

GUESS INC  
Form 10-Q  
December 12, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

(MARK ONE)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934**

**For the quarterly period ended November 3, 2007**

**OR**

**Transition Report Pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934**

**For the transition period from      to**

**Commission File Number 1-11893**

**GUESS?, INC.**

(Exact name of registrant as specified in its charter)

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**DELAWARE**

(State or other jurisdiction of  
incorporation or organization)

**95-3679695**

(I.R.S. Employer  
Identification No.)

**1444 South Alameda Street**

**Los Angeles, California, 90021**

(Address of principal executive offices)

**(213) 765-3100**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes

No

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes

No

As of December 6, 2007, the registrant had 94,275,070 shares of Common Stock, \$.01 par value per share, outstanding.

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. Financial Statements.**



**GUESS?, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

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(in thousands, except share data)  
(unaudited)

	Nov. 3, 2007	Feb. 3, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 191,878	\$ 207,617
Accounts receivable, net	296,617	142,659
Inventories	222,956	173,668
Prepaid expenses and other current assets	24,136	19,561
Deferred tax assets	22,005	19,962
Total current assets	757,592	563,467
Property and equipment, net	219,984	162,555
Goodwill	25,837	24,651
Other intangible assets, net	20,280	17,664
Long-term deferred tax assets	51,274	48,264
Other assets	47,195	26,721
	\$ 1,122,162	\$ 843,322
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Current portion of short-term borrowings and capital lease obligations	\$ 43,252	\$ 20,804
Accounts payable	179,608	130,525
Accrued expenses	165,524	128,200
Total current liabilities	388,384	279,529
Capital lease obligations	18,152	17,336
Long-term deferred rent and lease incentives	40,574	30,956
Long-term deferred royalties	29,329	34,437
Other long-term liabilities	38,671	37,733
	515,110	399,991
Minority interests	6,215	4,607
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, \$.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding		
Common stock, \$.01 par value. Authorized 150,000,000 shares; issued 134,996,786 and 133,883,942 shares, outstanding 94,272,361 and 93,105,488 shares at November 3, 2007 and February 3, 2007, respectively		
	943	931
Paid-in capital	249,520	218,613
Retained earnings	495,227	382,709
Accumulated other comprehensive income (loss)	7,027	(11,448)
Treasury stock, 40,724,425 and 40,778,454 shares repurchased at November 3, 2007 and February 3, 2007, respectively		
	(151,880)	(152,081)
Total stockholders' equity	600,837	438,724
	\$ 1,122,162	\$ 843,322

See accompanying notes to condensed consolidated financial statements

**GUESS?, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**



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(in thousands, except per share data)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	Nov. 3, 2007	Oct. 28, 2006	Nov. 3, 2007	Oct. 28, 2006
Net revenue:				
Product sales	\$ 446,672	\$ 311,914	\$ 1,171,054	\$ 810,936
Net royalties	22,407	16,902	64,261	45,512
	469,079	328,816	1,235,315	856,448
Cost of product sales	250,598	174,285	676,069	480,976
Gross profit	218,481	154,531	559,246	375,472
Selling, general and administrative expenses	122,837	88,366	346,307	241,382
Earnings from operations	95,644	66,165		