net sales in 1988 from the preceding year resulted primarily from increases in operating, general and administrative expenses, and a lower gross margin. The increase in net income as a percentage of net sales in 1987 from the preceding year resulted primarily from an increased gross margin percentage and a decrease in the income tax rates which offset increases in operating, general and administrative expenses.

**LIQUIDITY AND CAPITAL RESOURCES—THREE YEARS ENDED DECEMBER 31, 1988**

Working capital increased to $38,400,000 at December 31, 1988 from $24,158,000 at December 31, 1987. Working capital decreased to $24,158,000 at December 31, 1987 from $27,886,000 at December 31, 1986. The ratio of current assets to current liabilities increased to 2.25 to 1 at December 31, 1988, from 1.81 to 1 at December 31, 1987. The ratio of current assets to current liabilities decreased to 1.81 to 1 at December 31, 1987, from 2.62 to 1 at December 31, 1986. The Current ratio increased in 1988 because of decreases in capital expenditures. The ratio decreased in 1987 because of increases in capital expenditures.

The Company incurred capital expenditures of approximately $9,735,000 in 1988. These expenditures primarily related to the opening of one new store, the construction of a store to be opened in 1989 and improvements to existing stores.

The Company incurred capital expenditures of approximately $25,322,000 in 1987. These expenditures primarily related to the opening of new stores, the new distribution center and the opening of new corporate offices, and were primarily funded internally.

In 1986, the Company negotiated a revolving credit and term loan agreement in the aggregate amount of $25,000,000. Except for this financing, the Company has satisfied its operating and capital expenditure requirements, including those for the opening and expansion of stores, from internally generated funds. Management believes that existing cash reserves, internally generated funds and funds available from the revolving credit and term loan agreement will be sufficient for future working capital and capital expenditure requirements, for new and existing stores.

**SYMS** CORP.

## DIRECTORS

**Sy Syms,** Chairman of the Board, Chief Executive Officer
**Marcy Syms,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Wilbur L. Ross, Jr.,** Managing Director, Rothschild, Inc.
**J. Sloame Immerman,** Of Counsel, Immerman and Immerman

## CORPORATE OFFICERS

**Sy Syms,** Chairman of the Board, Chief Executive Officer
**Marcy Syms,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Irwin Shivek,** Vice President-Operations
**Norman Fately,** Vice President-Merchandise
**Gregory Diamond,** Vice President-Merchandise
**Ira Weiser,** Vice President-Men's Wear
**Charles Koopersmith,** Vice President-Men's Wear
**Alan Kilman,** Vice President-Women's Wear
**Eugene Karp,** Vice President-Women's Wear
**Abraham Oliver,** Vice President-Imports
**Timothy Pranschke,** Vice President-Human Resources
**Stephen Merns,** Vice President and Secretary
**Robert Syms,** Vice President
**William Pattberg,** Vice President-Distribution

## ANNUAL MEETING

The Annual Meeting of Shareholders will be held on Friday, May 19, 1989 at the Company's Corporate Offices on Syms Way, Secaucus, New Jersey at 12:00 P.M. Notice of the meeting and proxy forms are being mailed with this report.

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Holders of Common Stock may obtain a copy of the Annual Report to the Securities Exchange Commission on Form 10-K by addressing requests to the Investor Relations Department, Syms Corp., Syms Way, Secaucus, New Jersey 07094.

## TRANSFER AGENT AND REGISTRAR:

American Stock Transfer Company
New York, New York

## AUDITORS:

Touche Ross & Co.
New York, New York

## GENERAL COUNSEL:

Botein Hays & Sklar
New York, New York

## CORPORATE OFFICES AND DISTRIBUTION CENTER:

Syms Way, Secaucus, New Jersey 07094

SYMS CORP.

**An Educated Consumer is Our Best Customer**

## FINANCIAL HIGHLIGHTS

| | 1988 | 1989 |
|---|---|---|
| Net sales | $282,555,000 | **$300,078,000** |
| Income before provision for income taxes | $ 30,921,000 | **$ 32,952,000** |
| Net income | $ 18,736,000 | **$ 19,218,000** |
| As a percentage of net sales | 6.6% | **6.4%** |
| Earnings per share | $1.06 | **$1.09** |
| Working capital | $ 38,400,000 | **$ 39,376,000** |
| Current ratio | 2.3 to 1 | **2.3 to 1** |
| Shareholders' equity | $117,550,000 | **$136,988,000** |
| Book Value per share | $6.66 | **$7.75** |

# Annual Report
## for the year ended
## December 30, 1989

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# To Our Shareholders

We are pleased to report that your Company recorded net sales in 1989 of $300,078,000 compared with $282,555,000 last year.

Net income for the year ended December 30, 1989 was $19,218,000 versus $18,736,000 in 1988. Earnings per share increased to $1.09 from $1.06 in 1988.

As planned, we opened two new markets during 1989. In April we opened in Charlotte, North Carolina and a month later, in May, our 25th store opened in Rochester, New York.

Additionally, almost 3 years after we purchased the property, we were able to open our new store in Westbury, Long Island. The Westbury store, twice as large and with ample parking space replaces our Roslyn, Long Island store.

So far in 1990, we have opened a store in Houston, Texas at the beginning of March and later that same month in Tampa, Florida. Both of these are new markets for us.

In a major forward step, around mid-year, we will open our new Trinity Place store in New York City. Trinity Place, in the heart of the financial community, will replace our Park Place operation. While we are very excited about the additional space and improved location at Trinity, it will be an emotional wrench to leave Park Place which we have occupied since 1968. Both of us made our offices in the Park Place store until moving to our first Distribution Center in Lyndhurst, New Jersey.

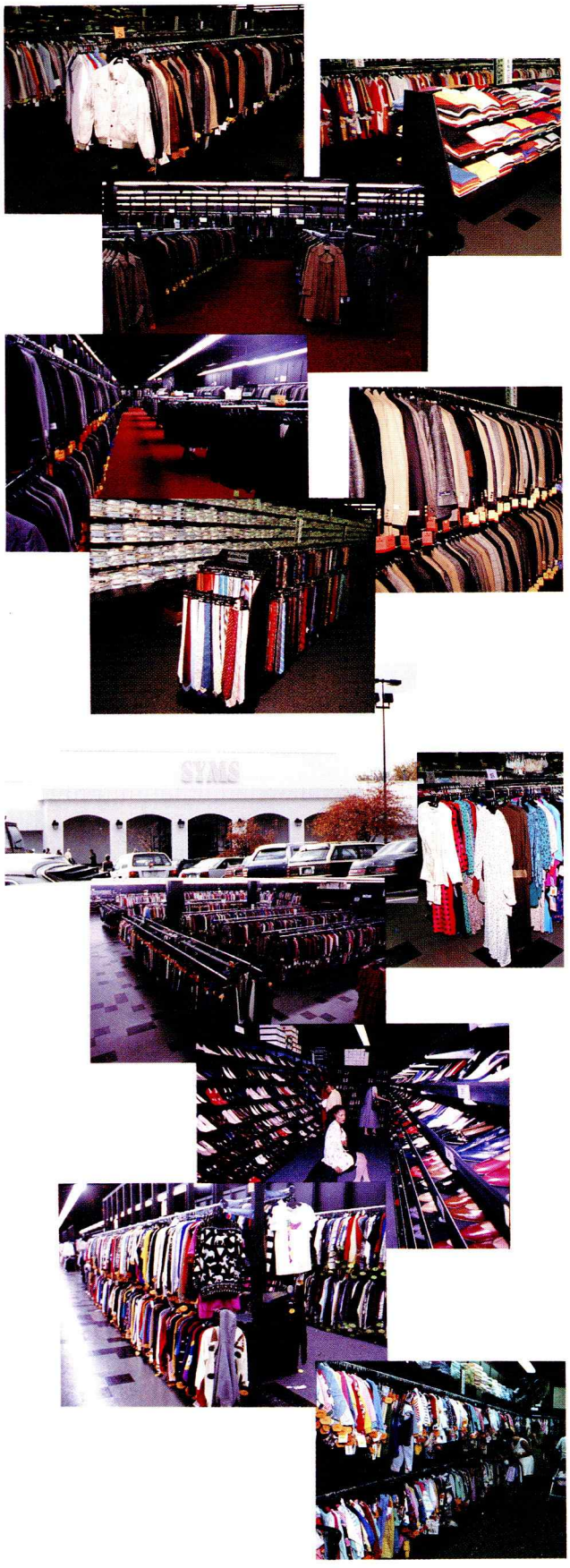
In July, 1989, we sold our Sulka subsidiaries to Luxco Investments. Sulka is a distinguished company and brand name and we had measureably improved it. But, as our core Syms business grows, a small subsidiary that was operationally unrelated became a difficult distraction. We are proud of the progress Sulka made under our direction.

The year also saw a major format change in some of our advertising commercials. Our objective was to bring new customers into the stores. In our older markets, New York, Washington, Florida, Boston we believe that consumers have seen our commercials many times. Some have responded and become customers. Others have not. It is those who have not become customers that we aimed at. Our basic message has not changed, but in the new commercials our way of expressing it has. Instead of us doing the commercials on camera, we show merchandise and explain "a famous manufacturer of men's clothing made 35,000 suits and sold 28,000 to suit stores. What did he do with the rest? Syms," That's our business and we believe that a customer who knows how we do it will come to see for themselves. The flexibility of showing many more categories of merchandise including dresses, sportswear, leisure wear, children's clothing, shoes, men's haberdashery and outsizes increases a customers reasons for shopping Syms. So far the response has been excellent. May we suggest you look for these new commercials in the markets listed above.

Chairman

President

# Strategies, Profile, Locations




## GROWTH STRATEGIES

At Syms we have always rejected the concept of "Growth for Growth's Sake." While we have added retail outlets or increased selling footage every year for over a decade, none are done casually and all must meet a carefully defined set of strategies. The pace of our growth is additionally governed by certain specific criteria.

## THE CRITERIA

FINANCIAL: Capital expenditures for new stores must come from existing cash reserves and internally generated funds with minimum utilization of outside borrowing.

LOCATION: New stores in new markets or additional selling space in existing markets are subjected to strict demographic and psychographic guidelines. Geographically, Syms stores must be located apart from shopping malls but accessible to highways and major thoroughfares.

## STRATEGIC CONSIDERATIONS

*COMPETITIVE STRATEGY*

Our ultimate objective is to be able to say to an important manufacturer with desireable excess inventory "we'll take it all."

*OPERATING STRATEGIES*

Plan and execute growth:

1. In our Information and Distribution Systems to provide for maximized operating efficiencies.
2. In our training methods for the purpose of developing future store management.
3. To improve the efficiency of our store delivery systems by grouping markets into overlapping or tangential shipping regions.
4. By grouping markets to utilize regional media buying opportunities.

*Our first Buffalo store, opened in 1970 with 3,000 square feet on Main St. In 1977 we moved to our current location on Transit Road with 23,000 square feet.*

**BUFFALO MARKET**
Williamsville, NY
23,000 sq. ft. selling space

**ROCHESTER MARKET**
Henrietta, NY:
40,000 sq. ft. selling space

*Our Rochester store makes it easier for customers East of Buffalo to shop Syms and is an excellent market on its own.*

**BOSTON MARKET**
Norwood, MA:
37,000 sq. ft. selling space
Peabody, MA:
39,000 sq. ft. selling space

*Boston was the first time we opened 2 stores in a market simultaneously. One is northeast of Boston, the other in the southwest.*

Each of our locations reflects a specific strategy. In some markets, we opened with a single store and simply increased our size in the market by enlarging the original store or by moving nearby to a larger store.

Other markets have warranted opening two stores simultaneously.

In others we have opened a single store and then added a second location as we grew in the market.

In a mega-market like New York/New Jersey, we have added, over a period of time, 5 suburban locations. At the same time we have substantially increased the size of our Bergen NJ operation by adding to the existing store. On Long Island, when adding to our Roslyn store was impractical, we moved to Westbury with more than twice the selling space.

In summary, of the 15 markets we were in at the end of 1989, 9 were single store, 5 had two stores and one had 6.

*A few examples from the New York, New Jersey Market:*
*MANHATTAN: Our first store opened in 1959 with 2,000 sq. ft. By 1974 we occupied 36,000 sq. ft. at Park Place.*
*BERGEN: Our first suburban store opened on Rte. 4 with 20,000 sq. ft. In 1976 we moved to current location with 38,000 sq. ft. and in 1988 we nearly doubled our size in the same place.*
*LONG ISLAND: Opened in Roslyn 1974 with 30,000 sq. ft. In 1989 we moved to Westbury with 66,000 sq. ft.*

**NEW YORK MARKET**
Manhattan:
36,000 sq. ft. selling space
Long Island:
66,000 sq. ft. selling space
Westchester:
53,000 sq. ft. selling space

**NEW JERSEY MARKET**
Bergen County:
68,000 sq. ft. selling space
Woodbridge:
34,000 sq. ft. selling space
Secaucus:
25,000 sq. ft. selling space

**WASHINGTON MARKET**
Falls Church, VA:
36,000 sq. ft. selling space
Rockville, MD:
58,000 sq. ft. selling space

**ATLANTA MARKET**
Norcross, GA
55,000 sq. ft. selling space

*Atlanta is a typical Syms single store. Opened in 1987 it is suburban with an excellent road system in a growing up-scale area and a market that can expand.*

**FLORIDA MARKET**
Ft. Lauderdale:
48,000 sq. ft. selling space
Miami:
53,000 sq. ft. selling space

*In Florida our first store opened in Miami in 1969 with 3,000 square feet. We moved to Hallandale in 1975 with 32,000 square feet and then Ft. Lauderdale in 1981 with 48,000 sq. feet. In 1987 we opened a second store, back in Miami with 53,000 square feet.*

*Falls Church was our first store in the Washington market opening in 1978 with 36,000 sq. ft. In 1982 we opened a second larger store in Rockville to expand our suburban reach.*

# Strategies, Profile, Locations



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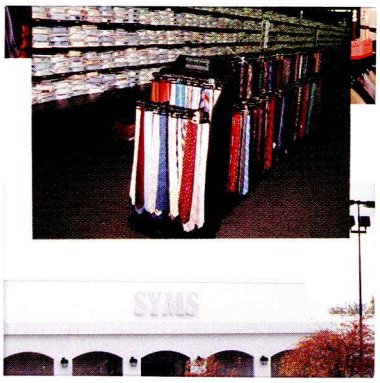
## SYMS

During 1989 Syms operated 25 off-price apparel stores in 15 marketing areas. First quality, in season designer and brand name apparel for men, women and children is sold at prices substantially lower than generally found in traditional retail stores.

Generally merchandise has a price ticket attached that displays two prices – the Syms selling price and what the Company believes to be the traditional full selling price. Additionally, women's dresses carry a pre-dated automatic markdown price tag. The date of placement on the floor is stamped on the back of the tag. On the front is what the Company believes to be the nationally advertised price, the initial Syms price and three reduced prices. Each price reduction becomes effective after the passage of ten selling days.

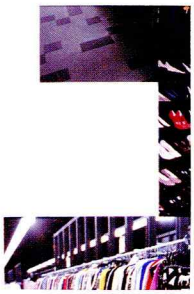
Syms wide selection of sizes and styles reflects today's buying habits and covers the soft goods apparel spectrum. A shopper at Syms will find a full line of clothing for the whole family. Accessories include hosiery, underwear, sleepwear as well as seasonal items. Shoes are offered for both men and women, from current fashion to sneakers and sport styles. Brand and designer name luggage and leather goods include wallets, handbags and attache cases.

Special attention is given to all sizes in men's wear as well as half and queen sizes in women's wear. It is a matter of policy that a customer does not pay extra regardless of their size.




## SYMS ADVERTISING

The Company owns Syms Advertising which creates and places advertising for Syms. It is responsible for purchasing and monitoring all the Company's print and broadcast schedules. The agency will actively seek out and add to its roster additional clients whom it can effectively serve.

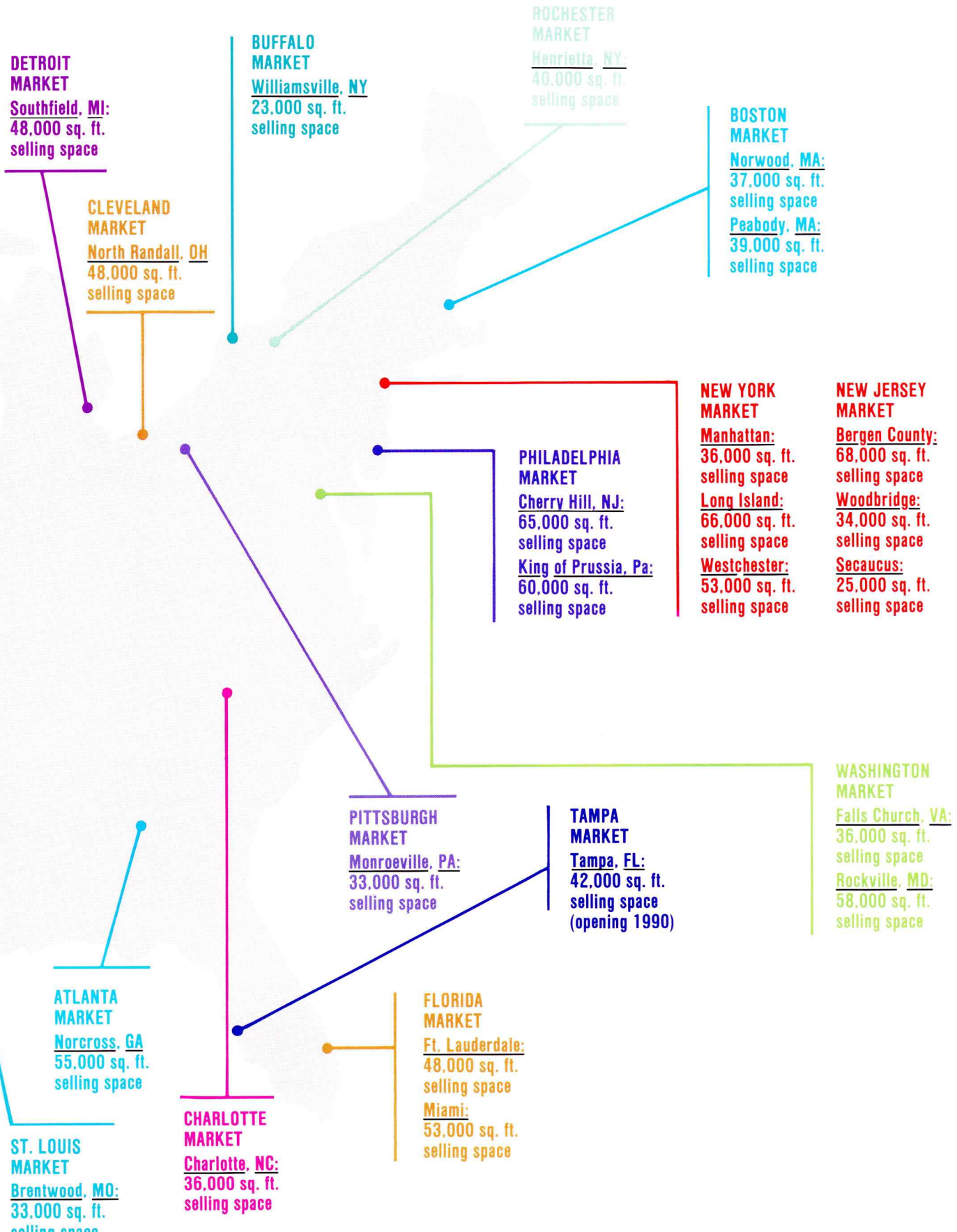


buying

**CHICAGO MARKET**
**Addison, IL:**
**55,000 sq. ft. selling space**
**Niles, IL:**
**33,000 sq. ft. selling space**

**DALLAS MARKET**
**Dallas, TX:**
**48,000 sq. ft. selling space**

**HOUSTON MARKET**
**Houston, TX:**
**36,000 sq. ft. selling space (opening 1990)**


DETROIT MARKET
Southfield, MI:
48,000 sq. ft.
selling space
BUFFALO MARKET
Williamsville, NY
23,000 sq. ft.
selling space
ROCHESTER MARKET
Henrietta, NY:
40,000 sq. ft.
selling space
BOSTON MARKET
Norwood, MA:
37,000 sq. ft.
selling space
Peabody, MA:
39,000 sq. ft.
selling space
CLEVELAND MARKET
North Randall, OH
48,000 sq. ft.
selling space
NEW YORK MARKET
Manhattan:
36,000 sq. ft.
selling space
Long Island:
66,000 sq. ft.
selling space
Westchester:
53,000 sq. ft.
selling space
NEW JERSEY MARKET
Bergen County:
68,000 sq. ft.
selling space
Woodbridge:
34,000 sq. ft.
selling space
Secaucus:
25,000 sq. ft.
selling space
PHILADELPHIA MARKET
Cherry Hill, NJ:
65,000 sq. ft.
selling space
King of Prussia, Pa:
60,000 sq. ft.
selling space
WASHINGTON MARKET
Falls Church, VA:
36,000 sq. ft.
selling space
Rockville, MD:
58,000 sq. ft.
selling space
PITTSBURGH MARKET
Monroeville, PA:
33,000 sq. ft.
selling space
TAMPA MARKET
Tampa, FL:
42,000 sq. ft.
selling space
(opening 1990)
ATLANTA MARKET
Norcross, GA
55,000 sq. ft.
selling space
FLORIDA MARKET
Ft. Lauderdale:
48,000 sq. ft.
selling space
Miami:
53,000 sq. ft.
selling space
CHARLOTTE MARKET
Charlotte, NC:
36,000 sq. ft.
selling space
ST. LOUIS MARKET
Brentwood, MO:
33,000 sq. ft.
selling space

# Consolidated Statements of Income

(In thousands, except per share amounts)

| | Fiscal year ended | | |
|---|---|---|---|
| | December 31, 1987 | December 31, 1988 | **December 30, 1989** |
| Net sales | $256,756 | $282,555 | **$300,078** |
| Costs and expenses: | | | |
| Cost of sales (Note 11) | 171,934 | 189,871 | **200,759** |
| Operating, general and administrative | 51,919 | 61,681 | **68,293** |
| Interest – net (Note 5) | 342 | 82 | **(433)** |
| Gain on sale of subsidiaries (Note 10) | – | – | **(1,493)** |
| | 224,195 | 251,634 | **267,126** |
| Income before provision for income taxes | 32,561 | 30,921 | **32,952** |
| Provision for income taxes (Notes 1f and 3) | 14,781 | 12,185 | **13,734** |
| NET INCOME | $ 17,780 | $ 18,736 | **$ 19,218** |
| Earnings per share (Note 1g) | $1.01 | $1.06 | **$1.09** |
| Weighted average shares outstanding (Note 1g) | 17,650 | 17,650 | **17,659** |

**See notes to consolidated financial statements**

# Consolidated Balance Sheets

(In thousands, except share amounts)

| | December 31, 1988 | **December 30, 1989** |
|---|---|---|
| **Assets** | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents (Note 1h) | $ 2,039 | **$ 1,200** |
| Receivables – trade and other | 1,865 | **1,064** |
| Merchandise inventories (Note 1d) | 62,116 | **65,347** |
| Prepaid expenses and income taxes (Notes 1f and 3) | 1,363 | **687** |
| Deferred income taxes (Notes 1f and 3) | 1,664 | **946** |
| TOTAL CURRENT ASSETS | 69,047 | **69,244** |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation and amortization (Notes 1e, 2, 5 and 7a) | 86,043 | **113,968** |
| OTHER ASSETS | 2,378 | **1,024** |
| TOTAL ASSETS | $ 157,468 | **$ 184,236** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt (Note 5) | $ 85 | **$ 93** |
| Accounts payable | 21,285 | **18,789** |
| Accrued expenses (Note 6) | 1,944 | **2,015** |
| Taxes other than income taxes | 1,695 | **1,507** |
| Obligations to customers (Note 4) | 2,387 | **2,512** |
| Income taxes (Notes 1f and 3) | 3,140 | **4,824** |
| Current portion of obligations under capitalized lease (Note 7a) | 111 | **128** |
| TOTAL CURRENT LIABILITIES | 30,647 | **29,868** |
| LONG-TERM DEBT (Note 5) | 4,911 | **12,818** |
| OBLIGATIONS UNDER CAPITAL LEASE (Note 7a) | 2,154 | **2,026** |
| DEFERRED INCOME TAXES (Notes 1f and 3) | 2,206 | **2,536** |
| **COMMITMENTS AND CONTINGENT LIABILITIES (Notes 6 and 7)** | | |
| **SHAREHOLDERS' EQUITY (Notes 8 and 9):** | | |
| Preferred stock, par value, $100 per share authorized, 1,000,000 shares, none issued | | |
| Common stock, par value, $.05 per share authorized, 30,000,000 shares issued and outstanding; 17,650,400 shares in 1988 and 17,675,765 shares in 1989 | 883 | **884** |
| Additional paid-in capital | 11,342 | **11,561** |
| Retained earnings | 105,325 | **124,543** |
| TOTAL SHAREHOLDERS' EQUITY | 117,550 | **136,988** |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | $ 157,468 | **$ 184,236** |

**See notes to consolidated financial statements**

# Consolidated Statements of Cash Flows

(In thousands)

| | Fiscal year ended | | |
|---|---|---|---|
| | December 31, 1987 | December 31, 1988 | **December 30, 1989** |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 17,780 | $ 18,736 | **$ 19,218** |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 3,563 | 4,933 | **5,615** |
| Gain on sale of fixed assets | – | (23) | **—** |
| Gain on sale of subsidiaries | – | – | **(1,493)** |
| Changes in assets and liabilities, net of effects from sale of subsidiaries: | | | |
| (Increase) decrease in receivables – trade and others | (95) | 58 | **88** |
| Increase in merchandise inventories | (11,951) | (13,876) | **(8,645)** |
| (Increase) decrease in prepaid expenses and income taxes | 159 | (531) | **598** |
| (Increase) decrease in other assets | (242) | 82 | **(203)** |
| Increase (decrease) in accounts payable | 10,413 | 3,104 | **(2,053)** |
| Increase (decrease) in accrued expenses | 304 | (245) | **569** |
| Increase (decrease) in taxes other than income taxes | 236 | 275 | **(188)** |
| Increase in obligations to customers | 404 | 384 | **179** |
| Increase (decrease) in income taxes | (787) | 2,284 | **1,684** |
| Increase (decrease) in deferred income taxes | 171 | (827) | **1,048** |
| Total adjustments | 2,175 | (4,382) | **(2,801)** |
| Net cash provided by operating activities | 19,955 | 14,354 | **16,417** |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Expenditures for fixed assets | (25,322) | (9,735) | **(34,283)** |
| Proceeds from sale of fixed assets | 40 | 39 | **—** |
| Proceeds from sale of subsidiaries – net of cash sold | – | – | **9,719** |
| Expenditures in connection with the sale of subsidiaries | – | – | **(716)** |
| Net cash used in investing activities | (25,282) | (9,696) | **(25,280)** |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Repayments of obligations under capital lease | (63) | (75) | **(111)** |
| Repayments of long-term debt | (71) | (77) | **(85)** |
| Repayments of bank loan | – | (5,000) | **(2,000)** |
| Net proceeds from bank loan | 2,000 | – | **10,000** |
| Exercise of options | – | 3 | **220** |
| Net cash provided by (used in) financing activities | 1,866 | (5,149) | **8,024** |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (3,461) | (491) | **(839)** |
| CASH AND CASH EQUIVALENTS, beginning of year | 5,991 | 2,530 | **2,039** |
| CASH AND CASH EQUIVALENTS, end of year | $ 2,530 | $ 2,039 | **$ 1,200** |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Cash paid during the year for: | | | |
| Interest (net of interest capitalized) | $ 472 | $ 665 | **$ 136** |
| Income taxes | $ 15,537 | $ 10,665 | **$ 11,049** |

**See notes to consolidated financial statements**

# Notes to Consolidated Financial Statements

## Note 1—Summary of Significant Accounting Policies

a. Principal business

The Company operates twenty-five Syms retail stores (twenty-three in 1988 and twenty-two in 1987) which sell "off-price" apparel for men, women and children. In addition, the Company had operated seven retail locations under the Sulka name. These operations were sold during 1989 (Note 10).

b. Principles of consolidation

The consolidated financial statements include the accounts of Syms Corp. and its subsidiaries (the "Company"), all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated.

c. Accounting period

During 1989 the Company changed its accounting period to a 52-53 week cycle. Thus, the Company's accounting period will end on the Saturday nearest to December 31.

d. Merchandise inventories

Merchandise inventories are stated at the lower of cost (first-in, first-out) or market, as determined by a retail inventory method.

e. Depreciation and amortization

Depreciation is computed principally by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The cost of leaseholds and leasehold improvements are amortized over the terms of the leases or the useful lives of the assets, whichever is shorter.

Facilities' leases (see Note 7a) having the substance of financing transactions have been capitalized. The related lease obligations have been included as obligations under capitalized lease. The leased assets are being amortized as described above.

f. Income taxes

Income taxes provided include deferred taxes due to timing differences between financial and tax reporting related to the use of accelerated depreciation for tax purposes, additional inventory capitalization required for tax purposes, capitalized leases for financial statement purposes and reserves for inventory markdowns not currently deductible for tax purposes.

No effect has been provided for Financial Accounting Standards Board Statement No. 96 concerning Accounting for Income Taxes. Its adoption is required for fiscal years beginning after December 15, 1991, with earlier adoption being optional. The Company expects that the adoption of Statement No. 96 will not have a material effect on its financial position or results of operations.

g. Earnings per share

Earnings per share are based on net income for each year divided by the weighted average number of shares outstanding during each period. In 1987, 1988 and 1989, no effect has been given to outstanding common stock options as their effect would be immaterial.

h. Financial statement presentation

Cash equivalents consist primarily of repurchase agreements with original maturities of 90 days or less.

## Note 2—Property and Equipment

Property and equipment consist of:

| | December 31, 1988 | December 30, 1989 |
|---|---|---|
| | (In thousands) | |
| Land | $ 17,067 | $ 19,632 |
| Leasehold and leasehold improvements | 12,573 | 13,383 |
| Buildings and building improvements | 49,938 | 62,664 |
| Machinery and equipment | 8,634 | 9,799 |
| Furniture and fixtures | 9,065 | 9,780 |
| Capitalized lease | 3,039 | 3,039 |
| Construction in progress | 2,827 | 17,501 |
| | 103,143 | 135,798 |
| Less accumulated depreciation and amortization | 17,100 | 21,830 |
| | $86,043 | $113,968 |

## Note 3—Income Taxes

The provision for income taxes is as follows:

| | Fiscal year ended | | |
|---|---|---|---|
| | December 31, 1987 | December 31, 1988 | December 30, 1989 |
| | | (In thousands) | |
| Current – federal | $11,492 | $10,489 | $10,034 |
| – state | 3,118 | 2,523 | 2,652 |
| | 14,610 | 13,012 | 12,686 |
| Deferred – federal | 234 | (624) | 883 |
| – state | (63) | (203) | 165 |
| | 171 | (827) | 1,048 |
| | $ 14,781 | $ 12,185 | $ 13,734 |

# Notes to Consolidated Financial Statements

The components of the deferred income tax provision are as follows:

| | Fiscal year ended | | |
|---|---|---|---|
| | December 31, 1987 | December 31, 1988 | December 30, 1989 |
| | | (in thousands) | |
| Reserve for inventory markdowns | $ – | $(823) | $ 823 |
| Miscellaneous | 171 | (4) | 225 |
| | $ 171 | $(827) | $ 1,048 |

The following is a reconciliation of income taxes computed at the U.S. Federal statutory rate to the provision for income taxes:

| | Fiscal year ended | | |
|---|---|---|---|
| | December 31, 1987 | December 31, 1988 | December 30, 1989 |
| Statutory federal income tax rate | 40.0% | 34.0% | 34.0% |
| State taxes, net of federal income tax benefits | 5.6 | 4.2 | 5.6 |
| Other, net | ( .2) | 1.2 | 2.1 |
| Effective income tax rate | 45.4% | 39.4% | 41.7% |

## Note 4—Obligations to Customers

Obligations to customers represent credits issued for returned merchandise. The Company's policy is to allow customers to exchange credit memos for other merchandise.

## Note 5—Long-Term Debt

Long-term debt is summarized as follows:

| | December 31, 1988 | | December 30, 1989 | |
|---|---|---|---|---|
| | Due within one year | Due after one year | Due within one year | Due after one year |
| | | (In thousands) | | |
| Bank term loan (a) | $ – | $ – | $ – | $ 8,000 |
| Mortgage payable (b) | 85 | 4,911 | 93 | 4,818 |
| | $85 | $4,911 | $93 | $12,818 |

a. Pursuant to the terms of a revolving credit and loan agreement with a bank, on October 31, 1989 outstanding advances totalling $10,000,000 were automatically converted to a term loan. The loan is payable in equal annual installments of $2,000,000 commencing October 31, 1990. During the year ended December 30, 1989, the Company prepaid the installment which would have been due on October 31, 1990. Interest on the loan is payable at ½ of 1% per annum below the bank's base rate (10% at December 30, 1989).

b. The Company has a mortgage in connection with the purchase of a store, distribution center and corporate offices which is payable in equal monthly installments of $45,000, including interest at 9¼%, through September 1, 1999.

Total interest charges incurred, including amounts related to capitalized leases and bank loans, for the years ending December 31, 1987, 1988 and December 30, 1989 were $1,310,000, $1,164,000 and $1,610,000, respectively, of which $574,000 and $1,467,000 were capitalized in 1988 and 1989, respectively, in connection with the purchase and construction of new facilities.

As of December 30, 1989, long-term debt matures as follows:

| | (In thousands) |
|---|---|
| 1990 (included in current liabilities) | $ 93 |
| 1991 | 2,102 |
| 1992 | 2,112 |
| 1993 | 2,123 |
| 1994 | 2,134 |
| Thereafter | 4,347 |
| | $12,911 |

## Note 6—Pension and Profit Sharing Plans

a. Pension Plan

The Company has a defined benefit pension plan for all employees other than those covered under collective bargaining agreements.

The benefits are based on years of service and the employee's highest average pay during any five consecutive years within the ten-year period prior to retirement. Pension plan costs are funded annually. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

# Notes to Consolidated Financial Statements

The following table sets forth the Plan's funded status and amounts recognized in the Company's consolidated balance sheet:

| | December 31, 1988 | December 30, 1989 |
|---|---|---|
| | (In thousands) | |
| Actuarial present value of benefit obligations: | | |
| Accumulated benefit obligation, including vested benefits of $1,337 in 1988 and $1,566 in 1989 | $1,547 | $1,677 |
| Projected benefit obligation | $2,048 | $2,319 |
| Plan assets at fair value, primarily mutual funds and United States treasury bills | 2,125 | 2,176 |
| Plan assets in excess of (less than) projected benefit obligation | 77 | (143) |
| Unrecognized net loss | 120 | 226 |
| Unamortized net asset at transition | (329) | (304) |
| Accrued pension cost (included in accrued expenses) | $ (132) | $ (221) |

Pension expense includes the following components:

| | Fiscal year ended | | |
|---|---|---|---|
| | December 31, 1987 | December 31, 1988 | December 30, 1989 |
| | | (In thousands) | |
| Service cost-benefits earned during the period | $264 | $242 | $288 |
| Interest cost on projected benefit obligation | 108 | 134 | 154 |
| Actual return on plan assets | (17) | (136) | (220) |
| Net amortization and deferral | (134) | (52) | 16 |
| Net periodic pension cost | $221 | $188 | $238 |

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 8.25% and 4.5%, at December 31, 1988 and 7.75% and 4.5% at December 30, 1989. The expected long-term rate of return on plan assets was 8.75% in 1988 and 1989.

b. Profit Sharing Plan

The Company has a profit sharing plan for all employees other than those covered under collective bargaining agreements. Contributions to the profit sharing plan are made at the discretion of the Plan's administrators.

Profit-sharing plan contributions were $194,000, $224,000 and $87,000 for the years ending December 31, 1987, 1988 and December 30, 1989, respectively.

## Note 7—Commitments and Contingent Liabilities

a. Leases

The Company has operating leases and one capital lease for its retail stores, with terms expiring between 1990 and 2068. In addition, fourteen stores are owned by the Company. The Company also has a ground lease which expires in 2276. Under most lease agreements, the Company pays real estate taxes, maintenance and other operating expenses. Certain store leases also provide for additional contingent rentals based upon a percentage of sales in excess of certain minimum amounts, as well as increases in the consumer price index.

Future minimum lease payments at December 30, 1989, are as follows:

| | Capital Lease—Real Estate | Operating Leases |
|---|---|---|
| 1990 | 460 | $ 1,878 |
| 1991 | 460 | 1,557 |
| 1992 | 460 | 1,424 |
| 1993 | 460 | 1,430 |
| 1994 | 460 | 1,245 |
| Thereafter – cumulative | 2,014 | 24,654 |
| Total minimum payments | 4,314 | $32,188 |
| Less – amount representing interest | 2,160 | |
| Present value of net minimum lease payments | 2,154 | |
| Less – current maturities | 128 | |
| | $2,026 | |

Payments under the real estate capital lease, which expires in 1999, are payable to the Company's principal shareholder. Rental payments were $448,000, $446,000 and $448,000 for the years ending December 31, 1987, 1988 and December 30, 1989, respectively.

The real estate lease has been capitalized using an interest rate of 17.4%.

Not included in future minimum lease payments are rental payments on a retail store, the status of which is currently in dispute. The lease agreement dated August 5, 1974 gave the Company the option to either purchase the store or renew the lease term for a ten-year period commencing December, 1987. The Company, desiring to purchase the property, contends that it validly exercised its purchase option; however, the landlord has refused to convey title taking the position that the Company exercised the option to renew the lease for ten years not the option to purchase. The Company has commenced an action to compel the landlord to sell the property to the Company.

# Notes to Consolidated Financial Statements

Rent expense for operating leases is as follows:

| | Fiscal year ended | | |
|---|---|---|---|
| | December 31, 1987 | December 31, 1988 | December 30, 1989 |
| | | (In thousands) | |
| Minimum rentals | $2,294 | $2,958 | $2,538 |
| Escalation rentals | 160 | 157 | 411 |
| Contingent rentals | 21 | 14 | 13 |
| Sublease rentals | (48) | (97) | (112) |
| | $2,427 | $3,032 | $2,850 |

b. Revolving Credit Agreement

On December 29, 1989, the Company entered into a revolving credit agreement with a bank for a line of credit not to exceed $30,000,000 at any time through December 29, 1990, not to exceed $28,000,000 through December 28, 1991, $26,000,000 through January 2, 1993 and $24,000,000 through October 31, 1993. Interest on individual advances is payable quarterly at 1% per annum below the bank's base rate for the first $25,000,000 outstanding and ½% per annum below the bank's base rate on any outstanding ballance greater than $25,000,000, except that at the time of advance, the Company has the option to select an interest rate based upon one of two other alternative calculations with such rate to be fixed for a period not to exceed 90 days. The average daily unused portion is subject to a commitment fee of ⅛ of 1% per annum. As of December 30, 1989 there were no borrowings under this agreement.

The agreement establishes certain covenants, including those related to tangible net worth, working capital, debt to net worth and capital expenditures.

c. Other commitments

At December 30, 1989, the Company had outstanding letters of credit in the amount of $3,469,000.

## Note 8—Capital Stock—Stock Option Plan

In 1983, and as amended in 1986 and 1987, the Board of Directors adopted a stock option plan and reserved 1,000,000 shares of common stock for issuance thereunder. In 1986, the plan was amended and restated. Under the plan, the Company may grant options to purchase up to 1,000,000 shares of common stock in the form of either incentive stock options, as defined in Section 422A of the Internal Revenue Code of 1954, as amended, non-qualified stock options, or stock appreciation rights. The plan requires that all incentive stock options be granted at an exercise price equal to the fair market value of the common stock at the date of grant. The exercise price of the option for holders of more than 10% of the voting rights of the Company must be equal to 110% of the fair market value at the date of grant. Non-qualified options and stock appreciation rights may be granted at any exercise price.

No option or stock appreciation rights may be granted under the stock option plan after July 1993.

The maximum exercise period for any option or stock appreciation right under the plan is ten years from the date the option is granted (five years for any optionee who holds more than 10% of the voting rights of the Company).

In November 1987 and April 1989, options were granted to purchase 323,250 and 121,000 shares of common stock, respectively. The options which expire in 1997 and 1999, respectively, were granted at their fair market values at the dates of grant with prices of $8.625 and $12.25 per share, respectively. The options are exercisable at the rate of 20% per year.

Transactions for 1987, 1988 and 1989 are as follows:

| | 1987 | 1988 | 1989 |
|---|---|---|---|
| Options outstanding – beginning of year | – | 315,750 | 284,550 |
| Granted | 323,250 | – | 121,000 |
| Exercised | – | (400) | (25,365) |
| Cancelled | (7,500) | (30,800) | (41,500) |
| Options outstanding – end of year | 315,750 | 284,550 | 338,685 |
| Option price range at year end | $8.625 | $8.625 | $8.625 to $12.25 |

## Note 9—Changes in Shareholders' Equity

Transactions (in thousands, except share amounts) in shareholders' equity are summarized as follows:

| | Common Stock Shares | Common Stock Amount | Additional Paid in Capital | Retained Earnings |
|---|---|---|---|---|
| Balance – December 31, 1986 | 17,650,000 | $883 | $11,339 | $ 68,809 |
| Net income – 1987 | – | – | – | 17,780 |
| Balance – December 31, 1987 | 17,650,000 | 883 | 11,339 | 86,589 |
| Exercise of stock options | 400 | – | 3 | – |
| Net income – 1988 | – | – | – | 18,736 |
| Balance – December 31, 1988 | 17,650,400 | 883 | 11,342 | 105,325 |
| Exercise of stock options | 25,365 | 1 | 219 | – |
| Net income – 1989 | – | – | – | 19,218 |
| Balance – December 30, 1989 | 17,675,765 | $884 | $11,561 | $124,543 |

# Notes to Consolidated Financial Statements

**Note 10—Gain on Sale of Subsidiaries**

On July 1, 1989, the Company sold certain of its subsidiaries which operated seven retail locations under the Sulka name for a total price of $10,000,000. The sale resulted in a gain of $1,493,000.

**Note 11—Other Transactions**

Included in cost of sales for the three fiscal years ended December 31, 1987, 1988 and December 30, 1989 are purchases of approximately $3,700,000, $9,650,000 and $7,203,000, respectively, from a company related to the principal shareholder.

# Independent Auditors' Report

To the Board of Directors and Shareholders – Syms Corp. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Syms Corp. and Subsidiaries as of December 30, 1989 and December 31, 1988 and the related consolidated statements of income and cash flows for the three fiscal years ended December 30, 1989, December 31, 1988 and December 31, 1987. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Companies as of December 30, 1989 and December 31, 1988 and the results of their operations and their cash flows for the three fiscal years ended December 30, 1989, December 31, 1988 and December 31, 1987, in conformity with generally accepted accounting principles.

DELOITTE & TOUCHE

March 19, 1990

# Quarterly Information

**SUPPLEMENTARY FINANCIAL INFORMATION**
**(In thousands, except per share amounts)**

| Unaudited Selected Quarterly Financial Data | Quarter | | | |
|---|---|---|---|---|
| **Year ended December 31, 1988:** | **First** | **Second** | **Third** | **Fourth** |
| Net sales | $58,272 | $71,532 | $62,843 | $89,908 |
| Gross profit | $18,644 | $22,809 | $20,088 | $31,143 |
| Net income | $ 2,481 | $ 4,545 | $ 2,897 | $ 8,813 |
| Earnings per share | $.14 | $.26 | $.16 | $.50 |
| **Year ended December 30, 1989:** | | | | |
| Net sales | $60,467 | $77,419 | $65,896 | $96,296 |
| Gross profit | $19,576 | $25,111 | $21,088 | $33,544 |
| Net income | $ 2,390 | $ 4,234 | $ 3,708 | $ 8,886 |
| Earnings per share | $.14 | $.24 | $.21 | $.50 |

## MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

### Market Information

On September 23, 1983, the Company's Common Stock commenced trading on the New York Stock Exchange under the symbol SYM. Prior to that time, there was no public market for the Company's Common Stock. The high and low quarterly sales prices for the Common Stock during each quarter of the last three years and for the first quarter of 1990 are as follows:

| | High | Low |
|---|---|---|
| **1987** | | |
| First Quarter | 16 | 10⅝ |
| Second Quarter | 14⅞ | 10¼ |
| Third Quarter | 15 | 11⅝ |
| Fourth Quarter | 14⅞ | 7⅞ |
| **1988** | | |
| First Quarter | 11 | 9⅛ |
| Second Quarter | 11⅞ | 10⅛ |
| Third Quarter | 12⅝ | 11⅜ |
| Fourth Quarter | 12⅜ | 9⅝ |
| **1989** | | |
| First Quarter | 12 | 10¼ |
| Second Quarter | 13⅜ | 11⅞ |
| Third Quarter | 14 | 12⅛ |
| Fourth Quarter | 13⅝ | 11½ |
| **1990** | | |
| First Quarter (through 3/7/90) | 12⅛ | 11⅜ |

### Holders

As of March 7, 1990, there were 335 record holders of the Company's Common Stock.

### Dividends

The Company has never paid cash dividends on its Common Stock, except for a $40,000 cash dividend paid in 1979 to Sy Syms who was then its sole shareholder. Payment of dividends is within the discretion of the Company's Board of Directors and will depend upon the earnings, capital requirements and financial condition of the Company, among other factors. The Company anticipates that for the foreseeable future it will follow a policy of retaining earnings in order to finance the expansion and development of its business.

# Selected Financial Data

| | Fiscal Years (A) | | | | |
|---|---|---|---|---|---|
| | 1985 | 1986 | 1987 | 1988 | **1989** |
| Income statement data: | | | | | |
| Net sales | $215,168 | $223,071 | $256,756 | $282,555 | **$300,078** |
| Costs and expenses | | | | | |
| Cost of sales | 150,123 | 153,317 | 171,934 | 189,871 | **200,759** |
| Operating, general and administrative | 38,958 | 42,883 | 51,919 | 61,681 | **68,293** |
| Interest – net | (316) | (295) | 342 | 82 | **(433)** |
| Other Income (B) | – | (2,565) | – | – | **(1,493)** |
| Income before provision for income taxes | 26,403 | 29,731 | 32,561 | 30,921 | **32,952** |
| Provision for income taxes | 13,688 | 14,958 | 14,781 | 12,185 | **13,734** |
| Net Income | $ 12,715 | $ 14,773 | $ 17,780 | $ 18,736 | **$ 19,218** |
| Earnings per share | $.72 | $.84 | $1.01 | $1.06 | **$1.09** |
| Weighted Average Shares Outstanding | 17,650 | 17,650 | 17,650 | 17,650 | **17,659** |
| Balance sheet data: | | | | | |
| Working capital | $ 41,067 | $ 27,886 | $ 24,158 | $ 38,400 | **$ 39,376** |
| Total Assets | 81,942 | 106,855 | 137,676 | 157,468 | **184,236** |
| Long-term debt and capitalized leases (C) | 6,137 | 7,413 | 7,261 | 7,065 | **14,844** |
| Shareholders' equity | 66,258 | 81,031 | 98,811 | 117,550 | **136,988** |

(A) During 1989 the Company's accounting period was changed to a 52-53 week cycle. The following are the closing dates for all years presented: December 31, 1985, December 31, 1986, December 31, 1987, December 31, 1988 and December 30, 1989.

(B) Represents a gain on the sale of real estate in 1986 and a gain on the sale of subsidiaries in 1989.

(C) Excludes current maturities.

# Management's Discussion and Analysis

**RESULTS OF OPERATIONS—THREE YEARS ENDED DECEMBER 30, 1989**

The following discussion relates to Syms Corp. on an ongoing basis by eliminating results of operations for the years 1987 through 1989 of the subsidiaries sold during 1989.

In 1989, net sales (including those of subsidiaries sold during 1989) increased to $300,078,000 from $282,555,000 in 1988, an increase of $17,523,000 or 6.2%. After excluding the sales of subsidiaries sold effective July 1, 1989 of $4,069,000 in 1989 and $8,276,000 in 1988 the increase in sales was $21,730,000 or 7.9%. Of this increase 5.0% was attributable to a full year of operations of the one new store that was opened in 1988 and the addition of two new stores in 1989. Net sales in the Company's other store locations increased 2.9% in 1989 from 1988.

In 1988, net sales (including those of subsidiaries sold during 1989) increased to $282,555,000 from $256,756,000 in 1987, an increase of $25,799,000 or 10.0%. After excluding the sales of subsidiaries sold in

# Management's Discussion and Analysis (Continued)

1989 of $8,276,000 in 1988 and $7,156,000 in 1987, the increase in sales was $24,679,000 or 9.9%. Of this increase 7.5% was attributable to a full year of operations in the five new stores that were opened in 1987 and the addition of one new store in 1988. Net sales in the Company's other store locations increased 2.4% in 1988 from 1987.

The Company's gross margin increased to 32.9% from 32.3% in 1988. The increase was principally the result of lower markdowns taken in 1989. The Company's gross margin decreased to 32.3% in 1988 from 32.4% in 1987.

As a percentage of net sales, operating, general and administrative expenses were 22.4% in 1989, 21.2% in 1988 and 19.6% in 1987. The increase in operating, general and administrative expenses as a percentage of net sales in 1989 can be attributed to higher operating costs of the one store opened in 1988 and the two new stores opened in 1989, and the increased operating costs of existing stores when applied to sales of these stores.

The increase in operating, general and administrative expenses as a percentage of net sales in 1988 can be attributable to higher operating costs of the five stores opened in 1987 and the one new store opened in 1988, as well as the Company's new distribution center which was opened in 1987.

Income before provision for income taxes as a percentage of net sales in 1989, 1988 and 1987 was 11.2%, 11.2% and 12.8%. In 1989 income before income taxes as a percentage of net sales compared to the preceding year remained the same but was effected by the factors described above as well as a gain on the sale of certain subsidiaries which amounted to .5% of net sales. The decrease in income before income taxes as a percentage of net sales in 1988 from the preceding year resulted from increases in operating, general and administrative expenses and a lower gross margin.

In 1989, the effective income tax rate increased to 41.4% from 38.9% in 1988. This increase was attributable to a higher state income tax expense in the current year as well as to an increase in certain non-tax deductible expenses incurred in 1989. In 1988 the effective income tax rate decreased to 38.9% from 45.6% in 1987. This decrease was attributable to lower corporate income tax rates pursuant to the Tax Reform Act of 1986.

Net income as a percentage of net sales in 1989, 1988 and 1987 were 6.6%, 6.9% and 6.9% respectively. The decrease in net income as a percentage of net sales in 1989 from the preceding year resulted primarily from increased operating, general and administrative expenses and a higher effective tax rate. Although net income as a percentage of sales remained the same in 1988 and 1987 it was effected by increased selling, general and administrative expenses in 1988, which was offset by a lower effective tax rate in that year.

### LIQUIDITY AND CAPITAL RESOURCES—THREE YEARS ENDED DECEMBER 30, 1989

Working capital increased to $39,376,000 at December 30, 1989 from $38,400,000 at December 31, 1988. Working capital increased to $38,400,000 at December 31, 1988 from $24,158,000 at December 31, 1987. The ratio of current assets to current liabilities increased to 2.32 to 1 at December 30, 1989, from 2.25 to 1 at December 31, 1988. The ratio increased in 1989 principally because certain borrowings were converted to a term loan which was long term at December 30, 1989. The current ratio increased in 1988 because of decreases in capital expenditures.

The Company incurred capital expenditures of $34,283,000 in 1989. These expenditures related to the opening of three new stores, (one store replaced an existing store), and the purchases of land and building for three stores (one store is a replacement of an existing store) which were under construction at December 30, 1989 as well as to improvements to existing stores.

The Company incurred capital expenditures of $9,735,000 in 1988. These expenditures primarily related to the opening of one new store, the construction of a store opened in 1989 and improvements to existing stores.

In 1989, the Company negotiated a new revolving credit agreement in the aggregate amount of $30,000,000. The previously existing revolving credit agreement which was in the aggregate amount of $25,000,000 was converted to a term loan of $10,000,000 of which $8,000,000 was outstanding at December 30, 1989. Except for this financing the Company has satisfied its operating and capital expenditure requirements, including those for the opening and expansion of stores from internally generated funds.

Management believes that existing cash reserves, internally generated funds and funds available from the revolving credit and term loan agreements will be sufficient for future working capital and capital expenditure requirements, for new and existing stores.

**SYMS** CORP.

## DIRECTORS

**Sy Syms,** Chairman of the Board, Chief Executive Officer
**Marcy Syms,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Wilbur L. Ross, Jr.,** Managing Director, Rothschild, Inc.
**J. Sloame Immerman,** Of Counsel, Immerman and Immerman

## CORPORATE OFFICERS

**Sy Syms,** Chairman of the Board, Chief Executive Officer
**Marcy Syms,** President, Chief Operating Officer
**Richard B. Diamond,** Vice President-Finance, Treasurer
**Gregory Diamond,** Vice President-Merchandise
**Norman Fately,** Vice President-Merchandise
**Eugene Karp,** Vice President-Women's Wear
**Charles Koopersmith,** Vice President-Men's Wear
**Stephen Merns,** Vice President and Secretary
**William Pattberg,** Vice President-Distribution
**Timothy Pranschke,** Vice President-Human Resources
**Robert Syms,** Vice President-Men's Wear

## ANNUAL MEETING

The Annual Meeting of Shareholders will be held on Friday, May 18, 1990 at the Company's Corporate Offices on Syms Way, Secaucus, New Jersey at 12:00 P.M. Notice of the meeting and proxy forms are being mailed with this report.

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Holders of Common Stock may obtain a copy of the Annual Report to the Securities Exchange Commission on Form 10-K by addressing requests to the Investor Relations Department, Syms Corp., Syms Way, Secaucus, New Jersey 07094.

## TRANSFER AGENT AND REGISTRAR:

American Stock Transfer Company
New York, New York

## AUDITORS:

Deloitte & Touche
New York, New York

## GENERAL COUNSEL:

Baer Marks & Upham
New York, New York

**CORPORATE OFFICES AND DISTRIBUTION CENTER:**
Syms Way, Secaucus, New Jersey 07094
(201) 902-9600

SYMS CORP. AND SUBSIDIARIES

FINANCIAL REPORT

DECEMBER 31, 1986 AND 1987

Mann Judd Landau

SYMS CORP. AND SUBSIDIARIES

FINANCIAL REPORT

DECEMBER 31, 1986 AND 1987

SYMS CORP. AND SUBSIDIARIES

FINANCIAL REPORT

DECEMBER 31, 1986 AND 1987

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**Mann Judd Landau**
Certified Public Accountants

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
Syms Corp.

We have examined the consolidated balance sheets of Syms Corp. and subsidiaries as of December 31, 1986 and 1987 and the related consolidated statements of income and changes in financial position for each of the three years in the period ended December 31, 1987. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Syms Corp. and subsidiaries as of December 31, 1986 and 1987, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1987, in conformity with generally accepted accounting principles applied on a consistent basis.

Mann Judd Landau

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
March 4, 1988



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Internationally Hodgson Landau Brands
Offices in Principal Cities Throughout the World

SYMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Net sales | $ 215,168 | $ 223,071 | $ 256,756 |
| Costs and expenses | | | |
| Cost of sales (note 12) | 150,123 | 153,317 | 171,934 |
| Operating, general and administrative | 38,958 | 42,883 | 51,919 |
| Interest - net (note 6) | (316) | (295) | 342 |
| Gain on sale of real estate (note 11) | - | (2,565) | - |
| Income before provision for income taxes | 26,403 | 29,731 | 32,561 |
| Provision for income taxes (notes 1d and 3) | | | |
| Current | 13,208 | 15,241 | 14,610 |
| Deferred | 480 | (283) | 171 |
| | 13,688 | 14,958 | 14,781 |
| Net income | $ 12,715 | $ 14,773 | $ 17,780 |
| Earnings per share (note 1g) | $.72 | $.84 | $1.01 |
| Shares outstanding (note 1g) | 17,650 | 17,650 | 17,650 |

See accompanying notes to consolidated financial statements.

SYMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION
(In thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Sources of funds | | | |
| Net income | $ 12,715 | $ 14,773 | $ 17,780 |
| Items not consuming (not providing) working capital | | | |
| Depreciation and amortization | 2,250 | 2,342 | 3,563 |
| Gain on sale of real estate | - | (2,565) | - |
| Deferred income taxes | 480 | (283) | 605 |
| Working capital provided by operations | 15,445 | 14,267 | 21,948 |
| Disposition of fixed assets | - | 11,002 | 40 |
| Increase in long-term debt | - | 5,182 | - |
| Total funds provided | 15,445 | 30,451 | 21,988 |
| Uses of funds | | | |
| Acquisition of fixed assets | 5,737 | 39,703 | 25,322 |
| Current maturities and repayments of long-term debt | 373 | 3,843 | 77 |
| Current portion of obligations under capitalized lease | 56 | 63 | 75 |
| Increase in other assets | 199 | 23 | 242 |
| Total funds consumed | 6,365 | 43,632 | 25,716 |
| Net increase (decrease) in working capital | 9,080 | (13,181) | (3,728) |
| Working capital - beginning of year | 31,987 | 41,067 | 27,886 |
| Working capital - end of year | $ 41,067 | $ 27,886 | $ 24,158 |

See accompanying notes to consolidated financial statements.

SYMS CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION (Continued)
(In thousands)

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Changes in components of working capital | | | |
| Increase (decrease) in current assets | | | |
| Cash and cash equivalents | $ 6,224 | $ (4,179) | $ (3,461) |
| Receivables | 607 | 206 | 95 |
| Merchandise inventories | (4,370) | 1,525 | 11,951 |
| Prepaid expenses and income taxes | 286 | (1,586) | (159) |
| Deferred income taxes | - | - | 434 |
| (Increase) decrease in current liabilities | | | |
| Loan payable - bank | - | (3,000) | (2,000) |
| Current maturities of long-term debt | 25 | 302 | (6) |
| Accounts payable | 5,849 | (4,822) | (10,413) |
| Accrued expenses and taxes other than income taxes | 508 | (382) | (540) |
| Obligations to customers | (105) | (49) | (404) |
| Due to principal shareholder | (125) | 125 | - |
| Income taxes | 105 | (1,314) | 787 |
| Current portion of obligations under capitalized lease | 76 | (7) | (12) |
| Net increase (decrease) in working capital | $ 9,080 | $ (13,181) | $ (3,728) |

See accompanying notes to consolidated financial statements.

SYMS CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1985, 1986 AND 1987

Note 1 - Summary of Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements include the accounts of Syms Corp. and its subsidiaries (the "Company"), all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated.

b. Merchandise Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market, as determined by a retail inventory method.

c. Depreciation and Amortization

Depreciation is computed principally by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives. The cost of leaseholds and leasehold improvements are amortized over the terms of the leases or the useful lives of the assets, whichever is shorter.

Facilities' leases (see note 8a) having the substance of financing transactions have been capitalized. The related lease obligations have been included as obligations under capitalized lease. The leased assets are being amortized as described above.

d. Income Taxes

Income taxes provided include deferred taxes due to timing differences between financial and tax reporting related to the use of accelerated depreciation for tax purposes, additional inventory capitalization required for tax purposes and capitalized leases for financial statement purposes.

e. Excess of Purchase Price Over Net Assets Acquired

The excess of purchase price over net assets acquired (goodwill) is being charged to income over a period of forty years. Goodwill is included in other assets and amounted to $1,596,000 and $1,581,000 at December 31, 1986 and 1987, net of accumulated amortization of $289,000 and $336,000, respectively.

Note 1 - Summary of Significant Accounting Policies (Continued)

f. Principal Business

The Company operates twenty-two Syms retail stores (seventeen in 1986) which sell "off-price" apparel for men, women and children. In addition the Company operates six retail locations under the Sulka name.

g. Earnings Per Share

Earnings per share are based on net income for each year divided by the average number of shares outstanding during each period. In 1986 and 1987 no effect has been given to outstanding common stock options as their effect would be immaterial. There were no common stock options outstanding in 1985.

Note 2 - Property and Equipment

Property and equipment consists of:

| | (In thousands) December 31, | |
|---|---|---|
| | 1986 | 1987 |
| Land | $ 8,146 | $12,947 |
| Leasehold and leasehold improvements | 11,333 | 12,269 |
| Buildings and building improvements | 34,183 | 47,360 |
| Machinery and equipment | 4,165 | 6,837 |
| Furniture and fixtures | 6,347 | 8,042 |
| Capitalized lease | 3,039 | 3,039 |
| Construction in progress | 1,286 | 3,101 |
| | 68,499 | 93,595 |
| Less accumulated depreciation and amortization | 9,058 | 12,388 |
| | $59,441 | $81,207 |

Note 3 - Income Taxes

The provision for income taxes for the years ended December 31, 1985, 1986 and 1987 is as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Provision for income taxes | | | |
| Current - federal | $10,455 | $12,356 | $11,492 |
| - state | 2,753 | 2,885 | 3,118 |
| | 13,208 | 15,241 | 14,610 |
| Deferred - federal | 464 | (216) | 234 |
| - state | 16 | (67) | (63) |
| | 480 | (283) | 171 |
| | $13,688 | $14,958 | $14,781 |

The variation in the customary relationship between the provision for income taxes and pre-tax income is shown in the following calculation:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Statutory federal income tax rate | 46.0% | 46.0% | 40.0% |
| State taxes, net of federal income tax benefits | 5.7 | 5.4 | 5.6 |
| Other, net | .1 | (1.1) | (.2) |
| Effective tax rate | 51.8% | 50.3% | 45.4% |

No effect has been provided for Financial Accounting Standards Board Statement No. 96 concerning Accounting for Income Taxes. Its adoption is required for fiscal years beginning after December 15, 1988, with earlier adoption being optional. The Company expects that the adoption of Statement No. 96 will not have a material effect on its financial position or results of operations.

Note 4 - Obligations to Customers

Obligations to customers represent credits issued for returned merchandise. The Company's policy is to allow customers to exchange credit memos for other merchandise.

Note 5 - Loan Payable - Bank

In October, 1986 the Company negotiated a revolving credit and term loan agreement with a bank in an aggregate amount not to exceed $25,000,000. Advances up to $15,000,000 are evidenced by revolving credit notes. Advances which exceed $15,000,000 will be collateralized by certain real property owned by the Company. On October 31, 1989 any outstanding advances will automatically convert to a term loan, which would be due by October 31, 1994. Interest on individual advances is payable at one half of 1% per annum below the bank's base rate, however, at no time shall the rate of interest on advances evidenced by revolving credit notes exceed or be less than the initial interest rate on that advance plus or minus 2%. As of December 31, 1987 borrowings under this agreement were $5,000,000 and were repaid by February 17, 1988.

The agreement establishes covenants, including those relating to tangible net worth, working capital and capital expenditures, as defined.

Note 6 - Long-Term Debt

Long-term debt is summarized as follows:

| | (In thousands) | | | |
|---|---|---|---|---|
| | December 31, 1986 | | December 31, 1987 | |
| | Due Within One Year | Due After One Year | Due Within One Year | Due After One Year |
| Mortgage payable | $ 71 | $5,073 | $ 77 | $4,996 |

In May, 1986 the Company assumed a mortgage in connection with the purchase of a new store, distribution center and corporate office. The mortgage is payable in equal monthly installments of $45,000, including interest at 9-1/4%, through September 1, 1999.

Total interest charges incurred, including amounts related to capitalized leases (see note 8a), for the years ending December 31, 1985, 1986 and 1987 were $703,000, $1,014,000 and $1,310,000, respectively, of which $447,000 and $448,000 was capitalized in 1986 and 1987, respectively, in connection with purchase and construction of new facilities.

Note 6 - Long-Term Debt (Continued)

As of December 31, 1987 long-term debt matures as follows:

| | (In thousands) |
|---|---|
| 1988 | $ 77 |
| 1989 | 85 |
| 1990 | 93 |
| 1991 | 102 |
| 1992 | 112 |
| Thereafter | 4,604 |
| | $5,073 |

Note 7 - Pension and Profit Sharing Plans

a. Pension Plan

The Company has a defined benefit pension plan for all employees other than those covered under collective bargaining agreements. Hourly employees in the Virginia store are also excluded.

The benefits are based on years of service and the employee's highest average pay during any five consecutive years within the ten year period prior to retirement. Pension plan costs are funded annually. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

In 1987, the Company adopted FASB Statement No. 87, "Employers' Accounting for Pensions." The effect of this adoption was to reduce 1987 pension cost by approximately $56,000. Pension expense and disclosures for 1986 have not been restated.

The following table sets forth the plan's funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 1987 (in thousands):

Note 7 - Pension and Profit Sharing Plans (Continued)

a. Pension Plan (Continued)

| | |
|---|---|
| Actuarial present value of benefit obligations: | |
| Accumulated benefit obligation, including vested benefits of $1,392 | $1,506 |
| Plan assets at fair value, primarily mutual funds and United States treasury bills | $1,818 |
| Projected benefit obligation for service rendered to date | 1,804 |
| Plan assets in excess of projected benefit obligation | 14 |
| Unrecognized net loss from past experience different from that assumed and the effects of changes in assumptions | 176 |
| Unrecognized net asset at January 1, 1987 | (355) |
| Pension cost (accrued) as included in accrued expenses | $ (165) |

Pension expense for the year ended December 31, 1987 includes the following components:

| | |
|---|---|
| Service cost-benefits earned during the period | $ 264 |
| Interest cost of projected benefit obligation | 108 |
| Actual return on plan assets | (17) |
| Net amortization and deferral | (134) |
| Net periodic pension cost | $ 221 |

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.5 % and 4.75 % , respectively, at December 31, 1987. The expected long-term rate of return on plan assets in 1987 was 7.5 %.

Accumulated pension plan benefits and net assets for the year ended December 31, 1986 (determined as of January 1, 1986), were as follows:

Note 7 - Pension and Profit Sharing Plans (Continued)

a. Pension Plan (Continued)

Actuarial present value of accumulated plan benefits:

| | (In thousands) |
|---|---|
| Vested | $ 731 |
| Non-vested | 88 |
| | $ 819 |
| Net assets available for benefits | $1,513 |

The weighted average assumed rate of return for the year ended December 31, 1986, of 6.25% was used in determining the actuarial present values.

Pension expense for the years ending December 31, 1985, 1986 and 1987 was $208,000, $234,000 and $221,000, respectively.

b. Profit Sharing Plan

The Company has a profit sharing plan for all employees other than those covered under collective bargaining agreements. Hourly employees in the Virginia store are also excluded. Contributions to the profit sharing plan are made at the discretion of the Plan's administrators.

Profit sharing plan contributions were $140,000, $160,000 and $169,000 for the years ending December 31, 1985, 1986 and 1987, respectively.

Note 8 - Commitments and Contingent Liabilities

a. Leases

The Company has operating leases and one capital lease for its retail stores, with terms expiring between 1988 and 2068. In addition, eleven stores are owned by the Company. The Company also has a ground lease which expires in 2276. Under most lease agreements, the Company pays real estate taxes, maintenance and other operating expenses. Certain store leases also provide for additional contingent rentals based upon a percentage of sales in excess of certain minimum amounts, as well as increases in the consumer price index.

Future minimum lease payments at December 31, 1987, are as follows:

| | (In thousands) Capital Lease - Real Estate | Operating Leases |
|---|---|---|
| 1988 | $ 435 | $ 2,127 |
| 1989 | 435 | 2,076 |
| 1990 | 435 | 2,056 |
| 1991 | 435 | 2,058 |
| 1992 | 435 | 1,923 |
| Thereafter - cumulative | 3,009 | 30,798 |
| Total minimum payments | 5,184 | $41,038 |
| Less - amount representing interest | 2,844 | |
| Present value of net minimum lease payments | 2,340 | |
| Less - current maturities | 75 | |
| | $2,265 | |

Note 8 - Commitments and Contingent Liabilities (Continued)

a. Leases (continued)

Payments under the real estate capital lease, which expires in 1999, are payable to the Company's principal shareholder. Rental payments in 1987 were $448,000, including escalation payments of $13,000.

The real estate lease has been capitalized using an interest rate of 17.4%.

Rent expense for operating leases are as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Minimum rentals | $1,618 | $2,031 | $2,294 |
| Escalation rentals | 177 | 180 | 160 |
| Contingent rentals | 28 | 15 | 21 |
| Sublease rentals | (193) | (77) | (48) |
| | $1,630 | $2,149 | $2,427 |

b. Other Commitments

At December 31, 1987, the Company had outstanding letters of credit in the amount of $3,664,000.

Note 9 - Capital Stock - Stock Option Plan

In 1983, and as amended in 1986 and 1987, the Board of Directors adopted a stock option plan and reserved 1,000,000 shares of common stock for issuance thereunder. In 1986, the plan was amended and restated. Under the plan, the Company may grant options to purchase up to 1,000,000 shares of common stock in the form of either incentive stock options, as defined in Section 422A of the Internal Revenue Code of 1954, as amended, non-qualified stock options, or stock appreciation rights. The plan requires that all incentive stock options be granted at an exercise price equal to the fair market value of the common stock at the date of grant. The exercise price of the option for holders of more than 10% of the voting rights of the Company must be equal to 110% of the fair market value at the date of grant. Non-qualified options and stock appreciation rights may be granted at any exercise price.

Note 9 - Capital Stock - Stock Option Plan (Continued)

The maximum exercise period for any option or stock appreciation right under the Plan is ten years from the date the option is granted (five years for any optionee who holds more than 10% of the voting rights of the Company).

Options which were granted in 1986 to purchase 308,750 shares of common stock at a price of $11.875 per share, the fair market value at the date of grant, were terminated voluntarily by the holders thereof. In November, 1987, options were granted to purchase 323,250 shares of common stock. The options which expire in 1997, were granted at price of $8.625 per share,which was the fair market value at the date of grant. These options are exercisable at the rate of 20% per year. At December 31, 1987, none of the options were exercised.

Note 10 - Retained Earnings

Transactions in retained earnings are summarized as follows:

| | (In thousands) Year Ended December 31, | | |
|---|---|---|---|
| | 1985 | 1986 | 1987 |
| Retained earnings, beginning of year | $41,321 | $54,036 | $68,809 |
| Net income | 12,715 | 14,773 | 17,780 |
| Retained earnings, end of year | $54,036 | $68,809 | $86,589 |

Note 11 - Gain on Sale of Real Estate

During 1986, the Company sold its former distribution center and corporate office resulting in a gain of $1,774,000. In addition, the Company sold land resulting in a gain of $791,000.

Note 12 - Other Transactions

Included in cost of sales for the year ended December 31, 1987 are purchases of approximately $3,700,000 from a company related to the principal shareholder.

**Mann Judd Landau**
Certified Public Accountants

ACCOUNTANTS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors and Shareholders
Syms Corp. and Subsidiaries

Our examinations of the consolidated financial statements of Syms Corp. and subsidiaries as of December 31, 1986 and 1987 and for the years then ended were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on pages 18 to 30 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the examinations of the basic financial statements, and accordingly, we express no opinion on it.

Mann Judd Landau

MANN JUDD LANDAU
Certified Public Accountants

New York, New York
March 4, 1988



230 Park Avenue, New York, N.Y. 10169 / Telephone (212) 661 5500 / Cable: Mannland
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Ass

| | Amos Shirt Inc. | Generic Products, Inc. |
|---|---|---|
| Current assets | | |
| Cash and cash equivalents | $ (10) | |
| Receivables - trade and othe | 47 | $ 94 |
| Due from affiliated companie | | |
| Merchandise inventories | 121 | |
| Prepaid expenses and income t | 1 | |
| Deferred income taxes | | |
| Total current assets | 159 | 94 |
| Property and equipment, net of depreciation and amortization | 27 | |
| Investment in subsidiaries | | |
| Other assets, net of accumulate amortization | 8 | |
| Total assets | $ 194 | $ 94 |

See accompanying accountants' r

Liabilities and Sha

| | Amos Shirt Co., Inc. | Generic Products Inc. |
|---|---|---|
| Current liabilities | | |
| Loan payable - bank | | |
| Current maturities of long-te | | |
| Accounts payable | $ 31 | |
| Accrued expenses and taxes ot income taxes | | |
| Obligations to customers | | |
| Income taxes | | |
| Current portion of obligation capitalized lease | | |
| Due to affiliated companies | 293 | $ 91 |
| Total current liabili | 324 | 91 |
| Long-term debt | | |
| Obligations under capitalized l | | |
| Deferred income taxes | | |
| Commitments and contingent liab | | |
| Shareholders' equity | | |
| Common stock | | 1 |
| Additional paid-in capital | | |
| Retained earnings (deficit) | (130) | 2 |
| Total shareholders' e | (130) | 3 |
| Total liabilities and shareholders' equity | $194 | $ 94 |

See accompanying accountants' r

| | Amos Shirt Co., Inc. | Generic Products, Inc. |
|---|---|---|
| Net sales | $ 600 | $158 |
| Cost of sales | 690 | 119 |
| Gross profit | (90) | 39 |
| Expenses (income) | | |
| Operating | | |
| General and administrative | 6 | 37 |
| Interest - net | | |
| Gain on sale of property | | |
| | 6 | 37 |
| Income (loss) before provision for (benefit from) income taxe | (96) | 2 |
| Provision for (benefit from) in | | |
| Current | (38) | |
| Deferred | | |
| | (38) | |
| Net income (loss) | (58) | 2 |
| Retained earnings (deficit) - beginning of year | (72) | |
| Retained earnings (deficit) - e | $ (130) | $ 2 |

See accompanying accountants' re

| | Syms Advertising Inc. | Amos Shirt Co., Inc. |
|---|---|---|
| Net sales | $ 3,768 | $321 |
| Cost of sales | 3,243 | 451 |
| Gross profit | 525 | (130) |
| Expenses | | |
| Operating | | 5 |
| General and administrati | 328 | |
| Interest expense (income | 2 | |
| Gain on sale of property | | |
| | 330 | 5 |
| Income (loss) before provi income taxes | 195 | (135) |
| Provision for (benefit frc | | |
| Current | 42 | (62) |
| Deferred | 67 | |
| | 109 | (62) |
| Net income (loss) | $ 86 | $(73) |

See accompanying accountan

SYMS CORP. AND SUBSIDIARIES

SYMS CORP. (ONLY)*

STATEMENTS OF INCOME
(In thousands)

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 1986 | | 1987 | |
| | | % | | % |
| Net sales | $216,715 | 100.0 | $249,442 | 100.0 |
| Cost of sales | 149,840 | 69.1 | 168,570 | 67.6 |
| Gross profit | 66,875 | 30.9 | 80,872 | 32.4 |
| Expenses | | | | |
| Operating | 34,862 | 16.1 | 44,198 | 17.7 |
| General and administrative | 5,603 | 2.6 | 5,338 | 2.1 |
| Interest - net | (759) | (.3) | (229) | - |
| Gain on sale of property | (2,565) | (1.2) | - | - |
| | 37,141 | 17.2 | 49,307 | 19.8 |
| Income before provision for income taxes | 29,734 | 13.7 | 31,565 | 12.6 |
| Provision for income taxes | | | | |
| Current | 15,147 | 7.0 | 14,212 | 5.7 |
| Deferred | (357) | (.2) | 176 | - |
| | 14,790 | 6.8 | 14,388 | 5.7 |
| Net income | $ 14,944 | 6.9 | $ 17,177 | 6.9 |

*Does not include equity in the net income (loss) of wholly-owned subsidiaries which are carried on the cost basis.

See accompanying accountants' report on additional information.

SYMS CORP. AND SUBSIDIARIES

SYMS CORP. (ONLY)

SCHEDULE OF COST OF SALES
(In thousands)

| | Year Ended December 31, 1986 | 1987 |
|---|---|---|
| Merchandise inventories - beginning of year | $ 31,595 | $ 32,205 |
| Purchases - net | 147,508 | 176,350 |
| Freight-in | 2,942 | 3,304 |
| | 182,045 | 211,859 |
| Merchandise inventories - end of year | 32,205 | 43,289 |
| | $149,840 | $168,570 |

See accompanying accountants' report on additional information.

SYMS CORP. AND SUBSIDIARIES

SYMS CORP. (ONLY)

SCHEDULE OF OPERATING EXPENSES
(In thousands)

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 1986 | | 1987 | |
| | | % | | % |
| Employees' salaries | $ 14,970 | 6.9 | $ 18,029 | 7.2 |
| Payroll taxes | 1,683 | .8 | 1,814 | .7 |
| Union welfare | 748 | .3 | 901 | .4 |
| Advertising | 3,467 | 1.6 | 4,734 | 1.9 |
| Rent and capitalized lease costs | 1,827 | .8 | 1,913 | .8 |
| Real estate taxes | 939 | .4 | 1,039 | .4 |
| Utilities | 1,683 | .8 | 2,031 | .8 |
| Telephone | 203 | .1 | 326 | .1 |
| Supplies | 877 | .4 | 1,641 | .7 |
| Repairs | 794 | .4 | 956 | .4 |
| Selling | 330 | .2 | 592 | .2 |
| Auto | 316 | .2 | 431 | .2 |
| Depreciation and amortization | 1,874 | .9 | 2,770 | 1.1 |
| Insurance | 1,437 | .6 | 1,434 | .6 |
| Customers' "NG" checks | 491 | .2 | 466 | .2 |
| Protection | 390 | .2 | 515 | .2 |
| Data processing | 160 | .1 | 191 | .1 |
| Other taxes | 53 | - | 146 | - |
| Distribution center expenses | 2,457 | 1.1 | 3,984 | 1.6 |
| Collection fees | 39 | - | 33 | - |
| Dues and subscriptions | 45 | - | 49 | - |
| Miscellaneous expenses | 79 | .1 | 203 | .1 |
| | $ 34,862 | 16.1 | $ 44,198 | 17.7 |

See accompanying accountants' report on additional information.

SYMS CORP. AND SUBSIDIARIES

SYMS CORP. (ONLY)

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
(In thousands)

| | Year Ended December 31, | | | |
|---|---|---|---|---|
| | 1986 | | 1987 | |
| | | % | | % |
| Officers' salaries | $ 1,805 | .8 | $ 1,883 | .7 |
| Professional fees | 427 | .2 | 479 | .2 |
| Stationery, postage and office supplies | 59 | | 112 | |
| Credit card commissions | 2,079 | 1.0 | 1,541 | .6 |
| Pension and profit sharing plan expenses | 392 | .2 | 390 | .2 |
| Contributions | 190 | .1 | 242 | .1 |
| Medical plan expense | 591 | .3 | 628 | .3 |
| Officers' life insurance | 73 | | 8 | |
| Rental (income) | (101) | | (41) | |
| Miscellaneous expenses | 88 | | 96 | |
| | $ 5,603 | 2.6 | $ 5,338 | 2.1 |

See accompanying accountants' report on additional information.

A Sulka & Company Ltd.
Consolidated

| | Year Ended December 31, 1986 | % | 1987 | % |
|---|---|---|---|---|
| Net sales | $3,824 | 100.0 | $7,104 | 100.0 |
| Cost of sales | 1,792 | 54.0 | 3,104 | 43.7 |
| Gross profit | 2,032 | 46.0 | 4,000 | 56.3 |
| Expenses | | | | |
| Operating | 1,625 | 39.1 | 2,704 | 38.1 |
| General and administrative | 233 | 6.5 | 381 | 5.4 |
| Interest expense (income) - net | | 1.3 | 103 | 1.4 |
| | 1,858 | 46.9 | 3,188 | 44.9 |
| Income (loss) before provision for income taxes | 174 | (.9) | 812 | 11.4 |
| Provision for income taxes | | | | |
| Current | 114 | 1.8 | 301 | 4.2 |
| Deferred | 7 | .1 | (5) | (.1) |
| | 121 | 1.9 | 296 | 4.1 |
| Net income (loss) | $ 53 | (2.8) | $ 516 | 7.3 |

See accompanying accountants' re

A Sulka & Company Ltd.
Consolidated
Year Ended December 31,

| | 1986 | 1987 |
|---|---|---|
| Merchandise inventories - beginning of year | $1,169 | $4,000 |
| Purchases - net | 1,142 | 3,754 |
| Freight-in | 204 | 180 |
| | 3,515 | 7,934 |
| Merchanidise inventories - end of year | 2,000 | 4,830 |
| | $1,515 | $3,104 |

See accompanying accountants' r

| | ASulka & Company Ltd. Consolidated | | | |
|---|---|---|---|---|
| | Year Ended December 31, | | | |
| | 1986 | | 1987 | |
| | | % | | % |
| Employees' salaries | $ 69( | 18.6 | $1,291 | 18.2 |
| Payroll taxes | 6( | 1.1 | 57 | .8 |
| Advertising | 22( | 3.4 | 171 | 2.4 |
| Rent | 38! | 11.1 | 756 | 10.6 |
| Real estate taxes | 2 | | 15 | .2 |
| Utilities | 3 | .5 | 30 | .4 |
| Telephone | 3( | .6 | 32 | .5 |
| Supplies | 5! | .9 | 68 | 1.0 |
| Repairs | 4( | .7 | 60 | .9 |
| Selling | 2 | .6 | 51 | .7 |
| Depreciation and amortization | 9( | 1.8 | 115 | 1.6 |
| Insurance | | .1 | 11 | .2 |
| Customers' "NG" checks | 1! | .4 | 13 | .2 |
| Protection | 1 | .2 | 4 | |
| Other taxes | 1! | .7 | 48 | .7 |
| Leasehold (income) | (50) | (.8) | (40) | (.6) |
| Miscellaneous (income) expenses | (1) | (.8) | 22 | .3 |
| | $1,62! | 39.1 | $2,704 | 38.1 |

See accompanying accountants' r

A[illegible]ulka & Company Ltd.
Consolidated
Y[illegible]ar Ended December 31,

| | 1986 | % | 1987 | % |
|---|---|---|---|---|
| Professional fees | $ 3[illegible] | 1.3 | $ 33 | .5 |
| Interest expense | | 1.0 | 66 | .9 |
| Stationery, postage and office supplies | 3[illegible] | 1.7 | 104 | 1.5 |
| Credit card commissions | 8[illegible] | 1.3 | 94 | 1.3 |
| Medical plan expense | 3[illegible] | .5 | 37 | .5 |
| Amortization of goodwill | 4[illegible] | .7 | 47 | .7 |
| Miscellaneous expenses | [illegible] | | | |
| | $ 23[illegible] | 6.5 | $381 | 5.4 |

See accompanying accountants' r[illegible]

SYMS CORP. AND SUBSIDIARIES

CONSOLIDATED SCHEDULE OF DISTRIBUTION CENTER EXPENSES
(In thousands)

| | Year Ended December 31, 1986 | 1987 |
|---|---|---|
| Employees' salaries | $1,360 | $1,988 |
| Payroll service | 90 | 80 |
| Union funds | 72 | 103 |
| Real estate taxes | 96 | 270 |
| Utilities | 136 | 243 |
| Telephone | 76 | 95 |
| Repairs and maintenance | 204 | 340 |
| Protection | 15 | 15 |
| Equipment maintenance | - | 33 |
| Depreciation expense | 295 | 586 |
| Rent - Lyndhurst distribution center | - | 100 |
| Interest expense | 85 | 97 |
| Miscellaneous expenses | 28 | 34 |
| | $2,457 | $3,984 |

See accompanying accountants' report on additional information.