AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL , 2000

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

GUESS ?, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	2345	95-3679695
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1444 SOUTH ALAMEDA STREET
LOS ANGELES, CALIFORNIA 90021
(213) 765-3100

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

BRIAN L. FLEMING
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
GUESS ?, INC.
1444 SOUTH ALAMEDA STREET
LOS ANGELES, CALIFORNIA 90021
(213) 765-3100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. / /

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this form is a post-effective amendment filed pursuant to Rule 462(c)under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE(2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(2)	AMOUNT OF REGISTRATION FEE
Common Stock, par value $0.01 per share.....	5,175,000 shares	$28.96875	$149,913,282	$39,600

(1) Includes 675,000 shares of common stock that the underwriters have the option to purchase to cover over-allotments, if any.

(2) Estimated solely for the purpose of computing the amount of the registration fee, based on the average of the high and low trading price of the common stock reported on the New York Stock Exchange on April 24, 2000 in accordance with Rule 457(c) under the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SEC, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

SUBJECT TO COMPLETION, DATED APRIL 27, 2000

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

4,500,000 SHARES

GUESS ?, INC.

[LOGO]

COMMON STOCK

$[   ] PER SHARE

Guess ?, Inc. is offering 4,500,000 shares of common stock with this prospectus. This is a firm commitment underwriting.

The common stock is listed on the New York Stock Exchange under the symbol "GES." On April 26, 2000, the last reported sale price of our common stock on the New York Stock Exchange was $28.875 per share.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 9.

	PER SHARE	TOTAL
Price to the Public	$	$
Underwriting Discount	$	$
Proceeds to Guess ?, Inc.	$	$

GUESS? has granted an over-allotment option to the underwriters. Under this option, the underwriters may elect to purchase a maximum of 675,000 additional shares from GUESS? within 30 days following the date of this prospectus to cover over-allotments.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CIBC WORLD MARKETS

PAINEWEBBER INCORPORATED

CHASE H&Q

TUCKER ANTHONY CLEARY GULL

FERRIS, BAKER WATTS
INCORPORATED

The date of this prospectus is , 2000.

INSIDE FRONT COVER
Black and white photos of two women and a man standing up

INSIDE GATEFOLD
Color photos of store locations

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Our executive offices are located at 1444 South Alameda Street, Los Angeles, California 90021, and our telephone number is (213) 765-3100. We maintain a World Wide Web site at WWW.GUESS.COM. Information contained on our web site is not part of this prospectus.

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with any information that is different. This document may only be used in jurisdictions where it is legal to sell our common stock. The information in this document may only be accurate on the date of this document, regardless of the time of its delivery or of any sale of our common stock. In this prospectus, "GUESS?," "Guess?," "we," "us," and "our" refer to Guess ?, Inc. and its consolidated subsidiaries.

Unless otherwise stated, all information contained in this prospectus assumes no exercise of the over-allotment option granted to the underwriters.

Guess, Guess?, GUESS?, Guess U.S.A., Guess Jeans, Guess? and Triangle Design, Guess Kids, Guess Collection and Baby Guess are registered trademarks of Guess ?, Inc. Other product, company or organization names used in this prospectus may be trademarks of their respective companies or organizations.

PROSPECTUS SUMMARY

THIS SUMMARY HIGHLIGHTS INFORMATION CONTAINED IN OTHER PARTS OF THIS PROSPECTUS. BECAUSE IT IS A SUMMARY, IT DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER BEFORE INVESTING IN THE SHARES. YOU SHOULD READ THE ENTIRE PROSPECTUS CAREFULLY.

OUR COMPANY

GUESS? is one of the most widely recognized brands in the fashion world. We design, market and license a lifestyle collection of casual apparel and accessories, and we are known for trendsetting styles and marketing creativity. We distribute our products through a growing network of GUESS? stores, selected wholesale accounts, international distributors and a new e-commerce site. This multi-channel network provides us with flexibility in marketing our products and significant opportunities for growth.

Our core customer is a style-conscious consumer between the ages of 15 and 25. This customer is attracted to our brand image, distinctive styling and innovative fabrics that we incorporate in our fashion-forward designs. We also appeal to other customers through product lines that include the contemporary and upscale GUESS? Collection and our GUESS? Kids and Baby GUESS? brands.

In 1999, we generated net revenue of $599.7 million, a 27.1% increase from 1998. This growth resulted from several initiatives, including implementation of the first phase of our planned retail store expansion program and the concentration of our wholesale distribution efforts on our most profitable accounts. Our gross profit as a percentage of total net revenues increased to 44.7% in 1999 from 42.3% in 1998, while our net earnings grew to $51.9 million from $25.1 million. This improved profitability resulted from several factors, including a 26.9% increase in our comparable store sales in the United States, greater "sell through" of full price merchandise and our transition to international vendors to lower product costs.

GUESS? STORES

We operate both full price retail stores and factory outlet stores. As of March 31, 2000, we operated 108 retail and 59 factory outlet stores in the United States and Canada and a retail store in Florence, Italy. Our retail stores create an upscale and inviting shopping environment which we believe enhances our image. These stores allow us to influence the merchandising and presentation of our products, increase customer awareness and strengthen brand equity. GUESS? retail stores are located primarily in better regional malls and street oriented retail districts, while our factory outlet stores are principally located in major outlet shopping centers and appeal to value-conscious customers. In Summer 2000, we intend to open our first in a series of GUESS? Kids stores, a new retail format that will sell GUESS? Kids and Baby GUESS? apparel and accessories. We generated net revenue of $299.4 million in 1999 from our network of retail and factory outlet stores, a 34.5% increase from 1998.

WHOLESALE DISTRIBUTION

As of March 31, 2000, our wholesale division distributed products through approximately 2,800 retail stores in the United States, including better department stores and selected specialty retailers. These store locations included approximately 1,200 shop-in-shops, which are exclusive selling areas within department stores that offer a wide array of our products and incorporate GUESS? signage and fixture designs. The shop-in-shop concept enhances brand recognition and ensures the consistent presentation of GUESS? merchandise. We added or remodeled 138 shop-in-shops in 1999 and currently plan to add or remodel approximately 500 shop-in-shops during 2000. We generated net revenue of $260.6 million in 1999 from our wholesale operations, a 22.6% increase from 1998.

LICENSING AND INTERNATIONAL DISTRIBUTION

The strength and awareness of the GUESS? brand has permitted us to expand our product offerings selectively through trademark licensing agreements. As of March 31, 2000, we had 19 product licenses that cover such fashion accessories as watches, eyewear, handbags and footwear, and seven international trademark licensees authorized to produce and sell various GUESS? products in specific geographic territories. We also sell our products through international distributors who operate GUESS? retail stores and who sell to select department stores and boutiques. As of March 31, 2000, we had a network of 213 international GUESS? stores operated by licensees and distributors. These stores generally carry apparel and accessories that are similar to what we sell in the United States and Canada, and in some instances, may carry products tailored for local fashion preferences. We meet regularly with our licensees and distributors to ensure the quality and consistency of the GUESS? image and to maintain our overall merchandising and design strategies. In 1999, worldwide sales of all licensed products approximated $525 million and generated net royalty revenue of $39.6 million.

OUR GROWTH AND OPERATING STRATEGIES

LEVERAGE THE GUESS? BRAND

We believe the GUESS? brand is an integral part of our business and a source of sustainable competitive advantage. The enduring strength of our brand name and image results from our constant emphasis on innovative and distinctive product designs that stand for exceptional styling and quality. Under the direction of Maurice Marciano, our designers continue to show an ability to interpret global fashion trends and translate them into products that our customers desire. Our advertising department, which is led by Paul Marciano, communicates our fashion and brand image through the use of high-impact print and outdoor advertising. We have spent over $110 million from 1995 through 1999 promoting and strengthening our brand name. Additionally, our licensees and international distributors have spent approximately $100 million supporting the GUESS? brand over this same period.

GROW RETAIL STORE BASE

Our retail division represents our primary growth initiative. It is our current plan to more than double our retail square footage in the United States and Canada over the next three years. This expansion will capitalize on favorable customer demographics and a number of merchandising, employee and operating initiatives. We intend to open 45 new stores in the United States and 15 new stores in Canada during 2000. Our new United States stores will include 25 retail stores, ten factory outlet stores and our first ten GUESS? Kids stores, while our new Canadian stores will consist of ten retail and five factory outlet stores. We are also introducing a larger format in our full price retail stores.

In 1999, our United States retail and factory outlet stores achieved comparable store sales gains of 28.2% and 23.8%, respectively, over 1998. Our retail stores generated sales per square foot of $434 in 1999 compared to $336 in 1998 and our factory outlet stores generated sales per square foot of $351 in 1999 compared to $255 in 1998. We attribute the strong sales performance in the retail stores to a more fashion-focused product assortment, improved merchandising efforts, the remodeling of select stores and faster replenishment. Factory outlet stores benefitted from deeper product assortments combined with an emphasis on top selling products and key selling periods. When we use the term comparable store sales in this prospectus, we mean sales generated by stores which were open a minimum of one year prior to 1999. When we use the term sales per square foot in this prospectus, we mean net sales divided by the time weighted average of the gross square footage of all stores.

EXPAND WHOLESALE CHANNEL

As of March 31, 2000, we had unfilled wholesale orders, consisting primarily of orders for seasonal fashion apparel, of $147.4 million, a 77% increase from March 31, 1999. We believe these orders, which

exclude replenishment orders of basic products, reflect the positive contributions of our program to expand our wholesale business. Beginning two years ago, we instituted a strategy to narrow selectively the number of items offered in our lifestyle collections and to focus our shop-in-shop program on those department stores with the greatest sales potential. In 1999, these efforts contributed to a 22.6% increase in wholesale net revenue over the prior year. We expect to continue to grow our wholesale operations in 2000 by opening or remodeling approximately 500 shop-in-shops in department stores and selectively increasing our presence in specialty stores.

ENHANCE LICENSING ACTIVITIES

We selectively license our trademarks to enhance our brand equity and generate high margin net revenue. We regularly evaluate opportunities to license our trademarks and expand the range of available GUESS? products. For example, we recently awarded the license for Baby GUESS?, a product line which, starting in Summer 2000, will be sold through our new GUESS? Kids stores, upscale department stores and other select wholesale and specialty store accounts.

IMPROVE PRODUCT SOURCING

Our product sourcing strategy is designed to increase efficiencies, reduce costs and improve quality. We currently purchase approximately 60% of our finished products from international vendors. In 1998, we purchased approximately 50% of our products overseas. Starting in 1998, we also began to rely largely on "packaged purchases," a sourcing strategy under which we supply a vendor with a product design and fabric selection and the vendor delivers a finished product. We believe these strategies have enabled us to reduce our average cost per unit which, in turn, has allowed us to selectively lower our prices while maintaining or expanding our gross margins. We also retain a close relationship with a number of domestic vendors located primarily in Los Angeles who manufacture our

GUESS? Collection line and who supplement production of high demand products.

RELOCATE DISTRIBUTION CENTER

We have opened a new distribution center in Louisville, Kentucky, to replace our distribution center in Los Angeles, California. This approximately 500,000 square foot facility is near United Parcel Service's national transit hub and is centrally located to our major wholesale customers and our own retail stores. This new distribution center will enable us to deliver our products to market more rapidly and will result in reduced shipping costs, lower product handling costs and improved customer service. The facility is equipped with advanced product handling equipment and systems, and has the capacity to accommodate the anticipated growth of our existing businesses.

PURSUE E-COMMERCE INITIATIVES

We are pursuing both business-to-consumer and business-to-business e-commerce initiatives. In April 1999, we introduced WWW.GUESS.COM, a virtual storefront that promotes the GUESS? brand and customer loyalty, represents an additional retail distribution channel and enhances our image through interactive content. In April 2000, we introduced the first phase of our business-to-business solution to facilitate our interaction with specialty retailers and indirect suppliers. Later this year, we intend to extend this solution to other wholesale customers and to licensees and suppliers. We expect this initiative will eventually reduce our operating costs, increase our sourcing efficiencies and improve customer service. We intend to ultimately expand our business-to-business initiative into an electronic marketplace that will facilitate various levels of interaction between buyers and sellers in the textile and apparel industries.

THE OFFERING

Common stock offered by Guess ?, Inc.........	4,500,000 shares
Common stock to be outstanding after the offering..................................	47,804,951 shares
Use of proceeds.............................	We currently intend to use the net proceeds of this offering, together with internally generated funds, to repay amounts outstanding under our bank credit facility and for general corporate purposes, including the repurchase or redemption of all or a portion of our outstanding 9 1/2% Senior Subordinated Notes due 2003 and to fund a portion of our capital expenditure budget for 2000.
New York Stock Exchange symbol...............	GES

We calculated the number of shares to be outstanding after this offering based on the number of shares outstanding on December 31, 1999. This number excludes an aggregate of 5,000,000 shares that we have reserved for issuance under our stock option plans, of which 1,444,112 were subject to outstanding options as of December 31, 1999 at a weighted average exercise price of $7.59 per share.

As of December 31, 1999, we had no outstanding borrowings under our $125 million bank credit facility and $79.6 million of outstanding 9 1/2% Senior Subordinated Notes due 2003.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

	YEARS ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE AND OPERATING DATA)				
STATEMENT OF EARNINGS DATA:					
Net revenue	$486,733	$551,162	$515,372	$471,931	$599,650
Cost of sales	262,142	298,631	288,408	272,079	331,660
Gross profit	224,591	252,531	226,964	199,852	267,990
Selling, general and administrative expenses	141,663	150,877	156,318	142,806	171,014
Severance costs related to distribution facility	--	--	--	--	3,200
Earnings from operations	82,928	98,095	70,646	57,046	93,776
Gain on disposition of property and equipment	--	--	--	--	3,849
Interest expense, net	(15,957)	(14,539)	(13,718)	(12,892)	(9,385)
Other expense, net	(157)	(989)	(2,041)	(863)	(1,140)
Earnings before income taxes and cumulative effect of change in accounting principle(1)	66,814	82,567	54,887	43,291	87,100
Income taxes(2)	26,726	33,241	21,337	18,180	35,200
Net earnings	$ 40,088	$ 49,326	$ 37,511	$ 25,111	$ 51,900
Earnings per share(1):					
Basic	$ 0.96	$ 1.18	$ 0.87	$ 0.59	$ 1.21
Diluted	$ 0.96	$ 1.18	$ 0.87	$ 0.59	$ 1.20
Weighted number of shares outstanding:					
Basic	41,675	41,906	42,898	42,904	43,005
Diluted	41,675	41,908	42,902	42,919	43,366
SELECTED OPERATING DATA:					
RETAIL STORES--UNITED STATES ONLY					
Number of stores open at end of period	62	69	87	84	92
Comparable store sales increase (decrease)(3)	0.3%	8.2%	(7.5)%	0.8%	28.2%
Sales per square foot(4)	$ 340	$ 362	$ 333	$ 336	$ 434
FACTORY OUTLET STORES--UNITED STATES ONLY					
Number of stores open at end of period	47	46	49	48	54
Comparable store sales increase (decrease)(3)	(12.6)%	10.7%	(9.6)%	(15.2)%	23.8%
Sales per square foot(4)	$ 282	$ 317	$ 291	$ 255	$ 351

	DECEMBER 31, 1999	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
BALANCE SHEET DATA:		
Working capital	$ 97,944	$140,194
Total assets	369,036	411,286
Notes payable and long-term debt	83,363	3,801
Net stockholders' equity	167,355	289,167

The "As Adjusted" column reflects the receipt of the proceeds from the sale of 4,500,000 shares of common stock offered by us in this offering, at an assumed public offering price of $28.88 per share, and the application of the net proceeds as described under "Use of Proceeds."

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(1) Effective January 1, 1997, we changed our method of accounting for product display fixtures. (See Note 13 to Consolidated Financial Statements.)

(2) We terminated our S Corporation election in August 1996. This reflects adjustments for Federal and state income taxes as if we had been taxed as a C Corporation rather than as an S Corporation in 1995 and 1996.

(3) Our comparable store sales percentages are based on net revenue, and stores are considered comparable which were open a minimum of one year prior to the year of sales.

(4) Our sales per square foot consists of net sales divided by the time weighted average of the gross square footage of all stores.

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS AND OTHER INFORMATION IN THIS PROSPECTUS BEFORE DECIDING TO INVEST IN THE SHARES.

RISKS OF OUR BUSINESS

DEMAND FOR OUR MERCHANDISE MAY DECREASE AND THE APPEAL OF OUR BRAND IMAGE MAY DIMINISH IF WE FAIL TO IDENTIFY AND RAPIDLY RESPOND TO CONSUMERS' FASHION TASTES.

The apparel industry is subject to rapidly evolving fashion trends and shifting consumer demands. Accordingly, our brand image and our profitability are heavily dependent upon both the priority our target customers place on fashion and on our ability to anticipate, identify and capitalize upon emerging fashion trends. Current fashion tastes place significant emphasis on a fashionable look. In the past this emphasis has increased and decreased through fashion cycles. If we fail to anticipate, identify or react appropriately, or in a timely manner, to fashion trends, we could experience reduced consumer acceptance of our products, a diminished brand image and higher markdowns. These factors could result in lower selling prices and sales volumes for our products and could have a material adverse effect on our results of operations and financial condition.

WE COULD FIND THAT WE ARE CARRYING EXCESS INVENTORIES IF WE FAIL TO ANTICIPATE CONSUMER DEMAND, IF OUR INTERNATIONAL VENDORS DO NOT SUPPLY QUALITY PRODUCTS ON A TIMELY BASIS, IF OUR MERCHANDISING STRATEGIES FAIL OR IF WE FAIL TO OPEN NEW AND REMODEL EXISTING STORES ON SCHEDULE.

We currently source approximately 60% of our products from international vendors. Consequently, we must commit to styles and fabrics well in advance of the applicable fashion season. Because of this commitment, the products we eventually receive might not be consistent with constantly changing consumer tastes. Further, even if we correctly anticipate consumer fashion trends, our vendors could fail to supply the quality products and materials we require at the time we need them. Moreover, we could fail to effectively market or merchandise these products once we receive them. Lastly, we could fail to open new or remodeled stores on schedule, and inventory purchases made in anticipation of such store openings could remain unsold. Any of the above factors could cause us to experience excess inventories and higher markdowns, which in turn could have a material adverse effect on our results of operations and financial condition.

THE APPAREL INDUSTRY IS HIGHLY COMPETITIVE, AND WE MAY FACE DIFFICULTIES COMPETING SUCCESSFULLY IN THE FUTURE.

We operate in a highly competitive industry with low barriers to entry. We compete with many apparel manufacturers and distributors and many well-known designers, some of whom have substantially greater resources than we do and some of whose products are priced lower than ours. Our retail and factory outlet stores compete with many other retailers, including department stores, some of whom are our major wholesale customers. Our licensed apparel and accessories compete with many designer and non-designer lines and well-known brands. Within each of our geographic markets, we also face significant competition from global and regional branded apparel companies, as well as retailers that market apparel under their own labels. These and other competitors pose significant challenges to our market share in our existing major United States and foreign markets. In addition, our larger competitors may be better able than we to adapt to changing conditions that affect the competitive market. Any of these factors could result in reductions in sales or prices of GUESS? products and could have a material adverse effect on our results of operations and financial condition.

OUR PLAN TO OPEN NEW RETAIL STORES MORE RAPIDLY THAN IN THE PAST COULD STRAIN OUR RESOURCES AND CAUSE US TO EXECUTE OUR BUSINESS LESS EFFECTIVELY.

During fiscal 1999, we opened 17 net new stores in the United States and Canada, which represents an increase of approximately 12% from the number of stores open at the end of fiscal 1998. We plan to open 60 stores in the United States and Canada in 2000, which represents an increase of approximately 38% from the number of stores open at the end of fiscal 1999. We plan to continue rapid retail store expansion in 2001 and 2002, significantly increasing our retail square footage. This effort will place increased demands on our managerial, operational and administrative resources that could prevent or delay the successful opening of new stores as well as adversely impact the performance of our existing stores.

WE MAY BE UNSUCCESSFUL IN IMPLEMENTING OUR PLANNED RETAIL EXPANSION, WHICH COULD HARM OUR BUSINESS AND NEGATIVELY AFFECT OUR RESULTS OF OPERATIONS.

To open and operate new stores successfully, we must:

- identify desirable locations, the availability of which is out of our control;

- negotiate acceptable lease terms, including desired tenant improvement allowances;

- build and equip the new stores;

- source sufficient levels of inventory to meet the needs of the new stores;

- hire, train and retain competent store personnel;

- successfully integrate the new stores into our existing operations; and

- satisfy the fashion preferences of customers in the new geographic areas.

Any of these challenges could delay our store openings, prevent us from completing our store opening plans or hinder the operations of stores we do open. We cannot be sure that we can successfully complete our planned expansion or that our new stores will be profitable. Such things as unfavorable economic and business conditions and changing consumer preferences could also interfere with our plans to expand.

WE RELY ON THIRD PARTIES AND OUR OWN PERSONNEL FOR UPGRADING AND MAINTAINING OUR MANAGEMENT INFORMATION AND ACCOUNTING SYSTEMS. IF THESE PARTIES DO NOT PERFORM THESE FUNCTIONS APPROPRIATELY, OUR BUSINESS COULD BE DISRUPTED.

The efficient operation of our business is very dependent on our information and accounting systems. In particular, we rely heavily on the automated sortation system used in our distribution center and the merchandise management system used to track sales and inventory. We depend on our vendors to maintain and periodically upgrade these systems for the continued ability of these systems to support our business as we expand. The software programs supporting our automated sorting equipment and processing our inventory management information were licensed to us by independent software developers. The inability of these developers to continue to maintain and upgrade our software programs could result in incorrect information being supplied to management, inefficient ordering and replenishment of products and disruption of our operations if we are unable to convert to alternate systems in an efficient and timely manner.

Due to our recent rapid growth and increased international sourcing, we have experienced some difficulties with our current management information and accounting systems. In addition, segments of our current information and accounting systems are manually intensive. We have in the past and may in the future experience errors in entering and processing information. While we are taking additional action to reduce the risks associated with these situations, including seeking to purchase a new

enterprise-wide information system that could integrate all of our business functions, we can give no assurances that these risks will not have a material adverse effect on our results of operations and financial condition. You should refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more information.

THE PRICE OF OUR COMMON STOCK COULD DECLINE SUBSTANTIALLY IF OUR QUARTERLY RESULTS OF OPERATIONS, COMPARABLE STORE SALES, SALES PER SQUARE FOOT, WHOLESALE OPERATIONS OR ROYALTY NET REVENUE DECLINE OR DO NOT MEET THE EXPECTATIONS OF RESEARCH ANALYSTS OR INVESTORS.

Our quarterly results of operations for our individual stores, our wholesale operations and our royalty net revenue have fluctuated in the past and can be expected to fluctuate in the future. Further, if our retail store expansion plan fails to meet our expected results, our overhead and other related expansion costs would increase without an offsetting increase in sales and net revenue. This could have a material adverse effect on our results of operations and financial condition.

Our net revenue and operating results are typically lower in the second quarter of our fiscal year due to general seasonal trends in the apparel and retail industries. Our comparable store sales and quarterly results of operations are affected by a variety of factors, including:

- shifts in consumer tastes and fashion trends;
- the timing of new store openings and the relative proportion of new stores to mature stores;
- calendar shifts of holiday or seasonal periods;
- changes in our merchandise mix;
- the timing of promotional events;
- actions by competitors;
- weather conditions;
- changes in style;
- changes in the business environment;
- population trends;
- changes in patterns of commerce such as the expansion of electronic commerce; and
- the level of pre-operating expenses associated with new stores.

An unfavorable change in any of the above factors could have a material adverse effect on our results of operations and financial condition. You should refer to the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more information.

OUR OPERATIONS MAY BE ADVERSELY AFFECTED IF OUR NEW KENTUCKY DISTRIBUTION CENTER DOES NOT OPERATE AS PLANNED.

As part of our expansion and enhanced efficiency efforts, we opened a new approximately 500,000 square foot, fully automated distribution center in Louisville, Kentucky in January 2000. Currently, three of our five product lines are being distributed from this new facility. We intend to complete the transfer of our remaining product lines and our e-commerce operations in the second quarter of 2000. Risks related to this facility include:

- our failure to timely implement and effectively coordinate distribution activities;

- performance that may not meet expectations; and

- concentration of our distribution network at a single site, which would delay our distribution of products in case of local workplace stoppages or damage due to fires, floods and other natural disasters.

In addition, our new distribution center will rely heavily on PKMS, a relatively new integrated receiving, inventory management and shipping system. Some other apparel companies which have used PKMS have reported that they have experienced problems transferring information from PKMS to their own systems. In testing our system, we have identified problems transferring and classifying inventory data from PKMS to our other systems. Also, we need to recruit, train and retain qualified personnel to operate PKMS. It is too soon to tell whether we will experience any serious problems with our new distribution center. Such problems, whether because of PKMS, difficulty in recruiting, training and retaining the necessary personnel, or any other reason, could disrupt our operations and have a material adverse effect on our results of operations and financial condition.

OUR THREE MOST SENIOR EXECUTIVE OFFICERS OWN A MAJORITY OF OUR COMMON STOCK, AND THEIR INTERESTS MAY DIFFER FROM THE INTERESTS OF OUR OTHER STOCKHOLDERS.

Maurice, Paul and Armand Marciano, our three most senior executive officers, collectively will beneficially own 74.3% of our outstanding shares of common stock after all of the shares offered in this prospectus are issued. These officers may have different interests than our other stockholders and, accordingly, they may direct the operations of our business or use the proceeds of this offering in a manner contrary to the interests of our other stockholders. As long as these officers own a majority of our common stock, they will effectively be able to:

- elect our directors;

- amend or prevent amendment of our Restated Certificate of Incorporation or Bylaws;

- effect or prevent a merger, sale of assets or other corporate transaction; and

- control the outcome of any other matter submitted to our stockholders for vote.

Their stock ownership, together with the anti-takeover effects of certain provisions of applicable Delaware law and our Restated Certificate of Incorporation or Bylaws, may allow them to delay or prevent a change in control that may be favored by our other stockholders, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our common stock price. You should refer to the section entitled "Principal Stockholders" for more information.

OUR FAILURE TO ATTRACT AND RETAIN OUR EXISTING SENIOR MANAGEMENT TEAM AND OTHER KEY PERSONNEL COULD ADVERSELY AFFECT OUR BUSINESS.

Our business requires disciplined execution at all levels of our organization in order to ensure the timely delivery of merchandise in appropriate quantities to our stores and our wholesalers' stores. This execution requires experienced and talented management in design, production, merchandising and advertising. Our success depends upon the personal efforts and abilities of our senior management, particularly Maurice, Paul and Armand Marciano, and other key personnel. Although we have recently recruited several key executives with relevant industry expertise, the extended loss of the services of one or more of the Marcianos or other key personnel could materially harm our business.

Further, we do not have "key man" insurance with respect to any of the Marcianos or other key employees, and any of them may leave us at any time, which could severely disrupt our business and future operating results.

OUR WHOLESALE BUSINESS IS HIGHLY CONCENTRATED; THE DECISION BY ANY OF OUR LARGE CUSTOMERS TO DECREASE THEIR PURCHASES OF OUR PRODUCTS OR STOP CARRYING OUR PRODUCTS COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

In 1999, 25.2% of our net revenue came from our three largest wholesale customers: 12.4% from Bloomingdale's, Macy's and other affiliated stores owned by Federated Department Stores, 6.5% from The May Company and 6.3% from Dillard's stores. No other single customer or group of related customers accounted for more than 5% of our net revenue in 1999. Continued consolidation in the retail industry could further decrease the number of, or concentrate the ownership of, stores that carry our and our licensees' products. Also, as we expand the number of our retail stores, we run the risk that our wholesale customers will perceive that we are increasingly competing directly with them, which may lead them to reduce or terminate purchases of our products. In addition, in recent years there has been a significant increase in the number of designer brands seeking placement in department stores, which makes any one brand potentially less attractive to department stores. If any one of our major customers decides to decrease purchases from us, to stop carrying GUESS? products or to carry our products only on terms less favorable to us, our sales and profitability could significantly decrease. This could have a material adverse effect on our results of operations and financial condition.

SINCE WE DO NOT CONTROL OUR LICENSEES' ACTIONS AND WE DEPEND ON OUR LICENSEES FOR A SUBSTANTIAL PORTION OF OUR EARNINGS FROM OPERATIONS, THEIR CONDUCT COULD HARM OUR BUSINESS.

We license others to produce and market products which are sold with our trademarks. During 1999, approximately 34% of our earnings from operations were derived from our 14 domestic and 14 international licensees. If the quality, focus, image or distribution of our licensed products diminish, consumer acceptance of the GUESS? brand and products could decline. This could materially and adversely affect our business and results of operations. In 1999, approximately 43% of our net royalties was derived from our top four licensed product lines: GUESS? Watches, GUESS? Handbags and Small Leather Goods, GUESS? Eyewear and GUESS? Footwear. A decrease in customer demand for any of these product lines could have a material adverse effect on our results of operations and financial condition.

CHANGES IN THE ECONOMY AND THE LOCAL ENVIRONMENT OF OUR STORES MAY ADVERSELY AFFECT OUR ABILITY TO GENERATE REVENUES.

The industry in which we operate is cyclical. Purchases of apparel and related merchandise tend to decline during recessionary periods and also may decline at other times. We cannot provide any assurance that we will be able to maintain our recent growth in revenues or earnings, or remain profitable in the future. Further, a recession in the general economy or fears about future economic conditions could decrease consumer spending habits and have a material adverse effect on our results of operations and financial condition.

OUR INVOLVEMENT IN LAWSUITS, BOTH NOW AND IN THE FUTURE, COULD NEGATIVELY IMPACT OUR BUSINESS.

We currently are a defendant in several lawsuits and have been involved in a variety of other legal proceedings in the past. See the section entitled "Business--Legal Proceedings." Although we intend to vigorously defend the claims against us, if any of the claims in these lawsuits or a future lawsuit are resolved unfavorably to us, we may be required to pay substantial monetary damages or pursue alternative business strategies. This could have a material adverse effect on our business. In addition, our defense of these actions has resulted, and may continue to result, in substantial costs to us as well as require the significant dedication of management resources. If we choose to settle any of these lawsuits, the settlement costs could have a material adverse effect on our cash resources and financial condition.

VIOLATION OF LABOR LAWS AND PRACTICES BY US OR OUR LICENSEES, CONTRACTORS OR SUPPLIERS COULD HARM OUR BUSINESS.

We promote and follow applicable legal and ethical business practices through our internal and vendor operating guidelines. However, we do not control our licensees', contractors' or suppliers' labor practices. The violation of labor or other laws by us or any of our licensees, contractors or suppliers, or divergence of a licensee's, contractor's or supplier's labor practices from those generally accepted as ethical in the United States, could have a material adverse effect on our business. See the section entitled "Business--Legal Proceedings."

OUR SUCCESS DEPENDS ON MAINTAINING GOOD WORKING RELATIONSHIPS WITH OUR SUPPLIERS AND MANUFACTURERS.

We do not own or operate most of our production equipment, and we depend on independent contractors to supply our fabrics and to manufacture our products to our specifications. We do not have long-term contracts with any suppliers or manufacturers, and our business is dependent on continued good relations with our vendors. In addition, none of our suppliers or manufacturers supplies or manufactures our products exclusively. As a result, we compete with other companies for the production capacity of independent manufacturers and international import quota capacity. If our vendors or manufacturers fail to ship our fabrics or products on time or to meet our quality standards or are unable to fill our orders, we might not be able to deliver products to our retail stores and wholesale customers on time or at all.

Moreover, our manufacturers have at times been unable to deliver finished products in a timely fashion. This has led to an increase in our inventory, causing a decrease in our profitability. As there are a limited number of qualified, offshore manufacturers, it could take significant time to find alternative manufacturers, which could result in our missing retailing seasons or our wholesale customers' cancelling orders, refusing to accept deliveries or requiring that we lower selling prices. Since we cannot return merchandise to our manufacturers, we could also have a significant amount of unsold merchandise. Any of these problems could harm our financial condition and results of operations.

MUCH OF OUR BUSINESS IS INTERNATIONAL AND CAN BE DISRUPTED BY FACTORS BEYOND OUR CONTROL.

We have been reducing our reliance on domestic contractors and expanding our use of offshore manufacturers as a cost-effective means to produce our products. During 1999, approximately 47% of our international finished apparel purchases was made in the Middle East and Asia and approximately 50% was made in Mexico and South America. In addition, we have been increasing our international sales and, in 1999, 6.7% of our net revenue was from product sales to customers in international markets and 2.1% of our net revenue was from net royalties paid by international licensees, as compared to 5.6% and 2.8%, respectively, during 1998. We have also been increasing our purchases of fabrics outside of the United States.

As a result of our increasing international operations, we face the possibility of greater losses from a number of risks inherent in doing business in international markets and from a number of factors which are beyond our control. Such factors that could harm our results of operations and financial condition include, among other things:

- political instability which disrupts trade with the countries in which our contractors, suppliers or customers are located;

- local business practices that do not conform to legal or ethical guidelines;

- adoption of additional or revised quotas, restrictions or regulations relating to imports or exports;

- additional or increased customs duties, tariffs, taxes and other charges on imports;

- significant fluctuations in the value of the dollar against foreign currencies;

- economic instability in the foreign markets in which we do business, which could influence our ability to sell our products in these international markets; and

- restrictions on the transfer of funds between the United States and foreign jurisdictions.

Our imports are limited by textile agreements between the United States and a number of foreign jurisdictions, including Hong Kong, China, Taiwan and South Korea. These agreements impose quotas on the amounts and types of merchandise that may be imported into the United States from these countries. These agreements also allow the United States to limit the importation of categories of merchandise that are not now subject to specified limits. The United States and the countries in which our products are produced or sold may also, from time to time, impose new quotas, duties, tariffs or other restrictions, or adversely adjust prevailing quota, duty or tariff levels. In addition, none of our international suppliers or international manufacturers supplies or manufactures our products exclusively. As a result, we compete with other companies for the production capacity of independent manufacturers and import quota capacity. If we were unable to obtain our raw materials and finished apparel from the countries where we wish to purchase them, either because room or space under the necessary quotas was unavailable or for any other reason, or if the cost of doing so should increase, it could have a material adverse effect on our results of operations and financial condition.

WE DEPEND ON OUR INTELLECTUAL PROPERTY, AND OUR METHODS OF PROTECTING IT MAY NOT BE ADEQUATE.

Our success and competitive position depend significantly upon our trademarks and other proprietary rights. We take steps to establish and protect our trademarks worldwide. Despite any precautions we may take to protect our intellectual property, policing unauthorized use of our intellectual property is difficult, expensive and time consuming, and we may be unable to determine the extent of any unauthorized use. We also place significant value on our trade dress and the overall appearance and image of our products. However, we cannot assure you that we can prevent imitation of our products by others or prevent others from seeking to block sales of GUESS? products for violating their trademarks and proprietary rights. We also cannot assure you that others will not assert rights in, or ownership of, trademarks and other proprietary rights of GUESS?, that our proprietary rights would be upheld if challenged or that we would, in that event, not be prevented from using our trademarks, any of which could have a material adverse effect on our financial condition and results of operations. Further, we could incur substantial costs in legal actions relating to our use of intellectual property or the use of our intellectual property by others; even if we are successful, the costs we incur could have a material adverse effect on us. In addition, the laws of certain foreign countries do not protect proprietary rights to the same extent as do the laws of the United States.

RISKS OF THIS OFFERING

OUR THREE MOST SENIOR EXECUTIVE OFFICERS COULD SELL A LARGE AMOUNT OF OUR COMMON STOCK AND LOWER ITS PRICE.

As of March 31, 2000, Maurice, Paul and Armand Marciano, our three most senior executive officers, beneficially own 81.7% of our outstanding shares of common stock. Subject to applicable securities laws, our policies and contractual lock ups, they are free to sell these shares from time to time for any reason. Sales of substantial amounts of stock in the public market, or the belief that these sales may occur, could reduce the market price of our stock.

OUR STOCK PRICE HAS BEEN AND MAY CONTINUE TO BE VOLATILE.

Since our common stock began publicly trading in 1996, our closing stock price has ranged from $3.63 to $32.00. The market price of our common stock is likely to fluctuate, both because of actual and perceived changes in our operating results and prospects and because of general volatility in the stock market. The market price could continue to fluctuate widely in response to factors such as:

- actual or anticipated variations in our results of operations;

- the addition or loss of suppliers, customers and other business relationships;

- changes in financial estimates of, and recommendations by, securities analysts;

- conditions or trends in the apparel and consumer products industries;

- additions or departures of key personnel;

- sales of our common stock;

- general market and economic conditions; and

- other events or factors, many of which are beyond our control.

Fluctuations in price and trading volume of our stock in response to factors like these could be unrelated or disproportionate to our actual operating performance.

FORWARD-LOOKING STATEMENTS

Some of the information in this prospectus contains forward-looking statements within the meaning of the federal securities laws. These statements include, among others, those relating to our use of proceeds, liquidity, our expected results, the accuracy of data relating to, and anticipated levels of, our future inventory and gross margins, our anticipated cash requirements and sources, the relocation of our distribution center, our cost containment efforts, our plans regarding store openings and closings and our business seasonality. These statements may be found under "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Forward-looking statements typically are identified by use of terms such as "may," "will," "intend," "expect," "anticipate," "predict," "estimate" and similar words, although some forward-looking statements are expressed differently. You should be aware that GUESS?' actual results could differ materially from those contained in the forward-looking statements due to a number of factors, including consumer acceptance of existing and future product lines, excess inventory levels, the success of our products in a competitive business environment, successfully opening and integrating new stores into existing operations, the quality of our management information systems and other technology, meeting the expectations of research analysts or investors, improving our distribution system through our new distribution center, aligning senior management's interests with our interests, retaining our management team and other key personnel, maintaining our sales levels and business relationships with our large customers and licensees, our ability to monitor our licensees' actions, changes in the economy and the local environments of our stores, obtaining favorable outcomes in pending and future lawsuits, preventing violations of labor laws, maintaining good working relationships with our suppliers and manufacturers, the success of our international operations and protecting our intellectual property rights. You should also consider carefully the statements under "Risk Factors" and other sections of this prospectus, which address additional factors that could cause

GUESS?' actual results to differ from those set forth in the forward-looking statements.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the 4,500,000 shares of common stock we are offering will be approximately $121.8 million. If the underwriters fully exercise the over-allotment option, the estimated net proceeds of the shares we are selling will be approximately $140.2 million. "Net proceeds" is what we expect to receive after paying the underwriting discount and other expenses of the offering. For the purpose of estimating net proceeds, we are assuming that the public offering price will be $28.88 per share.

We currently intend to use the net proceeds of this offering, together with internally generated funds, to repay amounts outstanding under our $125 million bank credit facility and for general corporate purposes, including the repurchase or redemption of all or a portion of our $79.6 million of outstanding 9 1/2% Senior Subordinated Notes due 2003 and to fund a portion of our capital expenditure budget for 2000.

As of December 31, 1999, we had no outstanding borrowings under the bank credit facility, although we did have $15.2 million in outstanding commercial letters of credit and $32 million in standby letters of credit. Our bank credit facility accrues interest at LIBOR plus 100 basis points and matures on October 31, 2002. Borrowings under our bank credit facility are generally used to fund seasonal working capital needs.

We estimate that our capital expenditures for 2000 will be approximately $80 million, net of lease incentives. The principal expenditures are expected to be for the:

- opening of 45 new stores in the United States and 15 new stores in Canada;

- remodeling of up to 25 existing retail stores;

- expansion of our wholesale operations, including the opening and remodeling of approximately 500 shop-in-shops; and

- improvement of our management information systems.

Our 9 1/2% Senior Subordinated Notes due 2003 are callable at 102.375% of their principal amount until August 15, 2000. After this date, the notes will be callable at 100% of their principal amount.

While we have not completed a material or significant investment in, or acquistion of, another company since our initial public offering in 1996, we believe there may be opportunities in the future when we could enhance our business or improve our operations through one or more transactions. While we are not currently negotiating any investment or acquisition, we intend to consider these types of opportunities when appropriate.

Until we use the net proceeds of this offering as outlined above, we will invest the net proceeds in short-term, investment grade interest-bearing securities.

CAPITALIZATION

The following table shows:

- The capitalization of GUESS? on December 31, 1999.

- The capitalization of GUESS? on December 31, 1999, assuming the completion of the offering at the offering price of $28.88 per share and the use of the net proceeds, as described under "Use of Proceeds."

	DECEMBER 31, 1999	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
Notes payable and long-term debt, excluding current installments	$ 83,363	$ 3,801
Stockholders' equity:		
Preferred stock, $0.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding	--	--
Common stock, $0.01 par value. Authorized 150,000,000 shares; 63,335,743 shares issued and 43,304,951 outstanding; 67,835,743 shares issued and 47,804,951 outstanding, as adjusted	141	186
Paid-in capital	163,300	285,067
Retained earnings	144,443	144,443
Accumulated other comprehensive income	10,247	10,247
Treasury stock, 20,030,792 shares repurchased	(150,776)	(150,776)
Net stockholders' equity	167,355	289,167
Total capitalization	$ 250,718	$ 292,968

PRICE RANGE OF COMMON STOCK

Since August 8, 1996, our common stock has been listed on the New York Stock Exchange under the symbol "GES." The following table sets forth, for the period indicated, the high and low sales prices of our common stock, as reported on the New York Stock Exchange Composite Tape.

	HIGH	LOW
YEAR ENDING DECEMBER 31, 1998		
First Quarter	$ 8.38	$ 5.00
Second Quarter	7.13	3.75
Third Quarter	4.94	3.75
Fourth Quarter	7.88	3.63
YEAR ENDING DECEMBER 31, 1999		
First Quarter	$ 9.50	$ 4.88
Second Quarter	14.25	6.13
Third Quarter	16.63	10.38
Fourth Quarter	22.94	11.13
YEAR ENDING DECEMBER 31, 2000		
First Quarter	$33.00	$18.63

On April 26, 2000, the last reported sale price of our common stock on the New York Stock Exchange was $28.88 per share.

DIVIDEND POLICY

Since our initial public offering, we have never paid any cash dividends on our capital stock. We anticipate that we will retain earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. In addition, our bank credit agreement contains covenants which limit our ability to pay dividends.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected data presented below under the captions "Statement of Earnings Data" and "Balance Sheet Data" for, and as of the end of, each of the years in the five-year period ended December 31, 1999, are derived from our consolidated financial statements that have been audited by KPMG LLP, independent certified public accountants. The consolidated financial statements as of December 31, 1999 and 1998, and for each of the years in the three-year period ended December 31, 1999, and the report on these statements, are included in this prospectus. The consolidated financial statements as of December 31, 1995, 1996 and 1997, and for each of the years in the two-year period ended December 31, 1996 are not included in this prospectus. You should read the selected consolidated financial data together with our historical financial statements and related notes to our financial statements, as well as the section included in this prospectus entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	YEARS ENDED DECEMBER 31,				
	1995	1996	1997	1998	1999
	(IN THOUSANDS, EXCEPT PER SHARE AND OPERATING DATA)				
STATEMENT OF EARNINGS DATA:					
Net revenue	$486,733	$551,162	$515,372	$471,931	$599,650
Earnings from operations	82,928	98,095	70,646	57,046	93,776
Earnings before interest and income taxes	82,771	97,106	68,605	56,183	96,485
Net earnings	$ 63,919	$ 66,741	$ 37,511	$ 25,111	$ 51,900
Supplemental statements of earnings data(1):					
Earnings before income taxes and change in accounting principle(2)	$ 66,814	$ 82,567	$ 54,887	$ 43,291	$ 87,100
Income taxes	26,726	33,241	21,337	18,180	35,200
Net earnings	$ 40,088	$ 49,326	$ 37,511	$ 25,111	$ 51,900
Earnings per share(2):					
Basic	$ 0.96	$ 1.18	$ 0.87	$ 0.59	$ 1.21
Diluted	$ 0.96	$ 1.18	$ 0.87	$ 0.59	$ 1.20
Weighted number of shares outstanding:					
Basic	41,675	41,906	42,898	42,904	43,005
Diluted	41,675	41,908	42,902	42,919	43,366
SELECTED OPERATING DATA:					
RETAIL STORES--UNITED STATES ONLY					
Number of stores open at end of period	62	69	87	84	92
Comparable store sales increase (decrease)(3)	0.3%	8.2%	(7.5)%	0.8%	28.2%
Sales per square foot(4)	$ 340	$ 362	$ 333	$ 336	$ 434
FACTORY OUTLET STORES--UNITED STATES ONLY					
Number of stores open at end of period	47	46	49	48	54
Comparable store sales increase (decrease)(3)	(12.6)%	10.7%	(9.6)%	(15.2)%	23.8%
Sales per square foot(4)	$ 282	$ 317	$ 291	$ 255	$ 351

	DECEMBER 31,				
	1995	1996	1997	1998	1999
	(IN THOUSANDS)				
BALANCE SHEET DATA:					
Working capital	$ 57,572	$ 76,821	$106,670	$101,310	$ 97,944
Total assets	202,635	239,306	287,814	263,772	369,036
Notes payable and long-term debt	123,335	127,316	141,517	99,000	83,363
Net stockholders' equity	10,997	34,928	75,330	100,409	167,355

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(1) Reflects pro forma adjustments for Federal and state income taxes as if the Company had been taxed as a C corporation rather than an S corporation in 1995 and 1996.

(2) Effective January 1, 1997, the Company changed its method of accounting for product display fixtures. (See Note 13 to Consolidated Financial Statements.)

(3) Our comparable store sales percentages are based on net revenue, and stores are considered comparable which were open a minimum of one year prior to the year of sales.

(4) Our sales per square foot consists of net sales divided by the time weighted average of gross square footage of all stores.

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

GENERAL

GUESS? was founded in December 1981 as a designer and marketer of apparel and accessories for men, women and children. Through internal operations and in conjunction with the licensing of our trademarks, we have grown by the increased sales of existing product lines, the introduction of new brands and products, our expansion into international markets and the development of our retail operations. Net revenues increased 27.1% to $599.7 million in fiscal 1999 from $471.9 million in fiscal 1998. Most recently, net earnings have grown 106.8% to $51.9 million in fiscal 1999 from $25.1 million in fiscal 1998.

Our net revenues are generated from three integrated operations: our retail and factory outlet stores, our wholesale customers and distributors and our licensing activities.

	YEARS ENDED DECEMBER 31,					
	1997		1998		1999	
Net revenue:						
Retail operations....	$215,873	41.9%	$222,624	47.2%	$299,384	49.9%
Wholesale operations.........	250,040	48.5	212,504	45.0	260,628	43.5
Product sales..........	465,913	90.4	435,128	92.2	560,012	93.4
Net royalties..........	49,459	9.6	36,803	7.8	39,638	6.6
Total net revenue......	$515,372	100.0%	$471,931	100.0%	$599,650	100.0%

GUESS? retail sales are generated from the sale of our men's, women's and girls' apparel and our licensees' products through our networks of retail and factory outlet stores. As of March 31, 2000, we operated 108 retail stores primarily located in better regional malls and street oriented retail districts and 59 factory outlet stores principally located in major outlet shopping centers. Our strategy is to increase domestic sales by selectively expanding our network of retail stores, increasing the size of our new retail stores, increasing the sales productivity of our existing stores and closing stores which do not meet our financial objectives. Consistent with this strategy, in 1999 we opened 22 new stores in the United States and Canada and improved our operating base by closing five under-performing stores, resulting in total retail square footage of approximately 834,000 square feet. We intend to open approximately 25 new retail stores and ten new factory outlet stores in the United States in 2000. We also plan to open ten GUESS? Kids stores in the United States, which will carry GUESS? Kids and Baby GUESS? apparel. Retail sales grew to $299.4 million in

1999, a 34.5% increase from 1998. This increase is primarily a result of our expansion of the number of our stores and an increase in average sales per square foot.

As part of our retail expansion, we increased our ownership of our Canadian licensee, GUESS? Canada Corporation, to 60% on August 4, 1999. We have an option to acquire the remaining 40% of GUESS? Canada commencing December 31, 2001. GUESS? Canada currently operates a total of 14 retail stores and three factory outlet stores. We intend to open approximately ten new retail stores and five new factory outlet stores in Canada in 2000. GUESS? Canada is remodeling most of its existing stores and plans to open up to 35 new stores over the next three years.

Wholesale net sales result from the sale of our men's, women's, boys' and girls' apparel to wholesale customers in the United States and Canada, which consist of better department stores, selected specialty retailers and upscale boutiques. As of March 31, 2000, products distributed by our wholesale division were sold in approximately 2,800 retail store locations in the United States, including approximately 1,200 shop-in-shops. Wholesale sales grew to $260.6 million in 1999, a 22.6% increase

from 1998. This increase is primarily a result of the strength of our GUESS? brand and product, our strategic decision to focus on higher volume accounts, the addition of 138 new or remodeled shop-in-shops and the addition of Canadian wholesale operations. We currently plan to add or remodel approximately 500 shop-in-shops during 2000.

Our strategy is to increase net royalties by selectively licensing the GUESS? name. Licensing enables us to broaden the spectrum of available GUESS? brand products and expand distribution into new territories. As of March 31, 2000, we had 26 trademark licenses that cover such fashion accessories as watches, eyewear, handbags and footwear, and allow the manufacture and sale of GUESS? brand products in markets such as Europe, Asia, South America and Africa. GUESS? brand products are also sold through a network of 213 international GUESS? stores operated by licensees and distributors. These stores generally carry apparel and accessories that are similar to what we sell through our own stores. To protect the GUESS? trademark and brand, our licensing department meets regularly with licensees to ensure consistency with our overall merchandising and design strategies and to ensure uniformity and quality control. The licensing department approves in advance all GUESS? brand products, advertising, promotional and packaging materials.

Worldwide sales of GUESS? licensed products approximated $525 million, $577 million and $669 million in 1999, 1998 and 1997, respectively. Aggregate sales of GUESS? brand products generated by our licensees decreased during this time period due to our discontinuing certain licenses, some of which were brought in-house and continuing economic turmoil and currency devaluation in Asian and Latin American markets. These sales generated net revenue of $39.6 million, $36.8 million and $49.5 million in 1999, 1998 and 1997, respectively. In 1998, our net royalty revenue was adversely impacted by the financial difficulties of certain licensees and the termination of various under-performing licensees.

While we have not completed a material or significant investment in, or acquisition of, another company since our initial public offering in 1996, we believe there may be opportunities in the future when we could enhance our business or improve our operations through one or more of such transactions. While we are not currently negotiating any investment or acquisition, we intend to consider these types of opportunities when appropriate.

On February 16, 2000, we filed an amendment to our quarterly report on Form 10-Q for the three and nine month periods ended September 25, 1999 in order to restate the Financial Statements and revise the Management's Discussion and Analysis of Financial Condition and Results of Operations sections. We filed this amendment because we learned during our 1999 year-end closing that certain inventory costs and related cost of sales should have been recognized in the third quarter. Recognizing these costs in the third quarter resulted in a reduction in our previously reported net earnings for the three and nine month periods ended September 25, 1999.

RESULTS OF OPERATIONS

The following table sets forth actual operating results for the years ended 1997, 1998 and 1999 as a percentage of net revenue.

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Net revenue:			
Product sales	90.4%	92.2%	93.4%
Net royalties	9.6	7.8	6.6
	100.0	100.0	100.0
Cost of sales	56.0	57.7	55.3
Gross profit	44.0	42.3	44.7
Selling, general and administrative expenses	30.3	30.2	28.5
Severance costs related to distribution facility	--	--	0.5
Earnings from operations	13.7	12.1	15.7
Other income/(expense):			
Gain on disposition of property and equipment	--	--	0.6
Interest, net	(2.7)	(2.7)	(1.6)
Other, net	(0.4)	(0.2)	(0.2)
	(3.1)	(2.9)	(1.2)
Earnings before income taxes and cumulative effect of change in accounting principle	10.6	9.2	14.5
Income taxes	4.1	3.9	5.9
Earnings before cumulative effect of change in accounting principle	6.5	5.3	8.6
Cumulative effect of change in accounting principle	0.8	--	--
Net earnings	7.3%	5.3%	8.6%

YEAR ENDED DECEMBER 31, 1999 COMPARED TO YEAR ENDED DECEMBER 31, 1998

NET REVENUE. Net revenue increased $127.8 million or 27.1% to $599.7 million for the year ended December 31, 1999 from $471.9 million for the year ended December 31, 1998. Net revenue from retail operations increased $76.8 million or 34.5% to $299.4 million for the year ended December 31, 1999 from $222.6 million for the year ended December 31, 1998. The primary reasons for this growth were that our United States retail and factory outlet stores achieved comparable store sales gains of 28.2% and 23.8%, respectively, over 1998 and sales volume generated by our new store openings. The strong increase in comparable store net revenue was primarily attributable to our improved merchandising and our fashion-focused product mix. The retail segment is benefitting from our improved customer service levels resulting from our enhanced personnel training and incentive programs that have been offered to our employees.

Net revenue from wholesale operations increased $48.1 million or 22.6% to $260.6 million for the year ended December 31, 1999 from $212.5 million for the year ended December 31, 1998. Our wholesale operations generate revenue from domestic accounts and a select number of international accounts. Domestic and international wholesale operations net revenue increased, for the year ended December 31, 1999, by $40.6 million to $228.7 million and by $7.4 million to $31.9 million, respectively. Our domestic wholesale net revenue increased primarily as a result of the increased demand for fashion products in both of our women's and men's lines. International wholesale operations net revenue increased due primarily to increased sales in the European market, partially offset by soft performance in the Asian and South American markets. GUESS? Canada contributed $7.4 million in wholesale net revenues during the second half of the year ended December 31, 1999.

Net royalties increased $2.8 million or 7.6%, to $39.6 million for the year ended December 31, 1999 from $36.8 million for the year ended December 31, 1998. The increase in net royalties was primarily due to settlements and adjustments related to our terminating licensees, partially offset by our discontinuing certain licenses that were brought in-house, continuing economic turmoil and currency devaluation in Asian markets.

Net revenue from international operations comprised 6.7% and 5.6% of net product sales during 1999 and 1998, respectively.

GROSS PROFIT. Gross profit increased 34.1% to $268.0 million for the year ended December 31, 1999 from $199.9 million for the year ended December 31, 1998. The increase in gross profit resulted from higher net revenue from product sales. Gross margin from product sales increased 40.1% to $228.4 million for the year ended December 31, 1999 from $163.0 million for the year ended December 31, 1998. Gross profit as a percentage of total net revenues increased to 44.7% for the year ended December 31, 1999 as compared to 42.3% for the year ended December 31, 1998. Gross margin from product sales increased to 40.8% for the year ended December 31, 1999 compared to 37.5% for the year ended December 31, 1998.

The increase in our gross margin from product sales was primarily the result of fixed store occupancy costs being spread over a larger comparable store revenue base, a favorable mix in retail net revenue, which generally carries a higher gross margin rate, lower off-price sales and a decrease in wholesale markdowns and allowances as a percentage of wholesale net revenues.

Furthermore, during the fourth quarter of 1999, we enhanced our ability to estimate reserves through improved processes and more current and accurate data. As a result, we revised our estimate of certain reserves. This resulted in a reduction of cost of sales of $2.3 million and an increase of gross profit of $2.3 million or 2.4%.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative, or SG&A, expenses of $171.0 million for the year ended December 31, 1999 decreased to 28.5% of net revenue, from 30.2% of net revenue or $142.8 million, in the year ended December 31, 1998. The decrease in SG&A expenses as a percentage of net revenue was due to our ability to leverage certain expenses against a higher revenue base, as well as the success of our ongoing cost containment programs.

SEVERANCE COSTS RELATED TO DISTRIBUTION FACILITY. In accordance with the requirements of EITF 94-3, "Liability for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)", we recorded a $3.2 million charge for future severance costs related to the relocation of our distribution operations from Los Angeles, California to Louisville, Kentucky. We anticipate the payment of these severance costs to occur in the second quarter of fiscal year 2000.

EARNINGS FROM OPERATIONS. Earnings from operations increased 64.6% to $93.8 million for the year ended December 31, 1999 from $57.0 million for the year ended December 31, 1998. The increase was primarily due to higher net revenues, higher gross profit rates and reduced SG&A rates.

GAIN ON DISPOSITION OF PROPERTY. We realized a non-recurring pre-tax gain of $3.8 million on the disposition of property and equipment in 1999.

INTEREST EXPENSE, NET. Net interest expense decreased 27.1% to $9.4 million for the year ended December 31, 1999 from $12.9 million for the year ended December 31, 1998. This decrease resulted primarily from a lower outstanding average debt. For the year ended December 31, 1999, the average debt balance was

$93.1 million, with an average effective interest rate of 9.5%. For the year ended

December 31, 1998, the average debt balance was $135.5 million, with an average effective interest rate of 9.0%.

INCOME TAXES. The income tax provision for the year ended December 31, 1999 was $35.2 million, or a 40.4% effective tax rate. The income tax provision for the year ended December 31, 1998 was $18.2 million, or a 42% effective tax rate. The effective tax rate for 1998 was adversely impacted by Federal and state income taxes related to a dividend declared to us by one of our foreign subsidiaries.

NET EARNINGS. Net earnings increased to $51.9 million for the year ended December 31, 1999, from $25.1 million for the year ended December 31, 1998.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

NET REVENUE. Net revenue decreased $43.5 million or 8.4% to $471.9 million for the year ended December 31, 1998 from $515.4 million for the year ended December 31, 1997. Net revenue from retail operations increased $6.7 million or 3.1% to $222.6 million for the year ended December 31, 1998 from $215.9 million for the year ended December 31, 1997, as a result of the volume generated by our new store openings, partially offset by a $10.7 million, or 5.6%, decrease in comparable store net revenue. The decrease in comparable store net revenue was primarily due to product assortment changes in our outlet stores and softening Pacific Rim tourism, which significantly impacted West Coast business during the first half of 1998. During the second half of 1998, our retail stores experienced positive comparable store net revenue, primarily due to our improved merchandising and store operating initiatives implemented by a new retail management team.

Net revenue from wholesale operations decreased $37.5 million or 15% to $212.5 million for the year ended December 31, 1998 from $250.0 million for the year ended December 31, 1997. Domestic and international wholesale operations net revenue decreased, for the year ended December 31, 1998, by $18.2 million to $188.0 million and by $19.3 million to $24.5 million, respectively. Our domestic wholesale operations net revenue declined primarily as a result of increased competition in branded basic denim apparel. International wholesale operations net revenue decreased due primarily to the sale of the GUESS? Italia wholesale operations in June 1997, which had contributed $13.5 million during the first five months of 1997, as well as soft performance in the Asian and South American markets.

Net royalties decreased $12.7 million or 25.6% to $36.8 million for the year ended December 31, 1998, from $49.5 million for the year ended December 31, 1997. The decline in net royalties was primarily the result of our terminating various under-performing licenses, discontinuing certain licenses which we brought back in-house, continuing economic turmoil and currency devaluation in the Asian markets and the financial difficulty of one of our domestic licensees.

Net revenue from our international operations comprised 5.6% and 11.5% of our net product revenue during 1998 and 1997, respectively.

GROSS PROFIT. Gross profit decreased 11.9% to $199.9 million for the year ended December 31, 1998 from $227.0 million for the year ended December 31, 1997. The decline in gross profit resulted from lower net royalties, as well as decreased net revenue from product sales. Gross profit from product sales decreased 8.1% to $163.0 million for the year ended December 31, 1998 from $177.5 million for the year ended December 31, 1997. Gross margin decreased to 42.3% for the year ended December 31, 1998 as compared to 44% for the year ended December 31, 1997. Gross margin from product sales decreased to 37.5% for the year ended December 31, 1998 compared to 38.1% for the year ended December 31, 1997. The decrease in gross margin from product sales was primarily the result of our fixed store occupancy costs being spread over a lower comparable store revenue base, partially offset by a favorable mix in retail net revenue, which generally carries a higher gross margin rate, and lower wholesale markdowns and allowances.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses decreased 8.6% to $142.8 million, or 30.2% of net revenue, for the year ended December 31, 1998, from $156.3 million, or 30.3% of net revenue, for the year ended December 31, 1997. The decrease in SG&A expenses was primarily due to our cost reduction initiatives implemented in the fourth quarter of 1997.

EARNINGS FROM OPERATIONS. Earnings from operations decreased 19.3% to $57.0 million for the year ended December 31, 1998, from $70.6 million for the year ended December 31, 1997. The decrease was primarily due to lower revenue.

INTEREST EXPENSE, NET. Net interest expense decreased 5.8% to $12.9 million for the year ended December 31, 1998 from $13.7 million for the year ended December 31, 1997. This decrease resulted primarily from a lower outstanding average debt, partially offset by a slightly higher average effective interest rate. For the year ended December 31, 1998, the average debt balance was $135.5 million, with an average effective interest rate of 9%. For the year ended December 31, 1997, the average debt balance was $148.4 million, with an average effective interest rate of 8.8%.

OTHER EXPENSES. Other non-operating expenses were $0.9 million for the year ended December 1998 as compared to $2.0 million for the year ended December 31, 1997. The decrease was primarily due to a $1.4 million write-down in 1997 of an equity investment to the lower of cost or market.

INCOME TAXES. The income tax provision for the year ended December 31, 1998 was $18.2 million, or a 42% effective tax rate. The income tax provision for the year ended December 31, 1997 was $21.3 million, or a 38.9% effective tax rate. The effective tax rate for 1998 was adversely impacted primarily by Federal and state income taxes related to a dividend declared to us by one of our foreign subsidiaries.

NET EARNINGS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE. Net earnings before cumulative effect of a change in accounting principle decreased by 25.2% to $25.1 million, or 5.3% of net revenue, for the year ended December 31, 1998 from $33.6 million, or 6.5% of net revenue, for the year ended December 31, 1997.

NET EARNINGS. Net earnings decreased to $25.1 million for the year ended December 31, 1998, from $37.5 million for the year ended December 31, 1997.

LIQUIDITY AND CAPITAL RESOURCES

During 1999, we relied primarily on internally generated funds and trade credit to finance our operations and expansion. At December 31, 1999, we had working capital of $97.9 million compared to $101.3 million at December 31, 1998. The $3.4 million decrease in working capital is due primarily to a $40.8 million increase in accounts payable and accrued expenses offset by a $15.2 million increase in short-term investments, a $17.1 million increase in inventories and a $3.2 million increase in prepaid expenses. With the acquisition of the additional interest in GUESS? Canada, our current portion of notes payable and long-term debt increased $7.5 million.

On December 3, 1999, we entered into a $125 million credit facility with The Chase Manhattan Bank that replaced our $100 million revolving credit facility entered into in March 1997. The credit facility permits borrowings up to $125 million including a $50 million sub-limit for letters of credit. The new credit facility expires on October 31, 2002. At December 31, 1999, we had no outstanding borrowings under the credit facility, $15.2 million in outstanding commercial letters of credit and $32.0 million in standby letters of credit. At December 31, 1999, we had $77.8 million available for future borrowings under the credit facility. The credit facility contains restrictive covenants requiring among other things, the maintenance of certain financial ratios. We were in compliance with all such covenants as of December 31, 1999. Our outstanding borrowings under our credit facility currently bear interest at

LIBOR plus 100 basis points.

Capital expenditures, net of lease incentives granted, totaled $63.5 million for 1999 and $13.7 million for 1998. The increase in capital expenditures was due primarily to our increase in store openings, costs associated with our new distribution facility in Louisville, Kentucky, the launching of our online store in April 1999, and the retail expansion of GUESS? Canada. We estimate that our capital expenditures for 2000 will be approximately $80 million, net of lease incentives, primarily for retail store expansion and remodeling and shop-in-shop expansion and enhancements.

We anticipate we will be able to satisfy our ongoing cash requirements through 2000, including retail expansion plans and interest payments on our senior subordinated notes due 2003 (such interest payments paid by us during 1999 amounted to $9.2 million), primarily with cash flow from operations, supplemented by borrowings under our credit facility.

SEASONALITY

Our business is impacted by general seasonal trends characteristic of the apparel and retail industries. Our retail operations are generally stronger in the third and fourth quarters of our fiscal year, while our wholesale operations generally experience stronger performance in the first and third quarters of our fiscal year. As the timing of the shipment of products may vary from year to year, the result for any particular quarter may not be indicative of results for the full year. We have not had significant overhead and other costs generally associated with large seasonal variations. See Note 10 to Consolidated Financial Statements on page F-17.

INFLATION

We do not believe the relatively moderate rates of inflation experienced in the United States over the last three years have had a significant effect on our net revenue or profitability. Although higher rates of inflation have been experienced in a number of foreign countries in which our products are manufactured, we do not believe inflation rates in these countries have had a material adverse effect on our net revenue or profitability.

IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133") was issued. SFAS 133 establishes accounting and reporting standards for derivative instruments and for hedging activities. It is effective for fiscal years beginning after June 15, 2000. We believe the adoption of SFAS 133 will not have a material impact on our financial reporting.

BUSINESS

OVERVIEW

GUESS? is one of the most widely recognized brands in the fashion world. We design, market and license a lifestyle collection of casual apparel and accessories, and are known for trendsetting styles and marketing creativity. Our core customer is a style-conscious consumer between the ages of 15 and 25. This customer is attracted to our brand image and the distinctive styling and innovative fabrics that we incorporate in our fashion-forward designs. We also appeal to other customers through product lines that include the contemporary and upscale GUESS? Collection and our GUESS? Kids and Baby GUESS? brands.

We distribute our products through a growing network of GUESS? stores, selected wholesale accounts, international distributors and a new e-commerce site. This multi-channel network provides us with flexibility in marketing products and significant opportunities for growth. We market our apparel under numerous trademarks including GUESS?, Guess, Guess ?, Guess U.S.A., Guess Jeans, Guess? and Triangle Design, Guess Kids, Guess Collection and Baby Guess. Our apparel lines include full collections of denim and cotton clothing, including jeans, pants, overalls, skirts, dresses, shorts, blouses, shirts, jackets and knitwear. We also selectively grant licenses to manufacture and distribute a broad range of products that complement our apparel lines, including watches, eyewear, handbags and footwear.

Since our founding in 1981, our name has become one of the most familiar in fashion through a consistent emphasis on innovative and distinctive designs. We have a large team of designers who, under the direction of Maurice Marciano, have demonstrated the ability to interpret global fashion trends and translate them into products that our customers desire. Our award-winning advertising department, which is led by Paul Marciano, communicates our fashion and brand image through the use of high-impact print and outdoor advertising.

In 1999, we generated net revenue of $599.7 million, a 27.1% increase from 1998. This growth resulted from several initiatives, including implementation of the first phase of our planned retail store expansion and the concentration of our wholesale distribution efforts on our most profitable accounts. Further, our gross profit as a percentage of total net revenue increased to 44.7% in 1999 from 42.3% in 1998, while our net income grew to $51.9 million from $25.1 million. This profitability resulted from several factors, including a 26.9% increase in our comparable store sales in the United States, greater "sell through" of full price merchandise and our transition to international vendors to lower product costs.

Over the next three to five years, we anticipate that our retail division will represent our primary growth initiative. We expect to achieve growth by adding a significant number of new stores, increasing the average size of new stores and continuing to increase sales productivity for all stores. In 1999, we opened 17 net new stores and expect to open an additional 60 new stores in the United States and Canada in 2000. It is our current plan to more than double our retail square footage in the United States and Canada over the next three years.

We also intend to grow our wholesale net revenue. In 1999, we added or remodeled 138 shop-in-shops. These exclusive selling areas within department stores enhance brand recognition and ensure the consistent presentation of GUESS? merchandise. We plan to add or remodel approximately 500 shop-in-shops in 2000.

OUR INDUSTRY

With the large "baby boom" generation maturing and having children, the younger segments of the U.S. population have been increasing in recent years. According to the U.S. Census Bureau, Generation Y (ages 10 to 24) will grow from 56.3 million in 1998 to 63.1 million in 2010, a growth rate

that outpaces that of the general population by nearly 20%. This group is more than three times the size of Generation X (ages 25 to 35) and is the largest demographic group in the United States since the baby boomer generation. Teenage Research Unlimited, an independent consumer research firm, estimates that total teen spending in 1999 was approximately $153 billion.

WE HAVE A DISTINCTIVE BRAND IMAGE

We are known for our unique style and believe the GUESS? brand communicates a distinctive image that is fun, fashionable and sexy--and always at the forefront of fashion. Since the beginning of 1995, we have spent over $110 million promoting and strengthening our brand name in the United States and Canada. In addition our licensees and international distributors have spent approximately $100 million advertising the GUESS? brand over this same period.

WE OFFER CUTTING-EDGE DESIGNS

Under the direction of Maurice Marciano, GUESS? apparel is designed by an in-house staff of five teams (men's, women's, girls', boys' and GUESS?

Collection) based in Los Angeles, California. Our design teams travel throughout the world in order to discover new fabrics and monitor fashion trends. Fabric shows in Europe, Asia and the United States provide additional opportunities to discover and sample new fabrics. These fabrics, together with the trends observed by our designers, serve as the primary source of inspiration for our lines and collections. We also maintain a fashion library consisting of antique and contemporary garments as an additional source for creative concepts. In addition, design teams regularly meet with members of the sales, merchandising and retail operations to further refine our products in order to meet the particular needs of our markets.

The GUESS? products within each of our apparel and accessories lines generally fall into one of three categories: "core basics," which includes such items as our traditional denim and cotton clothing; "fashion basics," which includes such items as jeans made from more unusual fabrics and with more intricate top-stitching; and "fashion fashion," which includes trendy and cutting-edge fashion apparel and accessories. In addition, we divide the year into four three-month merchandising seasons: spring, summer, fall and holiday. We typically introduce new merchandise within each of our apparel and accessories lines in each season in order to continually generate freshness in our product lines. Each line is built around a central seasonal theme and includes a stylish assortment of coordinated basic and fashion apparel with complementary accessories designed to encourage multiple item purchases and wardrobe building.

WE CREATE AWARD-WINNING ADVERTISING

Our advertising strategy promotes the GUESS? image and products, with an emphasis on creating an image that is fun, fashionable and sexy. GUESS? Jeans, GUESS? U.S.A. and GUESS ?, Inc. images have been showcased in dozens of major publications and outdoor and broadcast media throughout the United States and the world. Led by Paul Marciano, our advertising department has contributed to making the GUESS? brand a fashion icon. Our signature black and white print advertisements as well as color print advertisements designed by our advertising department have garnered prestigious awards, including Clio, Belding and Mobius awards for creativity and excellence.

We have maintained a high degree of consistency in our advertisements by projecting similar global themes and images of the GUESS? brand. Portraying core lifestyle themes more often than a particular product, our distinctive advertising builds on the GUESS? brand and image, season after season. We launched a new marketing and advertising campaign in 1999, which included strong and consistent images featured in all of our print, outdoor and Internet advertising and in our enhanced point-of-sale materials.

We further strengthen communications with customers through our WWW.GUESS.COM web site. This global medium provides consumers with information about our history, GUESS? products and store locations and allows us to receive and respond directly to customer feedback.

OUR CUSTOMERS ARE VERY STYLE CONSCIOUS

Our core customer is a style-conscious consumer between the ages of 15 and 25. These consumers are part of the highly desirable Generation Y demographic group that we believe is growing rapidly and has significant disposable income. We believe that our success in targeting our core customer reflects the enduring strength of the GUESS? brand name. Our image results from our constant emphasis on innovative and distinctive product designs that stand for exceptional styling and unparalleled quality.

We also seek opportunities to diversify into new product categories and reach other style-conscious demographic groups. For example, the GUESS? Collection line of women's apparel targets a style-conscious, discerning customer seeking superior style and quality. This higher-end collection of women's skirts, dresses, tops, jackets and blouses incorporates a contemporary high fashion combination of colors and styles. This apparel line is currently sold exclusively through our retail stores and the Internet.

We are also seeking to grow our GUESS? Kids and Baby GUESS? collections. We believe these collections will appeal to parents who enjoyed GUESS? products in the 1980s and 1990s and now desire to expand their relationship with us by purchasing a more stylish line of children's apparel and accessories. In 1998, we acquired our girls' line from a licensee and in 1999 we acquired our boys' line. We also recently selected the licensee for Baby GUESS?. Both the GUESS? Kids and Baby GUESS? collections of apparel and accessories will be featured in a series of new GUESS? Kids stores, the first of which is scheduled to open in Summer 2000. We also intend to sell these lines in selected department stores, including through a series of shop-in-shops.

WE ARE CURRENTLY IMPLEMENTING A MULTI-CHANNEL RETAIL EXPANSION PROGRAM

Our retail division has been a catalyst driving our growth in the marketplace. Retail operations produced our strongest growth in 1999, as substantially all of our stores were profitable. As we implement our retail expansion program, we expect the retail division will continue to support our future growth.

As of March 31, 2000, we operated 108 retail and 59 factory outlet stores in the United States and Canada and a retail store in Florence, Italy. Our retail stores create an upscale and inviting shopping environment which we believe enhances our image. These stores allow us to influence the merchandising and presentation of our products, increase customer awareness and strengthen brand equity. GUESS? retail stores are located primarily in better regional malls and street oriented retail districts, while our factory outlet stores are principally located in major outlet shopping centers. To distinguish our retail stores, we command attractive locations and utilize distinctive architectural features such as high ceilings to create a visually appealing and enticing environment. We believe that our stylistic presentation of apparel and accessories helps create a differentiated store environment unique within our industry.

Our network of GUESS? stores generated net revenue of $299.4 million in 1999, a 34.5% increase from 1998. Operating profit as a percentage of net revenue is generally higher for retail operations than for wholesale operations. It has been our experience that our retail locations complement our wholesale operations by building brand awareness and contributing to the growth of our wholesale division. Based on our recent successful retail operating performance, an expanded infrastructure and favorable customer demographics, we believe we are well positioned for store expansion over the next several years.

Our retail stores are generally located in better regional shopping malls. We also operate a select number of stores in street oriented retail districts in major metropolitan cities. This group includes three flagship stores in Beverly Hills, New York City (Soho) and Boston. We plan to open three additional flagship stores in 2000. These stores will be located in Chicago, San Francisco and our second New York flagship located in the Flatiron District.

We operate 59 factory outlet stores as of March 31, 2000. These stores offer a unique product line targeted to the value-conscious consumer and facilitate the clearance of past season merchandise. Geographically positioned to minimize potential overlap with our primary customers, our factory outlet stores also add sales in regions where GUESS? products may not be readily available.

UNITED STATES AND CANADIAN STORE LOCATIONS

The following map and table identifies our full price retail and factory outlet stores in the United States and Canada. As of March 31, 2000, our 108 retail stores were located in 25 states and five provinces and our 59 factory outlet stores were located in 27 states, Puerto Rico and two provinces.

[LOGO]

UNITED STATES (150)

ALABAMA (1)

FACTORY OUTLET (1)

Foley (Foley)

ARIZONA (7)

RETAIL (5)

Fiesta Mall (Mesa)

Metrocenter (Phoenix)

Scottsdale Fashion Center (Scottsdale)

Park Place Mall (Tucson)

Tucson Mall (Tucson)

FACTORY OUTLET (2)

Casa Grande (Casa Grande)

Arizona Mills (Tempe)

CALIFORNIA (30)

RETAIL (22)

Rodeo Drive (Beverly Hills)

Brea Mall (Brea)

Los Cerritos (Cerritos)

South Coast Plaza (Costa Mesa)

Glendale Galleria (Glendale)

Beverly Center (Los Angeles)

Century City Mall (Los Angeles)

Fashion Square (Los Angeles)

Northridge Fashion (Los Angeles)

Topanga Mall (Los Angeles)

Westside Pavilion (Los Angeles)

Stoneridge Mall (Pleasonton)

Tyler Mall (Riverside)

Downtown Plaza (Sacramento)

Fashion Valley (San Diego)

Horton Plaza (San Diego)

University Town Center (San Diego)

San Francisco Shopping Center (San Francisco)

Stonestown Galleria (San Francisco)

Valley Fair (Santa Clara)

Third Street Promendade (Santa Monica)

Del Amo (Torrance)

FACTORY OUTLET (8)

Barstow (Barstow)

Cabazon (Cabazon)

Camarillo (Camarillo)

Gilroy (Gilroy)

Cooper Building (Los Angeles)

Great Mall of Bay Area (Milpitas)

Ontario Mills (Ontario)

San Ysidro (San Diego)

COLORADO (3)

RETAIL (2)

Cherry Cheek (Denver)

Park Meadows (Littleton)

FACTORY OUTLET (1)

Castle Rock (Castle Rock)

CONECTICUT(2)

RETAIL (2)

Stamford Town Center (Stamford)

Westfarms (West Hartford)

DELAWARE (1)

FACTORY OUTLET (1)

Rehoboth Beach (Rehoboth Beach)

FLORIDA (12)

RETAIL (8)

Aventura Mall (Aventura)

Town Center at Boca Raton (Boca Raton)

Brandon Town Center (Brandon)

Bayside Marketplace (Miami)

Dadeland Mall (Miami)

South Beach (Miami Beach)

Florida Mall (Orlando)

Palm Beach Gardens (Palm Beach Gardens)

FACTORY OUTLET (4)

Orlando (Orlando)

Orlando 2 (Orlando)

St. Augustine (St. Augustine)

Sawgrass Mills (Sunrise)

GEORGIA (5)

RETAIL (3)

Lenox Square (Atlanta)

Perimeter Mall (Atlanta)

Mall of Georgia (Buford)

FACTORY OUTLET (2)

Commerce (Commerce)

Dawsonville (Dawsonville)

HAWAII (2)

RETAIL (1)

Ala Moana (Honolulu)

FACTORY OUTLET (1)

Waikele (Waipahu)

ILLINOIS (4)

RETAIL (3)

Oakbrook Mall (Oak Brook)

Woodfield Mall (Schaumburg)

Old Orchard (Skokie)

FACTORY OUTLET (1)

Gurnee Mills (Gurnee)

INDIANA (1)

FACTORY OUTLET (1)

Lighthouse Place (Michigan City)

IOWA (1)

FACTORY OUTLET (1)

Williamsburg (Williamsburg)

KANSAS (1)

RETAIL (1)

Oak Park Mall (Overland Park)

KENTUCKY (2)

RETAIL (2)

Fayette Mall (Lexington)

Mall at St. Matthews (St. Matthews)

LOUISIANA (1)

FACTORY OUTLET (1)

Gonzales (Gonzales)

MARYLAND (3)

RETAIL (1)

Montgomery Mall (Bethesda)

FACTORY OUTLET (2)

Hagerstown (Hagerstown)

Queenstown (Queenstown)

MASSACHUSETTS (4)

RETAIL (3)

Newbury Street (Boston)

Cambridgeside (Cambridge)

Emerald Square (North Attleborough)

FACTORY OUTLET(1)

Wrentham (Wrentham)

MICHIGAN (8)

RETAIL (5)

Fairlane Town Center (Dearborn)

Eastland Mall (Harper Woods)

Woodland Mall (Kentwood)

Twelve Oaks (Novi)

Somerset (Troy)

FACTORY OUTLET (3)

Birch Run (Birch Run)

Kensington (Howell)

West Branch (West Branch)

MINNESOTA (2)

RETAIL (1)

Mall of America (Minneapolis)

FACTORY OUTLET (1)

Medford (Medford)

MISSOURI (2)

FACTORY OUTLET (2)

Branson (Branson)

Osage Beach (Osage Beach)

NEVADA (3)

RETAIL (2)

Ceasar's Forum Shops (Las Vegas)

Meadowood Mall (Reno)

FACTORY OUTLET (1)

Fashion Outlet (Primm)

NEW JERSEY (4)

RETAIL (3)

Garden State Plaza (Paramus)

Mall at Short Hills (Short Hills)

Willowbrook Mall (Wayne)

FACTORY OUTLET (1)

Jersey Gardens (Elizabeth)

NEW YORK (13)

RETAIL (10)

Walden Galleria (Buffalo)

Roosevelt Field Mall (Garden City)

Walt Whitman Mall (Huntington)

Smith Haven (Lake Grove)

Nanuet Mall (Nanuet)

SoHo (New York City)

South Street Seaport (New York City)

Staten Island (New York City)

Eastview Mall (Victor)

Westchester (White Plains)

FACTORY OUTLET (3)

Niagara Falls (Niagara Falls)

Riverhead (Riverhead)

Woodbury Commons (Woodbury)

NORTH CAROLINA (3)

RETAIL (3)

South Park Mall (Charlotte)

Crabtree Valley Mall (Raleigh)

Hanes Mall (Winston-Salem)

OHIO (3)

RETAIL (2)

Beachwood Place (Cleveland)

Columbus City Center (Columbus)

FACTORY OUTLET (1)

Jeffersonville (Jeffersonville)

OREGON (1)

RETAIL (1)

Pioneer Place (Portland)

PENNSYLVANIA (6)

RETAIL (1)

King of Prussia (King of Prussia)

FACTORY OUTLET (5)

Grove City (Grove City)

Lancaster (Lancaster)

Franklin Mills (Philadelphia)

Reading (Reading)

Tannersville (Tannersville)

PUERTO RICO (1)

FACTORY OUTLET (1)

Old San Juan (San Juan)

RHODE ISLAND (1)

RETAIL (1)

Providence Place (Providence)

SOUTH CAROLINA (1)

FACTORY OUTLET (1)

Myrtle Beach (Myrtle Beach)

TENNESSEE (1)

FACTORY OUTLET (1)

Five Oaks (Sevierville)

TEXAS (13)

RETAIL (7)

Highland Mall (Austin)

Dallas Galleria (Dallas)

North Park (Dallas)

Cielo Vista Mall (El Paso)

Huelen Mall (Forth Worth)

Houston Galleria (Houston)

North Star Mall (San Antonio)

FACTORY OUTLET (6)

Conroe (Conroe)

Gainesville (Gainesville)

Grapevine Mills (Grapevine)

Hillsboro (Hillsboro)

Katy Mills (Katy)

San Marcos (San Marcos)

UTAH (1)

FACTORY OUTLET (1)

Park City (Park City)

VIRGINA (5)

RETAIL (3)

Fair Oaks Mall (Fairfax)

Tysons Corner (McLean)

Regency Square (Richmond)

FACTORY OUTLET (2)

Potomac Mills (Prince William)

Berkeley Commons (Williamsburg)

WASHINGTON (2)

RETAIL (2)

Bellevue Square (Bellevue)

Southcenter (Seattle)

CANADA (17)

ALBERTA (2)

RETAIL (2)

South Center Mall (Calgary)

West Edmonton Mall (Edmonton)

BRITISH COLUMBIA (2)

RETAIL (2)

Robson Street (Vancouver)

Whistler Center Village (Whistler)

MANITOBA (1)

RETAIL (1)

Polo Park Mall (Winnipeg)

ONTARIO (8)

RETAIL (6)

Sherway Gardens (Etobicoke)

Square One (Mississauga)

Upper Canada Mall (Newmarket)

Bayview Village (Toronto)

Queen Street (Toronto)

Yorkdale Shopping Center (Toronto)

FACTORY OUTLET (2)

Niagara Falls (Niagara Falls)

Windsor Crossing Premium Outlets (Windsor)

QUEBEC (4)

RETAIL (3)

St. Catherine St. West (Montreal)

Rockland (Mount Royal)

Fairview Centre (Pointe-Claire)

FACTORY OUTLET (1)

Saint Sauveur Place du Cinema (Saint Sauveur)

The following map identifies the location of the 201 full price retail and 12 factory outlet international GUESS? stores, which are located in 38 countries. These stores, with the exception of our store in Florence, Italy, are owned and operated by GUESS? licensees and distributors.

[LOGO]

WE ARE PURSUING A THREE-PART GROWTH PLAN FOR OUR RETAIL DIVISION

We plan that our retail division will be our primary growth initiative over the next three to five years. Accordingly, during 1999, we initiated a program to:

- increase the number of new GUESS? stores;

- increase the productivity of all GUESS? stores; and

- increase the average size of new GUESS? full price retail stores.

NEW STORE EXPANSION

We plan to more than double our retail square footage in the United States and Canada during the next three years. We intend to open 60 new stores during 2000 consisting of 25 retail, ten factory outlet and ten GUESS? Kids stores in the United States and ten retail and five factory outlet stores in Canada. We expect to open a significant number of new stores in these markets during the next several years.

	NEW STORE OPENINGS					
	RETAIL		FACTORY OUTLET			
	U.S.	CANADA	U.S.	CANADA	GUESS? KIDS	TOTAL
1999	9	3	10	0	0	22
2000	25	10	10	5	10	60

ENHANCE RETAIL PRODUCTIVITY

During 1998, we instituted several initiatives to improve the performance of our retail and factory outlet stores. These ongoing initiatives include:

- achieving better inventory management so that we have the right products in stock;

- remodeling select stores to promote a consistent brand message; and

- developing a motivated team of sales professionals so that our customers have a favorable shopping experience.

We have been pleased with the results of these initiatives. In 1999, our retail and factory outlet stores achieved comparable store sales gains of 28.2% and 23.8%, respectively, over 1998. Our retail stores generated sales per square foot of $434 in 1999 compared to $336 in 1998 and our factory outlet stores generated sales per square foot of $351 compared to $255 in 1998.

As part of our retail expansion, we increased our ownership of our Canadian licensee, GUESS? Canada, to 60% on August 4, 1999. We have an option to acquire the remaining 40% of GUESS? Canada commencing December 31, 2001. GUESS? Canada currently operates a total of 14 retail stores and three factory outlet stores. We intend to open approximately ten new retail stores and five new factory outlet stores in Canada in 2000. GUESS? Canada is remodeling most of its existing stores and plans to open up to 35 new stores over the next three years.

LARGER STORE FORMAT

The average size of our full price retail stores in the United States is approximately 5,400 square feet. Over the next several years, we intend to increase the size of our new full price retail stores to accommodate the full line of GUESS? apparel and accessories. We plan to open three additional flagship stores in 2000. These flagship stores will be located in Chicago, San Francisco and our second New York flagship located in the Flatiron District. These stores will average approximately 11,000 square feet. The average size of our factory outlet stores in the United States is approximately 5,500 square feet. New GUESS? Kids' stores are expected to average approximately 2,800 square feet.

THE LOOK AND FEEL OF GUESS? STORES AND SHOP-IN-SHOPS IS IMPORTANT IN BUILDING OUR BRAND EQUITY

Our full price retail and factory outlet stores present GUESS? apparel and accessories in a stylish and fun environment. We have developed prototype designs for both store formats. Our full price retail stores utilize design elements such as light colored wood, chrome and modern lighting fixtures to create an appealing sense of openness. Recognizable GUESS? advertising prints are placed throughout each store to highlight selected fashions and reinforce our brand image. We also utilize modular display units to allow us to handle varying levels of merchandise. Our factory outlet stores incorporate many of these same design themes, as well as exposed ceilings and warehouse style lighting. Our new series of GUESS? Kids stores will incorporate many of the same themes as our full price stores with an emphasis on youth and fun.

Our prototype designs will be used in our new stores and in those previously opened stores that we elect to remodel. In 1999, we remodeled 14 stores and we intend to remodel another 25 stores in 2000.

Our wholesale operations utilize a series of shop-in-shop designs that reflect the same open and inviting themes used in our retail stores. Our shop-in-shops, for example, incorporate GUESS? signage and display fixtures that are similar to those used in our retail stores. The size of our shop-in-shops (excluding significantly larger shop-in-shops in key department store locations) average approximately 450 square feet.

WE HAVE BENEFITTED THROUGH OUR CAREFUL SELECTION OF WHOLESALE CUSTOMERS

Our wholesale division sells GUESS? products primarily to leading department stores and selected specialty retailers. These stores provide the high quality shopping environment that the GUESS? brand deserves. We have implemented a strategy to focus our efforts on the top performing department store locations of our wholesale customers. Our analysis has determined that these stores represent the greatest opportunity for sales growth of our product.

OUR WHOLESALE CUSTOMERS

We currently sell our products to wholesale accounts that operate approximately 2,800 retail store locations in the United States. Department stores represent our largest customer group. In 1999, Bloomingdale's, Macy's and other affiliated stores owned by Federated Department Stores, The May Company and Dillard's stores represented 12.4%, 6.5% and 6.3%, respectively, of our net revenue.

As a critical element of our wholesale distribution to department stores, we utilize shop-in-shops within department stores to enhance GUESS? brand recognition and ensure the consistent presentation of GUESS? products. As of March 31, 2000, these department store locations collectively contained approximately 1,200 GUESS? shop-in-shops. In some cases, in order to promote brand awareness and attract customers, we may have multiple shop-in-shops that sell more than one line of GUESS? apparel within a department store. In 1999, we added or remodeled 138 shop-in-shops. As part of our continued growth strategy, during 2000 we currently plan to add or remodel approximately 500 shop-in-shops. We believe shop-in-shops encourage our department store customers to carry a representative cross-section of GUESS? apparel and accessories.

OUR BACKLOG

We generally receive wholesale orders for fashion apparel approximately 90 to 120 days prior to the time the products are delivered to stores. Under certain circumstances, some orders may be cancelled by the customer. Our backlog depends upon a number of factors, including seasonality and the scheduling of manufacturing and shipment of products. As of March 31, 2000, we had unfilled wholesale orders, consisting primarily of orders for seasonal fashion apparel, of $147.4 million, a 77% increase from March 31, 1999. We believe that these orders, which exclude replenishment orders of basic products, reflect the positive contributions of our program to expand our wholesale business. In 1999, these efforts contributed to a 22.6% increase in wholesale net revenue over the prior year.

WE HAVE EXPANDED OUR PRODUCT OFFERINGS AND GLOBAL MARKETS THROUGH OUR LICENSEES

Consumer desire for GUESS? brand goods has permitted us to expand our product offerings selectively through trademark licensing agreements. In addition, a key aspect of the development of GUESS? as a worldwide brand is attributable to our trademark licensing activities. Early on, we recognized the importance of forming relationships with select licensees who could enhance the GUESS? brand by expanding the range of available GUESS? products and by utilizing their skills in specialized areas and in specific geographic markets.

OUR LICENSEES

Product and international licensees are granted the right to manufacture and sell at wholesale prices specified products under one or more of our trademarks. Generally, product licenses encompass the production and sale of some products or a complete product line, such as our Baby GUESS? line, for sale in the United States and may also include provisions for international sales, either directly or through our international licensees and distributors. We meet regularly with our product licensees to ensure consistency with our overall merchandising and design strategies and to ensure that the finished products meet our high quality standards. Under our international trademark licenses, we typically

grant the licensee the right to produce and distribute a broad range of GUESS? products within a defined international market. These agreements are generally for three years with an option to renew prior to expiration for an additional multi-year period. These international licensees distribute the finished products directly to better department stores, upscale specialty retail stores and GUESS? licensed retail stores. International licensees generally produce and source products independently of us.

As compensation for the use of our trademark under these agreements, each licensee pays us royalties, based upon its wholesale sales of GUESS? products, subject generally to payment of a minimum royalty. These payments generally range from 5% to 7% of their wholesale sales of licensed products. In addition, it is customary for us to include advertising provisions in our license agreements which require our licensees to allocate between 2% and 3% of their sales to advertise and promote GUESS? products. Further, certain licensees are required to contribute toward the protection of our trademarks within the territories granted to such licensees, thereby assisting us in our efforts to prevent counterfeiting and other trademark infringement in those territories.

In order to maintain control of the GUESS? trademarks and ensure the quality of the GUESS? brand, over the past five years we have strategically brought in-house certain apparel licenses, such as the girls' line in 1998 and the boys' line in 1999. Our girls' and boys' apparel lines will both be prominently featured in our new GUESS? Kids retail stores and a planned series of girls' and boys' shop-in-shops with our wholesale customers. In addition, on August 4, 1999 we increased to 60% our ownership of our Canadian licensee, GUESS? Canada. We have an option to acquire the remaining 40% of GUESS? Canada commencing December 31, 2001.

In 1999, worldwide sales of all licensed products approximated $525 million and generated net royalty revenue of $39.6 million. We continuously evaluate opportunities to license our trademarks and expand the range of available GUESS? products. For example, we recently awarded a new license for Baby GUESS?, a product line which, starting in Summer 2000, will be sold through our new GUESS? Kids stores and select wholesale and specialty store accounts.

GUESS? apparel and accessories are produced by us and by a series of product licensees. As of March 31, 2000, we had 19 product licenses that cover such fashion accessories as watches, eyewear, handbags and footwear. A number of our licensee relationships, including those that include GUESS? Watches, GUESS? Eyewear and GUESS? Footwear, have existed for several years. Baby GUESS?, which is targeted at children up to six years of age, is currently being produced under trademark license with Designer Classics LLC.

Internationally, we have been able to develop new markets with minimal capital investment and operating expenses through trademark licensing arrangements. We also sell our products through international distributors who sell GUESS? brand goods to select department stores and boutiques. In addition, GUESS? brand products are sold through international licensees who operate GUESS? retail stores in their respective territories. As of March 31, 2000, we had a network of 213 international GUESS? stores operated by licensees and distributors. These stores generally carry apparel and accessories that are similar to what we sell in the United States and Canada, and in some instances, may carry products tailored for local fashion preferences. Through our international licensees, GUESS? products are produced and distributed in major cities throughout Asia, Europe, South America and the Middle East.

WE HAVE A HIGHLY EXPERIENCED AND CREATIVE MANAGEMENT TEAM

We believe our senior management team combines a valuable blend of individuals with the relevant industry expertise and creative insight necessary to continually generate freshness into our product lines. Since our inception in 1981, we have been guided by a management team that has included Maurice, Paul and Armand Marciano. The Marcianos grew up in the South of France, a region which

cultivated their deep understanding of French design and the essence of style. Maurice Marciano oversees several of our departments including design, sales and merchandising, manufacturing and finance. Paul Marciano oversees our global advertising and image campaigns, retail store, licensing, legal and management information system departments and our international expansion initiatives. Armand Marciano's direct responsibilities include distribution, real estate and construction, customer service and European exports. In addition to the Marcianos, our current executive officers, several of whom have joined us within the past two years, offer an array of relevant industry expertise, as well as fresh and valuable insight into our industry. The successful integration of these distinct skill sets has produced a unique corporate culture that leverages the talents of each group. We believe our management team is well positioned to capitalize on the strong economics of the GUESS? concept.

WE EXPECT TO ACHIEVE SIGNIFICANT BENEFITS FROM OUR GLOBAL SOURCING PLATFORM

Our product sourcing strategy is designed to increase efficiencies, reduce costs and improve quality. In order to achieve our objectives, we have:

- increased the percentage of our finished products purchased from international vendors; and

- started to rely almost exclusively on "packaged purchases," a purchasing method under which we supply a vendor with a design and fabric selection and the vendor delivers a finished product.

We believe these strategies have enabled us to reduce our average cost per unit. This has allowed us to lower the prices of many of our items while continuing to maintain or expand our gross margins. In addition, we have maintained a close relationship with a number of domestic vendors located primarily in Los Angeles who manufacture our GUESS? Collection line and who supplement production of high demand products.

GREATER USE OF INTERNATIONAL VENDORS

We have strategically aligned ourselves with sourcing vendors worldwide who have taken the responsibility for delivering a high quality, finished product in a timely manner. We currently purchase approximately 60% of our finished products from international vendors. This is a significant change from several years ago, when we purchased the vast majority of our goods from domestic sources. We believe our management has a thorough understanding of the economics of apparel manufacturing, including costs of materials and components. This enables us to identify and select those vendors that can produce the high quality goods we require at favorable prices.

In 1999, the majority of our merchandise was produced in Asia and the Middle East. The remainder of our merchandise was produced in Mexico, Peru, Bolivia and the United States. We continue to explore countries which may offer better sourcing opportunities, such as a higher quality finished product, better quota capacity, lower tariffs and a wider variety of new types of fabric.

Our manufacturing department closely supervises our international vendor operations. All products are produced according to our specifications and we commission independent agents to oversee this production and to ensure timely delivery of the merchandise. In addition, our manufacturing team makes on-site visits to our independent agents and various manufacturers to negotiate product costs, finalize technical specifications of each product and confirm delivery of merchandise manufactured to our specifications. Our manufacturing team also provides quality control training to our international vendors. After the merchandise has been manufactured and shipped to our United States distribution center, our manufacturing team also performs a quality and assurance control evaluation of all merchandise received in order to ensure the high quality of the finished product.

GREATER USE OF "PACKAGED PURCHASES"

Starting in 1998, we began to rely almost exclusively on "packaged purchases," a sourcing strategy under which we supply a vendor with a product design and fabric selection and the vendor delivers a finished product. We use packaged purchases arrangements with a majority of our international vendors and with approximately 25% of our domestic vendors. Packaged purchases arrangements result in:

- greater ability to estimate the costs associated with a finished product;

- lower materials costs, due to our ability to negotiate favorable fabric prices for acquisition by our vendors;

- a shift of the risk of fabric loss to the vendor during the time the fabric is in the vendor's possession;

- a reduction of our inventory handling costs; and

- an increase in available inventory storage space at our distribution center.

WE EXPECT TO REALIZE SEVERAL BENEFITS FROM OUR NEW DISTRIBUTION CENTER

We have opened a new distribution center in Louisville, Kentucky, to replace our distribution center in Los Angeles, California. This approximately 500,000 square foot facility is near United Parcel Service's national transit hub. We have been transitioning our product lines over the last several months. Currently, the Kentucky facility handles three of our five product lines, and we expect to complete the transition of all lines in Summer 2000. The new center is centrally located to our major wholesale customers and our own retail stores. The facility is equipped with advanced product handling equipment and systems, and has the capacity to accommodate the anticipated growth of our existing businesses. This new distribution center will enable us to deliver our products to market more rapidly and will result in reduced shipping costs, lower product handling costs and improved customer service.

We can expand the operating capacity of our current facility by approximately 100,000 square feet. We also have an option to lease adjacent land on which we could expand our distribution center by approximately 300,000 square feet.

OUR EMPLOYEES ARE CENTRAL TO OUR CONTINUED SUCCESS

Over the past several years, we have made a concerted effort to provide our employees with better training and incentive programs, as well as a better work environment. In return, we believe we are rewarded with better trained employees who are happier and more productive.

CORPORATE CULTURE

We believe that our employees are one of our most valuable resources. As a result, our corporate culture and management philosophy is employee focused. We facilitate communication through an open-door policy and encourage our employees to voice their suggestions and concerns to management. We believe this policy promotes resolution of problems at an early stage, prevents problems from affecting employee morale, decreases our recruiting costs and increases employee length of service. Moreover, we have also focused on succession planning, in which we provide valuable feedback to our employees regarding their professional development.

RECRUITMENT

In 1998, we implemented a recruitment program in order to improve our ability to locate and hire well-qualified individuals for managerial positions at our stores and to encourage a teamwork focus among our sales employees.

INCENTIVES

In 1999, we instituted an executive bonus plan to provide motivation for selected key employees to attain and maintain the highest standards of performance, to attract and retain executives of outstanding competence and to direct the energies of executives toward the achievement of specified business goals. Participation in the bonus plan is limited to key employees who are in a position to have a significant impact on our performance and who are selected by a compensation committee that establishes the performance goals for the plan year. Approximately 90 individuals will participate in the bonus plan for the 2000 plan year.

TRAINING

We have incorporated a multifaceted training and development regimen at our stores using a combination of technologies including video/CD-ROM instruction and shopper tracking software and interactive group training exercises. We have specially designed the video training modules to appeal to our employees whose average age is 18 to 25 years old by making them fun and brief, yet full of necessary content. Our employees view customized video training modules as a group and then head out to the sales floor to demonstrate the techniques they have learned. Using store tracking software and point-of-sale systems, our store managers are able to calculate each employee's sales transactions per hour. We utilize "power hour coaching"--a management technique in which managers encourage sales employees to increase their sales transactions per hour by devoting all of their time to customers during peak selling periods. We believe that our extensive training programs benefit both us and our employees. By incorporating the techniques learned in training, our employees increase their sales transactions per hour which results in increased incentive compensation and greater revenue.

We are not a party to any labor agreements and none of our employees are represented by a labor union. We consider our relationship with our employees to be good. In addition, we were among the first in the apparel industry to implement a program to monitor the compliance of subcontractors with Federal minimum wage and overtime pay requirements.

WE LEASE SUBSTANTIALLY ALL OF OUR PROPERTIES

As of March 31, 2000, we operated 108 retail stores and 59 factory outlet stores in the United States and Canada and one store in Florence, Italy. We currently lease all of our store locations. Most leases have a term of at least ten years, either through the intial term or a combination of the initial term and options to extend the lease. These non-cancellable operating leases expire on various dates through May 2016.

We lease seven adjacent buildings totaling approximately 515,000 square feet for our corporate, wholesale and retail headquarters and our production facilities in Los Angeles, California. These buildings are leased under four separate leases, the first of which expires in June 2000 and the last of which expires in July 2008. We believe these facilities are adequate for our operations over the next several years.

We also lease space containing approximately 500,000 square feet for our distribution center in Louisville, Kentucky. The initial term is for ten years expiring December 31, 2009. The lease contains two five year option periods.

WE ARE PURSUING E-COMMERCE INITIATIVES

We are pursuing both business-to-consumer and business-to-business e-commerce initiatives. In April 1999, we introduced WWW.GUESS.COM, a virtual storefront that promotes the GUESS? brand, promotes customer loyalty and enhances brand identity through interactive content. Our web site sales volume is equivalent to that of an average GUESS? retail store.

In April 2000, we introduced the first phase of our business-to-business vertical marketplace, the Apparel Buying Network. This has allowed us to process purchasing transactions with our specialty retailers through the use of the Plumtree Corporate Portal, Commerce One's Market Site and Peoplesoft e-Procurement. In place of the traditional procurement process of browsing a paper catalog and telephoning a call center during business hours, our specialty store retailers will now be able to visit a web site that will allow them to purchase our products, check order status and review sales performance reports. As an added benefit, we intend to allow specialty stores to access our system for procuring computers and other office equipment from our suppliers. We expect this initiative, which we intend to expand to include our wholesale customers, licensees and suppliers, will eventually reduce our operating costs, increase our sourcing efficiencies and improve customer service. We intend to expand this solution into an electronic marketplace that will facilitate various levels of interaction between buyers and sellers in the textile and apparel industries.

TRADEMARKS

We own numerous trademarks, including Guess, Guess?, Guess U.S.A., Guess Jeans, Guess? and Triangle Design, Question Mark and Triangle Design, Guess Kids, Guess Collection and Baby Guess. At December 31, 1999, we had more than 2,100 U.S. and international registered trademarks or trademark applications pending with the trademark offices of the United States and in over 170 countries around the world. From time to time, we adopt new trademarks in connection with the marketing of new product lines. We consider our trademarks to have significant value in the marketing of our products and act aggressively to register and protect our trademarks worldwide.

Like many well-known brands, our trademarks are subject to infringement. We have a staff devoted to the monitoring and aggressive protection of our trademarks worldwide.

ENVIRONMENTAL MATTERS

We are subject to federal, state and local laws, regulations and ordinances that govern activities or operations that may have adverse environmental effects such as emissions to air, discharges to water, and the generation, handling, storage and disposal of solid and hazardous wastes. We are also subject to laws, regulations and ordinances that impose liability for the costs of clean up or other remediation of contaminated property, including damages from spills, disposals or other releases of hazardous substances or wastes, in some cases without regard to fault. Some of our operations routinely involve the handling of chemicals and wastes, some of which are or may become regulated as hazardous substances. We have not incurred, and do not expect to incur, any significant expenditures or liabilities for environmental matters. As a result, we believe that our environmental obligations will not have a material adverse effect on our financial condition or results of operations.

LEGAL PROCEEDINGS

On August 7, 1996, a class action complaint naming us and certain of our independent contractors was filed in the Superior Court of the State of California for the County of Los Angeles, titled as Brenda Figueroa et al. v. Guess ?, Inc. et al. The plaintiffs asserted claims for violation of state wage and hour laws, wrongful discharge, and breach of contract arising out of our relationship with our independent contractors and actions taken by them with respect to their employees. The plaintiffs also alleged that we breached our agreement with the United States Department of Labor regarding the monitoring of our independent contractors. The court has held two hearings on certifying the alleged class. The parties have agreed to settle the case. On March 1, 2000, the court gave final approval to the parties' settlement. If no class member appeals within 60 days thereafter, the case will be finally resolved.

On July 7, 1998, the Union of Needletrades Industrial and Textile Employees ("UNITE") filed with the National Labor Relations Board ("NLRB") charges against us alleging that we violated the National Labor Relations Act by failing to uphold certain obligations under a prior settlement agreement with

the NLRB, by denying pro-union employees access to our facilities, by conferring new benefits to employees, by making false accusations against UNITE, by conducting video surveillance of UNITE's offices, and by assisting and organizing an anti-union demonstration. These allegations were dismissed by the NLRB. UNITE appealed, and, on October 15, 1999, the NLRB dismissed the appeal.

On February 24, 1998, we and Maurice Marciano, Paul Marciano and Armand Marciano, as individuals, were named as defendants in a class action entitled John N. Robinson v. Guess ?, Inc., Maurice Marciano, Paul Marciano and Armand Marciano filed in the Los Angeles Superior Court. The complaint, as amended, purported to state claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 for alleged misrepresentations in connection with our initial public offering in August 1996. Mr. Robinson purported to represent a class of all purchasers of our stock in the initial public offering and sought unspecified damages. On January 10, 2000, the complaint was dismissed in its entirety. However, Mr. Robinson has the right to appeal the dismissal.

On October 26, 1998, Maurice Marciano, Paul Marciano and Armand Marciano, as individuals, as well as us, were named as defendants in a stockholder's derivative complaint entitled John N. Robinson v. Maurice Marciano, Paul Marciano and Armand Marciano and Guess ?, Inc. filed in the Los Angeles Superior Court. The complaint purports to state a claim for intentional breach of fiduciary duty, negligent breach of fiduciary duty, constructive fraud and abuse of control in connection with the Marcianos' management of us since our initial public offering. On July 26, 1999, the court entered an order that allows the case to proceed past the pleadings stage. While it is too soon to predict the outcome of the case with any certainty, the defendants believe they have meritorious defenses to each of the claims asserted and intend to vigorously defend themselves.

On approximately January 15, 1999, UNITE filed an unfair labor pratice charge against us, alleging that attorney Dennis Hershewe violated Section 8(a)(1) of the National Labor Relations Act ("the Act") by questioning our employee Maria Perez about her union activities at the deposition he conducted in her workers' compensation case. Mr. Hershewe represents Fireman's Fund Insurance Company, our workers' compensation insurance carrier. GUESS?, through this firm, investigated the charge and responded to it on March 10, 1999. The NLRB issued a complaint on part of the charge on October 14, 1999, and we filed an answer on October 21, 1999. The hearing in this matter is set for May 1, 2000.

On May 21, 1999, we filed a demand for arbitration against Pour le Bebe, Inc. and Pour la Maison, Inc. (collectively, "PLB") seeking damages and injunctive relief in connection with four written license agreements between the parties. We alleged that PLB defaulted under the license agreements, that the license agreements properly were terminated and that PLB breached the license agreements. On July 19, 1999, PLB filed a counterdemand for arbitration against us. PLB sought damages and injunctive relief against us alleging breach of contract, violation of the California Franchise Relations Act, interference with prospective economic advantage, unlawful business practices, statutory unfair competition and fraud. The arbitration was conducted before the American Arbitration Association pursuant to arbitration clauses in the license agreements.

On March 3, 2000, the arbitrators issued an interim award in our favor and rejected each of PLB's counterclaims. The amount of the interim award was in excess of $6 million. As the prevailing party, we are entitled to, and we have applied for, an award of our attorneys' fees, costs, and expenses. Because of the uncertainty of the ultimate realization of the award, no recognition has been given to it in our consolidated financial statements. We are informed that PLB may be attempting to raise before the California Department of Corporations and the Federal Trade Commission the same franchise issues rejected by the arbitrators in the interim award.

On June 9, 1999, we commenced a lawsuit in the Los Angeles County Superior Court against Kyle Kirkland, Kirkland Messina LLC, and CKM Securities (collectively "Kirkland") for tortious interference, unfair competition, fraud and related claims. This action arises out of alleged

misrepresentations and omissions of material fact made by Kirkland in connection with the operations and financial performance of PLB. On March 29, 2000, the California Court of Appeal determined that the action will proceed in court. No trial date has been set.

On March 28, 2000 a complaint was filed against us in San Diego County Superior Court entitled Snodgrass v. Guess?, Inc. and GUESS? Retail, Inc. The complaint purports to be a class action filed on behalf of current and former store management employees in California. Plaintiffs seek overtime wages and a preliminary and permament injunction. No trial or hearing has been set.

We cannot predict the outcome of these matters. We believe the outcome of one or more of the above cases could have a material adverse effect on our results of operations or financial condition.

Most major corporations, particularly those operating retail businesses, become involved from time to time in a variety of employment-related claims and other matters incidental to their business in addition to those described above. In the opinion of our management, the resolution of any of these pending incidental matters is not expected to have a material adverse effect on our results of operations or financial condition.

MANAGEMENT

The following table sets forth certain information concerning our executive officers, directors and other key employees as of March 31, 2000:

NAME	AGE	POSITION
EXECUTIVE OFFICERS AND DIRECTORS:		
Maurice Marciano(1).......	51	Director, Co-Chairman of the Board and Co-Chief Executive Officer
Paul Marciano(2)..........	48	Director, Co-Chairman of the Board, Co-Chief Executive Officer and President and Chief Operating Officer
Armand Marciano(3)........	55	Director, Senior Executive Vice President and Assistant Secretary
Nancy Shachtman...........	43	President of Wholesale
Brian Fleming.............	56	Executive Vice President and Chief Financial Officer
Robert Davis(2)(4)(5).....	52	Director
Alice Kane(3)(4)(5).......	52	Director
Howard Socol(1)(4)(5).....	54	Director
Bryan Isaacs(1)(4)(5).....	61	Director
OTHER KEY EMPLOYEES:		
Larry Burak...............	50	Senior Vice President of Manufacturing
Dan Sawall................	45	Vice President and General Merchandise Manager
Vincent Dell'Osa..........	37	Vice President of Stores
Brian Dwan................	41	Vice President of Real Estate
Bryan Timm................	33	Vice President and Chief Information Officer
Andrew Romeo..............	40	Vice President of Training and Development
Robert Higgins............	39	Vice President of Retail Development and Merchandising
Mark Kinney...............	43	Vice President of Finance and Treasurer

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(1) Member of Class III of the directors whose terms expire at our 2002 annual meeting of stockholders.

(2) Member of Class II of the directors whose terms expire at our 2001 annual meeting of stockholders.

(3) Member of Class I of the directors whose terms expire at our 2000 annual meeting of stockholders.

(4) Member of our Audit Committee.

(5) Member of our Compensation Committee.

Pursuant to the Stockholders' Agreement described herein under "Certain Relationships and Related Transactions," the Principal Stockholders have agreed to vote their shares of our common stock to elect each of Maurice, Paul and Armand Marciano, or one designee of any such person (if such designee shall be reasonably acceptable to the other Principal Stockholders), to the Board of Directors.

MAURICE MARCIANO founded GUESS? in 1981 and has served as Co-Chairman of the Board and Co-Chief Executive Officer since November 15, 1999. Mr. Marciano served as Chairman of the Board and Chief Executive Officer from August 1993 to November 15, 1999. Mr. Marciano served as President from June 1990 to September 1992 and as Executive Vice President from 1981 until June 1990. Mr. Marciano's direct supervisory responsibilities include overseeing the design, sales and merchandising, manufacturing and finance departments. Additionally, Mr. Marciano, along with Paul Marciano, is responsible for our corporate marketing. From February 1993 to May 1993, Mr. Marciano was Chairman, Chief Executive Officer and Director of Pepe Clothing USA, Inc. Mr. Marciano has served as a director of GUESS? since 1981 (except for the period from January 1993 to May 1993).

PAUL MARCIANO joined GUESS? in 1981 and has served as creative director for our worldwide advertising since joining GUESS?. Mr. Marciano has served as President since September 1992 and has served as Co-Chairman and Co-Chief Executive Officer since November 15, 1999. Mr. Marciano's responsibilities include direct supervisory responsibility for the Company's global advertising and image campaigns, retail store licensing, legal and management information systems departments and our international expansion intiatives. Additionally, Mr. Marciano, along with Maurice Marciano, is responsible for our corporate marketing. Mr. Marciano served as Senior Executive Vice President from August 1990 to September 1992. Mr. Marciano has served as a director of GUESS? since 1990.

ARMAND MARCIANO joined GUESS? in 1981 and has served as Senior Executive Vice President since November 1992. Mr. Marciano has direct supervisory responsibility for our domestic outlet stores. In addition, Mr. Marciano is responsible for distribution, real estate and construction, customer service and European exports. Mr. Marciano served as Secretary from 1983 to August 1997, as Executive Vice President from July 1988 to 1992, and as Assistant Secretary since August 1997. Mr. Marciano has served as a director of GUESS? since 1983.

NANCY SHACHTMAN joined GUESS? in October 1986 and has served as President of Wholesale since November 1998. From January 1998 through November 1998, Ms. Shachtman served as President of Sales. From October 1986 through January 1998, Ms. Shachtman served in various sales and merchandising positions including Vice President of Sales and Marketing.

BRIAN FLEMING joined GUESS? in July 1998 and has served as Executive Vice President and Chief Financial Officer since July 1998. From 1994 to July 1998, Mr. Fleming served as Executive Vice President and Chief Financial Officer of The Santa Anita Companies, which included a self-administered real-estate trust that owned the Santa Anita Racetrack, interests in major regional shopping centers and other real-estate investments. From 1973 to 1994, Mr. Fleming held finance and accounting positions of increasing responsibility with Carter Hawley Hale Stores, Inc., a full-line department store company. Mr. Fleming began his career in 1968 with Price Waterhouse & Co.

ROBERT DAVIS has served as a director of GUESS? since May 1997. Mr. Davis is the former President and Chief Operating Officer of St. John. Following his resignation in April 1996, Mr. Davis has remained active at St. John and is currently a consultant to its Chairman and Founder, Bob Gray. Mr. Davis, a director of St. John since 1984, became President of St. John in 1992 and served as Chief Operating Officer and Secretary from 1988 to 1996. From 1980 to 1988, Mr. Davis held various other administrative positions at St. John ending with Vice President--Operations. Prior to that, Mr. Davis was a partner in a Chicago area law firm, where he advised on corporate, labor and litigation matters from 1973 to 1980.

ALICE T. KANE has served as a director of GUESS? since June 1998. Ms. Kane is the President of American General Fund Group and Chairman of VALIC Group Annuity Funds with over $18 billion in assets under management. Ms. Kane joined American General Corporation as Executive Vice President of their investments advisory subsidiary, American General Investment Management L.P., in June 1998. American General Corporation is one of the nation's largest diversified financial organizations with

assets of approximately $98 billion. Prior to joining American General Corporation on June 1, 1998, Ms. Kane served her entire financial services industry career at New York Life Insurance Company where she joined the company in 1972. Up until her departure from New York Life, she was Executive Vice President and Chief Marketing Officer after serving as Executive Vice President with responsibility for managing the company's asset management division from 1994 to 1997. Ms. Kane was also Chairman of New York Life's MainStay Mutual Funds, and served as General Counsel of New York Life from 1986 to 1995.

HOWARD SOCOL has served as a director of GUESS? since September 1999. Mr. Socol is the former Chief Executive Officer of J. Crew Group Inc. Following his resignation from J. Crew Group Inc., Mr. Socol established Socol Consulting Group, a consulting firm that provides retail and Internet consulting services. Mr. Socol spent the majority of his career rising through the ranks of Burdines Department Stores, a division of Federated Department Stores, to become

Burdines' Chairman and Chief Executive Officer. Mr. Socol served as Chairman and Chief Executive Officer of Burdines from 1984 to 1997. Mr. Socol joined Burdines in 1969 as an assistant buyer and held various positions over a twelve-year period, resulting in his appointment as the youngest division president in Federated's history.

BRYAN ISAACS has served as a director of GUESS? since January 2000. Mr. Isaacs has spent the majority of his career with KPMG LLP, an international accounting, tax and consulting firm. Mr. Isaacs was admitted to the KPMG partnership in 1972 and, until his retirement in June 1999, led the expansion of KPMG's international corporate services practice in the firm's Western Region. Mr. Isaacs also served on a number of KPMG's global tax committees and, from 1996 to 1999, chaired the firm's global information, communication and entertainment tax committee.

LARRY BURAK joined GUESS? in August 1997 and has served as Senior Vice President of Manufacturing since August 1997. Mr. Burak's direct surpervisory responsiblilities include all of Production, Pre-production, and Quality Assurance. Mr. Burak has 30 years experience with apparel global sourcing. This experience includes ten years with a major children's manufacturing company and six years with Liz Claiborne as Corporate Vice President for Global Sourcing.

DAN SAWALL joined GUESS? in April 1998 and has served as the Vice-President, General Merchandise Manager of GUESS? Retail Stores since April 1998. Prior to joining GUESS? Mr. Sawall served in various capacities at Dillard's, including Divisional Merchandise Manager of Mens Sportswear from 1983 to 1998 and Corporate DM Sponsor of Mens Designs and Contemporary Collections from April 1994 to April 1998. While at Dillard's, Mr. Sawall was also a store manager from February 1989 to April 1993 and a Buyer from November 1983 to April 1998. Prior to his experience at Dillard's, Mr. Sawall held positions with Federated Department Stores in Milwaukee, Wisconsin, as Executive Trainee and Buyer of Mens Better Sportswear & Designer Collections from June 1979 to November 1983.

VINCENT DELL'OSA joined GUESS? in April 1996 and has served as Vice President/Director of Stores of the Retail, Factory and Kids divisions since December 1999. Mr. Dell'Osa's responsibilities also include helping to oversee GUESS? Canada. During his tenure with GUESS?, Mr. Dell'Osa has also held positions as Director of Stores and Regional Director of Stores. From 1974 to 1995, Mr. Dell'Osa held several management positions at Merry-Go-Round, including Vice President/Director of Stores at Cignal, an upscale unisex division of Merry-Go-Round Enterprises.

BRIAN DWAN joined GUESS? in November 1999 and has served as Vice President of Real Estate since November 1999. From March of 1998 to October 1999, Mr. Dwan served as Vice President of Real Estate & Construction for Relax The Back. Prior to joining GUESS?, Mr. Dwan was Director of Real Estate and Store Construction of the U.S., Canada and South America with Swatch, the U.S. division of the $3 billion Swiss watch manufacturer and retailer. Prior to joining Swatch, Mr. Dwan was responsible for real estate, construction and development of the new store design at The Body Shop

USA for eight years. Mr. Dwan started in the retail industry approximately twenty years ago with the British retailer Laura Ashley.

BRYAN TIMM joined GUESS? in January 1995 and has served as Chief Information Officer since March 1999. From January 1995 to March 1999, Mr. Timm served in various information systems positions, including Director of Applications. From July 1989 to January 1995, Mr. Timm held positions as a consultant and manager with Kurt Salmon Associates, where he specialized in Logistics and Operations improvement.

ANDREW ROMEO joined GUESS? in 1997 and has served as Vice President of Training Operations. Mr. Romeo is responsible for developing our training programs, performance incentive programs and succession planning for management development. Mr. Romeo has worked in the retail industry since 1982. Prior to joining us, he has held positions in Operations, Marketing and Total Quality

Management at Saks Fifth Avenue, Macy's and Brooks Brothers, Inc.

ROBERT HIGGINS joined GUESS? in April 1999 and has served as Vice President of Retail Development and Merchandising since April 1999. Mr. Higgins is responsible for the Retail Development department which he helped to create. Retail Development includes all aspects of Design, Construction and Merchandising for Retail, Factory and Wholesale. From 1996 to March 1999, Mr. Higgins served as Vice President of Retail Development at Tommy Hilfiger USA. From 1985 to 1996, Mr. Higgins held store management and merchandising positions of increasing responsibility with Brooks Brothers, Inc. At the time of his departure from Brooks Brothers, Inc., Mr. Higgins was Vice President of Visual Merchandising and Sales Management.

MARK KINNEY joined GUESS? in May 1999 and has served as Vice President of Finance and Treasurer since May 1999. From 1993 to 1999, Mr. Kinney was Executive Director of Finance for The Walt Disney Company and was responsible for overseeing the corporate finance and accounting operations for its International Division. Prior to joining the Walt Disney Company, Mr. Kinney was the Controller and National Finance Manager for Isuzu Truck of America. Mr. Kinney has over 17 years of experience in finance, accounting and international business.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information, as of March 31, 2000, with respect to the beneficial ownership of our common stock held by:

- each person who is known by us to own more than five percent of our common stock,

- each named executive officer,

- each director who beneficially owns shares of our common stock, and

- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. Shares subject to options that are exercisable currently or within 60 days following March 31, 2000 are deemed to be outstanding and beneficially owned by the optionee for the purpose of computing share and percentage ownership of that optionee. They are not deemed to be outstanding for the purpose of computing percentage ownership of any other person. Except as indicated in the footnotes of this table and subject to the Amended and Restated Stockholders' Agreement, dated as of August 7, 1996, and as affected by applicable community property laws and similar laws, all persons listed have sole voting and dispositive power for all shares shown as beneficially owned by them.

EXECUTIVE OFFICERS AND DIRECTORS(1)	NUMBER OF SHARES BENEFICIALLY OWNED BEFORE THE OFFERING	PERCENTAGE OF SHARES BENEFICIALLY OWNED BEFORE THE OFFERING	PERCENTAGE OF SHARES BENEFICIALLY OWNED AFTER THE OFFERING
Maurice Marciano(2)	16,318,281	37.6%	34.1%
Paul Marciano(3)	12,924,981	29.8%	27.0%
Armand Marciano(4)	6,303,557	14.3%	13.2%
Robert Davis(5)	36,697	*	*
Alice Kane(6)	28,106	*	*
Howard Socol(7)	3,602	*	*
Bryan Isaacs(8)	2,074	*	*
Nancy Shachtman(9)	142,017	*	*
Brian Fleming(10)	60,000	*	*
All executive officers and directors			

as a group (9 persons)(11).............	35,819,315	82.5%	74.8%

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* Less than 1.0%

(1) The address of the beneficial owner is c/o Guess ?, Inc., 1444 South Alameda Street, Los Angeles, California 90021.

(2) Includes shares of our common stock beneficially owned by Maurice Marciano as follows: 15,466,395 shares as trustee of the Maurice Marciano Trust (1995 Restatement), 90,000 shares as president of the Maurice Marciano Family Foundation and 30,000 shares as trustee of the Maurice Marciano 1990 Children's Trust with respect to which he has sole voting and dispositive power; and 462,351 shares as co-trustee of the Paul Marciano 1996 Grantor Retained Annuity Trust and 269,535 shares as co-trustee of the Armand Marciano 1996 Grantor Retained Annuity Trust with respect to which he shares voting and dispositive power.

(3) Includes shares of our common stock beneficially owned by Paul Marciano as follows: 12,287,947 shares as sole trustee of the Paul Marciano Trust dated February 20, 1986 with respect to which he has sole voting and dispositive power; and 637,034 shares as co-trustee of the Maurice Marciano 1996 Grantor Retained Annuity Trust with respect to which he shares voting and dispositive power.

(4) Includes shares of our common stock beneficially owned by Armand Marciano as follows: 6,298,557 shares as sole trustee of the Armand Marciano Trust dated February 20, 1986, 1,000 shares held indirectly as sole trustee of the Armand Marciano Gift Trust-Anastasia, 1,000 shares held indirectly as sole trustee of the Armand Marciano Gift Trust-Francisca, 1,000 shares

held indirectly as sole trustee of the Armand Marciano Gift Trust-Harrison, 1,000 shares held indirectly as sole trustee of the Armand Marciano Gift Trust-Dominique, and 1,000 shares held indirectly as sole trustee of the Armand Marciano Gift Trust-Julien with respect to which he has sole voting and dispositive power.

(5) Includes 32,197 shares of our common stock that may be acquired upon the exercise of options exercisable within 60 days of March 31, 2000, pursuant to our Amended and Restated 1996 Non-Employee Directors' Stock Option Plan.

(6) Includes 23,606 shares of our common stock that may be acquired upon the exercise of options exercisable within 60 days of March 31, 2000, pursuant to our Amended and Restated 1996 Non-Employee Directors' Stock Option Plan.

(7) Includes 602 shares of our common stock that may be acquired upon the exercise of options exercisable within 60 days of March 31, 2000, pursuant to our Amended and Restated 1996 Non-Employee Directors' Stock Option Plan.

(8) Includes 574 shares of our common stock that may be acquired upon the exercise of options exercisable within 60 days of March 31, 2000, pursuant to our Amended and Restated 1996 Non-Employee Directors' Stock Option Plan.

(9) Includes 141,667 shares of our common stock that may be acquired upon the exercise of options exercisable within 60 days of March 31, 2000, pursuant to our 1996 Equity Incentive Plan.

(10) Includes 50,000 shares of our common stock that may be acquired upon the exercise of options exercisable within 60 days of March 31, 2000, pursuant to our 1996 Equity Incentive Plan.

(11) Includes 248,626 shares of our common stock that may be acquired upon the exercise of options exercisable within 60 days of March 31, 2000.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

We are engaged in various transactions with entities affiliated with trusts for the respective benefit of Maurice, Paul and Armand Marciano (the "Marciano Trusts"). We believe that the arrangements involving each of the companies in which these trusts have an investment, and related party transactions discussed below, were entered into on terms no less favorable to us than could have been obtained from an unaffiliated third party. Further, we will continue to abide by the New York Stock Exchange's rules with respect to any future related party transactions between us and our officers, directors or principal stockholders.

AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT

Upon consummation of our initial public offering of common stock, we and the Marciano Trusts entered into an Amended and Restated Stockholders' Agreement. Pursuant to this agreement, the Marcianos have agreed to vote their shares of common stock to elect each of them, or one designee of any of them (if the designee is reasonably acceptable to the other Marcianos) to our board of directors. This agreement provides that, with limited exceptions, each of the Marcianos has granted to each other and to us rights of first refusal with respect to the sale of any shares of our common stock held by each of them.

LICENSE AGREEMENTS AND LICENSEE TRANSACTIONS

On September 28, 1990, we entered into a license agreement with Charles David of California. Charles David of California is controlled by the father-in-law of Maurice Marciano. The Marciano Trusts and Nathalie Marciano (the spouse of Maurice Marciano) together own 50% of Charles David, and the remaining 50% is owned by the father-in-law of Maurice Marciano. The license agreement grants Charles David the rights to manufacture worldwide and distribute worldwide (except Japan and certain European countries) for men, women and some children, leather and rubber footwear which bear the GUESS? trademark. The license also includes related shoe care products and accessories. Gross royalties earned by us under this license agreement for the fiscal years ended December 31, 1997, 1998 and 1999 were $1.2 million, $1.4 million and $1.9 million, respectively. Additionally, we purchased $6.1 million, $6.1 million and $8.4 million of products from Charles David for resale in our retail stores during the same periods.

LEASES

We lease manufacturing, warehouse and administrative facilities from partnerships affiliated with the Marciano Trusts and certain of its affiliates. There are two leases in effect at December 31, 1999, both of which expire in July 2008. The total lease payments to these limited partnerships are currently $225,000 per month. Aggregate lease payments under leases in effect for the fiscal years ended December 31, 1997, 1998 and 1999 were $2.6 million, $2.7 million, and $2.7 million, respectively.

REGISTRATION RIGHTS AGREEMENT

Pursuant to a Registration Rights Agreement, the Marciano Trusts have the right to require us to register shares of their common stock under the Securities Act of 1933 until either (i) a registration statement covering the shares of common stock has been declared effective and the shares of common stock have been disposed of pursuant to an effective registration statement or (ii) the shares of common stock are sold or distributed pursuant to Rule 144 under the Securities Act. The Marciano Trusts have the right to have their shares included in registration statements relating to some offerings of our common stock, including the offering pursuant to this prospectus. In the event of any registration by us, the agreement contains customary provisions relating to holdback and indemnification arrangements. The agreement also provides that we will bear the cost of all expenses, excluding underwriters' discounts and commissions, incurred in connection with each registration under this agreement.

The Marciano Trusts have agreed to waive their rights to require the registration of any of their shares of common stock in connection with our offering of shares pursuant to this prospectus.

DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock consists of 150,000,000 shares of common stock, par value $.01 per share, and 10,000,000 shares of preferred stock, par value $.01 per share.

COMMON STOCK

Holders of common stock are entitled to one vote for each share held on all matters submitted to a vote of the stockholders, including the election of directors. Our Restated Certificate of Incorporation does not provide for cumulative voting in the election of directors. Accordingly, holders of a majority of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Subject to preferences that may be applicable to any preferred stock outstanding at the time, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared from time to time by our board of directors out of legally available funds. In the event of a liquidation, dissolution or winding up of GUESS?, holders of common stock are entitled to share ratably in all assets remaining after payment of our liabilities and the liquidation preference, if any, of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights and no rights to convert their common stock into any other securities and there are no redemption provisions with respect to such shares. All of the outstanding shares of common stock are fully paid and non-assessable. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which we may designate and issue in the future.

Certain stockholders have the right in certain circumstances to require us to register shares of common stock under the Securities Act of 1933. See "Certain Relationships and Related Transactions--Registration Rights Agreement".

Our common stock currently trades on the New York Stock Exchange under the symbol "GES."

The transfer agent and registrar for our common stock is Fleet National Bank.

PREFERRED STOCK

Our Restated Certificate of Incorporation provides that our board of directors, without further action by the stockholders, may issue shares of the preferred stock in one or more series and may fix or alter the relative, participating, optional or other rights, preferences, privileges and restrictions, including the voting rights, redemption provisions (including sinking fund provisions), dividend rights, dividend rates, liquidation preferences and conversion rights, and the description of and number of shares constituting any wholly unissued series of preferred stock. The board of directors, without further stockholder approval, can issue preferred stock with voting and conversion rights which could adversely affect the voting power of the holders of common stock. No shares of preferred stock presently are outstanding, and we currently have no plans to issue shares of preferred stock. The issuance of preferred stock in certain circumstances may have the effect of delaying or preventing a change of control of us without further action by the stockholders, may discourage bids for our common stock at a premium over the market price of the common stock and may adversely affect the market price and the voting and other rights of the holders of common stock.

UNDERWRITING

GUESS? has entered into an underwriting agreement with the underwriters named below. CIBC World Markets Corp., PaineWebber Incorporated, Chase Securities Inc., Tucker Anthony Incorporated and Ferris, Baker Watts Incorporated are acting as representatives of the underwriters.

The underwriting agreement provides for the purchase of a specific number of shares of common stock by each of the underwriters. The underwriters' obligations are several, which means that each underwriter is required to purchase a specified number of shares, but is not responsible for the commitment of any other underwriter to purchase shares. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase the number of shares of common stock set forth opposite its name below:

UNDERWRITERS	NUMBER OF SHARES
CIBC World Markets Corp.	
PaineWebber Incorporated	
Chase Securities Inc	
Tucker Anthony Incorporated	
Ferris, Baker Watts Incorporated	
Total	4,500,000

The underwriters have agreed to purchase all of the shares offered by this prospectus (other than those covered by the over-allotment option described below), if any are purchased. Under the underwriting agreement, if an underwriter defaults in its commitment to purchase shares, the commitments of non-defaulting underwriters may be increased or the underwriting agreement may be terminated, depending on the circumstances.

The shares should be ready for delivery on or about , 2000 against payment in immediately available funds. The representatives have advised GUESS? that the underwriters propose to offer the shares directly to the public at the public offering price that appears on the cover page of this prospectus. In addition, the representatives may offer some of the shares to other securities dealers at such price less a concession of $ per share. The underwriters may also allow, and such dealers may reallow, a concession not in excess of $ per share to other dealers. After the shares are released for sale to the public, the representatives may change the offering price and other selling terms at various times.

GUESS? has granted the underwriters an over-allotment option. This option, which is exercisable for up to 30 days after the date of this prospectus, permits the underwriters to purchase a maximum of 675,000 additional shares from GUESS? to cover over-allotments. If the underwriters exercise all or part of this option, they will purchase shares covered by the option at the initial public offering price that appears on the cover page of this prospectus, less the underwriting discount. If this option is exercised in full, the total price to public will be $, and the total proceeds to GUESS? will be $. The underwriters have severally agreed that, to the extent the over-allotment option is exercised, they will each purchase a number of additional shares proportionate to the underwriter's initial amount reflected in the foregoing table.

The following table provides information regarding the amount of the discount to be paid to the underwriters by GUESS?

	PER SHARE	TOTAL WITHOUT EXERCISE OF OVER-ALLOTMENT OPTION	TOTAL WITH FULL EXERCISE OF OVER-ALLOTMENT OPTION
GUESS?..............................	$	$	$

GUESS? estimates the total expenses of the offering, excluding the underwriting discount, will be approximately $.

GUESS? has agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

GUESS? currently intends to use more than ten percent of the net proceeds of the sale of shares to repay indebtedness it owes to The Chase Manhattan Bank, an affiliate of one of the underwriters. Therefore, the offering is being made in compliance with the requirements of Rule 2710(c)(8) of the National Association of Securities Dealers, Inc. Conduct Rules. Under this rule, if more than ten percent of the net proceeds from the sale of shares, not including underwriting compensation, is paid to the underwriters or their affiliates, the initial public offering price of the stock can be no higher than is recommended by a "qualified independent underwriter." In accordance with this requirement, CIBC World Markets Corp., PaineWebber Incorporated, Tucker Anthony Incorporated and Ferris, Baker Watts Incorporated are assuming the responsibilities of acting as the qualified independent underwriters in pricing the offering and conducting due diligence. The price of the shares will be no higher than the price recommended by CIBC World Markets Corp., PaineWebber Incorporated, Tucker Anthony Incorporated and Ferris, Baker Watts Incorporated.

Rules of the Securities Exchange Commission may limit the ability of the underwriters to bid for or purchase shares before the distribution of the shares is completed. However, the underwriters may engage in the following activities in accordance with the rules:

- Stabilizing transactions--The representatives may make bids or purchases for the purpose of pegging, fixing or maintaining the price of the shares, so long as stabilizing bids do not exceed a specified maximum.

- Over-allotments and syndicate covering transactions--The underwriters may create a short position in the shares that are set forth on the cover page of this prospectus. If a short position is created in connection with the offering, the representatives may engage in syndicate covering transactions by purchasing shares in the open market. The representatives may also elect to reduce any short position by exercising all or part of the over-allotment option.

- Penalty bids--If the representatives purchase shares in the open market in a stabilizing transaction or syndicate covering transaction, they may reclaim a selling concession from the underwriters and selling group members who sold those shares as part of the offering.

Stabilization and syndicate covering transactions may cause the price of the shares to be higher than it would be in the absence of such transactions. The imposition of a penalty bid might also have an effect on the price of the shares if it discourages resales of the shares.

Neither GUESS?, nor the underwriters, makes any representation or prediction as to the effect that the transactions described above may have on the price of shares. These transactions may occur on the New York Stock Exchange or otherwise. If such transactions are commenced, they may be discontinued without notice at any time.

GUESS?, its officers and directors and some other stockholders have agreed to a 90-day "lock up" with respect to shares of common stock that they beneficially own, including securities that are convertible into shares of common stock and securities that are exchangeable or exercisable for shares of common stock. This means that, for a period of 90 days following the date of this prospectus, GUESS? and such persons may not offer, sell, pledge or otherwise dispose of these GUESS? securities without the prior written consent of CIBC World Markets Corp.

LEGAL MATTERS

Certain legal matters relating to the validity of the securities offered hereby will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom LLP, Los Angeles, California. Skadden, Arps, Slate, Meagher & Flom LLP has represented and may continue to represent some of the underwriters on unrelated matters from time to time. The underwriters have been represented by Gibson, Dunn & Crutcher LLP, Los Angeles, California.

EXPERTS

The consolidated financial statements and schedule of Guess ?, Inc. as of December 31, 1999 and 1998, and for each of the years in the three-year period ended December 31, 1999, have been included in the prospectus and elsewhere in the registration statement in reliance upon the report of KPMG LLP, independent certified public accountants, appearing elsewhere in the registration statement, and upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the SEC located in New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and from the SEC's web site at http://www.sec.gov.

We have filed a registration statement to register with the SEC the common stock offered by this prospectus. This prospectus is part of that registration statement. As allowed by SEC rules, this prospectus does not contain all of the information you can find in the registration statement and its exhibits. The SEC allows us to "incorporate by reference" into this prospectus the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and later information filed with the SEC will update and supersede this information. Statements in this prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance we refer you to the full text of such contract or document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference. We incorporate by reference the documents listed below.

(1) Our Annual Report on Form 10-K for the year ended December 31, 1999; and

(2) All documents filed by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and before the termination of this offering.

You may request a copy of these filings, at no cost, by writing or telephoning us at the following address:

Guess ?, Inc.
Attn: Corporate Secretary
1444 South Alameda Street
Los Angeles, California 90021
(213) 765-3100

GUESS ?, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Guess ?, Inc.:

We have audited the accompanying consolidated financial statements of Guess ?, Inc. and Subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the consolidated financial statement schedule, as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Guess ?, Inc. and Subsidiaries at December 31, 1998 and 1999 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1999 in conformity with generally accepted accounting principles. Also in our opinion, the related consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 13, the Company changed its method of accounting for its product display fixtures in 1997.

KPMG LLP

Los Angeles, California
February 10, 2000, except
for note 15, which is as of
March 3, 2000

GUESS ?, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1998 AND 1999

(IN THOUSANDS, EXCEPT SHARE DATA)

ASSETS	1998	1999
Current assets:		
Cash	$ 5,853	$ 6,139
Investments (note 2)	11,900	27,059
Receivables:		
Trade receivables, less reserves aggregating $7,837 and $8,863 at December 31, 1998 and 1999, respectively	19,685	26,829
Royalties, less allowance for doubtful accounts of $3,667 and $1,258 at December 31, 1998 and 1999, respectively	10,780	8,528
Other	3,673	4,316
	34,138	39,673
Inventories (note 3)	89,499	106,624
Prepaid expenses	5,640	8,861
Prepaid income taxes	2,566	3,004
Deferred tax assets (note 6)	6,496	9,619
Total current assets	156,092	200,979
Property and equipment, at cost, net of accumulated depreciation and amortization (note 4)	86,453	125,688
Investments (note 2)	1,118	21,771
Deferred tax assets (note 6)	4,110	--
Other assets, at cost, net of accumulated amortization of $2,293 and $3,589 at December 31, 1998 and 1999, respectively (note 14)	15,999	20,598
	$ 263,772	$ 369,036
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current installments of notes payable and long-term debt (note 5)	$ --	$ 7,475
Accounts payable	32,802	61,736
Accrued expenses	21,980	33,824
Total current liabilities	54,782	103,035
Notes payable and long-term debt, excluding current installments (note 5)	99,000	83,363
Deferred tax liabilities (note 6)	--	4,562
Other liabilities	9,581	9,674
	163,363	200,634
Minority interest (note 7)	--	1,047

Commitments and contingencies (notes 5 and 8)		
Stockholders' equity (note 12):		
Preferred stock, $0.01 par value. Authorized 10,000,000 shares; no shares issued and outstanding	--	--
Common stock, $0.01 par value. Authorized 150,000,000 shares; issued 62,937,327 and 63,335,743 shares at 1998 and 1999, outstanding 42,906,535 and 43,304,951 shares, respectively	137	141
Paid-in capital	158,589	163,300
Retained earnings	92,543	144,443
Accumulated other comprehensive income (loss)	(84)	10,247
Treasury stock, 20,030,792 shares repurchased	(150,776)	(150,776)
Net stockholders' equity	100,409	167,355
	$ 263,772	$ 369,036

See accompanying notes to consolidated financial statements.

GUESS ?, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS

YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1997	1998	1999
Net revenue (note 11)			
Product sales	$465,913	$435,128	$560,012
Net royalties	49,459	36,803	39,638
	515,372	471,931	599,650
Cost of sales	288,408	272,079	331,660
Gross profit	226,964	199,852	267,990
Selling, general and administrative expenses	156,318	142,806	171,014
Severance costs related to distribution facility (notes 10 and 14)	--	--	3,200
Earnings from operations	70,646	57,046	93,776
Other income/(expense):			
Gain on disposition of property and equipment (note 10)	--	--	3,849
Interest, net	(13,718)	(12,892)	(9,385)
Other, net	(2,041)	(863)	(1,140)
	(15,759)	(13,755)	(6,676)
Earnings before income taxes and cumulative effect of change in accounting principle	54,887	43,291	87,100
Income taxes (note 6)	21,337	18,180	35,200
Earnings before cumulative effect of change in accounting principle	33,550	25,111	51,900
Cumulative effect of change in accounting for product display fixtures, net of income taxes of $2,707 (note 13)	3,961	--	--
Net earnings	$ 37,511	$ 25,111	$ 51,900
Basic earnings per share:			
Earnings before cumulative effect of change in accounting principle	$ 0.78	$ 0.59	$ 1.21
Cumulative effect of change in accounting for product			

display fixtures, net of income taxes of $2,707 (note 13)	0.09	--	--
Net earnings	$ 0.87	$ 0.59	$ 1.21
Diluted earnings per share:			
Earnings before cumulative effect of change in accounting principle	$ 0.78	$ 0.59	$ 1.20
Cumulative effect of change in accounting for product display fixtures, net of income taxes of $2,707 (note 13)	0.09	--	--
Net earnings	$ 0.87	$ 0.59	$ 1.20
Weighted number of shares outstanding--basic	42,898	42,904	43,005
Weighted number of shares outstanding--diluted	42,902	42,919	43,366

See accompanying notes to consolidated financial statements.

GUESS ?, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

AND COMPREHENSIVE INCOME (LOSS)

YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

(IN THOUSANDS)

	COMPREHENSIVE INCOME	COMMON STOCK	PAID-IN CAPITAL	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	TREASURY STOCK	TOTAL
Balance at December 31, 1996		$ 135	$155,591	$ 29,921	$ 57	$(150,776)	$ 34,928
Comprehensive income:							
Net earnings	$37,511	--	--	37,511	--	--	37,511
Foreign currency translation adjustment	(109)	--	--	--	(109)	--	(109)
Total comprehensive income	$37,402						
Issuance of common stock		2	2,998	--	--	--	3,000
Balance at December 31, 1997		137	158,589	67,432	(52)	(150,776)	75,330
Comprehensive income:							
Net earnings	$25,111	--	--	25,111	--	--	25,111
Foreign currency translation adjustment	(32)	--	--	--	(32)	--	(32)
Total comprehensive income	$25,079						
Balance at December 31, 1998		137	158,589	92,543	(84)	(150,776)	100,409
Comprehensive income:							
Net earnings	$51,900	--	--	51,900	--	--	51,900
Foreign currency translation adjustment	(114)	--	--	--	(114)	--	(114)
Unrealized gain on investment, net of tax effect of $7,632	10,445	--	--	--	10,445	--	10,445
Total comprehensive income	$62,231						
Issuance of common stock under stock option plan		4	4,711	--	--	--	4,715
Balance at December 31, 1999		$ 141	$163,300	$144,443	$ 10,247	$(150,776)	$167,355

See accompanying notes to consolidated financial statements.

GUESS ?, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

(IN THOUSANDS)

	1997	1998	1999
Cash flows from operating activities:			
Net earnings	$ 37,511	$ 25,111	$ 51,900
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	20,071	22,571	25,589
Amortization of other assets	369	931	1,296
Deferred income taxes	1,783	(834)	(2,150)
Amortization of deferred royalty income	(2,623)	--	--
Cumulative effect of change in accounting principle	(3,961)	--	--
Loss (gain) on disposition of property and equipment	120	1,483	(5,037)
Minority interest	--	--	1,047
Foreign currency translation adjustment	91	(89)	(80)
Equity method losses	603	87	(98)
(Increase) decrease in:			
Receivables	8,988	3,637	558
Inventories	(12,591)	2,582	(9,155)
Prepaid expenses and other current assets	(4,972)	3,553	(9,340)
Prepaid income taxes	(14,511)	12,141	(2,849)
Other assets	8,105	(324)	5,820
Increase (decrease) in:			
Accounts payable	(964)	(5,520)	19,393
Accrued expenses	(993)	(241)	10,662
Income taxes payable	(6,784)	112	(252)
Net cash provided by operating activities	30,242	65,200	87,304
Cash flows from investing activities:			
Net (purchases of) proceeds from the sale of short-term investments	4,401	(11,900)	(10,600)
Purchase of property and equipment	(48,836)	(13,738)	(63,501)
Proceeds from the disposition of property and equipment	1,445	14	7,106
Lease incentives granted	2,561	432	1,544
Acquisition of interest in GUESS? Canada	---	---	(2,027)
Acquisition of license	(2,975)	(741)	(1,443)
Purchase of investment securities available for sale	--	--	(8,979)
Proceeds of investment securities available for sales	--	--	4,868
Increase of long-term investments	(1,435)	842	(2,357)
Net cash used by investing activities	(44,839)	(25,091)	(75,389)
Cash flows from financing activities:			
Repayment of senior subordinated notes	--	(6,000)	(19,400)
Proceeds from notes payable and long-term debt	163,935	102,300	5,529
Repayment of notes payable and long-term debt	(149,734)	(138,817)	(1,258)
Proceeds from issuance of common stock	--	--	3,534
Net cash provided (used) by financing activities	14,201	(42,517)	(11,595)
Net increase (decrease) in cash	(596)	(2,351)	286
Cash at beginning of year	8,800	8,204	5,853
Cash at end of year	$ 8,204	$ 5,853	$ 6,139
Supplemental disclosures			
Cash paid during the year for:			
Interest	$ 15,185	$ 15,095	$ 10,358
Income taxes	$ 39,558	$ 3,704	$ 37,236

On January 2, 1997, in connection with the acquisition of a license, the Company issued 216,216 shares of Common Stock aggregating $3.0 million.

See accompanying notes to consolidated financial statements.

GUESS ?, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1997, 1998 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Guess ?, Inc. (the "Company" or "GUESS?") designs, markets, distributes and licenses leading lifestyle collections of casual apparel and accessories for men, women and children that reflect the American lifestyle and European fashions sensibilities. The Company's designs are sold in GUESS? owned stores, to a network of wholesale accounts that include primarily better department stores, selected specialty retailers and upscale boutiques and through the Internet. GUESS? branded products, some of which are produced under license, are also sold internationally through a series of licensees and distributors.

PRINCIPLES OF CONSOLIDATION. The consolidated financial statements include the accounts of Guess ?, Inc. and its wholly-owned foreign subsidiary, Guess Europe, B.V., a Netherlands corporation ("GEBV"), and its majority-owned subsidiary GUESS? Canada Corporation, a Canadian corporation. GEBV holds two wholly-owned subsidiaries: Ranche, Limited, a Hong Kong corporation ("Ranche"), and Guess Italia, s.r.l., an Italian corporation ("GUESS? Italia"). The Company holds a 60% interest in GUESS? Canada and the results of GUESS? Canada are included in the consolidated Financial Statements. Accordingly, all references herein to "GUESS?" include the consolidated results of the Company and its subsidiaries. All intercompany accounts and transactions are eliminated during the consolidation process.

INVESTMENT SECURITIES. The Company accounts for its investment securities in accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("SFAS 115"). SFAS 115 requires investments to be classified into one of three categories based on management's intent: held-to-maturity securities, available-for-sale securities and trading securities. Held-to-maturity securities are recorded at amortized cost. Available-for-sale securities are recorded at fair value with unrealized gains and losses reported as a separate component of stockholders' equity. Trading securities are recorded at market value with unrealized gains and losses reported in operations. The Company accounts for its short-term investment securities as available-for-sale.

EARNINGS PER SHARE. Basic earnings per share represents net earnings divided by the weighted-average number of shares of common stock, par value $0.01 per share (the "Common Stock"), outstanding for the period. Diluted earnings per share represents net earnings divided by the weighted-average number of shares outstanding, inclusive of the dilutive impact of Common Stock equivalents.

The reconciliation of basic to diluted weighted average shares is as follows (in thousands):

	1997	1998	1999
Net earnings	$37,511	$25,111	$51,900
Weighted average shares used in basic computations	42,898	42,904	43,005
Dilutive stock options	4	15	361
Weighted average shares used in diluted			

computation	42,902	42,919	43,366
	=======	=======	=======

Options to purchase 1,421,000, 1,036,000 and 467,000 shares of Common Stock at prices ranging from $10.50 to $18.00, $5.50 to $11.00 and $10.88 to $16.38 were outstanding during 1997, 1998 and 1999, respectively, but were not included in the computation of diluted earnings per share because the options exercise prices were greater than the average market price of the shares of Common Stock.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

CONCENTRATION OF CREDIT RISK. The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. The Company maintains cash with various major financial institutions and performs evaluations of the relative credit standing of these financial institutions in order to limit the amount of credit exposure with any institution. The Company extends credit to corporate customers based upon an evaluation of the customer's financial condition and credit history and generally requires no collateral. The Company's customers are principally located throughout North America, and their ability to pay amounts due to the Company may be dependent on the prevailing economic conditions of their geographic region. However, such credit risk is considered limited due to the Company's large customer base. Management performs regular evaluations concerning the ability of its customers to satisfy their obligations and records a provision for doubtful accounts based on these evaluations. The Company's credit losses for the periods presented are insignificant and have not exceeded management's estimates. A few of the Company's domestic wholesale customers, including some under common ownership, have accounted for significant portions of its net revenue. During 1999, Bloomingdale's, Macy's and other affiliated stores owned by Federated Department Stores, Inc. together accounted for approximately 12.4% of the Company's net revenue.

INVENTORIES. Inventories are stated at the lower of cost (first-in, first-out and weighted average) or market.

REVENUE RECOGNITION. The Company recognizes retail operations revenue at the point of sale, and wholesale operations revenue from the sale of merchandise upon shipment. Royalty income is based upon a percentage, as defined in the underlying agreement, of the licensees' net revenue. The Company accrues for estimated sales returns and allowances in the period in which the related revenue is recognized.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization of property and equipment are provided using the straight-line and declining balance methods over the following useful lives:

Building and building improvements	10 to 31 years
Land improvements	5 years
Machinery and equipment	3 to 5 years
Corporate aircraft	10 years
Corporate vehicles	3 years
Shop fixtures	5 years

Leasehold improvements are amortized over the lesser of the estimated useful life of the asset or the term of the lease. Construction in progress is not depreciated until the related asset is completed.

Goodwill, which represents the excess of purchase price over fair value of net assets acquired, is amortized on a straight-line basis over the expected periods to be benefited, generally 10 to 15 years.

FOREIGN CURRENCY TRANSLATION. In accordance with SFAS No. 52, "Foreign Currency Translation," balance sheet accounts of the Company's foreign operations are translated from foreign currencies into U.S. dollars at year-end at historical rates, while income and expenses are translated at the weighted-average exchange rates for the year. The related translation adjustments are reflected as a foreign currency translation adjustment in the consolidated balance sheets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)

HEDGING ACTIVITIES. At December 31, 1999, the Company had forward exchange contracts to purchase $1.5 million U.S. currency for approximately $2.2 million Canadian currency. Based on rates at December 31, 1999, the cost to buy the equivalent U.S. dollars was approximately $2.2 million Canadian currency.

Unrealized gains and losses on outstanding foreign currency exchange contracts, used to hedge future revenues and purchases, are not recorded in the financial statements but are included in the measurement of the related hedged transaction when realized.

INCOME TAXES. The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

COMPREHENSIVE INCOME. The Company reports comprehensive income under SFAS No. 130, "Reporting Comprehensive Income." Comprehensive income consists of net earnings, unrealized gains on investments and foreign currency translation adjustments and is presented in the consolidated statements of stockholders' equity and comprehensive income.

BUSINESS SEGMENT REPORTING. The Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" ("SFAS 131"), effective in 1998. SFAS 131 establishes new standards for reporting information about business segments and related disclosures about products and services, geographic areas and major customers. The business segments of the Company are wholesale, retail and licensing operations. Information regarding these segments is summarized in Note 11.

FAIR VALUE OF FINANCIAL INSTRUMENTS. The carrying amount of the Company's financial instruments, which principally include cash, short and long-term investments, trade receivables, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

The fair value of the Company's debt instruments are based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At December 31, 1998 and 1999, the carrying value of all financial instruments was not materially different from fair value.

USE OF ESTIMATES. Management of the Company has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with generally accepted accounting principles. Actual results could differ from these estimates.

LONG-LIVED ASSETS. The Company reports long-lived assets, including intangibles, at amortized cost. Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If this assessment indicates that the intangibles will not be recoverable, as determined by a

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (CONTINUED)
non-discounted cash flow generated by the asset, the carrying value of the Company's long-lived assets would be reduced to its estimated fair market value based on the discounted cash flows.

ADVERTISING COSTS. The Company expenses the cost of advertising as incurred. Advertising expenses charged to operations for the years ended December 31, 1997, 1998 and 1999 were $22.5 million, $18.0 million, and $24.5 million, respectively.

RECLASSIFICATIONS. Certain reclassifications have been made to the 1997 and 1998 consolidated financial statements to conform with the 1999 presentation.

2. INVESTMENTS

Short-term investments consist mostly of overnight interest bearing deposit accounts aggregating $11.9 million at December 31, 1998 and $27.1 million at December 31, 1999.

Long-term investments consist of certain marketable equity securities aggregating $1.1 million and $21.8 million at December 31, 1998 and 1999, respectively. Unrealized gains related to marketable equity securities at December 31, 1999 amounted to $11.2 million, net of deferred taxes of $7.6 million and are included as a component of stockholders' equity.

3. INVENTORIES

Inventories are summarized as follows (in thousands):

	1998	1999
Raw materials	$ 9,400	$ 8,514
Work in process	7,922	6,740
Finished goods--retail	36,712	45,750
Finished goods--wholesale	35,465	45,620
	$89,499	$106,624

4. PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows (in thousands):

	1998	1999
Land and land improvements	$ 5,729	$ 5,734
Building and building improvements	8,462	8,462
Leasehold improvements	59,218	67,821
Machinery and equipment	71,975	86,790
Corporate aircraft	5,973	6,601
Shop fixtures	28,895	31,347
Construction in progress	1,321	23,842
	181,573	230,597
Less accumulated depreciation and amortization	95,120	104,909
	$ 86,453	$125,688

Construction in progress at December 31, 1998 and 1999 represents the costs associated with the construction of buildings and improvements used in the Company's operations and other capitalizable expenses in progress.

5. NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt are summarized as follows (in thousands):

	1998	1999
9 1/2% Senior Subordinated Notes due 2003	$99,000	$79,562
Revolving bank loan bearing interest at 1.75% above the Canadian prime rate plus an amount equal to 0.5% per month of the average outstanding balance, payable on demand, but commencing January 1, 2001 by way of 24 equal consecutive minimum payments	--	2,770
Advances under a demand line of credit of $15,926 with advances thereon bearing interest at the Canadian prime rate plus 1%	--	6,818
Other obligations, maturing in varying amounts through 2004	--	1,688
	99,000	90,838
Less current installments	--	7,475
Long-term debt, excluding current installments	$99,000	$83,363

In December 1999, the Company entered into a credit agreement with a bank permitting borrowings up to $125.0 million (the "Credit Facility"). The Credit Facility replaced the Company's $100.0 million revolving credit facility entered into in March 1997. The Credit Facility provides for a $125.0 million revolving credit facility including a $50.0 million sub-limit for letters of credit. The Credit Facility expires on October 31, 2002. At December 31, 1999, the Company had no outstanding borrowings under the Credit Facility, $15.2 million in outstanding commercial letters of credit and $32.0 million in standby letters of credit. The Credit Facility contains various restrictive covenants requiring, among other things, the maintenance of certain financial ratios. The Company was in compliance with all such covenants as of December 31, 1999. In addition, the arrangements governing the Company's Credit Facility and the indenture pursuant to which the Company's Senior Subordinated Notes due 2003 were issued restrict the payments of dividends by the Company. Our outstanding borrowings currently bear interest at LIBOR plus 100 basis points.

The Senior Subordinated Notes are redeemable at the option of the Company, in whole or in part, at any time at various redemption prices. The Company repurchased $6.0 million and $19.4 million in 1998 and 1999, respectively, of its Senior Subordinated Notes.

6. INCOME TAXES

Income taxes are summarized as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Federal:			
Current	$17,487	$14,477	$32,508
Deferred	2,995	793	(2,464)
State:			
Current	3,973	2,459	5,202
Deferred	(1,212)	41	314
Foreign:			
Current	801	410	(360)
	$24,044	$18,180	$35,200

Actual income taxes differ from expected income taxes obtained by applying the statutory Federal income tax rate to earnings before income taxes as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Computed "expected" tax expense	$21,544	$15,152	$30,485
State taxes, net of Federal benefit	2,928	1,625	3,586
Foreign (benefit)	(157)	(14)	(273)
U.S. tax and foreign withholding tax on Foreign distributions	--	739	--
Other	(271)	678	1,402
	$24,044	$18,180	$35,200

Total income taxes were allocated as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Operations	$24,044	$18,180	$35,200
Stockholders' equity	--	--	6,451
Total income taxes	$24,044	$18,180	$41,651

The income tax expense for the year ended December 31, 1997 includes taxes of $2.7 million related to a one-time change in accounting (see Note 13). The Company's consolidated statement of earnings has presented the change in accounting, net of this income tax expense.

6. INCOME TAXES (CONTINUED)

The tax effects of temporary differences that give rise to significant portions of current and non-current deferred tax assets and deferred tax liabilities at December 31, 1998 and 1999 are presented below (in thousands):

	1998	1999
Deferred tax assets:		
Retail store closure reserves	$ 467	$ 269
Deferred lease incentives	1,648	1,718
Rent expense	2,158	2,161
Uniform capitalization adjustment	1,987	2,194
State income taxes	870	1,471
Bad debt and other reserves	1,810	2,904
Severance reserve	--	1,378
Other	2,066	2,602
Total deferred assets	11,006	14,697
Deferred tax liabilities-principally related to unrealized gain on investment	400	9,640
Net deferred tax assets	$10,606	$ 5,057

Included above at December 31, 1998 and 1999 are $6.5 million and $9.6 million for current deferred tax assets, respectively, and $4.1 million non-current deferred tax assets and $4.5 million non-current deferred tax liabilities.

Prepaid income taxes of $2.6 million and $3.4 million at December 31, 1998 and 1999, respectively, arise from the overpayment of estimated income taxes.

Based on the historical earnings of the Company, management believes it is more likely than not that the results of operations will generate sufficient taxable earnings to realize net deferred tax assets.

7. RELATED PARTY TRANSACTIONS

The Company is engaged in various transactions with entities affiliated with trusts for the respective benefit of Maurice, Paul and Armand Marciano (the "Marciano Trusts"). The Company believes that the arrangements involving each of the companies in which the Marciano Trusts have an investment, and related party transactions discussed below were entered into on terms no less favorable to the Company than could have been obtained from an unaffiliated third party.

LICENSE AGREEMENTS AND LICENSEE TRANSACTIONS. On September 28, 1990, the Company entered into a license agreement with Charles David of California ("Charles David"). The Marciano Trusts and Nathalie Marciano (the spouse of Maurice Marciano) together own 50% of Charles David, and the remaining 50% is owned by the father-in-law of Maurice Marciano. The license agreement grants Charles David the rights to manufacture worldwide and distribute worldwide (except Japan and certain European countries) for men, women and some children, leather and rubber footwear which bear the GUESS? trademark. The license also includes related shoe care products and accessories.

7. RELATED PARTY TRANSACTIONS (CONTINUED)

Gross royalties earned by the Company under such license agreement for the fiscal years ended December 31, 1997, 1998 and 1999 were $1.2 million, $1.4 million and $1.9 million, respectively. Additionally, the Company purchased $6.1 million, $6.1 million and $8.4 million of products from Charles David for resale in the Company's retail stores during the same periods.

In May 1997, the Company sold substantially all of the assets and liabilities of GUESS? Italia to Maco Apparel, S.p.a. ("Maco"). The effect of the net asset disposal was immaterial to the Company's results of operations. In connection with this sale, the Company also purchased a 10% ownership interest in Maco and entered into an approximate 10-year license agreement with Maco granting it the right to manufacture and distribute certain men's and women's jeanswear apparel, which bear the GUESS? trademark, in certain parts of Europe. In addition to royalty fees, the Company will also receive $14.1 million over a four-year period in consideration of the grant of the license rights for men's and women's jeanswear apparel. During 1998 and 1999, the Company recorded $2.8 million and $2.8 million, respectively, in revenue in connection with the grant of such license rights. Additionally, the Company also recorded $2.3 million and $3.2 million in royalty fees related to product sales in 1998 and 1999, respectively. Effective as of March 1, 1998, the Company also entered into an approximate nine-year license agreement with Maco granting it the right to manufacture and distribute kid's jeanswear, which bear the GUESS? trademark, in certain parts of Europe.

On August 4, 1999, the Company completed its purchase of an additional 40% of GUESS? Canada, whereby the Company's ownership has been increased to 60%. As part of the transaction, the Company paid $2.2 million and will provide long-term financing of up to $13.4 million to GUESS? Canada to expand its Canadian retail operations. The Company has an option to acquire the remaining 40% of GUESS? Canada that becomes exercisable commencing December 31, 2001. The acquisition was accounted for as a purchase and the results of GUESS? Canada are included in the Company's consolidated financial statements from the date of acquisition. The excess of the purchase price over the fair value of net assets acquired amounting to $1.1 million is allocated to goodwill and is being amortized over 15 years. The operating results of GUESS? Canada are immaterial to the Company's consolidated financial statements.

AGENCY AGREEMENT. In February 1996, the Company entered into a buying agency agreement with Newtimes Guess?, Ltd. ("Newtimes"). The Company owned 50% of Newtimes. Pursuant to such agreement, the Company pays Newtimes a commission based on the cost of finished garments purchased for the Company. Commissions earned by Newtimes from the Company during the fiscal years ended December 31, 1997 and 1998 were $1.7, and $1.0 million, respectively. Additionally, with respect to Newtimes, the Company recorded $0.1 million in equity losses during the fiscal year ended December 31, 1997. During 1998, Newtimes was dissolved after the Company terminated its buying agency agreement with them, and severed its equity interest in Newtimes. Accordingly, the Company has discontinued recording equity income during 1998.

LEASES. The Company leases manufacturing, warehouse and administrative facilities from partnerships affiliated with the Marciano Trusts and certain of its affiliates. There are two leases in effect at December 31, 1999, both of which expire in July 2008. The total lease payments to these limited partnerships are currently $225,000 per month. Additionally, the Company was on a month to month lease for another storage facility. Aggregate lease payments under leases in effect for the fiscal

7. RELATED PARTY TRANSACTIONS (CONTINUED)

years ended December 31, 1997, 1998 and 1999 were $2.6 million, $2.7 million, and $2.7 million, respectively.

8. COMMITMENTS AND CONTINGENCIES

LEASES. The Company leases its showrooms and retail store locations under operating lease agreements expiring on various dates through 2016. Some of these leases require the Company to make periodic payments for property taxes and common area operating expenses. Certain leases include rent abatements and scheduled rent escalations, for which the effects are being amortized and recorded over the lease term. The Company also leases some of its equipment under operating lease agreements expiring at various dates through 2003.

Future minimum rental payments under non-cancelable operating leases at December 31, 1999 are as follows:

Year ending December 31, (in thousands):

	NON RELATED PARTIES	RELATED PARTIES	TOTAL
2000	$ 30,251	$ 2,727	$ 32,978
2001	30,380	2,727	33,107
2002	28,975	2,727	31,702
2003	27,552	2,727	30,279
2004	23,727	2,727	26,454
Thereafter	71,245	9,771	81,016
	$212,130	$23,406	$235,536

Rental expense for all operating leases during the years ended December 31, 1997, 1998, and 1999 aggregated $30.8 million, $32.6 million, and $41.2 million, respectively.

INCENTIVE BONUSES. Certain officers and key employees of the Company are entitled to incentive bonuses, primarily based on the Company's profits.

LITIGATION. On August 7, 1996, a class action complaint naming the Company and certain of its independent contractors was filed in the Superior Court of the State of California for the County of Los Angeles, titled as Brenda Figueroa et al. v. Guess?, Inc. et al. The plaintiffs asserted claims for violation of state wage and hour laws, wrongful discharge, and breach of contract arising out of the Company's relationship with its independent contractors and actions taken by them with respect to their employees. The plaintiffs also alleged that the Company breached its agreement with the United States Department of Labor regarding the monitoring of its independent contractors. The Court has held two hearings on certifying the alleged class. The parties have agreed to settle the case. On March 1, 2000, the Court gave final approval to the parties' settlement. If no class member appeals within 60 days thereafter, the case will be finally resolved.

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

On July 7, 1998, the Union of Needletrades Industrial and Textile Employees ("UNITE") filed with the National Labor Relations Board ("NLRB") charges against the Company alleging that the Company violated the National Labor Relations Act by failing to uphold certain obligations under a prior settlement agreement with the NLRB, by denying pro-union employees access to the Company's facilities, by conferring new benefits to employees, by making false accusations against UNITE, by conducting video surveillance of UNITE's offices, and by assisting and organizing an anti-union demonstration. These allegations were dismissed by the NLRB. UNITE appealed, and, on October 15, 1999, the NLRB dismissed the appeal.

On February 24, 1998, the Company and Maurice Marciano, Paul Marciano and Armand Marciano, as individuals, were named as defendants in a class action entitled John N. Robinson v. Guess ?, Inc., Maurice Marciano, Paul Marciano and Armand Marciano and GUESS? Inc., filed in the Los Angeles Superior Court. The complaint as amended, purported to state claims under Sections 11, 12(a)(2) and 15 of the Securities Act of 1933 for alleged misrepresentations in connection with the Company's initial public offering (the "IPO") in August 1996. John Robinson purported to represent a class of all purchasers of the Company's stock in the IPO and sought unspecified damages. On January 10, 2000, the complaint was dismissed in its entirety. However, Robinson has the right to appeal the dismissal.

On October 26, 1998, Maurice Marciano, Paul Marciano and Armand Marciano, as individuals (the "Marcianos"), as well as the Company, were named as defendants in a shareholders' derivative complaint entitled John N. Robinson v. Maurice Marciano, Paul Marciano and Armand Marciano and Guess ?, Inc., filed in the Los Angeles Superior Court. The complaint, as amended, (the "Derivative Complaint") purports to state a claim for intentional breach of fiduciary duty, negligent breach of fiduciary duty, constructive fraud and abuse of control in connection with the Marcianos' management of the Company since its IPO. On July 26, 1999, the Court entered an Order that allows the case to proceed past the pleadings stage. While it is too soon to predict the outcome of the case with any certainty, the defendants believe they have meritorious defenses to each of the claims asserted and intend to vigorously defend themselves.

On May 21, 1999, the Company filed a demand for arbitration against Pour le Bebe, Inc. and Pour la Maison, Inc. (collectively, "PLB") seeking damages and injunctive relief in connection with four written license agreements between the parties. The Company alleged that PLB defaulted under the license agreements, that the license agreements properly were terminated and that PLB breached the license agreements. On July 19, 1999, PLB filed a counterdemand for arbitration against the Company. PLB sought damages and injunctive relief against the Company alleging breach of contract, violation of the California Franchise Relations Act, interference with prospective economic advantage, unlawful business practices, statutory unfair competition and fraud. The arbitration was conducted before the American Arbitration Association pursuant to arbitration clauses in the license agreements. (See Note 15.)

On June 9, 1999, the Company commenced a lawsuit in the Los Angeles County Superior Court against Kyle Kirkland, Kirkland Messina LLC, and CKM Securities (collectively "Kirkland") for tortious interference, unfair competition, fraud and related claims. This action arises out of alleged misrepresentations and omissions of material fact made by Kirkland in connection with the operations

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)

and financial performance of PLB. Currently, there are proceedings in the California Court of Appeal to determine if the action will proceed in court or by way of arbitration. No trial or hearing date has been set.

The Company cannot predict the outcome of these matters. The Company believes the outcome of one or more of the above cases could have a material adverse effect on the Company's financial condition and results of operations.

9. SAVINGS PLAN

The Company established the Guess ?, Inc. Savings Plan (the "Savings Plan") under Section 401(k) of the Internal Revenue Code. Under the Savings Plan, employees ("associates") may contribute up to 15% of their compensation per year, subject to the elective limits as defined by IRS guidelines, and the Company may make matching contributions in amounts not to exceed 1.5% of the associates' annual compensation. The Company's contributions to the Savings Plan for each of the three years ended December 31, 1997, 1998 and 1999 aggregated $0.3 million.

10. QUARTERLY INFORMATION (UNAUDITED)

The following is a summary of the unaudited quarterly financial information for the years ended December 31, 1998 and 1999 (in thousands, except per share data):

YEAR ENDED DECEMBER 31, 1998	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net revenue	$110,768	$98,068	$130,138	$132,957
Gross profit	46,452	44,235	54,782	54,383
Net earnings	7,951	3,440	9,639	4,081
Basic and diluted earnings per share	$ 0.19	$ 0.08	$ 0.22	$ 0.10

YEAR ENDED DECEMBER 31, 1999	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Net revenue	$129,052	$119,557	$155,547	$195,494
Gross profit	54,028	55,035	65,261	93,666
Net earnings	11,486	7,017	14,235	19,162
Earnings per share:				
Basic	$ 0.27	$ 0.16	$ 0.33	$ 0.45

Diluted	$ 0.27	$ 0.16	$ 0.33	$ 0.44

During the second quarter of 1999, in accordance with the requirements of EITF 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring"), the Company recorded a $3.2 million charge for future severance costs related to the relocation of distribution operations to Louisville, Kentucky. In the third quarter of 1999, the Company realized a non-recurring pretax gain of $3.8 million on the disposition of property and equipment. During the fourth quarter of 1999, the Company enhanced its ability to estimate reserves through improved processes and more current and accurate data. As a result, the

10. QUARTERLY INFORMATION (UNAUDITED) (CONTINUED)

Company revised its estimate of certain reserves. This resulted in a reduction of cost of sales of $2.3 million.

11. SEGMENT INFORMATION

In accordance with the requirements of SFAS 131, "Disclosures about Segments of an Enterprise and Related Information", the Company's reportable business segments and respective accounting policies, policies of the segments are the same as those described in Note 1. Management evaluates segment performance based primarily on revenue and earnings from operations. Interest income and expense is evaluated on a consolidated basis and not allocated to the Company's business segments.

Segment information is summarized as follows for the years ended December 31, 1997, 1998 and 1999 (in thousands):

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Net revenue:			
Retail operations	$215,873	$222,624	$299,384
Wholesale operations	250,040	212,504	260,628
Licensing operations	49,459	36,803	39,638
	$515,372	$471,931	$599,650
Earnings from operations:			
Retail operations	$ 12,118	$ 19,943	$ 37,072
Wholesale operations	18,962	7,971	25,101
Licensing operations	39,566	29,132	31,603
	$ 70,646	$ 57,046	$ 93,776
Capital expenditures:			
Retail operations		$ 5,602	$ 28,030
Wholesale operations		8,136	35,471
Licensing operations		--	--
		$ 13,738	$ 63,501
Total assets:			
Retail operations		$ 93,140	$114,152

Wholesale operations	159,069	245,162
Licensing operations	11,563	9,722
	$263,772	$369,036

Certain expense items in the 1998 and 1997 amounts have been reclassified to conform with the 1999 presentation.

11. SEGMENT INFORMATION (CONTINUED)

The table below presents information related to geographic areas in which the Company operated during 1997, 1998 and 1999 (in thousands):

	YEARS ENDED DECEMBER 31,		
	1997	1998	1999
Net sales:			
United States	$455,969	$434,207	$548,179
Asia	22,277	13,859	13,279
Europe	19,812	10,600	13,464
Canada	1,649	1,644	12,073
South America	7,965	5,066	3,973
Mexico	2,774	2,406	3,337
Other	4,926	4,149	5,345
	$515,372	$471,931	$599,650

12. STOCK OPTION PLAN

On July 30, 1996, the Board of Directors adopted the Guess ?, Inc. 1996 Non-Employee Directors' Stock Option Plan pursuant to which the Board of Directors may grant stock options to non-employee directors. This plan authorizes grants of options to purchase up to 500,000 authorized but unissued shares of Common Stock. At December 31, 1997, 1998 and 1999, there were 28,886, 70,451 and 80,599 options issued under this plan, respectively. Stock options are granted with an exercise price equal to the stock's fair market value at the date of grant. Stock options have ten-year terms and vest and become fully exercisable in increments of one-fourth of the shares granted on each anniversary from the date of grant.

On July 30, 1996, the Board of Directors adopted the Guess ?, Inc. 1996 Equity Incentive Plan (the "Plan") pursuant to which the Board of Directors may grant stock options to officers, key associates and consultants. The Plan authorizes grants of options to purchase up to 4,500,000 authorized but unissued shares of Common Stock. Stock options are granted with an exercise price equal to the stock's fair market value at the date of grant. Stock options have ten-year terms (five years in the case of an incentive stock option granted to a ten-percent stockholder) and vest and become fully exercisable after varying time periods from the date of grant based on length of service or specified performance goals.

At December 31, 1997, 1998 and 1999, there were 3,208,645, 2,841,825 and 2,763,397 additional shares available for grant under the Plan, respectively. The per share weighted-average fair value of stock options granted during 1997, 1998 and 1999 was $9.75, $4.24, and $12.46, respectively, on the dates of grant using the Black Scholes option-pricing model with the following weighted-average assumptions: 1997, 1998 and 1999 expected dividend yields of 0.0%, 0.0% and 0.0%, respectively; 1997, 1998 and 1999 risk-free interest rates of 6.50%, 4.87% and 6.51%, respectively; 1997, 1998 and 1999 volatility factors of 30%, 63% and 65%, respectively; and 1997, 1998 and 1999 expected lives of four years.

12. STOCK OPTION PLAN (CONTINUED)

The Company applies APB Opinion No. 25 in accounting for its Plan and, accordingly, no compensation cost has been recognized for its stock options in the accompanying consolidated financial statements. Had the Company determined compensation based on the fair value at the grant date for its stock options under SFAS No. 123 ("SFAS 123"), the Company's pro forma net earnings and net earnings per share for the years ended December 31, 1997, 1998 and 1999 would have been reduced to the pro forma amounts indicated below (in thousands, except per share data):

	1997	1998	1999
Pro forma net earnings	$35,222	$24,574	$51,300
Pro forma earnings per share--basic	$ 0.82	$ 0.57	$ 1.19
Pro forma earnings per share--diluted	$ 0.82	$ 0.57	$ 1.18

Pro forma net earnings reflect only options granted since the inception of the Plan on July 30, 1996. The full impact of calculating compensation cost for stock options under SFAS 123 is not reflected in the pro forma net earnings amounts presented above because compensation cost is reflected over the options' vesting period of four years.

Stock option activity during the period indicated is as follows:

	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
Balance at December 31, 1996	1,251,105	$17.74
Granted	1,406,105	10.78
Forfeited	(1,365,855)	(16.88)
Balance at December 31, 1997	1,291,355	11.05
Granted	1,035,600	4.24
Forfeited	(668,780)	(10.92)
Balance at December 31, 1998	1,658,175	6.86
Granted	343,650	12.46
Exercised	(373,090)	(8.56)
Forfeited	(265,222)	(7.68)
Balance at December 31, 1999	1,363,513	$ 7.64

At December 31, 1997, 1998 and 1999, the weighted-average exercise price was $11.05, $6.86 and $7.64, respectively, and the weighted-average remaining contractual lives of outstanding options were 8.85, 9.0 and 8.53 years, respectively.

12. STOCK OPTION PLAN (CONTINUED)

The following table summarizes information about stock options outstanding and exercisable at December 31, 1999:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICE	NUMBER OUTSTANDING DECEMBER 31, 1999	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AT DECEMBER 31, 1999	WEIGHTED AVERAGE EXERCISE PRICE
$ 3.94 to $ 5.50	750,463	8.81 years	$ 4.17	126,644	$ 4.26
$ 7.03 to $ 9.38	105,100	8.56 years	8.33	34,350	8.09
$10.50 to $13.13	391,350	7.60 years	11.16	177,290	10.93
$16.38 to $21.06	116,600	9.90 years	17.51	--	--
	1,363,513....	8.54 years	$ 7.64	338,284	$ 8.14

At December 31, 1998 and 1999, the number of options exercisable for each year was 315,875 and 338,284, respectively. The weighted-average exercise price of those options was $10.84 and $8.14, respectively.

13. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING FOR PRODUCT DISPLAY FIXTURES

Effective January 1, 1997, the Company changed its method of accounting for product display fixtures located in its wholesale customers' retail stores, whereby the costs for such fixtures are capitalized and amortized over five years using the straight-line method. In prior years, these costs had been expensed as incurred. The Company believes that this new method will more closely match the long-term benefit that the product display fixtures provide with the expected future revenue from such fixtures. The cumulative effect of the change in accounting principle, recorded in the first quarter of 1997, is calculated based upon the retroactive effect of applying the new accounting method to prior year fixture acquisitions. The cumulative effect of the change in accounting principle of $4.0 million (after reduction for income tax expense of $2.7 million) is included in earnings for the year ended December 31, 1997. Excluding the cumulative effect of the change in accounting principle, the effect of the change during 1997 was to increase net earnings by approximately $6.2 million, or $0.14 per share.

14. SEVERANCE COSTS RELATED TO DISTRIBUTION FACILITY

In accordance with the requirements of EITF 94-3, "Liability for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)," the Company recorded a $3.2 million charge for future severance costs related to the relocation of its distribution operations from Los Angeles, California to Louisville, Kentucky. The Company anticipates the payment of these severance costs to occur in the second quarter of fiscal 2000.

15. SUBSEQUENT EVENT

On March 3, 2000, the Arbitrators issued an interim award in favor of the Company and rejected each of PLB's counterclaims (see Note 8). The amount of the interim award was in excess of $6 million. As the prevailing party, the Company is entitled to, and has applied for, an award of its attorneys' fees, costs and expenses. Because of the uncertainty of the ultimate realization of the award, no recognition has been given to it in the accompanying consolidated financial statements.

SCHEDULE II

GUESS ?, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED DECEMBER 31, 1997, 1998, AND 1999

(IN THOUSANDS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS AND WRITE-OFFS	BALANCE AT END OF PERIOD
As of December 31, 1997				
Allowance for obsolescence	$ 3,257	$ 3,764	$ (3,456)	$ 3,565
Reserves for accounts receivable	9,720	12,746	(11,270)	11,196
Allowance for doubtful royalties	--	--	--	--
As of December 31, 1998				
Allowance for obsolescence	3,565	3,512	(3,217)	3,860
Reserves for accounts receivable	11,196	8,542	(11,901)	7,837
Allowance for doubtful royalties	--	3,667	--	3,667
As of December 31, 1999				
Allowance for obsolescence	3,860	583	(2,079)	2,364
Reserves for accounts receivable	7,837	1,398	(372)	8,863
Allowance for doubtful royalties	3,667	1,657	(4,066)	1,258

INSIDE BACK COVER
Black and white photo of a woman sitting on a stone

INSIDE GATEFOLD
Black and white and color photos of products and models

[Black and white photo of a man and a woman]

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. NO DEALER, SALESPERSON OR OTHER PERSON IS AUTHORIZED TO GIVE INFORMATION THAT IS NOT CONTAINED IN THIS PROSPECTUS. THIS PROSPECTUS IS NOT AN OFFER TO SELL NOR IS IT SEEKING AN OFFER TO BUY THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS CORRECT ONLY AS OF THE DATE OF THIS PROSPECTUS, REGARDLESS OF THE TIME OF THE DELIVERY OF THIS PROSPECTUS OR ANY SALE OF THESE SECURITIES.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth costs and expenses of the sale and distribution of the securities being registered. All amounts except SEC fees are estimates.

SEC registration fee..	$39,600
NASD Filing fee...	
Listing fee...	
Accounting fees and expenses................................	
Legal fees and expenses.....................................	
Printing expenses...	
Miscellaneous...	
Total...	$

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Pursuant to Section 145 of the General Corporation Law of the State of Delaware (the "DGCL"), Article IX of the Bylaws of the Registrant provides that the Registrant shall indemnify any person in connection with any threatened, pending or completed legal proceeding (other than a legal proceeding by or in the right of the Registrant) by reason of the fact that he is or was a director or officer of the Registrant or is or was serving at the request of the Registrant as a director, officer, employee or agent of another corporation, partnership or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such legal proceeding if he acted in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the Registrant, and, with respect to any criminal action or proceeding, if he had no reasonable cause to believe that his conduct was unlawful. If the legal proceeding is by or in the right of the Registrant, the director or officer may he indemnified by the Registrant against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such legal proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Registrant and except that he may not be indemnified in respect of any claim, issue or matter as to which he shall have been adjudged to be liable to the Registrant unless a court determines otherwise.

Article IX of the Registrant's Bylaws allows the Registrant to maintain director and officer liability insurance on behalf of any person who is or was a director or officer of the Registrant or such person who serves or served as director, officer, employee or agent of another corporation, partnership or other enterprise at the request of the Registrant.

Pursuant to Section 102(b)(7) of the DGCL, Article VII of the Restated Certificate of Incorporation of the Registrant, which is Exhibit 3.1 to this Registration Statement, provides that no director of the Registrant shall be personally liable to the Registrant or its stockholders for monetary damages for any breach of his fiduciary duty as a director; provided, however, that such clause shall not apply to any liability of a director (1) for any breach of his duty of loyalty to the Registrant or its stockholders, (2) for acts or omissions that are not in good faith or involve intentional misconduct or a knowing violation of the law, (3) under Section 174 of the DGCL, or (4) for any transaction from which the director derived an improper personal benefit.

ITEM 16. EXHIBITS.

1.1	Form of Underwriting Agreement.
3.1	Restated Certificate of Incorporation of the Registrant.*
3.2	Bylaws of the Registrant.*
4.1	Specimen certificate for shares of common stock.*
5.1	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP.**
23.1	Consent of KPMG LLP, independent auditors.
23.2	Consent of Skadden, Arps, Slate, Meagher & Flom LLP (included in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).

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* Incorporated by reference from the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 333-4419), as amended.

** To be filed by amendment or as an exhibit to a document to be incorporated or deemed to be incorporated by reference in the Registration Statement.

ITEM 17. UNDERTAKINGS.

A. Undertaking Regarding Filings Incorporating Subsequent Exchange Act Documents by Reference

The undersigned hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

B. Undertaking in Respect of Indemnification

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 15, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

C. Undertaking Pursuant to Rule 430A

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or Rule 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on the 25th day of April, 2000.

GUESS ?, INC.

By: /s/ MAURICE MARCIANO

Maurice Marciano
CO-CHIEF EXECUTIVE OFFICER

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Maurice Marciano and Brian L. Fleming, and each of them, as their true and lawful attorneys-in-fact and agents, each of whom may act without joinder of the other, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to execute in the name of each such person who is then an officer or director of Guess ?, Inc., and to file any and all amendments (including post-effective amendments) to this Registration Statement, and any registration statement for the same offering filed pursuant to Rule 462 under the Securities Act of 1933, and to file the same, with all exhibits thereto and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing appropriate or necessary to be done, as fully and for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause or to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement on Form S-3 has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ MAURICE MARCIANO Maurice Marciano	Co-Chairman of the Board, Co-Chief Executive Officer and Director (Co-Principal Executive Officer)	April 25, 2000
/s/ PAUL MARCIANO Paul Marciano	Co-Chairman of the Board, Co-Chief Executive Officer, President and Director (Co-Principal Executive Officer)	April 25, 2000
/s/ ARMAND MARCIANO Armand Marciano	Senior Executive Vice President, Assistant Secretary and Director	April 21, 2000

SIGNATURE	TITLE	DATE
/s/ BRIAN L. FLEMING Brian L. Fleming	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	April 20, 2000
/s/ ROBERT C. DAVIS	Director	April 22, 2000

Robert C. Davis		
/s/ BRYAN ISAACS Bryan Isaacs	Director	April 17, 2000
/s/ ALICE T. KANE Alice T. Kane	Director	April 21, 2000
/s/ HOWARD SOCOL Howard Socol	Director	April 19, 2000

INDEX TO EXHIBITS

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
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3.2.........	Bylaws of the Registrant. *	
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5.1.........	Opinion of Skadden, Arps, Slate, Meagher & Flom LLP.**	
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* Incorporated by reference from the exhibit of the same number to the Company's Registration Statement on Form S-1 (File No. 333-4419), as amended.

** To be filed by amendment or as an exhibit to a document to be incorporated or deemed to be incorporated by reference in the Registration Statement.

EXHIBIT 1.1

4,500,000 Shares

GUESS ?, INC.

Common Stock

UNDERWRITING AGREEMENT

________, 2000

CIBC World Markets Corp.
PaineWebber Incorporated
Chase Securities Inc.
Tucker Anthony Incorporated
Ferris, Baker Watts Incorporated

c/o CIBC World Markets Corp.
10880 Wilshire Blvd., 23rd Floor
Los Angeles, California 90024

On behalf of the Several
Underwriters named on
Schedule I attached hereto.

Ladies and Gentlemen:

Guess ?, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions contained herein, to sell to you and the other underwriters named on Schedule I to this Agreement (the "Underwriters"), for whom you are acting as Representatives (the "Representatives"), an aggregate of 4,500,000 shares (the "Firm Shares") of the Company's Common Stock, $0.01 par value (the "Common Stock"). The amounts of the Firm Shares to be purchased by each of the several Underwriters are set forth opposite their names on Schedule I hereto. In addition, the Company proposes to grant to the Underwriters an option to purchase up to an additional 675,000 shares (the "Option Shares") of Common Stock for the purpose of covering over-allotments in connection with the sale of the Firm Shares. The Firm Shares and the Option Shares are together called the "Shares."

1. SALE AND PURCHASE OF THE SHARES.

On the basis of the representations, warranties and agreements contained in, and subject to the terms and conditions of this Agreement:

(a) The Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a price of $_____ per share (the "Initial Price"), the number of Firm Shares set forth opposite the name of such Underwriter under the column "Number of Firm Shares to be Purchased" on Schedule I to this Agreement, subject to adjustment in accordance with Section 10 hereof.

(b) The Company grants to the several Underwriters an option to purchase, severally and not jointly, all or any part of the Option Shares at the Initial Price. The number of Option Shares to be purchased by each Underwriter shall be the same percentage (adjusted by the Representatives to eliminate fractions) of the total number of Option Shares to be purchased by the Underwriters as such Underwriter is purchasing of the Firm Shares. Such option may be exercised only to cover over-allotments in the sales of the Firm Shares by the Underwriters and may be exercised in whole or in part at any time on or before 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date (as defined below), and from time to time thereafter within 30 days after the date of this Agreement, in each case upon written, facsimile or telegraphic notice, or verbal or telephonic notice confirmed by written, facsimile or telegraphic notice, by the Representatives to the Company no later than 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date or at least two business days before the Option Shares Closing Date (as defined below), as the case may be, setting forth the number of Option Shares to be purchased and the time and date (if other than the Firm Shares Closing Date) of such purchase.

2. DELIVERY AND PAYMENT. Delivery by the Company of the Firm Shares to the Representatives for the respective accounts of the Underwriters, and payment of the purchase price by certified or official bank check or checks payable in New York Clearing House (next day) funds drawn to the order of the Company, against delivery of the respective certificates therefor to the Representatives, shall take place at the offices of CIBC World Markets Corp., One World Financial Center, New York, New York 10281, at 10:00 a.m., New York City time, on the third business day following the date of this Agreement, or at such time on such other date, not later than 10 business days after the date of this Agreement, as shall be agreed upon by the Company and the Representatives (such time and date of delivery and payment are called the "Firm Shares Closing Date").

If the option with respect to the Option Shares is exercised in whole or in part on one or more occasions, delivery by the Company of the Option Shares to the Representatives for the respective accounts of the Underwriters and payment of the purchase price thereof in immediately available funds by wire transfer or by certified or official bank check or checks payable in New York Clearing House (next day) funds to the Company shall take place at the offices of CIBC World Markets Corp. specified above at the time and on the date (which may be the same date as, but in no event shall be earlier than, the Firm Shares Closing Date) specified in

the notice referred to in Section 1(b) (such time and date of delivery and payment are called the "Option Shares Closing Date"). The Firm Shares Closing Date and the Option Shares Closing Date are called, individually, a "Closing Date" and, together, the "Closing Dates."

Certificates evidencing the Shares shall be registered in such names and shall be in such denominations as the Representatives shall request at least two full business days before the Firm Shares Closing Date or, in the case of Option Shares, on the day of notice of exercise of the option as described in Section l(b) and shall be made available to the Representatives for checking and packaging, at such place as is designated by the Representatives, on the full business day before the Firm Shares Closing Date (or the Option Shares Closing Date in the case of the Option Shares).

3. REGISTRATION STATEMENT AND PROSPECTUS; PUBLIC OFFERING. The Company has prepared and filed in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the published rules and regulations thereunder (the "Rules") adopted by the Securities and Exchange Commission (the "Commission"), a Registration Statement (as hereinafter defined) on Form S-3 (No. 333-_____), including a preliminary prospectus relating to the Shares, and such amendments thereof as may have been required to the date of this Agreement. The Company has delivered to you copies of such Registration Statement (including all amendments thereof) and of the related Preliminary Prospectus (as hereinafter defined). The term "Preliminary Prospectus" means any preliminary prospectus (as described in Rule 430 of the Rules) included at any time as a part of the Registration Statement or filed with the Commission by the Company with the consent of the Representatives pursuant to Rule 424(a) of the Rules. The term "Registration

Statement" as used in this Agreement means the initial registration statement (including all exhibits, financial schedules and information deemed to be a part of the Registration Statement through incorporation by reference or otherwise), as amended at the time and on the date it becomes effective (the "Effective Date"), including the information (if any) deemed to be part thereof at the time of effectiveness pursuant to Rule 430A of the Rules. If the Company has filed an abbreviated registration statement to register additional Shares pursuant to Rule 462(b) under the Rules (the "462(b) Registration Statement"), then any reference herein to the Registration Statement shall also be deemed to include such 462(b) Registration Statement. The term "Prospectus" as used in this Agreement means the prospectus in the form included in the Registration Statement at the time of effectiveness or, if Rule 430A of the Rules is relied on, the term "Prospectus" shall also include the final prospectus filed with the Commission pursuant to Rule 424(b) of the Rules.

The Company understands that the Underwriters propose to make a public offering of the Shares, as set forth in and pursuant to the Prospectus, as soon after the Effective Date and the date of this Agreement as the Representatives deem advisable. The Company hereby confirms that the Underwriters and dealers have been authorized to distribute or cause to be distributed each Preliminary Prospectus and are authorized to distribute the Prospectus (as from time to time amended or supplemented, if the Company furnishes such amendments or supplements to the Underwriters).

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby represents and warrants to each Underwriter as follows:

(a) On the Effective Date, the Registration Statement complied, and on (i) the date of the Prospectus, (ii) the date any post-effective amendment to the Registration Statement becomes effective, (iii) the date any supplement or amendment to the Prospectus is filed with the Commission and (iv) each Closing Date, the Registration Statement and the Prospectus (and any amendment thereof or supplement thereto) will comply with the applicable provisions of the Securities Act and the Rules and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Commission thereunder. As of the Effective Date, the Registration Statement did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading; and on the Effective Date and the other dates referred to above, neither the Registration Statement nor the Prospectus, nor any amendment thereof or supplement thereto, will contain any untrue statement of a material fact or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. When any related preliminary prospectus was first filed with the Commission (whether filed as part of the Registration Statement or any amendment thereto or pursuant to Rule 424(a) of the Rules) and when any amendment thereof or supplement thereto was first filed with the Commission, such preliminary prospectus, as amended or supplemented, complied with the applicable provisions of the Securities Act and the Rules, and did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. Notwithstanding the foregoing, none of the representations and warranties in this paragraph 4(a) shall apply to statements in, or omissions from, the Registration Statement or the Prospectus made in reliance upon, and in conformity with, information herein or otherwise furnished in writing by the Representatives on behalf of the several Underwriters expressly for use in the Registration Statement or the Prospectus. With respect to the preceding sentence, the Company acknowledges that the only information furnished in writing by the Representatives on behalf of the several Underwriters authorized for use in the Registration Statement or the Prospectus are the statements contained under the caption "Underwriting" in the Prospectus.

(b) The Registration Statement is effective under the Securities Act, no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of the Prospectus has been issued and no proceedings for that purpose have been instituted or are threatened under the Securities Act. Any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) of the Rules has been or will be made in the manner and within the time period required by such Rule 424(b).

(c) The documents incorporated by reference in the Registration Statement and the Prospectus, at the time they were filed with the Commission, complied with the requirements of the Exchange Act and, when read together and with the other information in the Registration Statement and the Prospectus, do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The financial statements of the Company (including all notes and schedules thereto) included or incorporated by reference in the Registration Statement and Prospectus present fairly the financial position, the results of operations, the statements of cash flows and the statements of stockholders' equity and the other information purported to be shown therein of the Company at the respective dates and for the respective periods to which they apply; and such financial statements and related schedules and notes have been prepared in conformity with generally accepted accounting principles, consistently applied throughout the periods involved, and all adjustments necessary for a fair presentation of the results for such periods have been made. The summary and selected financial data included in the Prospectus present fairly the information shown therein as at the respective dates and for the respective periods specified and the summary and selected financial data have been presented on a basis consistent with the consolidated financial statements so set forth in the Prospectus and other financial information.

(e) KPMG LLP, whose reports are filed with the Commission as a part of the Registration Statement, are and, during the periods covered by their reports, were independent public accountants, as required by the Securities Act and the Rules.

(f) The Company and each subsidiary or other entity controlled directly or indirectly by the Company (collectively, "Subsidiaries") are corporations duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation. The Company and each of its Subsidiaries are duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction in which the nature of the respective business conducted or location of the respective assets or properties owned, leased or licensed requires such qualification, except for such jurisdictions where the failure to so qualify would not have a material adverse effect, individually or in the aggregate, on the assets or properties, business, results of operations or financial condition of the Company (a "Material Adverse Effect"). The Company and each of its Subsidiaries have all requisite corporate power and authority, and all necessary authorizations, approvals, consents, orders, licenses, certificates and permits of and from all governmental or regulatory bodies or any other person or entity (collectively, the "Permits"), to own, lease and license their respective assets and properties and conduct their respective businesses, all of which are valid and in full force and effect, as described in the Registration Statement and the Prospectus, except where the lack of such Permits, individually or in the aggregate, would not have a Material Adverse Effect. The Company and each of its Subsidiaries have fulfilled and performed all of their respective material obligations with respect to such Permits and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the Company thereunder. Except as may be required under the Securities Act and state and foreign Blue Sky laws, no other Permits are required to enter into, deliver and perform this Agreement and to issue and sell the Shares.

(g) The Company and each of its Subsidiaries own or possess adequate and enforceable rights to use all trademarks, trademark applications, trade names, service marks, copyrights, copyright applications, licenses, intellectual property rights, know-how and other similar rights and proprietary knowledge (collectively, "Intangibles") described in the Prospectus as being owned by them necessary for the conduct of their respective businesses. Neither the Company, nor any of its Subsidiaries has received any notice of, nor is aware of, any infringement of or conflict with asserted rights of others with respect to any Intangibles.

(h) The Company and each of its Subsidiaries have good and marketable title in fee simple to all items of real property and good and marketable title to all personal property described in the Prospectuses as being owned by them. Any real property and buildings described in the Prospectuses as being held under lease by the Company or any of its Subsidiaries is held by it under valid, existing and enforceable leases, free and clear of all liens, encumbrances, claims, security interests and defects, except such as (a) are described in the Registration Statement and the Prospectus or (b) would not have a Material Adverse Effect.

(i) There are no governmental proceedings or litigation to which either the Company or its Subsidiaries is subject or which is pending or, to the knowledge of the Company, threatened, against the Company or any of its Subsidiaries, which, individually or in the aggregate, (a) might have a Material Adverse Effect, (b) might affect the consummation of this Agreement or (c) which is required to be disclosed in the Registration Statement and the Prospectus that is not so disclosed.

(j) Subsequent to the respective dates as of which information is given in the Registration Statement and the Prospectus, except as described therein, (a) there has been no change that has had or could reasonably be expected to have a Material Adverse Effect (a "Material Adverse Change"); (b) neither the Company nor any of its Subsidiaries has sustained any loss or interference with their respective assets, businesses or properties (whether owned or leased) from fire, explosion, earthquake, flood or other calamity, whether or not covered by insurance, or from any labor dispute or any court or legislative or other governmental action, order or decree which

would have a Material Adverse Effect; and (c) since the date of the latest balance sheet included in the Registration Statement and the Prospectus, except as reflected therein, neither the Company, nor its Subsidiaries has (1) issued any securities or incurred any liability or obligation, direct or contingent, for borrowed money, except such liabilities or obligations incurred in the ordinary course of business, (2) entered into any transaction not in the ordinary course of business or (3) declared or paid any dividend or made any distribution on any shares of its stock or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or otherwise acquire any shares of its stock.

(k) There is no document, contract or other agreement of a character required to be described in the Registration Statement or Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required by the Securities Act or Rules. Each description of a contract, document or other agreement in the Registration Statement and the Prospectus accurately reflects in all respects the terms of the underlying document, contract or agreement. Each agreement described in the Registration Statement and Prospectus or listed in the Exhibits to the Registration Statement or incorporated by reference is in full force and effect and is valid and enforceable by and against the Company or its Subsidiaries, as the case may be, in accordance with its terms. Neither the Company nor any Subsidiary (if such Subsidiary is a party) nor, to the Company's knowledge, any other party is in default in the observance or performance of any term or obligation to be performed by it under any such agreement, and no event has occurred which with notice or lapse of time or both would constitute such a default, in any such case which default or event, individually or in the aggregate, would have a Material Adverse Effect. No default exists, and no event has occurred which, with notice or lapse of time or both, would constitute a default in the due performance and observance of any term, covenant or condition by the Company or any Subsidiary (if any such Subsidiary is a party thereto) of any other agreement or instrument to which the Company or any Subsidiary is a party or by which their respective properties or business may be bound or affected, which default or event, individually or in the aggregate, would have a Material Adverse Effect.

(l) Neither the Company nor any of its Subsidiaries is in violation of any term or provision of their respective charters or by-laws or of any franchise, license, permit, judgment, decree, order, statute, rule or regulation (collectively "Law"), including, but not limited to any applicable Law pertaining to United States immigration laws or United States customs matters or any federal, state or local fair labor practices, except where the consequences of such violation, individually or in the aggregate, would not have a Material Adverse Effect.

(m) Neither the execution, delivery and performance of this Agreement by the Company, nor the consummation of any of the transactions contemplated hereby

(including, without limitation, the issuance and sale by the Company of the Shares) will give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or provision of, or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or require any consent or waiver under, or result in the execution or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or its Subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any Subsidiary is a party or by which either the Company or any Subsidiary or any of their respective properties or businesses are bound, or any franchise, license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company or any Subsidiary or violate any provision of the charter or by-laws of the Company or any Subsidiary, except for such consents or waivers which have already been obtained and are in full force and effect.

(n) The Company has authorized and outstanding capital stock as set forth under the caption "Capitalization" in the Prospectus. The certificates evidencing the Shares are in due and proper legal form and have been duly authorized for issuance by the Company. All of the issued and outstanding shares of Common Stock have been duly and validly issued and are fully paid and nonassessable. There are no statutory preemptive or other similar rights to subscribe for or to purchase or acquire any shares of Common Stock of the Company or its Subsidiaries or any such rights pursuant to their respective charters or by-laws or any agreement or instrument to or by which the Company or any of its Subsidiaries is a party or bound. The Shares, when issued and sold pursuant to this Agreement, will be duly and validly issued, fully paid and nonassessable and none of them will be issued in violation of any preemptive or other similar right. Except as disclosed in the Registration Statement and the Prospectus, there is no outstanding option, warrant or other right calling for the issuance of, and there is no commitment, plan or arrangement to issue, any share of stock of the Company or its Subsidiaries or any security convertible into, or exercisable or exchangeable for, such stock. The Common Stock and the Shares conform to all statements in relation thereto contained in the Registration Statement and the Prospectus. Unless otherwise disclosed in the Prospectus, all outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued, and are fully paid and nonassessable and are owned directly by the Company or by another wholly-owned subsidiary of the Company free and clear of any security interests, liens, encumbrances, equities or claims.

(o) Other than as disclosed in the Registration Statement, no holder of any security of the Company has the right to have any security owned by such holder included in the Registration Statement or to demand registration of any security owned by such holder during the period ending 180 days after the date of this Agreement. Each stockholder, director and executive officer of the Company listed on SCHEDULE II

hereto has delivered to the Representatives his enforceable written lock-up agreement in the form attached to this Agreement ("Lock-Up Agreement").

(p) All necessary corporate action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement and the issuance and sale of the Shares by the Company. This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes, and will constitute, a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(q) Neither the Company, nor any of its Subsidiaries is involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened, which dispute would have a Material Adverse Effect. The Company is not aware of any existing or imminent labor disturbance by the employees of any of its principal suppliers or contractors which would have a Material Adverse Effect. The Company is not aware of any threatened or pending litigation between the Company or its Subsidiaries and any of their respective executive officers which, if adversely determined, could have a Material Adverse Effect and has no reason to believe that such officers will not remain in the employment of the Company or the Subsidiaries.

(r) No transaction has occurred between or among the Company and any of its officers or directors, or any affiliate or affiliates of any such officer or director that is required to be described in and is not so described in the Registration Statement and the Prospectus.

(s) The Company has not taken, nor will it take, directly or indirectly, any action designed to or which might reasonably be expected to cause or result in, or which has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of any of the Shares.

(t) The Company and its Subsidiaries have filed all Federal, state, local and foreign tax returns which are required to be filed through the date hereof, or have received extensions thereof, and have paid all taxes shown on such returns and all assessments received by it to the extent that the same are material and have become due. There are no tax audits or investigations pending, which, if adversely determined, would have a Material Adverse Effect; nor are there any material proposed additional tax assessments against the Company and any of its Subsidiaries.

(u) The Shares have been duly authorized for quotation on the New York

Stock Exchange, Inc. A registration statement has been filed on Form 8-A pursuant to Section 12 of the Exchange Act, which registration statement complies with the Exchange Act.

(v) The books, records and accounts of the Company and its Subsidiaries accurately and fairly reflect, in reasonable detail, the transactions in, and dispositions of, the assets of, and the results of operations of, the Company and its Subsidiaries. The Company and each of its Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(w) The Company and its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are customary in the businesses in which they are engaged or propose to engage after giving effect to the transactions described in the Prospectus; all policies of insurance and fidelity or surety bonds insuring the Company or any of its Subsidiaries or the Company's or its Subsidiaries' respective businesses, assets, employees, officers and directors are in full force and effect; the Company and each of its Subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and neither the Company nor any of its Subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its respective business at a cost that would not have a Material Adverse Effect. Neither the Company nor any Subsidiary has been denied any insurance coverage which it has sought or for which it has applied.

(x) Each approval, consent, order, authorization, designation, declaration or filing of, by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated required to be obtained or performed by the Company (except as may be necessary to qualify the Shares for public offering by the Underwriters under the state securities or Blue Sky laws) has been obtained or made and is in full force and effect.

(y) (i) Each of the Company and its Subsidiaries is in compliance with all rules, laws and regulation relating to the use, treatment, storage and disposal of toxic substances and protection of health or the environment ("Environmental Law") which are applicable to its business; (ii) neither the Company, nor its Subsidiaries has received any notice from any governmental authority or third party of an

asserted claim under Environmental Laws; (iii) each of the Company and its Subsidiaries has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its respective business and is in compliance with all terms and conditions of any such permit, license or approval; (iv) to the Company's knowledge, no facts currently exist that will require the Company or its Subsidiaries to make future capital expenditures to comply with Environmental Laws; and (v) no property which is or has been owned, leased or occupied by the Company or its Subsidiaries has been designated as a Superfund site pursuant to the Comprehensive Environmental Response, Compensation of Liability Act of 1980, as amended (42 U.S.C. Section 9601, et. seq.) ("CERCLA") or otherwise designated as a contaminated site under applicable state or local law. Neither the Company, nor any of its Subsidiaries has been named as a "potentially responsible party" under the CERCLA.

(z) In the ordinary course of its business, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Company and its Subsidiaries, in the course of which the Company identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a Material Adverse Effect.

(aa) The Company is not and after giving effect to the offering and sale of the Shares and the application of proceeds thereof as described in the Prospectus, will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act").

(bb) None of the Company, nor its Subsidiaries, nor any of its officers, employees, agents or any other person acting on behalf of the Company or its Subsidiaries, has (i) directly or indirectly, given or agreed to give any money, gift or similar benefit to any customer, supplier, employee or agency of a customer or supplier, or official of employee of any governmental agency (domestic or foreign) or instrumentality of any government (domestic of foreign) or any political party or candidate for office (domestic or foreign) or other person who was, is, or may be in a position to help or hinder the business of the Company or any of its Subsidiaries (or assist the Company or any of its Subsidiaries with any actual or proposed transaction) which (A) might subject the Company , or any other such person to any damage or penalty in any civil, criminal or governmental litigation or proceeding (domestic or foreign), (B) if not given in the past, might have had a Material Adverse Effect, or (C) if not continued in the future, might have a Material Adverse Effect; (ii) violated any provision of the Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"); or (iii) made any other unlawful payment. The Company's internal accounting controls

are sufficient to cause the Company to comply with the FCPA.

(cc) There are no affiliations with the NASD among the Company's officers, directors or, to the best of the knowledge of the Company, any five percent or greater stockholder of the Company, except as set forth in the Registration Statement or otherwise disclosed in writing to the Representatives.

5. CONDITIONS OF THE UNDERWRITERS' OBLIGATIONS. The obligations of the Underwriters under this Agreement are several and not joint. The respective obligations of the Underwriters to purchase the Shares are subject to each of the following terms and conditions:

(a) The Representatives shall have received Notification that the Registration Statement has become effective and the Prospectus shall have been timely filed with the Commission in accordance with Section 6(a) of this Agreement.

(b) No order preventing or suspending the use of any preliminary prospectus or the Prospectus shall have been or shall be in effect, no order suspending the effectiveness of the Registration Statement shall be in effect, and no proceedings for such purpose shall be pending before or threatened by the Commission. Any requests for additional information on the part of the Commission (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the satisfaction of the Commission and the Representatives.

(c) The representations and warranties of the Company contained in this Agreement and in the certificates delivered pursuant to Section 5(d) shall be true and correct when made and on and as of each Closing Date, as if made on such date. The Company shall have performed all covenants and agreements and satisfied all the conditions contained in this Agreement required to be performed or satisfied by it at or before such Closing Date.

(d) The Representatives shall have received, on each Closing Date, a certificate, addressed to the Representatives and dated such Closing Date, of the chief executive or chief operating officer and the chief financial officer of the Company to the effect that (i) the signers of such certificate have carefully examined the Registration Statement, the Prospectus and this Agreement and that the representations and warranties of the Company in this Agreement are true and correct on and as of such Closing Date with the same effect as if made on such Closing Date and the Company has performed all covenants and agreements and satisfied all conditions contained in this Agreement required to be performed or satisfied by it at or prior to such Closing Date, and (ii) no stop order suspending the effectiveness of the Registration Statement has been issued and to the best of their knowledge, no proceedings for that purpose have been instituted or are pending under the Securities Act.

(e) The Representatives shall have received, at the time this Agreement is

executed and on each Closing Date, a signed letter from KPMG LLP addressed to the Representatives and dated, respectively, the date of this Agreement and each such Closing Date, in form and substance reasonably satisfactory to the Representatives, confirming that they are independent accountants within the meaning of the Securities Act and the Rules, that the response to Item 10 of the Registration Statement is correct insofar as it relates to them and stating in effect that:

(i) in their opinion, the audited financial statements and financial statement schedules included or incorporated by reference in the Registration Statement and the Prospectus and reported on by them comply as to form with the applicable accounting requirements of the Securities Act and the Rules;

(ii) on the basis of a reading of the amounts included in the Registration Statement and the Prospectus under the headings "Summary Consolidated Financial Information" and "Selected Consolidated Financial Data" carrying out certain procedures (but not an examination in accordance with Generally Accepted Auditing Standards ("GAAS")) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter, a reading of the minutes of the meetings of the stockholders and directors of the Company, and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company as to transactions and events subsequent to the date of the latest audited financial statements, except as disclosed in the Registration Statement and the Prospectus, nothing came to their attention which caused them to believe that:

(A) the amounts in "Summary Consolidated Financial Information" and "Selected Consolidated Financial Data" included in the Registration Statement and the Prospectus do not agree with the corresponding amounts in the audited and unaudited financial statements from which such amounts were derived; or

(B) with respect to the Company, there were, at a specified date not more than three business days prior to the date of the letter, any increases in the current liabilities and long-term liabilities of the Company or any decreases in net income or in working capital or the stockholders' equity in the Company, as compared with the amounts shown on the Company's audited balance sheet for the fiscal year ended December 31, 1999 included in the Registration Statement;

(iii) they have performed certain other procedures as may be permitted under GAAS, as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company) set forth in the Registration Statement and

the Prospectus and reasonably specified by the Representatives agrees with the accounting records of the Company; and

(iv) based upon the procedures set forth in clauses (ii) and (iii) above and a reading of the amounts included in the Registration Statement under the headings "Summary Consolidated Financial Information" and "Selected Consolidated Financial Data" included in the Registration Statement and Prospectus and a reading of the financial statements from which certain of such data were derived, nothing has come to their attention that gives them reason to believe that the "Summary Consolidated Financial Information" and "Selected Consolidated Financial Data" included in the Registration Statement and Prospectus do not comply as to the form with the applicable accounting requirements of the Securities Act and the Rules or that the information set forth therein is not fairly stated in relation to the financial statements included in the Registration Statement or Prospectus from which certain of such data were derived are not in conformity with GAAS applied on a basis substantially consistent with that of the audited financial statements included in the Registration Statement and Prospectus.

References to the Registration Statement and the Prospectus in this paragraph (e) are to such documents as amended and supplemented at the date of the letter.

(f) All proceedings taken in connection with the sale of the Firm Shares and the Option Shares as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives, and their counsel and the Underwriters shall have received from Skadden, Arps, Slate, Meagher & Flom LLP, and such other counsel of the Company as the Underwriters may reasonably request, a favorable opinion, addressed to the Representatives and dated such Closing Date, with respect to the Shares, the Registration Statement and the Prospectus, and such other related matters, as the Representatives may reasonably request, and the Company shall have furnished to Skadden, Arps, Slate, Meagher & Flom LLP, and such other counsel of the Company as the Underwriters may reasonably request, such documents as they may reasonably request for the purpose of enabling them to pass upon such matters.

(g) The Representatives shall have received copies of the Lock-up Agreements executed by each entity or person described in Section 4(o).

(h) The Company shall have furnished or caused to be furnished to the Representatives such further certificates or documents as the Representatives shall have reasonably requested.

6. COVENANTS OF THE COMPANY.

(a) The Company covenants and agrees as follows:

(i) The Company will use its best efforts to cause the Registration

Statement, if not effective at the time of execution of this Agreement, and any amendments thereto, to become effective as promptly as possible. The Company shall prepare the Prospectus in a form approved by the Representatives and file such Prospectus pursuant to Rule 424(b) under the Securities Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3) under the Securities Act.

(ii) The Company shall promptly advise the Representatives in writing (a) when any amendment to the Registration Statement shall have become effective, (b) of any request by the Commission for any amendment of the Registration Statement or the Prospectus or for any additional information, (c) of the prevention or suspension of the use of any preliminary prospectus or the Prospectus or of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the institution or threatening of any proceeding for that purpose and (d) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company shall not file any amendment of the Registration Statement or supplement to the Prospectus unless the Company has furnished the Representatives a copy for its review prior to filing, and shall not file any such proposed amendment or supplement to which the Representatives reasonably object. The Company shall use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(iii) If, at any time when a prospectus relating to the Shares is required to be delivered under the Securities Act and the Rules, any event occurs as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Prospectus to comply with the Securities Act or the Rules, the Company promptly shall prepare and file with the Commission, subject to the second sentence of paragraph (ii) of this Section 6(a), an amendment or supplement which shall correct such statement or omission or an amendment which shall effect such compliance.

(iv) The Company shall make generally available to its security holders and to the Representatives as soon as practicable, but not later than 45 days after the end of the 12-month period beginning at the end of the fiscal quarter of the Company during which the Effective Date occurs (or 90 days if such 12-month period coincides with the Company's fiscal year), an earning statement (which need not be audited) of the Company, covering such

12-month period, which shall satisfy the provisions of Section 11(a) of the Securities Act or Rule 158 of the Rules.

(v) The Company shall furnish to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement (including all exhibits thereto and amendments thereof) and to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and all amendments thereof and, so long as delivery of a prospectus by an Underwriter or dealer may be required by the Securities Act or the Rules, as many copies of any preliminary prospectus and the Prospectus and any amendments thereof and supplements thereto as the Representatives may reasonably request.

(vi) The Company shall cooperate with the Representatives and their counsel in endeavoring to qualify the Shares for offer and sale in connection with the offering under the laws of such jurisdictions as the Representatives may designate and shall maintain such qualifications in effect so long as required for the distribution of the Shares; provided, however, that the Company shall not be required in connection therewith, as a condition thereof, to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation as doing business in any jurisdiction.

(vii) Without the prior written consent of the Representatives, for a period 90 days after the date of this Agreement, the Company and each of its individual directors and executive officers shall not issue, sell or register with the Commission (other than on Form S-8 or on any successor form), or otherwise dispose of, directly or indirectly, any equity securities of the Company (or any securities convertible into, exercisable for or exchangeable for equity securities of the Company), except for the issuance of the Shares pursuant to the Registration Statement and the issuance of shares pursuant to the Company's existing stock option plan or bonus plan as described in the Registration Statement and the Prospectus. In the event that during this period, (i) any shares are issued pursuant to the Company's existing stock option plan or bonus plan that are exercisable during such 90 day period or (ii) any registration is effected on Form S-8 or on any successor form relating to shares that are exercisable during such 90 period, the Company shall obtain the written agreement of such grantee or purchaser or holder of such registered securities that, for a period of 90 days after the date of this Agreement, such person will not, without the prior written consent of the Representatives, offer for sale, sell, distribute, grant any option for the sale of, or otherwise dispose of, directly or indirectly, or exercise any registration rights with respect to, any shares of Common Stock (or any securities convertible into, exercisable for, or exchangeable for any shares of Common Stock) owned by such person.

(viii) On or before completion of this offering, the Company shall make all filings required under applicable securities laws and by the New York Stock Exchange, Inc. (including any required registration under the Exchange Act).

(ix) The Company will apply the net proceeds from the offering of the Shares in the manner set forth under "Use of Proceeds" in the Prospectus.

(b) The Company agrees to pay, or reimburse if paid by the Representatives, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses incident to the public offering of the Shares and the performance of the obligations of the Company under this Agreement including those relating to: (i) the preparation, printing, filing and distribution of the Registration Statement including all exhibits thereto, each preliminary prospectus, the Prospectus, all amendments and supplements to the Registration Statement and the Prospectus, and the printing, filing and distribution of this Agreement; (ii) the preparation and delivery of certificates for the Shares to the Underwriters; (iii) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the various jurisdictions referred to in Section 6(a)(vi), including the reasonable fees and disbursements of counsel for the Underwriters in connection with such registration and qualification and the preparation, printing, distribution and shipment of preliminary and supplementary Blue Sky memoranda; (iv) the furnishing (including costs of shipping and mailing) to the Representatives and to the Underwriters of copies of each preliminary prospectus, the Prospectus and all amendments or supplements to the Prospectus, and of the several documents required by this Section to be so furnished, as may be reasonably requested for use in connection with the offering and sale of the Shares by the Underwriters or by dealers to whom Shares may be sold; (v) the filing fees of the NASD in connection with its review of the terms of the public offering and reasonable fees and disbursements of counsel for the Underwriters in connection with such review; (vi) inclusion of the Shares for quotation on the New York Stock Exchange, Inc.; and (vii) all transfer taxes, if any, with respect to the sale and delivery of the Shares by the Company to the Underwriters. Subject to the provisions of Section 9, the Underwriters agree to pay, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses incident to the performance of the obligations of the Underwriters under this Agreement not otherwise payable by the Company pursuant to the preceding sentence, including, without limitation, the fees and disbursements of counsel for the Underwriters.

7. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages and liabilities, joint or several (including any reasonable

investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other Federal or state law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus or any amendment thereof or supplement thereto, or in any Blue Sky application or other information or other documents executed by the Company filed in any state or other jurisdiction to qualify any or all of the Shares under the securities laws thereof (any such application, document or information being hereinafter referred to as a "Blue Sky Application") or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) in whole or in part upon any breach of the representations and warranties set forth in Section 4 hereof, or (iii) in whole or in part upon any failure of the Company to perform any of its obligations hereunder or under law; provided, however, that such indemnity shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) on account of any losses, claims, damages or liabilities arising from the sale of the Shares to any person by such Underwriter if such untrue statement or omission or alleged untrue statement or omission was made in such preliminary prospectus, the Registration Statement or the Prospectus, or such amendment or supplement thereto, or in any Blue Sky Application in reliance upon and in conformity with information furnished in writing to the Company by the Representatives on behalf of any Underwriter expressly authorized by such Underwriter for use therein. This indemnity agreement will be in addition to any liability which the Company may otherwise have.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each director of the Company, and each officer of the Company who signs the Registration Statement, to the same extent as the foregoing indemnity from the Company to each Underwriter, but only insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission which was made in any preliminary prospectus, the Registration Statement or the Prospectus, or any amendment thereof or supplement thereto, contained in the (i) concession and reallowance figures appearing under the caption "Underwriting" and (ii) the stabilization information contained under the caption "Underwriting" in the Prospectus; PROVIDED, HOWEVER, that the obligation of each Underwriter to indemnify the Company (including any controlling person, director or officer thereof) shall be limited to the net proceeds received by the Company from such Underwriter.

(c) Any party that proposes to assert the right to be indemnified under this Section will, promptly after receipt of notice of commencement of any action, suit or

proceeding against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section, notify each such indemnifying party of the commencement of such action, suit or proceeding, enclosing a copy of all papers served. No indemnification provided for in Section 7(a) or 7(b) shall be available to any party who shall fail to give notice as provided in this Section 7(c) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was prejudiced by the failure to give such notice, but the omission so to notify such indemnifying party of any such action, suit or proceeding shall not relieve it from any liability that it may have to any indemnified party for contribution or otherwise than under this Section. In case any such action, suit or proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and the approval by the indemnified party of such counsel, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses, except as provided below and except for the reasonable costs of investigation subsequently incurred by such indemnified party in connection with the defense thereof. The indemnified party shall have the right to employ its counsel in any such action, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of counsel by such indemnified party has been authorized in writing by the indemnifying parties, (ii) the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the indemnifying party (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party) or (iii) the indemnifying parties shall not have employed counsel to assume the defense of such action within a reasonable time after notice of the commencement thereof, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying parties. An indemnifying party shall not be liable for any settlement of any action, suit, proceeding or claim effected without its written consent, which consent shall not be unreasonably withheld or delayed.

8. CONTRIBUTION. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 7(a) or 7(b) is due in accordance with its terms but for any reason is held to be unavailable to or insufficient to hold harmless an indemnified party under Section 7(a) or 7(b), then each indemnifying party shall contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting any contribution received by any person entitled hereunder to contribution from any person who may be liable for contribution) to which the indemnified party may be subject in such proportion as is appropriate to

reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the offering of the Shares or, if such allocation is not permitted by applicable law or indemnification is not available as a result of the indemnifying party not having received notice as provided in Section 7 hereof, in such proportion as is appropriate to reflect not only the relative benefits referred to above, but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Underwriters shall be deemed to be in the same proportion as (x) the total proceeds from the offering (net of underwriting discounts, but before deducting expenses) received by the Company, as set forth in the table on the cover page of the Prospectus, bear to (y) the underwriting discounts received by the Underwriters, as set forth in the table on the cover page of the Prospectus. The relative fault of the Company or the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact related to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 8, (i) in no case shall any Underwriter (except as may be provided in the Agreement Among Underwriters) be liable or responsible for any amount in excess of the underwriting discount applicable to the Shares purchased by such Underwriter hereunder; (ii) the Company shall be liable and responsible for any amount in excess of such underwriting discount; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 8, each person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act shall have the same rights to contribution as such Underwriter, and each person, if any, who controls the Company within the meaning of the Section 15 of the Securities Act or Section 20(a) of the Exchange Act, each officer of the Company who shall have signed the Registration Statement and each director of the Company shall have the same rights to contribution as the Company, subject in each case to clauses (i) and (ii) in the immediately preceding sentence of this Section 8. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 8, notify such party or parties from whom contribution may be sought, but the omission so to notify such party or parties from whom contribution may be sought shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this Section 8. No party shall be liable for

contribution with respect to any action, suit, proceeding or claim settled without its written consent. The Underwriter's obligations to contribute pursuant to this Section 8 are several in proportion to their respective underwriting commitments and not joint.

9. TERMINATION. This Agreement may be terminated with respect to the Shares to be purchased on a Closing Date by the Representatives by notifying the Company at any time:

(a) in the absolute discretion of the Representatives at or before any Closing Date: (i) if on or prior to such date, any domestic or international event or act or occurrence has materially disrupted, or in the opinion of the Representatives will in the future materially disrupt, the securities markets; (ii) if there has occurred any new outbreak or material escalation of hostilities or other calamity or crisis the effect of which on the financial markets of the United States is such as to make it, in the judgment of the Representatives, inadvisable to proceed with the offering; (iii) if there shall be such a material adverse change in general financial, political or economic conditions or the effect of international conditions on the financial markets in the United States is such as to make it, in the judgment of the Representatives, inadvisable or impracticable to market the Shares; (iv) if trading in the Shares has been suspended by the Commission or trading generally on the New York Stock Exchange, Inc., on the American Stock Exchange, Inc. or the Nasdaq National Market has been suspended or limited, or minimum or maximum ranges for prices for securities shall have been fixed, or maximum ranges for prices for securities have been required, by said exchanges or by order of the Commission, the National Association of Securities Dealers, Inc., or any other governmental or regulatory authority; or (v) if a banking moratorium has been declared by any state or Federal authority; or (vi) if, in the judgment of the Representatives, there has occurred a Material Adverse Effect, or

(b) at or before any Closing Date, that any of the conditions specified in Section 5 shall not have been fulfilled when and as required by this

Agreement.

If this Agreement is terminated pursuant to any of its provisions, the Company shall not be under any liability to any Underwriter, and no Underwriter shall be under any liability to the Company, except that (i) if this Agreement is terminated by the Representatives or the Underwriters because of any failure, refusal or inability on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, the Company will reimburse the Underwriters for all out-of-pocket expenses (including the reasonable fees and disbursements of their counsel) incurred by them in connection with the proposed purchase and sale of the Shares or in contemplation of performing their obligations hereunder and (ii) no Underwriter who shall have failed or refused to purchase the Shares agreed to be purchased by it under this Agreement, without some reason sufficient hereunder to justify cancellation or termination of its obligations under this Agreement, shall be relieved of liability to the Company or to the other Underwriters for damages occasioned by its failure or refusal.

10. SUBSTITUTION OF UNDERWRITERS. If one or more of the Underwriters shall

fail (other than for a reason sufficient to justify the cancellation or termination of this Agreement under Section 9) to purchase on any Closing Date the Shares agreed to be purchased on such Closing Date by such Underwriter or Underwriters, the Representatives may find one or more substitute underwriters to purchase such Shares or make such other arrangements as the Representatives may deem advisable; or one or more of the remaining Underwriters may agree to purchase such Shares in such proportions as may be approved by the Representatives, in each case upon the terms set forth in this Agreement. If no such arrangements have been made by the close of business on the business day following such Closing Date:

(a) if the number of Shares to be purchased by the defaulting Underwriters on such Closing Date shall not exceed 10% of the Shares that all the Underwriters are obligated to purchase on such Closing Date, then each of the nondefaulting Underwriters shall be obligated to purchase such Shares on the terms herein set forth in proportion to their respective obligations hereunder; PROVIDED, that in no event shall the maximum number of Shares that any Underwriter has agreed to purchase pursuant to Section 1 be increased pursuant to this Section 10 by more than [one-ninth] of such number of Shares without the written consent of such Underwriter, or

(b) if the number of Shares to be purchased by the defaulting Underwriters on such Closing Date shall exceed 10% of the Shares that all the Underwriters are obligated to purchase on such Closing Date, then the Company shall be entitled to one additional business day within which it may, but is not obligated to, find one or more substitute underwriters reasonably satisfactory to the Representatives to purchase such Shares upon the terms set forth in this Agreement.

In any such case, either the Representatives or the Company shall have the right to postpone the applicable Closing Date for a period of not more than five business days in order that necessary changes and arrangements (including any necessary amendments or supplements to the Registration Statement or Prospectus) may be effected by the Representatives and the Company. If the number of Shares to be purchased on such Closing Date by such defaulting Underwriter or Underwriters shall exceed 10% of the Shares that all the Underwriters are obligated to purchase on such Closing Date, and none of the nondefaulting Underwriters or the Company shall make arrangements pursuant to this Section within the period stated for the purchase of the Shares that the defaulting Underwriters agreed to purchase, this Agreement shall terminate with respect to the Shares to be purchased on such Closing Date without liability on the part of any nondefaulting Underwriter to the Company and without liability on the part of the Company, except in both cases as provided in Sections 6(b), 7, 8 and 9. The provisions of this Section shall not in any way affect the liability of any defaulting Underwriter to the Company or the nondefaulting Underwriters arising out of such default. A substitute underwriter hereunder shall become an Underwriter for all purposes of this Agreement.

11. MISCELLANEOUS. The respective agreements, representations, warranties, indemnities and other statements of the Company or its officers, and of the Underwriters set forth in or made pursuant to this Agreement shall remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of the officers,

directors or controlling persons referred to in Sections 7 and 8 hereof, and shall survive delivery of and payment for the Shares. The provisions of Sections 6(b), 7, 8 and 9 shall survive the termination or cancellation of this Agreement.

This Agreement has been and is made for the benefit of the Underwriters, the Company and their respective successors and assigns, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters, or the Company, and directors and officers of the Company, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser of Shares from any Underwriter merely because of such purchase.

All notices and communications hereunder shall be in writing and mailed or delivered or by telephone or telegraph if subsequently confirmed in writing, (a) if to the Representatives, c/o CIBC World Markets Corp., 10880 Wilshire Blvd., Los Angeles, CA 90024 Attention: Steven H. Reiner, with a copy to Jonathan K. Layne, Gibson, Dunn & Crutcher LLP, 333 South Grand, Los Angeles, California 90017 and (b) if to the Company, to its agent for service as such agent's address appears on the cover page of the Registration Statement, with a copy to Jerome L. Coben, Esq., Skadden, Arps, Slate, Meagher & Flom LLP, 300 South Grand Avenue, Los Angeles, California 90017.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws.

This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Please confirm that the foregoing correctly sets forth the agreement among us.

Very truly yours,

GUESS ?, INC.

By _____________________

Title:

Confirmed:

CIBC World Markets Corp.
PaineWebber Incorporated
Chase Securities Inc.
Tucker Anthony Incorporated
Ferris, Baker Watts Incorporated
C/O CIBC WORLD MARKETS CORP.

____

Acting severally on behalf of itself
and as representative of the several
Underwriters named in Schedule I annexed
hereto.

By CIBC WORLD MARKETS CORP.

By_____________________
Title:

SCHEDULE I

NAME	Number of Firm Shares to BE PURCHASED
CIBC World Markets Corp.	
PaineWebber Incorporated	
Chase Securities Inc.	
Tucker Anthony Incorporated	
Ferris, Baker Watts Incorporated	
Total	4,500,000

SCHEDULE II

List of Persons Subject to Lock-Up Agreements

Maurice Marciano
Paul Marciano
Armand Marciano
Nancy Shachtman
Brian Fleming
Robert Davis
Alice Kane
Howard Socol
Bryan Isaacs

FORM OF LOCK UP AGREEMENT

EXHIBIT 23.1

INDEPENDENT AUDITORS' CONSENT

Board of Directors
Guess ?, Inc.

We consent to the use of our report incorporated herein by reference and to the references to our firm under the headings "Selected Consolidated Financial Data" and "Experts" in the prospectus.

Our report refers to a change in the method of accounting for product display fixtures in 1997.

KPMG LLP

Los Angeles, California
April 25, 2000