HARTMARX CORP/DE
Form 10-Q
October 06, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended August 31, 2005

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8501

HARTMARX CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	36-3217140
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
101 North Wacker Drive Chicago, Illinois	60606
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 312/372-6300

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 _____

Indicate by check mark /whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes __X__ No _____

At September 30, 2005 there were 37,111,968 shares of the Company's common stock outstanding.

HARTMARX CORPORATION

INDEX

P
N
-

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

Unaudited Consolidated Statement of Earnings for the three months and nine months ended August 31, 2005 and August 31, 2004

Unaudited Condensed Consolidated Balance Sheet as of August 31, 2005, November 30, 2004 and August 31, 2004

Unaudited Condensed Consolidated Statement of Cash Flows for the nine months ended August 31, 2005 and August 31, 2004

Notes to Unaudited Condensed Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

Part II - OTHER INFORMATION

Item 6. Exhibits

Signatures

Part I - FINANCIAL INFORMATION

Item 1. Financial Statements

HARTMARX CORPORATION
UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS
(000's Omitted, except per share amounts)

	Three Months Ended August 31,	
	2005	2004
Net sales	$ 152,134	$ 155,783
Licensing and other income	690	934
	152,824	156,717
Cost of goods sold	101,758	108,200
Selling, general and administrative expenses	38,664	38,750
	140,422	146,950
Operating earnings	12,402	9,767
Interest expense	1,757	1,512
Earnings before taxes	10,645	8,255
Tax provision	(4,060)	(3,265)
Net earnings	$ 6,585	$ 4,990
Earnings per share:		
Basic	$ .18	$ .14
Diluted	$ .18	$ .14
Dividends per common share	$ -	$ -
Average shares outstanding:		
Basic	36,652	35,285
Diluted	37,466	36,459

(See accompanying notes to unaudited condensed consolidated financial statements)

HARTMARX CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
ASSETS
(000's Omitted)

	Aug. 31, 2005	Nov. 30, 2004
CURRENT ASSETS		

Cash and cash equivalents	$ 2,158	$ 2,356	$
Accounts receivable, less allowance for doubtful accounts of $5,889, $6,735 and $8,956	131,879	119,033	
Inventories	150,284	130,139	
Prepaid expenses	13,148	6,843	
Deferred income taxes	29,747	21,783	
Total current assets	327,216	280,154	
GOODWILL	24,130	24,131	
INTANGIBLE ASSETS	34,171	35,594	
DEFERRED INCOME TAXES	19,250	34,167	
OTHER ASSETS	6,488	7,441	
INTANGIBLE PENSION ASSET	39,411	39,411	
PROPERTIES			
Land	1,886	1,908	
Buildings and building improvements	43,778	35,749	
Furniture, fixtures and equipment	102,498	102,733	
Leasehold improvements	27,833	24,664	
	175,995	165,054	
Accumulated depreciation and amortization	(138,951)	(137,411)	
Net properties	37,044	27,643	
TOTAL ASSETS	$ 487,710	$ 448,541	$

(See accompanying notes to unaudited condensed consolidated financial statements)

HARTMARX CORPORATION
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY
(000's Omitted, except share data)

	Aug. 31,	Nov. 30,

	2005	2004
CURRENT LIABILITIES		
Current portion of long-term debt	$ 25,709	$ 25,679
Accounts payable and accrued expenses	74,446	72,905
Total current liabilities	100,155	98,584
NON-CURRENT LIABILITIES	25,526	25,402
LONG-TERM DEBT	91,537	76,353
ACCRUED PENSION LIABILITY	26,617	26,416
SHAREHOLDERS' EQUITY		
Preferred shares, $1 par value; 2,500,000 authorized and unissued	-	-
Common shares, $2.50 par value; 75,000,000 shares authorized; 37,075,936 shares issued at August 31, 2005, 36,023,846 shares issued at November 30, 2004 and 35,855,814 shares issued at August 31, 2004	92,690	90,060
Capital surplus	68,424	63,784
Retained earnings	87,355	71,140
Unearned employee benefits	(2,963)	(1,332)
Common shares in treasury, at cost, 0 at August 31, 2005, 41,204 at November 30, 2004 and 35,109 at August 31, 2004	-	(344)
Accumulated other comprehensive income (loss)	(1,631)	(1,522)
Total shareholders' equity	243,875	221,786
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 487,710	$ 448,541

(See accompanying notes to unaudited condensed consolidated financial statements)

HARTMARX CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENT
OF CASH FLOWS

(000's Omitted)

Increase (Decrease) in Cash and Cash Equivalents	Nine Month Aug. 31, 2005	
Cash Flows from operating activities:		
Net earnings	$ 16,215	$
Reconciling items to adjust net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization of fixed assets	3,618	
Amortization of long lived assets, intangible assets, and unearned employee benefits	2,593	
Tax effect of option exercises	1,455	
Changes in assets and liabilities, net of effect of acquisition:		
Accounts receivable, inventories, prepaid expenses and other assets	(39,125)	
Accounts payable, accrued expenses and non-current liabilities	(891)	
Taxes and deferred taxes on earnings	7,031	
Net cash provided by (used in) operating activities	(9,104)	
Cash Flows from investing activities:		
Payments made re: acquisitions	(2,203)	
Capital expenditures	(13,023)	
Cash proceeds from sale of asset held for sale	300	
Net cash used in investing activities	(14,926)	
Cash Flows from financing activities:		
Borrowings under Credit Facility	15,719	
Payment of other debt	(505)	
Grant proceeds related to facility renovation	3,437	
Financing fees and expenses	(400)	
Change in checks drawn in excess of bank balances	1,287	
Proceeds from exercise of stock options	3,269	
Other equity transactions	1,025	
Net cash provided by financing activities	23,832	
Net decrease in cash and cash equivalents	(198)	
Cash and cash equivalents at beginning of period	2,356	
Cash and cash equivalents at end of period	$ 2,158	$
Supplemental cash flow information:		
Net cash paid (received) during the period for:		
Interest	$ 5,118	$
Income taxes	1,672	

(See accompanying notes to unaudited condensed consolidated financial statements)

HARTMARX CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1

The accompanying financial statements are unaudited, but in the opinion of management include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of operations, financial position and cash flows for the applicable period presented. Results of operations for any interim period are not necessarily indicative of results for any other periods or for the full year. These unaudited interim financial statements should be read in conjunction with the financial statements and related notes contained in the Annual Report on Form 10-K for the year ended November 30, 2004. Certain prior year amounts have been reclassified to conform to the current year's presentation.

Note 2

The calculation of basic earnings per share for each period is based on the weighted average number of common shares outstanding. The calculation of diluted earnings per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock using the treasury stock method. The number of shares in computing basic and diluted shares were as follows (000's omitted):

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2005	2004	2005	2004
Basic	36,652	35,285	36,331	34,708
Dilutive effect of:				
Stock options and awards	753	867	795	829
Restricted stock awards	61	307	48	605
Diluted	37,466	36,459	37,174	36,142

For the three months and nine months ended August 31, 2005 and August 31, 2004, the following number of options and restricted stock awards were not included in the computation of diluted earnings per share as the average price per share of the Company's common stock was below the grant or award price for the respective period:

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2005	2004	2005	2004
Anti-dilutive:				
Stock options	1,304	59,135	438	74,550
Restricted stock awards	191,500	201,500	191,500	201,500

The Company accounts for its employee stock based compensation plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. No stock-based employee compensation cost related to stock options is reflected in net earnings, as all options granted under those plans had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net earnings and earnings per share if the Company had applied the fair value recognition provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation (in millions, except per share amounts):

	Three Months Ended August 31,		Nine
	2005	2004	200
Net earnings, as reported	$ 6.6	$5.0	$16
Deduct: Total stock-based employee compensation expense determined under fair value based method for all options, net of related tax effects	(0.3)	(0.1)	(0
Pro forma net earnings	$ 6.3	$4.9	$1
Earnings per share:			
Basic - as reported	$ .18	$ .14	$.
Basic - pro forma	$ .17	$ .14	$.
Diluted - as reported	$ .18	$ .14	$.
Diluted - pro forma	$ .17	$ .13	$.

The fair value of each option granted in the respective period is estimated at the date of grant using the Black-Scholes option-pricing model. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Note 3

Long-term debt comprised the following (000's omitted):

	Aug. 31, 2005	Nov. 30, 2004	Aug. 31, 2004

Borrowings under Credit Facility	$ 82,649	$ 66,930	$ 97,234
Industrial development bonds	17,250	17,250	17,250
Mortgages and other debt	17,347	17,852	18,013
	117,246	102,032	132,497
Less - current	25,709	25,679	15,658
Long-term debt	$ 91,537	$ 76,353	$ 116,839

Pursuant to an amendment dated on January 3, 2005, and effective January 1, 2005, the Credit Facility was amended, extending its term by three years to February 28, 2009; the Company retains its option to extend the term for an additional year, to February 28, 2010. The Company paid $.4 million to the lender group related to the January 2005 amendment to the Credit Facility. The Credit Facility provides for a $50 million letter of credit sub-facility. Interest rates under the Credit Facility continue to be based on a spread in excess of LIBOR or prime as the benchmark rate and on the level of excess availability. The weighted average interest rate was approximately 5.2% at August 31, 2005, based on LIBOR and prime rate loans. The facility provides for an unused commitment fee of .375% per annum based on the $200 million maximum, less the outstanding borrowings and letters of credit issued. Eligible receivables and inventories provide the principal collateral for the borrowings, along with certain other tangible and intangible assets of the Company.

The Credit Facility includes various events of default and contains certain restrictions on the operation of the business, including covenants pertaining to minimum net worth, operating leases, incurrence or existence of additional indebtedness and liens, and asset sales, as well as other customary covenants, representations and warranties, and events of default. During fiscal 2005 and as of August 31, 2005, the Company was in compliance with all covenants under the Credit Facility and its other borrowing agreements. At August 31, 2005, the Company had approximately $23 million of letters of credit outstanding, relating to either contractual commitments for the purchase of inventories from unrelated third parties or for such matters as workers' compensation requirements in lieu of cash deposits. Such letters of credit are issued pursuant to the Company's Credit Facility and are considered as usage for purposes of determining borrowing availability. During the twelve months ended August 31, 2005, borrowing availability ranged from $43 million to $102 million. At August 31, 2005, additional borrowing availability under the Credit Facility was approximately $79 million.

Mortgages and other debt includes the Company's ongoing guarantee of a $2.5 million industrial development bond retained by a former subsidiary, due September 1, 2007, on which the annual interest rate of 8.5% is paid semi-annually and there is no collateral.

Note 4

Components of net periodic pension expense for the Company's defined benefit and non-qualified supplemental pension plans for the three months and nine months ended August 31, 2005 and August 31, 2004 were as follows (000's omitted):

Three Months Ended August 31,		Nine Months Ended August 31,	
2005	2004	2005	2004

Service cost	$ 1,253	$ 1,225	$ 3,985	$ 3,655
Interest cost	3,877	3,640	10,857	11,252
Expected return on plan assets	(4,894)	(4,005)	(14,173)	(12,401)
Recognized net actuarial gain	(246)	(83)	(259)	(18)
Net amortization	847	847	2,540	2,540
Net periodic pension expense	$ 837	$ 1,624	$ 2,950	$ 5,028

Through August 31, 2005, approximately $2.6 million of contributions had been made to the Company's pension plans. In September, an additional $2 million was contributed to the Company's principal pension plan. The Company anticipates aggregate contributions in the $6 million to $8 million range will be made in fiscal 2005.

Note 5

Inventories at each date consisted of (000's omitted):

	Aug. 31, 2005	Nov. 30, 2004	Aug. 31, 2004
Raw materials	$ 37,770	$ 37,560	$ 35,904
Work-in-process	7,539	7,674	6,634
Finished goods	104,975	84,905	90,531
	$ 150,284	$ 130,139	$ 133,069

Inventories are stated at the lower of cost or market. At August 31, 2005, November 30, 2004 and August 31, 2004, approximately 48%, 45% and 45%, respectively, of the Company's total inventories are valued using the last-in, first-out (LIFO) method representing certain work-in-process and finished goods. The first-in, first-out (FIFO) method is used for substantially all raw materials and the remaining inventories.

Note 6

On July 20, 2004, the Company acquired certain assets, properties and operations of Exclusively Misook, Inc. ("Misook"), a designer and marketer of upscale women's knit products sold through leading specialty and department stores. The purchase price for Misook as of the acquisition date was $32.6 million. Additional cash purchase consideration is due as Misook achieves certain specified financial performance targets over a five-year period commencing August 1, 2004. This additional contingent cash purchase consideration is calculated based on a formula applied to operating results. A minimum level of performance, as defined in the purchase agreement, must be achieved during any of the periods in order for additional consideration to be paid. The additional consideration anticipated applicable to the nine months ending August 31, 2005 was approximately $2.9 million. At the minimum level of performance (annualized operating earnings, as defined, of at least $12 million), additional annual consideration of $3.6 million would be paid over the five year period following the acquisition. The amount of consideration increases with increased levels of earnings and there is no maximum amount of incremental purchase price.

If the Misook business is sold within five years of the acquisition date ("Sale Transaction"), the purchase agreement provides, at the option of the seller, for a lump sum payment covering the remaining earnout period based on the

average annual contingent consideration earned prior to the date of the Sale Transaction.

The Misook acquisition has been accounted for under the purchase method of accounting. Accordingly, the results of Misook are included in the consolidated financial statements from the acquisition date. Misook's results of operations and assets are included in the Women's Apparel Group segment.

The Misook acquisition was financed utilizing borrowing availability under the Company's Credit Facility.

Regarding the 2001 acquisition of the Consolidated Apparel Group, no additional contingent consideration can be earned by the former owners subsequent to November 30, 2004, pursuant to a November 2004 amendment to the purchase agreement.

The amounts of contingent consideration related to fiscal 2004 accrued as of November 30, 2004 for Misook, approximately $1.2 million, and CAG, approximately $1.0 million, were each paid in the first quarter of fiscal 2005.

The pro forma financial information presented below gives effect to the Misook acquisition as if it had occurred as of the beginning of the Company's fiscal year 2004. The pro forma amounts below reflect interest on the purchase price assuming the acquisition occurred as of December 1, 2003, with interest calculated at the Company's borrowing rate under its Credit Facility for the period. The pro forma earnings below assumes an income tax provision at the Company's consolidated tax rate for the period. The information presented below is for illustrative purposes only and is not indicative of results that would have been achieved if the acquisition had occurred as of the beginning of the Company's 2004 fiscal year or of future operating performance. Amounts in millions, except per share amounts:

	Three Months Ended August 31, 2004	Nine Months Ended August 31, 2004
Net sales	$163.0	$460.5
Net earnings	6.9	14.9
Net earnings per share:		
Basic	.19	.43
Diluted	.19	.41

Impairment tests, which involve the use of estimates related to the fair value of the applicable reporting unit with which goodwill and intangible assets not subject to amortization are associated, were performed during the second quarter. These tests indicated that there was no impairment of the recorded goodwill and intangible asset not subject to amortization.

Note 7

Amounts billed to customers for shipping and handling are included in sales. The cost of goods sold caption includes, where applicable, the following components: product cost, including inbound freight, duties, internal inspection costs, internal transfer costs and certain other costs of the distribution network. The warehousing, picking and packing of finished products totaled $14.9 million in the first nine months of 2005 and $14.2 million in the first nine months of 2004 and $5.0 million for the third quarter of 2005 and $4.6 million for the third quarter of 2004, and are included as a component of Selling, General and Administrative Expenses.

Note 8

The Company is engaged in the manufacturing and marketing of apparel. The Company's customers comprise major department and specialty stores, value oriented retailers and direct mail companies. The Company 's Men's Apparel Group designs, manufactures and markets tailored clothing, slacks, sportswear and dress furnishings. The Women's Apparel Group markets women's career apparel, designer knitwear, sportswear and accessories to both retailers and to individuals who purchase women's apparel through a direct to consumer catalog and using the internet.

Information on the Company's operations and total assets for the three months and nine months ended and as of August 31, 2005 and August 31, 2004 is summarized as follows (in millions):

	Men's Apparel Group	Women's Apparel Group	Adj.
Three Months Ended August 31, 2005			
Sales	$129.6	$22.5	$ -
Earnings (loss) before taxes	13.1	2.7	(5.2)
2004			
Sales	$136.9	$18.9	$ -
Earnings (loss) before taxes	12.4	1.2	(5.3)
Nine Months Ended August 31, 2005			
Sales	$377.3	$64.4	$ -
Earnings (loss) before taxes	36.2	7.4	(17.1)
Total assets	319.9	68.3	99.5
2004			
Sales	$377.7	$57.1	$ -
Earnings (loss) before taxes	27.8	5.0	(16.1)
Total assets	291.3	67.9	121.3

During the three months and nine months ended August 31, 2005, there were no intergroup sales. During the three months and nine months ended August 31, 2004, there was $.3 million of sales from the Men's Apparel Group to the Women's Apparel Group. These sales were eliminated from Men's Apparel Group sales. During all periods, there was no change in the basis of measurement of group earnings or loss.

Operating expenses incurred by the Company in generating sales are charged against the respective group; indirect operating expenses are allocated to the groups benefitted. Group results exclude any allocation of general corporate

expense, interest expense or income taxes.
Amounts included in the "adjustment" column for earnings (loss) before taxes consist principally of interest expense and general corporate expenses. Adjustments of total assets are for cash, deferred income taxes, investments, other assets, corporate properties and the intangible pension asset.

At August 31, 2005 and August 31, 2004, the Men's Apparel Group total assets includes $24.1 million and $23.3 million, respectively, of goodwill related to acquisitions. At August 31, 2005 and August 31, 2004, Women's Apparel Group total assets included intangible assets of $34.1 million and $35.9 million, respectively, related to acquisitions.

Sales and long-lived assets by geographic region are as follows (in millions):

	Sales				Long
	Three Months Ended August 31,		Nine Months Ended August 31,		A
	2005	2004	2005	2004	2005
USA	$ 147.5	$150.9	$426.1	$420.5	$138.1
Canada	4.2	4.3	14.6	13.3	3.0
All Other	0.4	0.6	1.0	1.0	0.1
	$ 152.1	$155.8	$441.7	$434.8	$141.2

Sales by Canadian subsidiaries to customers in the United States are included in USA sales. Sales to customers in countries other than the USA or Canada are included in All Other.

Long-lived assets includes intangible pension asset, net properties, goodwill, intangible assets and other assets.

Note 9

Comprehensive income, which includes all changes in the Company's equity during the period, except transactions with stockholders, was as follows (000's omitted):

	Nine Months Ended	
	Aug. 31, 2005	Aug. 31, 2004
Net earnings	$16,215	$10,110
Other comprehensive income (loss):		
Change in fair value of foreign exchange contracts, net of tax	(132)	(147)
Currency translation adjustment, net of tax	23	75
Comprehensive earnings	$16,106	$ 10,038

The change in Accumulated Other Comprehensive Income (Loss) was as follows (000's omitted):

	Minimum Pension Liability	Fair Value of Foreign Exchange Contracts	Foreign Currency Translation Adjustment	A C I
Fiscal 2005				
Balance Nov. 30, 2004	$ (3,425)	$ 123	$ 1,780	$
Change in fiscal 2005	-	(132)	23	
Balance August 31, 2005	$ (3,425)	$ (9)	$ 1,803	$
Fiscal 2004				
Balance Nov. 30, 2003	$ (11,735)	$ 249	$ 286	$
Change in fiscal 2004	-	(147)	75	
Balance August 31, 2004	$ (11,735)	$ 102	$ 361	$

The pre-tax amounts, the related income tax (provision) benefit and after-tax amounts allocated to each component of the change in other comprehensive income (loss) was as follows (000's omitted):

Nine months ended August 31, 2005	Pre-tax	Tax	After-Tax
Fair value of foreign exchange contracts	$ (210)	$ 78	$ (132)
Foreign currency translation adjustment	23	-	23
	$ (187)	$ 78	$ (109)
Nine months ended August 31, 2004			
Fair value of foreign exchange contracts	$ (247)	$ 100	$ (147)
Foreign currency translation adjustment	(110)	185	75
	$ (357)	$ 285	$ (72)

Note 10

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 (revised 2004) "Share-Based Payment", which requires companies to recognize in the income statement the grant date fair value of stock options and other equity-based compensation issued to employees and disallows the use of the intrinsic value method of accounting for stock options, but expresses no preference for a type of valuation model. This statement supersedes Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", but does not change the accounting guidance for share-based payment transactions with parties other than employees provided in SFAS No. 123 as originally issued. SFAS No. 123 (revised 2004) is effective for the Company's fiscal year beginning December 1, 2005. While the Company has not yet determined the precise impact that this statement will have on its financial condition and results of operations, assuming future annual stock option awards are comparable to prior years annual awards and the Black-Scholes method is used to compute the value of the awards, the annualized impact is expected to lower diluted earnings per share in the range of $.03 to $.04.

In December 2004, FASB issued SFAS No. 151 "Inventory Costs, an Amendment of ARB No. 43, Chapter 4". FAS 151 clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material and requires that these items be recognized as current period charges. FAS 151 applies only to inventory costs incurred during periods beginning after the effective date and also requires that the allocation of fixed production overhead to conversion costs be based on the normal capacity of the production facilities. FAS 151 is effective for the Company's fiscal year beginning December 1, 2005. The Company does not anticipate that implementation of this statement will have a material impact on its financial condition, results of operations or cash flows.

In December 2004, FASB issued SFAS No. 153 "Exchanges of Nonmonetary Assets, An Amendment of APB Opinion No. 29". FAS 153 eliminates the exception for exchange of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. FAS 153 is effective for non-monetary assets and exchanges occurring in fiscal periods beginning after June 15, 2005, the Company's third fiscal quarter. As the Company does not engage in exchanges of non-monetary assets, the Company does not anticipate that implementation of this statement will have a material impact on its financial conditions, results of operations or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company operates exclusively in the apparel business. Its operations are comprised of the Men's Apparel Group ("MAG") and Women's Apparel Group. MAG designs, manufactures and markets men's tailored clothing, slacks, sportswear (including golfwear) and dress furnishings (shirts and ties). Products are sold at luxury, premium and moderate price points under a broad variety of apparel brands, both owned and under license, to an extensive range of retail channels. The Women's Apparel Group markets women's career apparel, designer knitwear, sportswear and accessories to department and specialty stores under owned and licensed brand names and through a direct to consumer operation offering a wide range of apparel and accessories to business and professional women through catalogs and its e-commerce website.

The Company's principal operational challenges have been to address the following:

> The trend to casual dressing in the workplace has been a major contributor to the overall market decline for tailored clothing products over the past decade, especially for tailored suits, the Company's core product offering.

> The need to diversify the Company's product offerings in non-tailored product categories in light of the declining demand for tailored clothing.

> The market share declines experienced by certain department store retailers, an important distribution channel for the Company.

The Company has continued to expand its non-tailored clothing product offerings through internally developed programs, new licensing arrangements and acquisitions. On July 20, 2004, the Company acquired certain assets, properties and operations of Exclusively Misook, Inc. ("Misook"), a designer and marketer of upscale women's knit products sold through leading specialty and department stores. The purchase price for Misook as of the acquisition date was $32.6 million. As described in the Notes to Unaudited Condensed Consolidated Financial Statements, additional contingent consideration is due if Misook achieves certain specified financial performance targets. The acquisition of Misook, which provides for strategic growth opportunities in womenswear and further diversification of non-tailored product categories, contributed $9.4 million in revenues and approximately $.05 in earnings per diluted share to third quarter results in 2005 and approximately $25.3 million in revenues and $.12 in earnings per diluted share for the nine months ended August 31, 2005; the prior year's third quarter and year-to-date results reflected $4.3 million of revenues and $.01 of earnings per diluted share attributable to Misook. The Company acquired the Consolidated Apparel Group ("CAG"), a marketer of moderate priced men's sportswear, in 2001. These product diversification actions, along with the introductions of Bobby Jones and Nicklaus golfwear in earlier years, have opened up or expanded distribution channels for the Company's products, such as through "green grass" and resort shops for golfwear and warehouse clubs for moderate-priced sportswear. Although representing only a small percentage of consolidated revenues, direct-to-consumer marketing is increasing, including internet-based marketing for certain womenswear and higher end sportswear products and through a small number of stores marketing the Bobby Jones and Hickey-Freeman brands.

Sales of non-tailored apparel (men's sportswear, golfwear, slacks and womenswear) represented 45% of total sales during the first nine months of both 2005 and 2004. For the full year, non-tailored apparel sales represented 47% of total sales in fiscal 2004 compared to 44% in fiscal 2003. The increase in pre-tax earnings for the nine months to $26.5 million in 2005 from $16.7 million in 2004 reflected a 1.6% revenue increase to $441.7 million from $434.8 million and improved operating margins. A significant portion of these improvements was attributable to Misook, as previously noted.

Liquidity and Capital Resources

November 30, 2004 to August 31, 2005

For the nine months ended August 31, 2005, net cash used in operating activities was $9.1 million compared to $4.8 million net cash provided by operating activities for the nine months ended August 31, 2004. The decrease in cash provided by operating activities during the current period over the prior period reflected the higher cash earnings offset by higher working capital, principally inventories. Since November 30, 2004, net accounts receivable increased $12.8 million or 11% to $131.9 million, reflecting normal seasonal

shipments in the Men's Apparel Group. Inventories of $150.3 million increased $20.1 million or 15% reflecting in part the earlier receipt of foreign sourced inventories in advance of anticipated shipments and retailers requests to delay delivery of goods. Net properties increased $9.4 million to $37.0 million as capital additions in the current period included approximately $7.7 million related to the in-process renovation of the Hickey-Freeman manufacturing and distribution facility, which is included in buildings and building improvements. This project will be completed during the fourth quarter, at which time related depreciation and amortization will commence. Total debt, including current maturities, increased $15.2 million to $117.2 million and was the most significant component of net cash provided by financing activities; this increase reflected both higher capital expenditures and seasonal working capital increases. Total debt represented 32% of total capitalization at both August 31, 2005 and November 30, 2004. Shareholders' equity increased $22.1 million from the earnings as well as from the favorable impact of stock option exercises and equity sales to the Company's employee stock purchase plan, resulting in 906,794 additional shares issued during the first nine months of 2005.

In addition to the information provided below relating to debt, credit facilities, guarantees, future commitments, liquidity and risk factors, the reader should also refer to the Company's Annual Report on Form 10-K for the year ended November 30, 2004.

The Company's borrowing arrangements consist of a senior revolving credit facility ("Credit Facility"), mortgages and industrial development bonds. The current $200 million Credit Facility expires in February 2009 with an additional one year renewal at the Company's option (i.e., until February 2010), and also provides for a $50 million letter of credit sub-facility. Interest rates under the Credit Facility are based on a spread in excess of LIBOR or prime as the benchmark rate and on the level of excess availability. The weighted average interest rate was approximately 5.2% at August 31, 2005, based on LIBOR and prime rate loans. The facility provides for an unused commitment fee of .375% per annum, based on the $200 million maximum, less the outstanding borrowings and letters of credit issued. Eligible receivables and inventories provide the principal collateral for the borrowings, along with certain other tangible and intangible assets of the Company. The weighted average interest rate on all borrowings was approximately 6.2% at August 31, 2005 compared to 5.0% at August 31, 2004.

The Credit Facility includes various events of default and contains certain restrictions on the operation of the business, including covenants pertaining to minimum net worth, operating leases, incurrence or existence of additional indebtedness and liens, and asset sales, as well as other customary covenants, representations and warranties, and events of default. During fiscal 2005 and as of August 31, 2005, the Company was in compliance with all covenants under the Credit Facility and its other borrowing agreements.

There are several factors which can affect the Company's ability to remain in compliance with the financial covenants currently contained in its Credit Facility, and to a lesser extent, in its other borrowing arrangements. The following summarizes certain of the most significant risk factors:

o The apparel environment is cyclical, and the level of consumer spending on apparel can decline during recessionary periods when disposable income declines. The tailored clothing market relating to suits has stabilized in recent periods after experiencing unit declines over the previous several years. If the tailored clothing market declines further, sales and profitability would be adversely affected.

o Continuation of widespread casual dressing in the workplace could further reduce the demand for tailored clothing products, especially for tailored

suits. While the Company markets several sportswear and casual product lines, consumer receptiveness to these sportswear and casual product offerings may not offset the declines in the tailored clothing unit sales.

o The Company's customers include major U.S. retailers (certain of which are under common ownership and control). The ten largest customers represented approximately 55% of consolidated sales during fiscal 2004 with the largest customer representing approximately 23% of sales. A decision by the controlling management of a group of stores or any other significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease the amount of merchandise purchased from the Company, or change their manner of doing business, could have a material adverse effect on the Company's financial condition and results of operations.

At August 31, 2005, the Company had approximately $23 million of letters of credit outstanding, relating to either contractual commitments for the purchase of inventories from unrelated third parties or for such matters as workers' compensation requirements in lieu of cash deposits. Such letters of credit are issued pursuant to the Credit Facility and are considered as usage for purposes of determining borrowing availability. Availability levels on any date are impacted by the level of outstanding borrowings under the Credit Facility, the level of eligible receivables and inventory and outstanding letters of credit. For the trailing twelve months, additional availability levels have ranged from $43 million to $102 million. At August 31, 2005, additional borrowing availability under the Credit Facility was approximately $79 million. The Company has also entered into surety bond arrangements aggregating approximately $11 million with unrelated parties, primarily for the purposes of satisfying workers' compensation deposit requirements of various states where the Company has operations. At August 31, 2005, there were an aggregate of $2.7 million of outstanding foreign exchange contracts primarily attributable to approximately .9 million Canadian dollars related to anticipated U.S. dollar collections by the Company's Canadian business in the next three months and approximately 1.5 million Euros related to anticipated inventory purchases to be made in the next nine months. Other than the Company's ongoing guarantee of a $2.5 million industrial development bond included as a component of consolidated debt, the Company has not committed to and has not provided any guarantees of other lines of credit, repurchase obligations, etc., with respect to the obligations for any unconsolidated entity or to any unrelated third party.

The Company's various borrowing arrangements are either fixed rate or variable rate borrowing arrangements. None of the arrangements have rating agency "triggers" which would impact either the borrowing rate or borrowing commitment.

Off-Balance Sheet Arrangements. The Company has not entered into off balance sheet financing arrangements, other than operating leases, and has made no financial commitments or guarantees with any unconsolidated subsidiaries or special purpose entities. All of the Company's subsidiaries are wholly owned and included in the accompanying consolidated financial statements. There have been no related party transactions nor any other transactions which have not been conducted on an arm's-length basis.

The Company believes its liquidity and expected cash flows are sufficient to finance its operations after due consideration of its various borrowing arrangements, other contractual obligations and earnings prospects.

August 31, 2004 to August 31, 2005

Net accounts receivable of $131.9 million decreased $3.7 million or 3%, primarily attributable to the lower sales in the last three months; the

allowance for doubtful accounts declined $3.1 million to $5.9 million reflecting the write off of amounts previously reserved. Inventories of $150.3 million increased $17.2 million or 13%, primarily attributable to the earlier receipts of foreign sourced inventories in the Men's Apparel Group and retailers requests to delay delivery of goods. Net properties of $37.0 million increased $8.8 million, as capital additions, including amounts related to the renovation of the Hickey-Freeman manufacturing and distribution facility, exceeded depreciation expense. Total debt represented 32% of total capitalization at August 31, 2005 compared to 39% at August 31, 2004. Total debt of $117.2 million decreased $15.3 million compared to the year earlier level. Debt levels have been favorably impacted by the higher cash earnings, partially offset by higher working capital. The increase in non-current liabilities to $25.5 million compared to $21.4 million was principally attributable to the grant proceeds received or to be received related to the Hickey-Freeman renovation. These amounts will amortized over the same period of time the building renovation costs will be depreciated.

Results of Operations

Third Quarter 2005 Compared to Third Quarter 2004

Third quarter sales were $152.1 million compared to $155.8 million in 2004. Men's Apparel Group revenues decreased 5.3% to $129.6 million, reflecting declines in both tailored clothing and moderate priced sportswear product categories. In general, wholesale selling prices for comparable products were approximately even in 2005 compared to 2004, although product mix changes impacted comparability of both unit sales and average wholesale selling prices. Tailored clothing average wholesale selling prices were about the same as the prior year. Suit unit sales decreased approximately 7% and sport coat unit sales decreased approximately 1%, each reflecting the non-renewal of an expiring tailored clothing license, partially offset by the effect of new programs. Slack product categories increased approximately 16% reflecting new moderate price slack programs. Slack average wholesale selling prices decreased approximately 14% reflecting the more moderate priced pants. While unit sales of sportswear products decreased approximately 30%, attributable to declines in moderate priced sportswear, average wholesale selling prices were 15% higher than 2004, reflecting product mix changes to higher priced products, such as Bobby Jones, with higher gross margins. Women's Apparel Group revenues, which represented approximately 15% of consolidated sales in 2005 and 12% in 2004, increased $3.6 million. The current period included $5.1 million of incremental revenue attributable to Misook; the prior period included $2.2 million related to the one year private label program completed in June 2004. Excluding the effect of this program, unit sales of women's apparel increased approximately 17% and average selling prices increased approximately 18%, primarily attributable to Misook. Aggregate sportswear and other non-tailored clothing product categories, including women's, represented approximately 44% of total third quarter revenues this year compared to 43% in last year's third quarter.

The consolidated gross margin percentage to sales improved to 33.1% from 30.5% last year. The higher gross margin rate compared to last year's third quarter reflected changes in product mix, improved manufacturing utilization in owned facilities, and continuing cost effective utilization of off-shore contractors for moderate priced tailored clothing. Approximately $5.0 million in 2005 and $4.6 million in 2004 of costs related to warehousing, picking and packing of finished products are included as a component in Selling, General and Administrative Expenses; accordingly, gross margin may not be comparable to those other entities that include all of the costs related to their distribution network in arriving at gross margin. Consolidated selling, general and administrative expenses of $38.7 million were the same as in 2004, as higher selling and occupancy costs and $.5 million incremental expenses

attributable to Misook were offset by $1.3 million lower professional fees related to the documentation and testing of internal controls as required by the Sarbanes-Oxley Act; the ratio to sales was 25.4% in 2005 compared to 24.9% in 2004.

Consolidated operating earnings increased to $12.4 million in 2005 compared to $9.8 million last year and represented 8.2% of net sales in 2005 and 6.3% of net sales in 2004; the improvement was attributable to the higher gross margin ratio compared to the prior year. Men's Apparel Group operating earnings were $13.3 million in 2005 compared to $12.4 million in 2004, attributable to improved gross margins with tailored clothing products representing the most significant contributor to earnings and cash flow in each year. Women's Apparel Group operating earnings were $2.7 million in 2005 and $1.2 million in 2004, primarily from the higher sales and operating margins from Misook being included in operating results for the entire quarter in 2005.

Interest expense increased to $1.8 million this period compared to $1.5 million last year, principally due to higher rates. Consolidated pre-tax earnings were $10.6 million compared to $8.3 million last year. After reflecting the applicable tax provision, consolidated net earnings were $6.6 million this period compared to $5.0 million last year. Diluted earnings per share were $.18 compared to $.14 per share in 2004.

Nine Months 2005 Compared to Nine Months 2004

Consolidated sales were $441.7 million compared to $434.8 million in 2004. Men's Apparel Group revenues of $377.3 million in the current year were about even with the year earlier period of $377.7 million, as increases in the tailored clothing product categories were about offset by declines in moderate priced sportswear. In general, wholesale selling prices for comparable products were approximately even in 2005 compared to 2004, although product mix changes impacted comparability of both unit sales and average wholesale selling prices. Tailored clothing average wholesale selling prices decreased approximately 3% from 2004, reflecting a shift in product mix in 2005 compared to the prior year. Suit unit sales decreased approximately 3% reflecting the effect of new programs offset by the non-renewal of an expiring tailored clothing license; sport coat units increased approximately 13% and slack product units increased approximately 29%, each benefitting from the shipments of two new separates programs during 2005. Slack average wholesale selling prices decreased approximately 17%, reflecting a shift in product mix weighted towards casual pants. While unit sales of sportswear products decreased approximately 24%, attributable to declines in moderate priced sportswear, average wholesale selling prices were 16% higher than 2004, reflecting product mix changes to higher priced products such as Bobby Jones. Women's Apparel Group revenues, which represented approximately 15% of consolidated sales in 2005 and 13% in 2004, increased $7.4 million. The current period reflected $20.9 million of incremental revenues attributable to Misook. The prior period included $12.9 million related to the one year private label program completed in June 2004. Excluding the effect of this program, unit sales of women's apparel increased approximately 22% and average selling prices increased approximately 22%, each attributable principally to Misook. Aggregate sportswear and other non-tailored clothing product categories, including women's, represented approximately 45% of nine month revenues in both fiscal 2005 and fiscal 2004.

The consolidated gross margin percentage to sales increased to 33.8% compared to 30.6% last year. The higher gross margin rate compared to last year's nine months reflected changes in product mix, improved manufacturing utilization in owned facilities, fewer dispositions of off-price tailored clothing units, and continuing cost effective utilization of off-shore contractors for moderate priced tailored clothing. Gross margins may not be comparable to those of other entities since some entities include all of the costs related to their

distribution network in arriving at gross margin, whereas the Company included $14.9 million in 2005 and $14.2 million in 2004 of costs related to warehousing, picking and packing of finished products as a component in Selling, General and Administrative Expenses. Consolidated selling, general and administrative expenses were $119.2 million in 2005 compared to $113.4 million in 2004; the ratio to sales was 27.0% in 2005 compared to 26.1% in 2004. The increase relative to sales reflected, in part, changes in revenue mix among the various product lines. The dollar increase reflected higher selling and occupancy costs, $3.5 million of incremental expenses related to Misook, and $.2 million of incremental professional fees related to the documentation and testing of internal controls as required by the Sarbanes-Oxley Act.

Operating earnings improved to $31.6 million in 2005 from $21.3 million in 2004 and represented 7.2% of consolidated sales in 2005 and 4.9% of sales in 2004. Men's Apparel Group operating earnings were $36.2 million in 2005 compared to $27.8 million in 2004, attributable to the improved gross margins; tailored clothing products represented the most significant contributor to earnings and cash flow in each year. Women's Apparel Group operating earnings were $7.4 million in 2005 compared to $5.0 million in 2004, as the incremental earnings attributable to Misook were partially offset by declines in other lines, including the impact of the private label program which was substantially completed in the second quarter of 2004.

Interest expense was $5.1 million in 2005 compared to $4.6 million in 2004, as the increase was attributable to both higher average borrowings and higher rates. Consolidated pre-tax earnings were $26.5 million in 2005 compared to $16.7 million in 2004. After reflecting the applicable tax provision, consolidated net earnings were $16.2 million in 2005 compared to $10.1 million in 2004. Diluted earnings per share were $.44 in 2005 compared to $.28 per share in 2004.

There are indications that retailers' near term expectations are being impacted unfavorably by the high gas prices, lower consumer confidence and uncertainty of the aftermath of the hurricanes. Certain sales delayed in the third quarter are expected to be shipped during the Company's fourth quarter. Based on current conditions, the Company anticipates a consolidated sales increase for the year ending November 30, 2005 at the low end of previous guidance of a low to mid single digit increase. In the Men's Apparel Group, tailored clothing revenues should increase slightly with the introduction of new licensing programs, partially offset by the non-renewal of a license which generated approximately $14 million of revenues during 2004. Sportswear product lines are anticipated to increase at the higher price points but decline overall due to lower moderate priced sportswear sales from reduced business with the warehouse club channel. Women's Apparel Group revenues, which represented approximately 14% of total sales in 2004, are anticipated to increase from the incremental impact of the Misook acquisition for the full year, largely offset by the one year private label program completed in June 2004.

Operating margins are expected to improve compared to the prior year on the higher sales due to improved gross margins generally and from product mix. The January 2005 extension of the Company's $200 million senior credit facility to February 2009, with an option to February 2010, provides flexibility for the Company to implement its operating strategies, including acquisitions similar in size to Misook. Net earnings are anticipated to increase in the 30% to 40% range for the full year over 2004's $15.9 million or $.44 per diluted share, in line with guidance provided at the beginning of the Company's fiscal year, but more cautious than the most recent mid-year guidance of a 40% to 45% full year improvement.

The Company's longer term objectives are to increase revenues and continue pre-tax margin improvements, with growth realized from a combination of both internal revenue growth and from acquisitions. The Company continues to

evaluate acquisition opportunities which can produce positive cash flows, are accretive to earnings in the near to mid-term, and which do not create excessive debt leverage.

This quarterly report on Form 10-Q contains forward-looking statements made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The statements could be significantly impacted by such factors as the level of consumer spending for men's and women's apparel, the prevailing retail environment, the Company's relationships with its suppliers, customers, lenders, licensors and licensees, actions of competitors that may impact the Company's business and the impact of unforeseen economic changes, such as interest rates, or in other external economic and political factors over which the Company has no control. The reader is also directed to the Company's 2004 Annual Report on Form 10-K for additional factors that may impact the Company's results of operations and financial condition. Forward-looking statements are not guarantees as actual results could differ materially from those expressed or implied in forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3 -- Quantitative and Qualitative Disclosures About Market Risk

The Company does not hold financial instruments for trading purposes or engage in currency speculation. The Company enters into foreign exchange forward contracts from time to time to limit the currency risks primarily associated with purchase obligations denominated in foreign currencies. Foreign exchange contracts are generally for amounts not to exceed forecasted purchase obligations or receipts and require the Company to exchange U.S. dollars for foreign currencies at rates agreed to at the inception of the contracts. These contracts are typically settled by actual delivery of goods or receipt of funds. The effects of movements in currency exchange rates on these instruments, which have not been significant, are recognized in earnings in the period in which the purchase obligations are satisfied or funds are received. As of August 31, 2005, the Company had entered into foreign exchange contracts, aggregating approximately $2.7 million principally attributable to approximately .9 million Canadian dollars related to anticipated U.S. dollar collections by the Company's Canadian business in the next three months and approximately 1.5 million Euros primarily related to inventory purchases in the next nine months.

The Company is subject to the risk of fluctuating interest rates in the normal course of business, primarily as a result of the variable rate borrowings under its Credit Facility. Rates may fluctuate over time based on economic conditions, and the Company could be subject to increased interest payments if market interest rates rise. A 1% change in the effective interest rate on the Company's anticipated borrowings under its Credit Facility would impact annual interest expense by approximately $.8 million based on borrowings under the Credit Facility at August 31, 2005. In the last three years, the Company has not used derivative financial instruments to manage interest rate risk.

The Company's customers include major U.S. retailers (certain of which are under common ownership and control), several of whom reported declines in sales during various monthly periods in 2003 and 2004. The ten largest customers represented approximately 55% of consolidated sales during fiscal 2004 with the largest customer representing approximately 23% of sales. A decision by the controlling management of a group of stores or any other significant customer, whether motivated by competitive conditions, financial difficulties or otherwise, to decrease the amount of merchandise purchased from the Company, or change their manner of doing business, could have a material adverse effect on

the Company's financial conditions and results of operations.

Item 4 - Controls and Procedures

(A) Evaluation of Disclosure Controls and Procedures. The Company's management, under the supervision of and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective and were reasonably designed to ensure that all material information relating to the Company required to be included in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

(B) Changes in Internal Control Over Financial Reporting. There have not been any changes in the Company's internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act during the Company's fiscal quarter ended August 31, 2005 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitations on the Effectiveness of Controls. The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls or the Company's internal controls will prevent all errors and all fraud.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Further, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Part II -- OTHER INFORMATION

Item 6. Exhibits

31.1 Certification of Chairman, President and Chief Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Executive Vice President and Chief Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chairman, President and Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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.

HARTMARX CORPORATION

October 6, 2005 By /s/ GLENN R. MORGAN

Name: Glenn R. Morgan
Title: Executive Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

October 6, 2005 By /s/ ANDREW A. ZAHR

Name: Andrew A. Zahr
Title: Vice President and Controller

(Principal Accounting Officer)