

Edgar Filing: NAUTICA ENTERPRISES INC - Form 10-Q

NAUTICA ENTERPRISES INC  
Form 10-Q  
January 12, 2001

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 2, 2000 or  
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Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-6708  
-----

Nautica Enterprises, Inc.

-----  
(Exact Name of Registrant as Specified in Its Charter)

Delaware

95-2431048

-----  
(State or Other Jurisdiction of  
Incorporation or Organization)

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

40 West 57th Street, New York, N.Y.

10019

-----  
(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, including Area Code

(212) 541-5757  
-----

-----  
(Former Name, Former Address and Former Fiscal Year, if Changed  
Since Last Report)

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

Yes X No  
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APPLICABLE ONLY TO ISSUERS INVOLVED IN  
BANKRUPTCY PROCEEDINGS DURING THE  
PRECEDING FIVE YEARS

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Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court

Yes            No  
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APPLICABLE ONLY TO CORPORATE ISSUERS

The number of shares of Common Stock outstanding as of January 12, 2001 was 31,674,171.

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NAUTICA ENTERPRISES, INC. AND SUBSIDIARIES

DECEMBER 2, 2000  
(unaudited)

INDEX  
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## NAUTICA ENTERPRISES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (amounts in thousands, except share data)

ASSETS	(unaudited) December 2, 2000 -----
Current assets:	
Cash and cash equivalents	\$ 47,228
Short-term investments	5,400
Accounts receivable - net	91,749
Inventories	96,189
Prepaid expenses and other current assets	10,927
Deferred tax benefit	8,381
	-----
Total current assets	259,874
Property, plant and equipment, net of accumulated depreciation and amortization	85,246
Other assets	16,902
	-----
	\$ 362,022 =====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable - trade	\$ 44,896
Accrued expenses and other current liabilities	35,283
Income taxes payable	12,890
	-----
Total current liabilities	93,069
Stockholders' equity:	
Preferred stock - par value \$.01; authorized, 2,000,000 shares; no shares issued	
Common stock - par value \$.10; authorized, 100,000,000 shares; issued 43,172,000 shares at December 2, 2000 and 42,696,000 shares at March 4, 2000	4,317
Additional paid-in capital	68,553
Retained earnings	355,066
	-----
	427,936
Less:	
Common stock in treasury - at cost; 11,498,000 shares at December 2, 2000 and 8,964,000 shares at March 4, 2000	(158,983)
	-----
Total stockholders' equity	268,953
	-----
	\$ 362,022 =====

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The accompanying notes are an integral part of these statements.

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NAUTICA ENTERPRISES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
(amounts in thousands, except share data)

	(unaudited)		
	Nine Months Ended December 2, 2000	Nine Months Ended November 27, 1999	Three Mo Ended December 2
	-----	-----	-----
Net Sales	\$ 469,090	\$ 421,407	\$
Cost of goods sold	274,708	242,156	
	-----	-----	-----
Gross profit	194,382	179,251	
Selling, general and administrative expenses	148,707	125,804	
Net royalty income	(6,256)	(4,534)	
	-----	-----	-----
Operating profit	51,931	57,981	
Other expense	(13)	-	
Investment income, net	2,038	1,386	
	-----	-----	-----
Earnings before provision for income taxes	53,956	59,367	
Provision for income taxes	20,935	23,272	
	-----	-----	-----
NET EARNINGS	\$ 33,021	\$ 36,095	\$
	=====	=====	=====
Net earnings per share of common stock			
Basic	\$ 1.03	\$ 1.03	\$
	=====	=====	=====
Diluted	\$ 1.00	\$ 0.98	
	=====	=====	=====
Weighted average number of common shares outstanding			
Basic	31,915,000	34,876,000	31,
	=====	=====	=====
Diluted	33,179,000	36,836,000	32,
	=====	=====	=====
Cash dividends per common share	none	none	none
	=====	=====	=====

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The accompanying notes are an integral part of these statements.

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NAUTICA ENTERPRISES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(amounts in thousands)

	(unaudited) Nine Months Ended December 2, 2000	Ni Nov
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 33,021	\$
	-----	-----
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Deferred income taxes	-	
Depreciation and amortization	16,866	
Provision for bad debts	2,485	
Changes in operating assets and liabilities		
Accounts receivable	(5,450)	
Inventories	(22,310)	
Prepaid expenses and other current assets	(5,474)	
Other assets	(3,839)	
Accounts payable - trade	15,848	
Accrued expenses and other current liabilities	4,724	
Income taxes payable	3,097	
	-----	-----
Total adjustments	5,947	
	-----	-----
Net cash provided by operating activities	38,968	
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19,693)	
Sale of short-term investments	28,591	
	-----	-----
Net cash provided by (used in) investing activities	8,898	
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	-	
Purchase of treasury stock	(28,822)	
Proceeds from issuance of common stock	1,041	
	-----	-----

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Net cash used in financing activities	(27,781)	-----	-----
Increase in cash and cash equivalents	20,085		
Cash and cash equivalents at beginning of period	27,143	-----	-----
Cash and cash equivalents at end of period	\$ 47,228	=====	=====
Supplemental disclosure of cash flow information:			
Cash paid during the period for income taxes	\$ 17,982	=====	=====

The accompanying notes are an integral part of these statements.

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NAUTICA ENTERPRISES, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 2, 2000  
(unaudited)  
(amounts in thousands)

NOTE 1 - The accompanying financial statements have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. These statements include all adjustments, consisting only of normal recurring accruals, considered necessary for a fair presentation of financial position and results of operations. The financial statements included herein should be read in conjunction with the financial statements and notes thereto included in the latest annual report on Form 10-K.

NOTE 2 - The results of operations for the nine-month period ended December 2, 2000 are not necessarily indicative of the results to be expected for the full year.

NOTE 3 - During the nine months ended December 2, 2000, the Company changed its presentation of markdowns and promotional allowances from a selling expense to a reduction of sales in an effort to be consistent with industry-wide reporting practices. In addition, the reserve for markdowns and promotional allowances has been reclassified from accrued expenses to a reduction of accounts receivable. Previously reported amounts have been reclassified to conform with the current year's presentation. This change in presentation has no impact on operating profit,

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earnings before provision for income taxes or net earnings.

NOTE 4 -

The Company utilized the last-in, first-out "LIFO" method for certain wholesale inventories as at December 2, 2000 and March 4, 2000 and for the nine and three month periods ended December 2, 2000 and November 27, 1999. The "LIFO" inventory for the nine month periods ended December 2, 2000 and November 27, 1999 are based upon end of year estimates. Inventories at December 2, 2000 and March 4, 2000 consist primarily of finished goods.

NOTE 5 -

The Company has adopted Statement of Financial Accounting Standards No. 130 ("SFAS No. 130), "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting comprehensive income and its components in a financial statement. Comprehensive income as defined includes all changes in equity during a period from non-owner sources, as follows:

	Nine Months Ended December 2, 2000 -----	Nine Months Ended November 27, 1999 -----	Three Months Ended December 2, 2000 -----
Net earnings	33,021	\$36,095	\$16,515
Changes in unrealized gains and losses on securities, net of tax	-	(205)	-
Comprehensive income	33,021 =====	\$35,890 =====	\$16,515 =====

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NAUTICA ENTERPRISES, INC. AND SUBSIDIARIES  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
 DECEMBER 2, 2000  
 (unaudited)  
 (amounts in thousands, except share data)

NOTE 6 -

Short-term investments consist primarily of government and agency bonds, tax exempt municipal bonds and corporate bonds. These marketable securities are classified as trading and are adjusted to market value at the end of each accounting period. Unrealized market gains and losses are included in earnings. Realized gains and losses on sales of investments are determined on a specific identification basis, and are included in earnings. For the nine months ended December 2, 2000 and November 27, 1999, gross realized gains totaled \$243 and \$21 and

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gross realized losses totaled \$49 and \$252, respectively. For the three months ended December 2, 2000 and November 27, 1999, gross realized gains totaled \$206 and \$0 and gross realized losses totaled \$0 and \$13, respectively.

The unrealized net gains which were included in earnings were \$4 as of December 2, 2000 and the unrealized net losses which were included in earnings were \$470 as of March 4, 2000.

NOTE 7 - Basic net earnings per share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average common shares outstanding for the period. Diluted net earnings per share reflects the weighted-average common shares outstanding plus the potential dilutive effect of options which are convertible into common shares. Options which were excluded from the calculation of diluted earnings per share because the exercise prices of the options were greater than the average market price of the common shares and, therefore, would be antidilutive, were 2,357,700 and 2,395,000 during the nine months ended December 2, 2000 and November 27, 1999, respectively.

NOTE 8 - The Company has adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," which established reporting and disclosure standards for an enterprise's operating segments. Operating segments are defined as components of an enterprise for which separate financial information is available and regularly reviewed by the Company's senior management.

The Company has the following two reportable segments: Wholesale and Retail. The Wholesale segment designs, markets, sources and distributes sportswear, activewear, outerwear, a jeans collection, a tailored clothing collection, robes and sleepwear for men and a jeans collection, and robes and sleepwear for women to retail store customers. The Retail segment sells men's apparel and other Nautica-branded products primarily through Retail store locations directly to consumers.

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NAUTICA ENTERPRISES, INC. AND SUBSIDIARIES  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)  
DECEMBER 2, 2000  
(unaudited)  
(amounts in thousands)

Segment profit is based on earnings before income taxes. The reportable segments are distinct business units and are separately managed with different distribution channels.



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	Wholesale	Retail	All Other	Corporate/ Eliminations	Totals
	-----	-----	-----	-----	-----
FOR THE NINE MONTHS ENDED					
DECEMBER 2, 2000					
Net Sales	\$355,690	\$113,400	\$ -	\$ -	\$469,090
Earnings (loss) before provisions for income taxes	35,097	16,863	6,793	(4,797)	53,956
Segment Assets	220,957	56,148	9,014	75,903	362,022
Depreciation expense	13,468	1,295	223	1,135	16,121
FOR THE NINE MONTHS ENDED					
NOVEMBER 27, 1999					
Net Sales	\$323,426	\$ 97,981	\$ -	\$ -	\$421,407
Earnings (loss) before provisions for income taxes	46,953	14,164	4,534	(6,284)	59,367
Segment Assets	204,016	49,633	9,577	78,093	341,319
Depreciation expense	11,027	785	306	472	12,590
	Wholesale	Retail	All Other	Corporate/ Eliminations	Totals
	-----	-----	-----	-----	-----
FOR THE THREE MONTHS ENDED					
DECEMBER 2, 2000					
Net Sales	\$136,402	\$42,087	\$ -	\$ -	\$178,489
Earnings (loss) before provisions for income taxes	18,749	6,915	2,561	(1,240)	26,985
Segment Assets	220,957	56,148	9,014	75,903	362,022
Depreciation expense	4,443	473	62	375	5,353
FOR THE THREE MONTHS ENDED					
NOVEMBER 27, 1999					
Net Sales	\$134,241	\$35,676	\$ -	\$ -	\$169,917
Earnings (loss) before provisions for income taxes	23,947	6,038	1,693	(2,554)	29,124
Segment Assets	204,016	49,633	9,577	78,093	341,319
Depreciation expense	3,624	286	87	160	4,157

In the Corporate/Eliminations column the segment assets primarily consist of the Company's cash and investment portfolio and the segment operating loss consists of corporate expenses offset by investment income earned.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (unaudited)

RESULTS OF OPERATIONS  
-----

During the nine months ended December 2, 2000, the Company changed its presentation of markdowns and promotional allowances from a selling expense to a reduction of sales in an effort to be consistent with industry-wide reporting practices. In addition, the reserve for markdowns and promotional allowances has been reclassified from accrued expenses to a reduction of accounts receivable. Previously reported amounts have been reclassified to conform with the current year's presentation. This change in presentation has no impact on operating profit, earnings before provision for income taxes, or net earnings.

For the Nine Months Ended December 2, 2000:

Net sales increased 11.3% to \$469.1 million in the nine months ended December 2, 2000 from \$421.4 million in the comparable prior year period. The increase in sales is due primarily to increased unit volume rather than price increases. The reported sales reflect a 10.0% increase in the Wholesale segment to \$355.7 million from \$323.4 million and a 15.7% increase in the Retail segment to \$113.4 million from \$98.0 million. The growth in the Wholesale segment was driven by sales in new product lines and increases in core sportswear, men's jeans and men's and ladies sleepwear sales offset by a decrease in NST sales. The Company has discontinued distribution of NST product in the athletic specialty chain channels. The Company still believes that the NST brand carries high consumer recognition, and therefore, plans to re-evaluate its future position in other channels of distribution. Excluding NST brand products for the nine months of both the current and prior year periods, Wholesale segment sales would have increased 13.3%. The overall Retail segment sales increase is primarily a result of sales from new stores opened since the third quarter of last year.

Gross profit for the period was 41.4% compared to 42.5% in the comparable prior year period. The decrease is due to the impact of lower margins on new product lines, and markdowns associated with an increase in promotional activity at retail.

Total selling, general and administrative expenses ("SG&A") increased by \$22.9 million to \$148.7 million in Fiscal 2001 from \$125.8 million in Fiscal 2000. SG&A expenses as a percentage of net sales increased to 31.7% in Fiscal 2001 from 29.9% in Fiscal 2000. The increase is principally due to expenses incurred to support the launch of new product lines.

Net royalty income increased by \$1.8 million to \$6.3 million from \$4.5 million in the comparable prior year period. The increase is primarily due to the strength in children's apparel, eyewear, women's swimwear, small leather goods and the launch of a new men's fragrance, Latitude/Longitude. In addition, part of the increase was a result of royalty payments received from audits performed on prior year licensee reported sales.

Investment income increased by \$.6 million to \$2.0 million from \$1.4 million in the comparable prior year period. The increase is due to higher rates of return on investments.

The provision for income taxes decreased to 38.8% from 39.2% of earnings

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before income taxes in the comparable prior year period. The decrease is due primarily to a reduction in the effective state income tax rates.

Net earnings decreased 8.5% to \$33.0 million from \$36.1 million in the comparable prior year period as a result of the factors discussed above.

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For the Three Months Ended December 2, 2000:

Net sales increased 5.0% to \$178.5 million in the three months ended December 2, 2000 from \$169.9 million in the comparable prior year period. The increase in sales is due primarily to increased unit volume rather than price increases. The reported sales reflect a 1.6% increase in the Wholesale segment to \$136.4 million from \$134.2 million and an 18.0% increase in the Retail segment to \$42.1 million from \$35.7 million. The growth in the Wholesale segment was driven by sales in new product lines and increases in men's and ladies sleepwear sales offset by a decrease in NST sales. Excluding NST brand products for the third quarter of both the current and prior year periods, Wholesale segment sales would have increased 5.5%. The overall Retail segment sales increase is a result of sales from new stores opened since the third quarter of last year, and by higher comparable store sales.

Gross profit for the period was 41.6% compared to 43.0% in the comparable prior year period. The decrease is due to the impact of lower margins on new product lines, and markdowns associated with an increase in promotional activity at retail.

Total SG&A expenses increased by \$4.4 million to \$50.5 million in Fiscal 2001 from \$46.1 million in Fiscal 2000. SG&A expenses as a percentage of net sales increased to 28.3% from 27.2% in Fiscal 2001. The increase is principally due to expenses incurred to support the launch of new product lines.

Net royalty income increased by \$.9 million to \$2.6 million from \$1.7 million in the comparable prior year period. The increase is primarily due to royalty payments received from audits performed on prior year licensee reported sales. In addition, there was strength in women's swimwear, small leather goods and fragrance.

Investment income increased by \$.1 million to \$.6 million from \$.5 million in the comparable prior year period. The increase is due to higher rates of return on investments offset by lower average cash balances.

The provision for income taxes decreased to 38.8% from 39.2% of earnings before income taxes in the comparable prior year period. The decrease is due primarily to a reduction in the effective state income tax rates.

Net earnings decreased 6.7% to \$16.5 million from \$17.7 million in the comparable prior year period as a result of the factors discussed above.

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### LIQUIDITY AND CAPITAL RESOURCES

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During the nine months ended December 2, 2000, the Company generated cash from operating activities of \$39.0 million principally from net earnings. Increases in accounts receivable and inventory of \$5.5 and \$22.3 million, respectively, resulted from increased sales, and were financed principally by cash generated from net earnings, and increases in accounts payable and accrued expenses. Accounts receivable was 14.5% lower than the same period in the prior year due to timing of shipments, with a lower percentage occurring in the last part of the quarter. Inventory was 38.6% higher than the same period in the prior year due to increased sales and the timing of merchandise received. During the nine months ended November 27, 1999, the Company generated cash from operating activities of \$44.0 million, principally from net earnings. The increase in accounts receivable of \$18.8 million resulted from increased sales, and were financed principally by cash generated from net earnings and increases in accrued expenses. Accounts receivable was 21.3% higher than the same period in the prior year due to increased sales and the timing of shipments, with a greater percentage occurring in the last part of the quarter. Inventory was 11.6% lower than the same period in the prior year due to reduced outlet inventory and the receipt of production closer to the time of customer delivery.

During the nine months ended December 2, 2000, the Company's principal investing activities related primarily to the purchase of property, plant and equipment for the Nautica in-store shop program and the construction of a new distribution facility. The Company expects to continue to incur capital expenditures to expand the in-store shop program, and to open additional Retail stores. The Company is currently evaluating various financing vehicles for the new distribution facility. At December 2, 2000, there were no other material commitments for capital expenditures.

During the nine months ended December 2, 2000, the Board of Directors authorized the Company to purchase 4,000,000 shares of its common stock. During such period, the Company purchased 2,533,000 shares of its outstanding common stock at a cost of \$28.8 million.

The Company has a total of \$150.0 million in lines of credit with four commercial banks available for short-term borrowings and letters of credit. These lines are collateralized by imported inventory and accounts receivable. At December 2, 2000 and March 4, 2000, letters of credit outstanding under the lines were \$59.1 million and \$50.5 million, respectively, and there were no short-term borrowings outstanding.

Historically, the Company has experienced its highest level of sales in the second and third quarters and its lowest level in the first and fourth quarters due to seasonal patterns. In the future, the timing of seasonal shipments may vary by quarter. The Company anticipates that internally generated funds from operations, existing cash balances, short-term investments and the Company's existing credit lines will be sufficient to satisfy its cash requirements.

### INFLATION AND CURRENCY FLUCTUATIONS

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The Company believes that inflation and the effect of fluctuations of the dollar against foreign currencies have not had a material effect on the cost of imports or the Company's results of operations.

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### FORWARD-LOOKING AND CAUTIONARY STATEMENTS

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Certain statements in this Form 10-Q and in future filings by the Company with the Securities and Exchange Commission, in the Company's press releases, and in oral statements made by or with the approval of authorized personnel constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current expectations and are indicated by words such as "believes," "anticipates," "estimates," and similar words or phrases and involve known and unknown risks, uncertainties and other factors, which may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such risks, uncertainties and factors include, but are not limited to, the following: the overall level of consumer spending on apparel; dependence on sales to a limited number of large department store customers; risks related to extending credit to customers; actions of existing or new competitors and changes in economic or political conditions in the markets where the Company sells or sources its products; risks associated with consolidations, restructurings and other ownership changes in the retail industry; changes in trends in the market segments in which the Company competes; risks associated with uncertainty relating to the Company's ability to launch, support and implement new product lines; and, other risks and uncertainties in the Company's Securities and Exchange Commission filings, press releases or oral statements. Readers are urged not to place undue reliance on these forward-looking statements which speak only as of the date hereof. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

#### ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

##### Disclosure about interest rate risk

The Company has no long-term debt, and finances capital needs through available capital, future earnings and bank lines of credit. The Company's exposure to market risk for changes in interest rates is primarily in its investment portfolio. The Company, pursuant to investing guidelines, mitigates exposure by limiting maturity, placing investments with high credit quality issuers and limiting the amount of credit exposure to any one issuer. During the nine months ended December 2, 2000, the Company earned investment income of \$2.0 million. If interest rates had been 1% lower than they were during the year, investment income would have been \$.4 million lower. The market risks associated with the investment portfolio exposure has not changed materially since March 4, 2000.

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## OTHER INFORMATION

Items 1 through 9. - All items are inapplicable except:

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit Index

Exhibit No. -----	Distribution -----
3(a)	Registrant's By-laws as currently in effect are incorporated herein by reference to Registrant's Registration Statement on Form S-1 (Registration No. 33-21998).
3(b)	Registrant's Restated Certificate of Incorporation is incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended August 31, 1995, as amended by a Certificate of Amendment incorporated by reference from the Registrant's Quarterly Report on Form 10-Q for the quarter ended May 31, 1996.
10(iii)(a)	Registrant's Executive Incentive Stock Option Plan is incorporated by reference herein from the Registrant's Registration Statements on Form S-8 (Registration Number 33-1488), as amended by the Company's Registration Statement on Form S-8 (Registration Number 33-45823).
10(iii)(b)	Registrant's 1989 Employee Incentive Stock Plan is incorporated by reference herein from the Registrant's Registration Statement on Form S-8 (Registration Number 33-36040).
10(iii)(c)	Registrant's 1996 Stock Incentive Plan is incorporated by reference herein from Registrant's Registration Statement on Form S-8 (Registration Number 333-55711).
10(iii)(d)	Registrant's 1994 Incentive Compensation Plan is incorporated herein from the Registrant's Annual Report on Form 10-K for the fiscal year ended February 28, 1997.
10(iii)(e)	Registrant's Deferred Compensation Plan is incorporated herein by reference from the Registrant's Annual Report on Form 10-K for the fiscal year ended February 28, 1998.
10(iii)(f)	Option Agreement and Royalty Agreement, each dated July 1, 1987, by and among the Registrant and David Chu are incorporated herein by reference from the Registrant's Registration Statement on Form S-1 (Registration No. 33-21998), and letter agreement dated May 1, 1998 between Mr. Chu and the Registrant is incorporated herein by reference from the Registrant's Annual Report on Form 10-K for the fiscal year ended February 28, 1998.

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10(iii)(g)            Employment Agreement, dated October 1, 1999, by and between the Registrant and John Varvatos, and Split Dollar Agreement, dated May 5, 2000, by and between the Registrant and John Varvatos are incorporated herein by reference from the Registrant's Annual Report on Form 10-K for the fiscal year ended March 4, 2000.

27                    Financial Data Schedule

(b)            Reports on Form 8-K.            None

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NAUTICA ENTERPRISES, INC.

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By: s/ Harvey Sanders

-----  
Harvey Sanders  
Chairman of the Board  
and President

Date: January 12, 2001

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By: s/ Wayne A. Marino

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Wayne A. Marino  
Senior VP of Administration  
and Chief Financial Officer

Date: January 12, 2001

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By: s/ Lainie J. Goldstein

-----  
Lainie J. Goldstein  
Corporate Vice President-  
Financial Controller

Date: January 12, 2001

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