



THE JACOB RADER MARCUS CENTER OF THE
AMERICAN JEWISH ARCHIVES
A DIVISION OF HEBREW UNION COLLEGE – JEWISH INSTITUTE OF RELIGION

MS-920: Sy Syms Papers, 1944-2012.
Series B: General, 1944-2009, undated.

Box	Folder
D-3	1

Business, 1983-1990, undated.

For more information on this collection, please see the finding aid on the
[American Jewish Archives](http://AmericanJewishArchives.org) website.

RECEIPT FROM FIRST SCANNED
TRANSACTION AT SYMS.

SYMS
EDUCATED CONSUMER IS OUR BEST CUSTOMER
SECAUCUS, NJ

71607 MDSE 0001 001 35319

80014350 INFANTS 1.75 N
TOTAL 1.75

CASH TENDER 2.00
CHANGE .25

SYMS - NO REFUNDS - CREDIT SLIPS ONLY

12/07/89 9:52AM

BOARD UNDERTAKES \$400 MILLION CAPITAL CAMPAIGN

Dr. Lamm Calls Move Affirmation of “a Vision, an Image, a Dream”

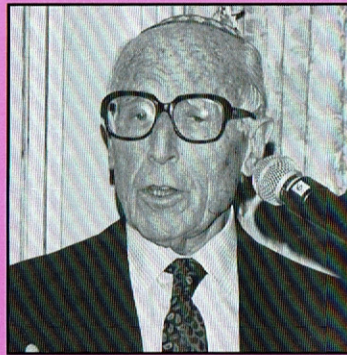
On April 29, 1990, the Yeshiva University Board of Trustees adopted a \$400 million Capital Campaign Program that is the largest such undertaking ever embarked upon by a Jewish educational institution.

The Program was approved at a three-hour meeting presided over by YU Trustees' Chairman Ludwig Jesselson, and attended by nearly 40 University Trustees comprising a spectrum of national, business and communal leaders. They had convened in the Regency Park Hotel on Manhattan's Upper East Side to hear specific goals and projections for maintaining and improving the University at every level.

“I have two visions to present to you,” YU President Dr. Norman Lamm said in opening the meeting. “Vision number one is essentially a continuation of the Yeshiva University of today...[but] living financially from hand to mouth.

“The other is the Yeshiva University that makes every one of us feel a foot taller, and whose accomplishments will make the heart skip a beat. This will be a realizable dream if we will not sleep, dawdle, or procrastinate.”

For the duration of the meeting, those present sat pensively, occasionally taking notes or raising their hands to ask ques-



■ Trustees' Chairman Ludwig Jesselson, who presided over the April 29, 1990, session, told those assembled, “This is the most important Board meeting we have ever called.”



■ Sy Syms, Trustees' treasurer, described the capital campaign as a bold and ambitious undertaking, adding, “This University has a legacy of rising to the challenges it is asked to face and turning them into success



tions, while board chairmen and other board members representing YU's various schools and affiliates took turns at the podium to deliver reports citing the financial requirements for achieving new standards of educational excellence.

Then Trustees' Treasurer Sy Syms called on those assembled to approve the \$400 million program.

"Some of us may be wondering if we have perhaps become too bold," Syms said. "This is, no doubt about it, a challenging venture. But it will ensure our creative continuity into the 21st Century." Syms noted that other large universities had already embarked on major economic campaigns that might have seemed overwhelming a decade ago. "No matter where you look," he said, "educational institutions are launching drives seeking unparalleled amounts of money."

YU's \$400 Million Capital Campaign Program calls for major expansion of facilities, enhancement of faculty, increased scholarship assistance, and strengthening of academic programs.

Details of the new effort are specified in a 200-page document that represents the culmination of months of planning and input involving deans and administrators throughout the University.

The meeting's closing speech was delivered by YU Honorary Trustee Elie Wiesel, who offered his impressions about the University's mission and the special nature of its students, who are devoted not merely to personal fulfillment, but also to a high code of moral standards and communal betterment. But he also cautioned, "It is not enough to give degrees to doctors. It is not enough to give degrees to business students.

"Any Jew can become a king," Wiesel said. "But a man of learning, of scholarship...in fact, he is indispensable."

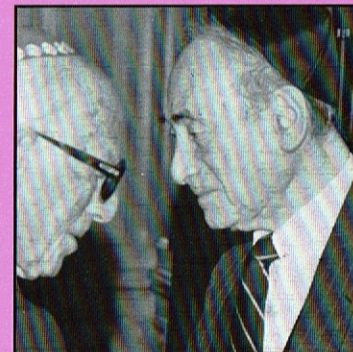


■ A state-of-the-art computer media process was used to flash images onto TV monitors situated around the room. Using the new system, an operator was able to instantaneously display facts and photos from a databank in sync with the speakers' comments.



■ Yeshiva College Directors' Chairman Marvin S. Bienenfeld said he represented "the new kid on the block." The College's new 48-member board had been formed this past spring; five YC Directors have fathers who also serve on the board and another 20 are themselves YU alumni.

stories.



■ Jacob Burns, chairman of CSL's Directors, said the law school had so far enjoyed phenomenal success, "But success has its price." He asked that \$40 million of the campaign be set aside for enhancement of programs and facilities at Cardozo.

continued

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.

TABLE OF CONTENTS

	<u>Page</u>
Prospectus Summary	3
The Company	4
Investment Considerations	4
Market for Common Stock	5
Dividends	5
Dilution	6
Capitalization	6
Selected Consolidated Financial Data	7
Management's Discussion and Analysis of Results of Operations and Financial Condition	8
Business	10
Legal Proceedings	16
Management	17
Recent History and Certain Transactions	24
Principal and Selling Shareholders	26
Description of Capital Stock	27
Underwriting	28
Legal Matters	32
Experts	32
Additional Information	32
Consolidated Financial Statements	33

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

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

This Dress, Pant Suit
or Ensemble reached
our selling floor
on JULY 11, 1983.

SIZE 7/8

SYMS

An Educated Consumer is Our Best Customer

NAT. ADV. 100

SYMS PRICE

JULY 22

AUG. 3

AUG. 15

48

MORE THAN 10 DAYS

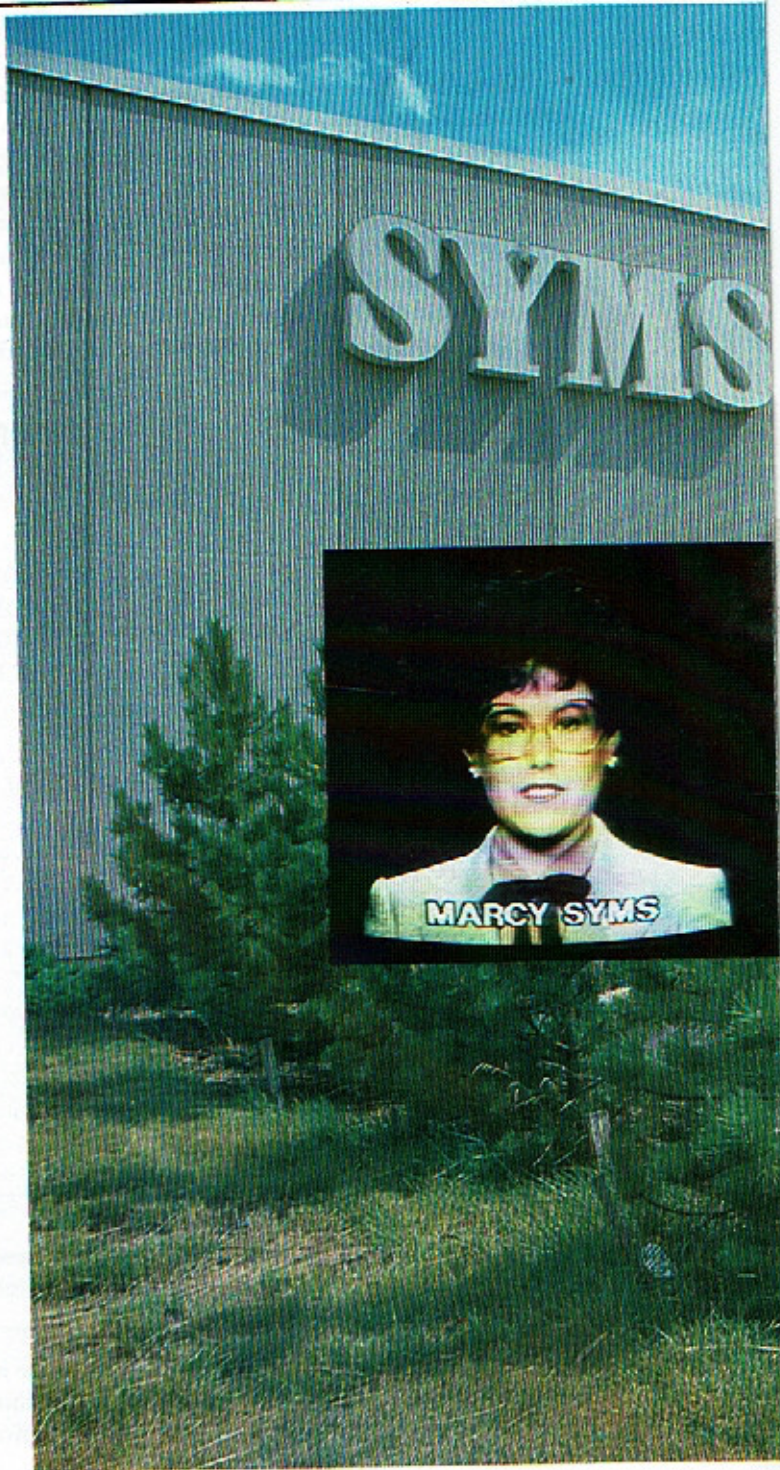
38

MORE THAN 20 DAYS

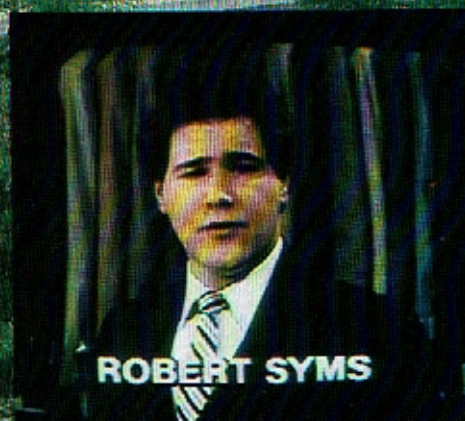
29

FINAL

SYMS AUTOMATIC
MARKDOWN PRICE TAG



**An Educated Consumer
is Our Best Customer**



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 (unaudited)	1979	1980	1981	1982	1982 (unaudited)	1983
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)	<u>1,773</u>
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	<u>22,292</u>
Total shareholders' equity	<u>34,514</u>
Total capitalization	<u>\$40,979</u>

- (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 (unaudited)	1979	1980	1981	1982	1982 (unaudited)	1983 (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)
	<u>51,017</u>	<u>64,092</u>	<u>77,304</u>	<u>101,160</u>	<u>131,508</u>	<u>56,182</u>	<u>73,161</u>
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	<u>\$ 3,033</u>	<u>\$ 3,963</u>	<u>\$ 5,143</u>	<u>\$ 5,654</u>	<u>\$ 7,471</u>	<u>\$ 2,324</u>	<u>\$ 4,024</u>
Earnings per share	<u>\$.17</u>	<u>\$.22</u>	<u>\$.29</u>	<u>\$.32</u>	<u>\$.42</u>	<u>\$.13</u>	<u>\$.23</u>
Shares outstanding	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>
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:

<u>Calendar Years</u>	<u>Number of Leases Expiring(1)(2)</u>	<u>Number of Lease Renewal Options(1)</u>	<u>Length in Years of Renewal Option Periods(3)</u>
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)	<u>3</u>	<u>1</u>	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	<u>\$87,757</u>	<u>\$112,801</u>	<u>\$147,181</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(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:

<u>Name</u>	<u>Age</u>	<u>Title</u>
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 IMMERMEN 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 Bene- fits (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. Sloane 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 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:

Remuneration	Years of Service		
	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.

Name of Beneficial Owner	Amount of Beneficial Ownership Prior to The Offering		Number of Shares Being Offered	Amount of Beneficial Ownership After The Offering	
	Number of Shares	Percentage of Class		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 successor 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:

<u>Underwriter</u>	<u>Number of Shares</u>
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

<u>Underwriter</u>	<u>Number of Shares</u>
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
Invened 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
Hamerslag, 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

<u>Underwriter</u>	<u>Number of Shares</u>
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
Grieverson, 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
	<u>3,125,000</u>

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

	<u>Page</u>
Report of Independent Certified Public Accountants	34
Consolidated Balance Sheets	
December 31, 1981 and 1982 (Audited)	
June 30, 1982 and 1983 (Unaudited)	35
Consolidated Statements of Income	
Years Ended December 31, 1980, 1981 and 1982 (Audited)	
Six Months Ended June 30, 1982 and 1983 (Unaudited)	36
Consolidated Statements of Changes in Financial Position	
Years Ended December 31, 1980, 1981 and 1982 (Audited)	
Six Months Ended June 30, 1982 and 1983 (Unaudited)	37
Notes to Consolidated Financial Statements	39

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	<u>\$35,582</u>	<u>\$43,342</u>	<u>\$43,455</u>	<u>\$54,256</u>
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	<u>\$35,582</u>	<u>\$43,342</u>	<u>\$43,455</u>	<u>\$54,256</u>

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 (Unaudited)	1983
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)
	<u>77,304</u>	<u>101,160</u>	<u>131,508</u>	<u>56,182</u>	<u>73,161</u>
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
	<u>5,310</u>	<u>5,987</u>	<u>8,202</u>	<u>2,552</u>	<u>4,494</u>
Net income	<u>\$ 5,143</u>	<u>\$ 5,654</u>	<u>\$ 7,471</u>	<u>\$ 2,324</u>	<u>\$ 4,024</u>
Earnings per share (note 1g)	<u>\$.29</u>	<u>\$.32</u>	<u>\$.42</u>	<u>\$.13</u>	<u>\$.23</u>
Shares outstanding (note 1g)	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>

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	<u>\$ (269)</u>	<u>\$ 5,927</u>	<u>\$ 5,582</u>	<u>\$ 720</u>	<u>\$ 4,050</u>

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.

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 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
	<u>16,347</u>	<u>19,231</u>
Less accumulated depreciation and amortization	<u>2,805</u>	<u>3,567</u>
	<u>\$13,542</u>	<u>\$15,664</u>

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	<u>1,026</u>	<u>1,232</u>	<u>1,641</u>
	<u>5,354</u>	<u>5,914</u>	<u>7,916</u>
Deferred—federal	(44)	57	285
—state	<u>—</u>	<u>16</u>	<u>1</u>
	<u>(44)</u>	<u>73</u>	<u>286</u>
	<u>\$5,310</u>	<u>\$5,987</u>	<u>\$8,202</u>

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	<u>(.5)</u>	<u>(.4)</u>	<u>.6</u>
Effective tax rate	<u>50.8%</u>	<u>51.4%</u>	<u>52.3%</u>

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 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	—	—	—
	<u>\$555</u>	<u>\$5,456</u>	<u>\$505</u>	<u>\$4,944</u>

- (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.

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 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	<u>1,497</u>
	<u>\$5,449</u>

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	<u>72</u>	<u>30</u>
	<u>\$263</u>	<u>\$248</u>
Net assets available for benefits	<u>\$387</u>	<u>\$527</u>

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.

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 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	<u>\$10,769</u>
Less—amount representing interest	3,748	
Present value of net minimum lease payments	1,897	
Less—current maturities	81	
	<u>\$1,816</u>	

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)
	<u>\$1,046</u>	<u>\$1,348</u>	<u>\$1,674</u>

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.

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 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)			Six Months Ended June 30,	
	Year Ended December 31,			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	<u>\$5,143</u>	<u>\$10,797</u>	<u>\$18,268</u>	<u>\$13,121</u>	<u>\$22,292</u>

(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.

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 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 exercise 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

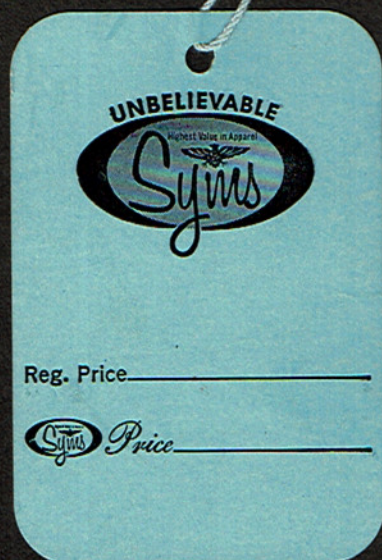
SYMS CORP.

An Educated Consumer is Our Best Customer

Common Stock

SYMS

FIRST MEN'S
CLOTHING
TICKETS



An Educated Consumer is Our Best Customer.

Annual Report for the year ended December 31, 1983

TO OUR SHAREHOLDERS

We are pleased to report to you that your Company recorded net sales in 1983 of \$179,231,000 compared with \$147,181,000 last year, an increase of 21.8%.

Net income for the year ended December 31, 1983 was \$10,341,000 compared with \$7,471,000 in 1982, an increase of 38.4%, with earnings per share increasing to \$.59 for 1983 from \$.42 per share in 1982.

Shareholders' equity rose from \$30,490,000 in 1982 to \$40,831,000 at the end of 1983. Working capital increased from \$19,727,000 at the end of 1982 to \$30,303,000 at the end of 1983.



To Our Shareholders

(cont'd)

1983 was a year that your Company concentrated on strengthening existing stores. During 1982, we had opened three new stores with a combined selling space of 134,000 square feet.

With these stores operating to plan for over a full year, we are now set to open two new markets in 1984. Late this Spring we will open our first store in the Philadelphia market with a location in Cherry Hill, New Jersey. Then, in early Fall, Syms will appear for the first time in the Chicago market area with a store in Addison, Illinois.

Additionally, we have contracted to purchase the land and the store now leased at the Paramus, New Jersey site, which will enable us to more than double the size of our operation there. Park Place in New York was expanded by 4,000 square feet this Spring. In all, we will add 185,000 square feet of selling space and two important new markets in 1984. As we traditionally have done, this growth is financed with internally generated funds.

Richard Merns, Vice President of Syms, Inc.

Of equal importance, we were able to attract several additional brand names. As off-price retailers offering nationally-recognized designer or brand-name merchandise at prices substantially lower than generally found in traditional clothing stores, legitimate brands at lower prices are our life-blood, and we are pleased to report continuing growth in the number and significance of the brands we offer.

Our Sulka operation is well on its way to achieving its objectives. In every merchandise category, this prestigious men's haberdasher has been revamped so that today Sulka products are among the finest in the world. The Sulka motto...Excellence, Above All...is being proved in our New York, San Francisco, London, Paris and Philadelphia locations. This year, with mer-

chandise and Sulka management in place, we plan new Sulka Shops in two major department stores in the United States.

A key ingredient in the success of any company is its people. At Syms we are particularly grateful to and appreciative of an extraordinary management team. Our executives are a remarkable blend of experience and youth. At store level, our managerial teams are dedicated, hard-working and productive people with an entrepreneurial spirit that can be felt in every Syms store. There is always a direct and open line from store to management personnel so that we can respond quickly to change. We like to characterize ourselves at headquarters as the store managers' assistants.

Two very exciting and gratifying accomplishments took place in 1983. First, our gross margin increased by 1%. Secondly, our sales increased without a directly proportional increase in expenses. Both of these results are a tribute to Syms people at every level of our business.

This was a historic year for us as the public was invited to join us by purchasing stock in the Company. We are delighted to welcome you and have you participate in the successes for which we work and plan. Thank you for your trust.



Chairman



President

April 6, 1984

Profile

SYMS CORP. AND SUBSIDIARIES

The Company's principal subsidiary, Syms Inc., operates eleven "off-price" apparel stores in the northeast, mid-Atlantic and Florida regions. Syms stores offer a broad range of first quality, in-season, nationally recognized designer or brand-name merchandise at prices substantially lower than generally found in traditional retail clothing stores. Syms wide selection of sizes and styles in men's women's and children's wear is aimed at middle-income, fashion-minded, price-conscious consumers.

MARKETING

The price ticket affixed to each item displays Syms selling price and what the Company regards as the traditional full retail price.

Men's tailored garments have the brand name affixed to the sleeve; this label is removed when the garment is purchased. Brand name labels on other merchandise are not removed.

Syms has a ten-day automatic markdown policy on seasonally vulnerable women's dresses, suits and ensembles. 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.

The Company advertises consistently twelve months a year, primarily on television and radio, featuring as its theme, "At Syms, an educated consumer is our best customer."

SULKA

The Company additionally owns Sulka, a prestigious retailer of men's fine haberdashery with shops in New York, San Francisco, Philadelphia, London and Paris.

SYMS ADVERTISING

The Company owns Syms Advertising, Inc., which creates and places advertising and acts as financial presentation consultants for the Company as well as outside clients:



Vice President, Richard Diamond and some of his support staff make decisions with the help of the Syms computer system.

Merchandise managers and Buyers together make key merchandise decisions with input from store managers.



Vice President Norman Fately prepares merchandise for shipment with 3 key Distribution Center people.

Human Resources Director, Tim Pranschke, points out career opportunities to Syms employees.

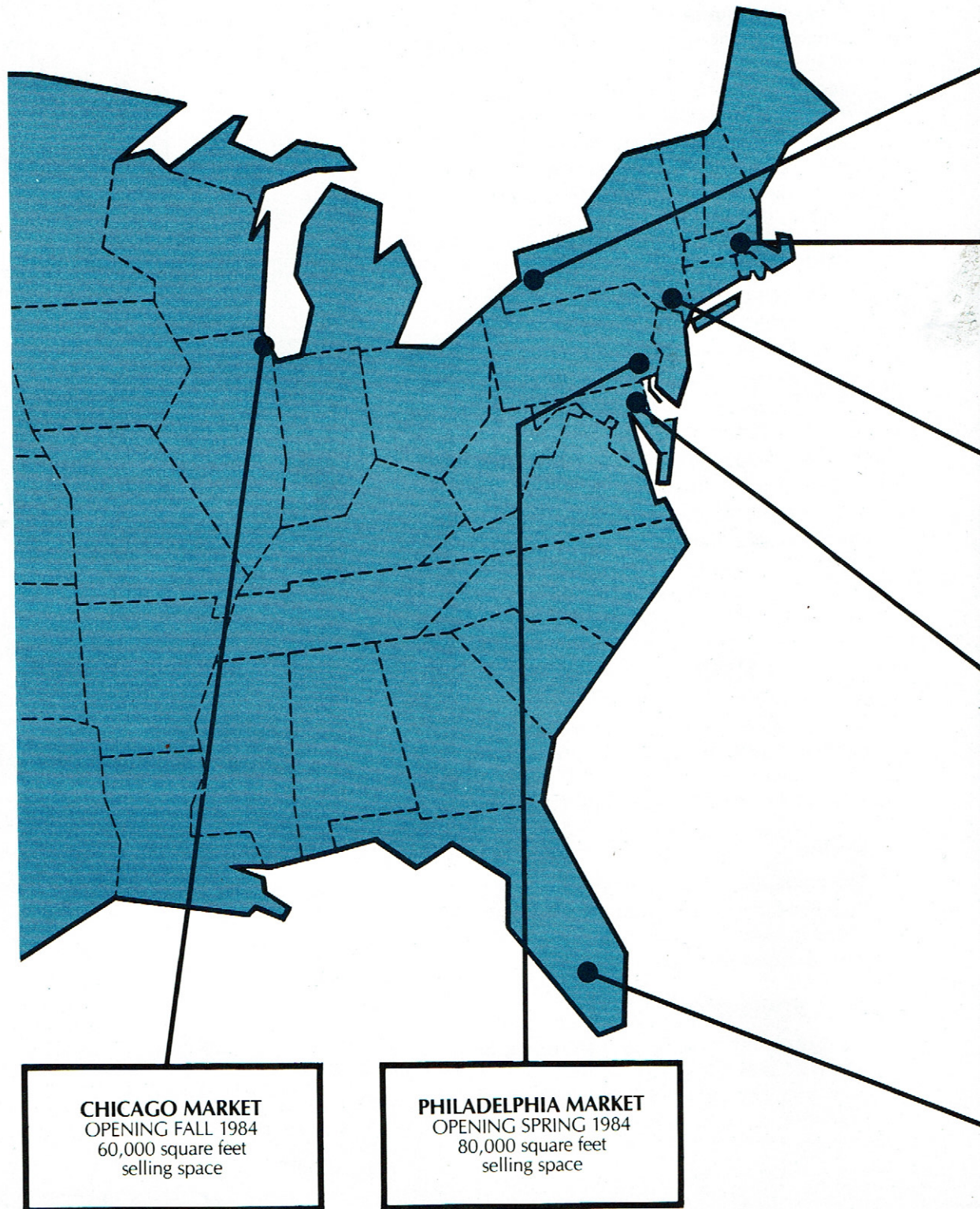


Distribution Center and Executive Offices in Lyndhurst, New Jersey. 100,000 square feet. Open August, 1981.

FINANCIAL HIGHLIGHTS

	1982	1983
Net sales	\$147,181,000	\$179,231,000
Income before provision for income taxes	\$15,673,000	\$22,129,000
As a percentage of sales	10.6%	12.3%
Net income	\$7,471,000	\$10,341,000
As a percentage of sales	5.1%	5.8%
Earnings per share	\$.42	\$.59
Working capital	\$19,727,000	\$30,303,000
Current ratio	4.4 to 1	5.3 to 1
Shareholders' equity	\$30,490,000	\$40,831,000

Syms Locations



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
WOODBIDGE: 34,000 square feet selling space

WASHINGTON MARKET

FALLS CHURCH, VIRGINIA
36,000 square feet selling space
ROCKVILLE, MARYLAND
58,000 square feet selling space

FLORIDA MARKET

FT. LAUDERDALE
48,000 square feet
selling space

The People Who Make Your Company Work

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 every senior executive spends time with the people who report to him. 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.



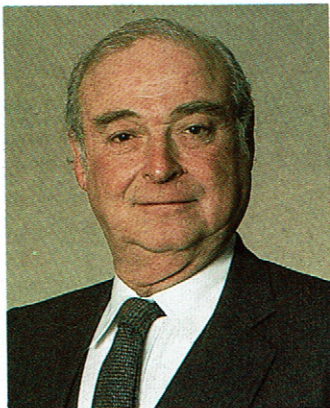
Sy Syms Merns
Chairman of the Board and
Chief Executive Officer
With Syms since 1959



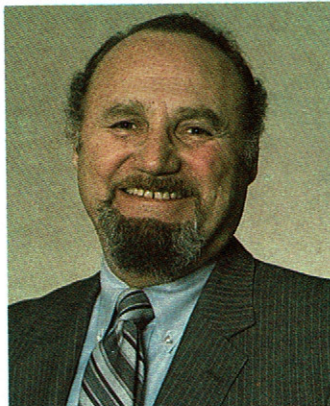
Marcy Syms Merns
President and Chief Operating
Officer
With Syms since 1978



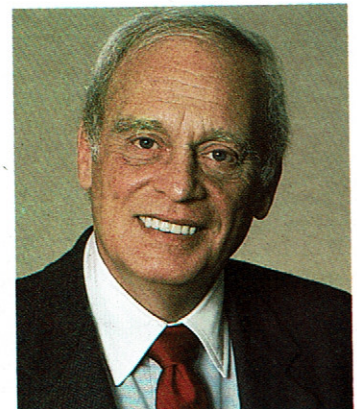
Richard B. Diamond
Vice President, Chief Financial
Officer and Treasurer
With Syms since 1978



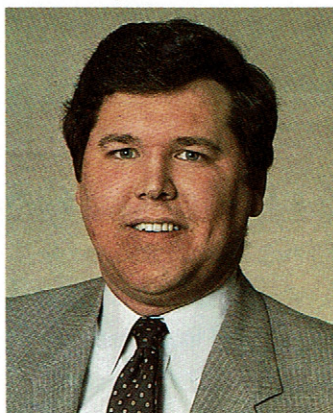
Norman Fately
Vice President Merchandise,
Syms Inc.
With Syms since 1981



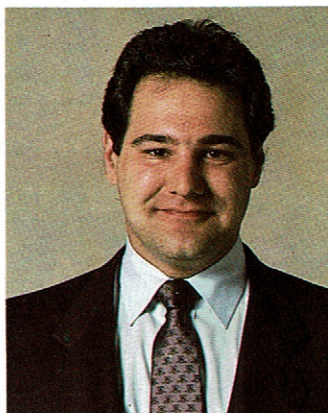
Irwin Shivek
Vice President Operations,
Syms Inc.
With Syms since 1973



David S. Bernard
Director Investor Relations,
Sulka, Syms Advertising, Inc.
With Syms since 1982



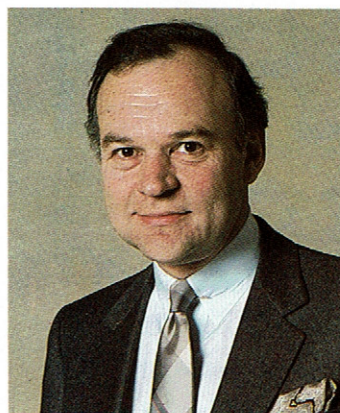
Stephen Merns
Vice President and Secretary,
Syms Inc.
Buyer of Men's Haberdashery,
Syms Inc.
With Syms since 1980



Robert Merns
Secretary, Syms Corp. and Vice
President, Syms Inc.
Buyer of Men's Clothing,
Syms Inc.
With Syms since 1976



Richard Merns
Vice President, Syms Inc.
Secretary, Sulka
Real Estate
With Syms since 1978



Michel Kramer
Vice President of Merchandise,
Sulka
With Sulka since 1982



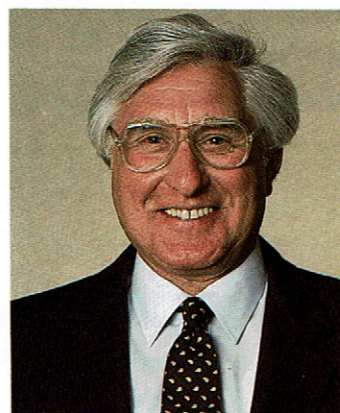
Abraham Oliver
Vice President and Director of
Imports, Syms Inc.
With Syms since 1980



Ira Weiser
Vice President and
Merchandise Manager,
Syms Inc.
With Syms since 1975



Alan Kilman
Vice President and
Merchandise Manager,
Syms Inc.
With Syms since 1971



Charles Koopersmith
Vice President and
Merchandise Manager,
Syms Inc.
With Syms since 1979



Jack Model
Vice President and
Merchandise Manager,
Syms Inc.
With Syms since 1977



Eugene Karp
Merchandise Manager,
Syms Inc.
With Syms since 1982



Isabel Davis
Merchandise Manager,
Syms Inc.
With Syms since 1973

Consolidated Statements of Income

(In thousands, except per share amounts)

	Year Ended December 31,		
	1981	1982	1983
Net sales	\$ 112,801	\$ 147,181	\$ 179,231
Costs and expenses			
Cost of sales	81,097	105,345	126,605
Selling, general and administrative	20,123	26,166	30,219
Interest expense (income)—net (note 5).....	(60)	(3)	(226)
	<u>101,160</u>	<u>131,508</u>	<u>156,598</u>
Income from operations	11,641	15,673	22,633
Expenses related to public offering	—	—	504
Income before provision for income taxes	<u>11,641</u>	<u>15,673</u>	<u>22,129</u>
Provision for income taxes (notes 1d and 3)			
Current	5,914	7,916	11,512
Deferred	73	286	276
	<u>5,987</u>	<u>8,202</u>	<u>11,788</u>
Net income	<u>\$ 5,654</u>	<u>\$ 7,471</u>	<u>\$ 10,341</u>
Earnings per share (note 1g).....	<u>\$.32</u>	<u>\$.42</u>	<u>\$.59</u>
Shares outstanding (note 1g)	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

SYMS CORP. AND SUBSIDIARIES

(In thousands, except share amounts)

	December 31,	
	1982	1983
Assets		
Current assets		
Cash and cash equivalents.....	\$ 5,808	\$ 8,387
Receivables—trade and others.....	461	872
Merchandise inventories (note 1b).....	19,201	26,898
Prepaid expenses	91	423
Prepaid income taxes (notes 1d and 3).....	—	785
Total current assets	25,561	37,365
Property and equipment, net of accumulated depreciation and amortization (notes 1c, 2 and 5)	15,664	15,870
Other assets net of accumulated amortization of \$157 at December 31, 1982 and \$218 at December 31, 1983 (note 1e)	2,117	2,288
Total assets	\$ 43,342	\$ 55,523
Liabilities and Shareholders' Equity		
Current liabilities		
Current maturities of long-term debt (note 5)	\$ 505	\$ 373
Accounts payable.....	1,082	1,151
Accrued expenses and taxes other than income taxes	2,065	2,647
Obligations to customers (note 4)	1,048	1,302
Due to Chief Executive Officer and principal shareholder.....	748	450
Income taxes (notes 1d and 3).....	305	1,018
Current portion of obligations under capitalized leases (note 7a).....	81	121
Total current liabilities	5,834	7,062
Long-term debt (note 5)	4,944	4,505
Obligations under capitalized leases (note 7a)	1,816	2,591
Deferred income taxes (notes 1d and 3).....	258	534
Commitments and contingent liabilities (notes 6, 7 and 11)		
Shareholders' equity (notes 8 and 9)		
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
Additional paid-in capital	11,339	11,339
Retained earnings	18,268	28,609
Total shareholders' equity	30,490	40,831
Total liabilities and shareholders' equity.....	\$ 43,342	\$ 55,523

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Financial Position

SYMS CORP. AND SUBSIDIARIES

(In thousands)

	Year Ended December 31,		
	1981	1982	1983
Sources of funds			
Net income	\$ 5,654	\$ 7,471	\$ 10,341
Items not consuming working capital			
Depreciation and amortization	933	1,158	1,232
Deferred taxes	73	286	276
Sundry	4	—	—
Working capital provided by operations	6,664	8,915	11,849
Increase in obligations under capitalized leases	—	—	908
Proceeds of long-term debt	5,600	—	—
Disposition of fixed assets	502	1,122	268
Decrease in other assets	606	439	—
Total funds provided	13,372	10,476	13,025
Uses of funds			
Acquisition of fixed assets	6,698	4,301	1,646
Current maturities and repayments of long-term debt	657	512	439
Current portion and retirement of obligations under capitalized leases	60	81	133
Decrease in other liabilities	30	—	—
Increase in other assets	—	—	231
Total funds consumed	7,445	4,894	2,449
Net increase in working capital	5,927	5,582	10,576
Working capital—beginning of year	8,218	14,145	19,727
Working capital—end of year	\$ 14,145	\$ 19,727	\$ 30,303
Changes in components of working capital			
Increase (decrease) in current assets			
Cash and cash equivalents	\$ 2,615	\$ (200)	\$ 2,579
Receivables	18	(64)	411
Merchandise inventories	2,253	7,718	7,697
Prepaid expenses	87	(88)	332
Prepaid income taxes	—	—	785
Tax benefits of net operating loss carryforwards	1,160	(1,160)	—
(Increase) decrease in current liabilities			
Current maturities of long-term debt	(442)	50	132
Accounts payable	(313)	153	(69)
Accrued expenses and taxes other than income taxes	(194)	(336)	(582)
Obligations to customers	(88)	(81)	(254)
Due to Chief Executive Officer and principal shareholder	(158)	(216)	298
Income taxes	1,003	(187)	(713)
Current portion of obligations under capitalized leases	(14)	(7)	(40)
Net increase in working capital	\$ 5,927	\$ 5,582	\$ 10,576

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 (see note 8a). 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 of Purchased Subsidiaries

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 \$1,557,000 and \$1,699,000 at December 31, 1982 and 1983, net of accumulated amortization of \$103,000 and \$149,000, respectively.

f. Principal Business

The Company operates eleven retail 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 8a).

Note 2—Property and Equipment

Property and equipment consists of:

	(In thousands)	
	December 31,	
	1982	1983
Land.....	\$ 1,611	\$ 1,457
Buildings and building improvements.....	5,787	5,896
Machinery and equipment.....	506	617
Furniture and fixtures.....	2,816	2,905
Leasehold improvements.....	6,060	6,215
Automobiles.....	320	416
Capitalized leases.....	2,131	3,039
	19,231	20,545
Less accumulated depreciation and amortization.....	3,567	4,675
	<u>\$15,664</u>	<u>\$15,870</u>

Note 3—Income Taxes

The provision for income taxes for the three years ended December 31, 1981, 1982 and 1983 is as follows:

	(In thousands)		
	Year Ended December 31,		
	1981	1982	1983
Provision for income taxes			
Current—federal.....	\$ 4,682	\$ 6,275	\$ 9,140
—state.....	1,232	1,641	2,372
	5,914	7,916	11,512
Deferred—federal.....	57	285	270
—state.....	16	1	6
	73	286	276
	<u>\$ 5,987</u>	<u>\$8,202</u>	<u>\$11,788</u>

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,		
	1981	1982	1983
Statutory federal income tax rate.....	46.0%	46.0%	46.0%
State taxes, net of federal income tax benefits.....	5.8	5.7	5.7
Other, net.....	(.4)	.6	1.6
Effective tax rate.....	<u>51.4%</u>	<u>52.3%</u>	<u>53.3%</u>

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			
	1982		1983	
	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	\$132	\$ 90	\$ —	\$ 25
Mortgage payable to bank (a) ..	<u>373</u>	<u>4,854</u>	<u>373</u>	<u>4,480</u>
	<u>\$505</u>	<u>\$4,944</u>	<u>\$373</u>	<u>\$4,505</u>

(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 \$5,224,000 at December 31, 1983. 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, 1983 was 7.15%.

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, 1981, 1982 and 1983 was \$426,000, \$876,000 and \$791,000, respectively.

Repayments of long-term debt for each year following December 31, 1983 are:

	(In thousands)
1984	\$ 373
1985	398
1986	373
1987	373
1988	373
1989-1993	1,865
1994-1996	<u>1,123</u>
	<u>\$4,878</u>

Note 6—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 years ended December 31, 1982 and 1983 (determined as of January 1, 1982 and 1983, respectively) are as follows:

	(In thousands)	
	Year Ended December 31,	
	1982	1983
Actuarial present value of accumulated plan benefits:		
Vested	\$218	\$274
Non-vested	<u>30</u>	<u>43</u>
	<u>\$248</u>	<u>\$317</u>
Net assets available for benefits	<u>\$527</u>	<u>\$771</u>

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 \$301,000, \$335,000 and \$261,000 for the years ending December 31, 1981, 1982 and 1983, respectively.

Note 7—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, 1983, are as follows:

Notes to Consolidated Financial Statements

	(In thousands)	
	Capital Leases—	
	Real Estate	Operating Leases
1984	\$ 525	\$ 1,414
1985	525	1,378
1986	502	1,260
1987	435	1,033
1988	435	533
Thereafter—cumulative	<u>4,749</u>	<u>4,302</u>
Total minimum payments	7,171	<u>\$ 9,920</u>
Less—amount representing interest	<u>4,459</u>	
Present value of net minimum lease payments	2,712	
Less—current maturities	<u>121</u>	
	<u>\$ 2,591</u>	

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

Future minimum sublease rentals at December 31, 1983 were \$367,000 and are not reflected in the above table.

Rent expenses for operating leases are as follows:

	(In thousands)		
	Year Ended December 31,		
	1981	1982	1983
Minimum rentals	\$ 797	\$ 930	\$1,427
Escalation rentals	284	389	155
Contingent rentals	314	388	317
Sublease rentals	<u>(47)</u>	<u>(33)</u>	<u>(123)</u>
	<u>\$1,348</u>	<u>\$1,674</u>	<u>\$1,776</u>

Total minimum payments under real estate capital leases include \$6,924,000 payable from 1984 through 1999 to the Company's Chief Executive Officer and principal shareholder.

b. Other Commitments

At December 31, 1983, the Company had outstanding letters of credit in the amount of \$1,845,000.

Note 8—Capital Stock

a. Merger and Reorganization

1. 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.

2. 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.

3. Reorganization

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

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

b. 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.

Notes to Consolidated Financial Statements

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% of the Company's common stock.

c. 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 exercise 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.

Note 9— Retained Earnings

Transactions in retained earnings are summarized as follows:

	(In thousands)		
	Year Ended December 31,		
	1981	1982	1983
Retained earnings, beginning of year	\$ 5,143	\$10,797	\$18,268
Net income	5,654	7,471	10,341
Retained earnings, end of year	<u>\$10,797</u>	<u>\$18,268</u>	<u>\$28,609</u>

Note 10—Subsequent Events

In connection with two new planned store openings in 1984, the Company purchased land and buildings at a total cost of approximately \$5,400,000.

Note 11—Litigation

On November 29, 1983, an action was filed against Syms Inc., the Company's principal retailing subsidiary, and one of its major suppliers. The plaintiff is suing on behalf of itself and seeks to sue as a representative of a class consisting of all men's retail clothing merchants in the metropolitan areas where the Company is doing business.

The complaint alleges that, in violation of anti-trust laws, the defendants entered into a conspiracy to restrain trade and lessen competition. It also states that the defendants engaged in price discrimination, pursuant to which this supplier sold to Syms Inc. for less than the price charged the plaintiff and other members of the alleged class. Plaintiff seeks damages in an unspecified amount, a temporary restraining order, a preliminary injunction and related relief.

The defendants moved to dismiss the complaint and have served papers opposing plaintiff's motion for class action certification. Neither the motion to dismiss nor the motion for class action certification has been decided.

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, 1982 and 1983 and the related consolidated statements of income and changes in financial position for each of the three years in the period ended December 31, 1983. 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 11 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, 1982 and 1983, 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, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

New York, New York
March 2, 1984

MANN JUDD LANDAU
Certified Public Accountants

SUPPLEMENTARY FINANCIAL INFORMATION

(In thousands, except per share amounts)

Unaudited Selected Quarterly Financial Data

Year ended December 31, 1982

	Quarter			
	First	Second	Third	Fourth
Net sales	\$23,043	\$38,015	\$33,094	\$53,029
Gross profit	\$ 6,489	\$10,772	\$ 9,275	\$15,300
Net income	\$ 407	\$ 1,917	\$ 1,234	\$ 3,913
Earnings per share	\$.02	\$.11	\$.07	\$.22

Year ended December 31, 1983

Net sales	\$32,390	\$49,289	\$39,315	\$58,237
Gross profit	\$ 9,180	\$13,935	\$11,440	\$18,071
Net income	\$ 989	\$ 3,035	\$ 1,573	\$ 4,744
Earnings per share	\$.06	\$.17	\$.09	\$.27

MARKET FOR SYMS CORP. 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 sales prices for the Common Stock for the last quarter of the fiscal year covered by this report—being the only full quarterly period during which the Common Stock was publicly traded—were \$18 $\frac{3}{8}$ and \$14 $\frac{1}{2}$, respectively. The high and low sales prices for the Common Stock for the third quarter of 1983 were \$17 $\frac{1}{2}$ and \$15 $\frac{1}{4}$, respectively.

Holders

As of March 1, 1984, there were 515 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 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

SYMS CORP. AND SUBSIDIARIES

(In thousands, except per share amounts)

	Year Ended December 31,				
	1979	1980	1981	1982	1983
Income statement data:					
Net sales	\$72,143	\$87,757	\$112,801	\$147,181	\$179,231
Costs and expenses					
Cost of sales	51,925	62,282	81,097	105,345	126,605
Selling, general and administrative ..	12,087	15,053	20,123	26,166	30,219
Interest expense (income)—net	80	(31)	(60)	(3)	(226)
	<u>64,092</u>	<u>77,304</u>	<u>101,160</u>	<u>131,508</u>	<u>156,598</u>
Income from operations	8,051	10,453	11,641	15,673	22,633
Expenses related to public offering	—	—	—	—	504
Income before provision for income taxes	8,051	10,453	11,641	15,673	22,129
Provision for income taxes	<u>4,088</u>	<u>5,310</u>	<u>5,987</u>	<u>8,202</u>	<u>11,788</u>
Net income	\$ 3,963	\$ 5,143	\$ 5,654	\$ 7,471	\$ 10,341
Earnings per share	<u>\$.22</u>	<u>\$.29</u>	<u>\$.32</u>	<u>\$.42</u>	<u>\$.59</u>
Shares outstanding	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>	<u>17,650</u>
Balance sheet data:					
Working capital	\$ 8,487	\$ 8,218	\$ 14,145	\$ 19,727	\$ 30,303
Total assets	20,176	24,737	35,582	43,342	55,523
Long-term debt and capitalized leases (1)	2,094	2,338	7,353	6,760	7,096
Shareholders' equity	<u>12,486</u>	<u>17,365</u>	<u>23,019</u>	<u>30,490</u>	<u>40,831</u>

(1) Excludes current maturities.

Management's Discussion and Analysis

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.

	<u>Percentage of Sales</u>			<u>Period to Period</u>	
	<u>Year ended December 31,</u>			<u>Increase</u>	
	<u>1981</u>	<u>1982</u>	<u>1983</u>	1982 vs. <u>1981</u>	1983 vs. <u>1982</u>
Net sales	100.0%	100.0%	100.0%	30.5%	21.8%
Cost of sales	71.9	71.6	70.6	29.9	20.2
Selling, general and administrative	17.8	17.8	16.9	30.0	15.5
Income before provision for income taxes	10.3	10.6	12.3	34.6	41.2
Provision for income taxes	5.3	5.6	6.6	37.0	43.7
Net income	5.0	5.1	5.8	32.1	38.4

RESULTS OF OPERATIONS—THREE YEARS ENDED DECEMBER 31, 1983

In 1983, net sales increased to \$179,231,000 from \$147,181,000 in 1982, an increase of \$32,050,000 or 21.8%. In 1983, sales in the three stores that were opened in 1982 generated \$16,613,000 of the increase and \$15,437,000 resulted from volume increases in the Company's other stores. Management believes that sales increases resulted from several factors including increased sales volume in stores opened in 1982, the addition of new product lines, including a couture line, and the continued effectiveness of the Company's advertising program.

Net sales increased to \$147,181,000 in 1982 from \$112,801,000 in 1981, an increase of \$34,380,000 or 30.5%. Of this increase, \$22,889,000 was generated by the opening of three new stores and \$11,491,000 of the increase resulted from volume and price increases in existing locations. The primary reasons for the sales increase were 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.

In 1983, the Company increased its gross margin to 29.4% from 28.4% in 1982. This is a result of the continued effectiveness of the Company's buying policies.

In the years ended December 31, 1982 and 1981, the

Company maintained relatively consistent gross margins of 28.4% and 28.1%, respectively. This was achieved through effective buying and selling policies.

As a percentage of net sales, selling, general and administrative expenses were 16.9% in 1983 and 17.8% in 1982 and 1981. The decrease in selling, general and administrative expenses as a percentage of net sales in 1983 can be attributed to the fact that in 1983 the percentage increases in store sales volumes were greater than the percentage increases in store operating expenses.

The effective income tax rates were relatively constant at 53.3% in 1983, 52.3% in 1982 and 51.4% in 1981.

Net income as a percentage of net sales in 1983, 1982 and 1981 was 5.8%, 5.1% and 5.0%, respectively. The increase in net income as a percentage of net sales in 1983, resulted from the Company's ability to increase its gross margin and to limit the proportional increase in selling, general and administrative expenses to an amount which was less than the proportional increase in sales. Net income as a percentage of net sales in 1983 was adversely affected by the costs incurred in the public offering of \$504,000 or .3% of net sales.

In the years ending December 31, 1982 and 1981, net income as a percentage of sales was relatively constant.

Management's Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES— THREE YEARS ENDED DECEMBER 31, 1983

Working capital increased to \$30,303,000 at December 31, 1983 from \$19,727,000 at December 31, 1982. The ratio of current assets to current liabilities increased to 5.3 to 1 at December 31, 1983 from 4.4 to 1 at December 31, 1982. The improved liquidity was due primarily to strong cash flow from operations.

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 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 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.

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

Wilbur L. Ross, Jr., Managing Director, Rothschild, Inc.,

J. Sloame Immerman, Partner, Immerman and Immerman

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 of Syms, Inc.

Norman Fately, Vice President-Merchandise of Syms, Inc.

Ira Weiser, Vice President-Men's Wear of Syms, Inc.

Charles Koopersmith, Vice President-Men's Wear of Syms, Inc.

Jack Model, Vice President-Women's Wear of Syms, Inc.

Alan Kilman, Vice President-Women's Wear of Syms, Inc.

Abraham Oliver, Vice President-Imports of Syms, Inc.

Stephen Merns, Vice President and Secretary of Syms, Inc.

Robert Merns, Secretary of the Company and Vice President of Syms, Inc.

Richard Merns, Vice President of Syms, Inc.

ANNUAL MEETING

The Annual Meeting of Shareholders will be held on Tuesday, May 15, 1984 at the Company's Corporate Offices, 300 Chubb Avenue, Lyndhurst, New Jersey, at 10:00 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 and Exchange Commission on Form 10-K by addressing requests to the Secretary, Syms Corp., 300 Chubb Avenue, Lyndhurst, New Jersey 07071.

TRANSFER AGENT AND REGISTRAR:

Morgan Guaranty Trust Company
of New York
New York, New York

AUDITORS:

Mann Judd Landau
New York, New York

GENERAL COUNSEL:

Botein, Hays, Sklar & Herzberg
New York, New York

CORPORATE OFFICES AND DISTRIBUTION CENTER:

300 Chubb Avenue, Lyndhurst, New Jersey 07071

