

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report:

October 9, 1997

DESIGNS, INC.

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(Exact Name of registrant as specified in its charter)

Delaware

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(State or other jurisdiction  
of incorporation)

0-15898

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(Commission  
File Number)

04-2623104

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(IRS Employer  
Identification No.)

66 B Street, Needham, Massachusetts

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(Address of principal executive offices)

02194

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(Zip Code)

(781) 444-7222

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(Registrant's telephone number, including area code)

Item 5. Other Events

On October 6, 1997, the Board of Directors of Designs, Inc. (the "Company") approved an amendment (the "First Amendment") to the Company's Shareholder Rights Agreement dated May 1, 1995 (the "1995 Agreement"). The 1995 Agreement, as amended by the First Amendment, is hereinafter referred to as the "Rights Agreement." The following description of the terms of the First Amendment and the Rights Agreement does not purport to be complete and is qualified in its entirety by reference to the First Amendment (which accompanies this Current Report as an exhibit hereto) and the 1995 Agreement (which was previously filed with the Securities and Exchange Commission on May 19, 1995 as Exhibit 4.1 to the Company's Current Report on Form 8-K dated as of May 1, 1995).

The purpose of the First Amendment is to amend the definition of an "Acquiring Person." The definition of such term now allows a person who is and continues to be permitted to file a Schedule 13G, in lieu of Schedule 13D, pursuant to the Securities Exchange Act of 1934,

as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, to be the beneficial owner of less than 20% of the shares of the Company's Common Stock, \$0.01 par value ("Common Stock"), then outstanding without becoming an "Acquiring Person." A person who is so permitted to file a Schedule 13G, in lieu of a Schedule 13D, is hereinafter referred to as a "Schedule 13G Filer."

Pursuant to the terms of the Rights Agreement, the Company distributed one Preferred Stock Purchase Right (a "Right") for each outstanding share of Common Stock to stockholders of record as of the close of business on May 15, 1995 (the "Record Date"). Each Right entitles the registered holder to purchase from the Company a unit consisting of one one-thousandth of a share (a "Unit") of Series A Junior Participating Cumulative Preferred Stock, par value \$0.01 per share, at a cash exercise price of \$56.00 per Unit, subject to adjustment.

The Company previously disclosed that the Rights, initially, are not exercisable and are attached to all shares of Common Stock outstanding as of, and issued subsequent to, the Record Date. The

Rights will separate from shares of Common Stock and will become exercisable upon the earliest of: (i) the close of business on the tenth business day following the first public announcement that a person or group of affiliated or associated persons has acquired beneficial ownership of 15% (or, in the case of a person who is a Schedule 13G Filer, 20%) or more of the outstanding shares of Common Stock, (ii) the close of business on the tenth business day (or such other business day as the Board of Directors may determine) following the commencement of a tender offer or exchange offer that would result upon its consummation in a person or group becoming the beneficial owner of 15% or more of the outstanding shares of Common Stock, or (iii) the determination by the Board of Directors that any person is an "Adverse Person" (as defined in the Rights Agreement).

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

Exhibit 4.1 First Amendment, dated as of October 6, 1997, to Shareholder Rights Agreement dated as of May 1, 1995, between Designs, Inc. and BankBoston, N.A., as Rights Agent, successor to The First National Bank of Boston, N.A.

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 hereunto duly authorized.

DESIGNS, INC.

Date: October 9, 1997

By: /s/ Joel H. Reichman

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Joel H. Reichman, President  
and Chief Executive Officer

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This First Amendment (this "Amendment") is made as of October 6, 1997 to the Shareholder Rights Agreement, dated as of May 1, 1995 (the "Rights Agreement"), between Designs, Inc., a Delaware corporation (the "Company"), and BankBoston, a national banking association organized under the laws of the United States (the "Rights Agent"), successor to The First National Bank of Boston, N.A.

WITNESSETH

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WHEREAS, in accordance with the terms of the Rights Agreement, the Company deems it desirable to make certain amendments to the Rights Agreement; and

WHEREAS, Section 27 of the Rights Agreement provides that, prior to the Distribution Date, the Company and the Rights Agent shall, if the Company so directs, supplement or amend any provision of the Rights Agreement as the Company may deem necessary or desirable without the approval of any holders of certificates representing shares of Common Stock; and

WHEREAS, the Company desires to amend certain provisions of the Rights Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree that the Rights Agreement is hereby amended as follows:

Section 1. Subsection (a) of Section 1 of the Rights Agreement is amended by deleting such subsection in its entirety and substituting therefor the following:

" (a) "Acquiring Person" shall mean any Person (as hereinafter defined) who or which, together with all Affiliates (as such term is hereinafter defined) and Associates (as such term is hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of 15% or more of the shares of Common Stock then outstanding, but shall not include (i) the Company, (ii) any Subsidiary (as such term is hereinafter defined) of the Company, (iii) any employee benefit plan or compensation arrangement of the Company or any Subsidiary of the Company or (iv) any Person holding shares of Common Stock organized, appointed or established by the Company or any Subsidiary of the Company for or pursuant to the terms of any such employee benefit plan or compensation arrangement (the Persons described in clauses (i) through (iv) above are referred to herein as "Exempt Persons").

Notwithstanding the foregoing:

(A) a Person shall not be an "Acquiring Person" if (x) such Person, together with all Affiliates and Associates of such Person, shall not be the Beneficial Owner of 20% or more of the shares of Common Stock then outstanding and (y) such Person is and continues to be permitted to file a Schedule 13G, in lieu of a Schedule 13D, pursuant to the Exchange Act (as defined) and the rules and regulations promulgated thereunder (a Person who is so permitted being herein referred to as a "Schedule 13G Filer");

(B) no Person shall become an "Acquiring Person" as the result of an acquisition of Common Stock by the Company which, by reducing the number of shares outstanding, increases the proportionate number of shares beneficially owned by such Person to 15% or more (or, in the case of such a Person who is a Schedule 13G Filer, to 20% or more) of the shares of Common Stock then outstanding; provided, however that, if a Person shall become the Beneficial Owner of 15% or more (or, in the case of a Person who is a Schedule 13G Filer, 20% or more) of the shares of Common Stock of the Company then outstanding by reason of share purchases by the Company and shall, after such share purchases by the Company, become the Beneficial Owner of any additional shares (other than pursuant to a stock split, stock dividend or similar transaction) of Common Stock of the Company and immediately thereafter be the Beneficial Owner of 15% or more (or, in the case of a Person who is a Schedule 13G Filer, 20% or more) of the shares of Common Stock then outstanding, then such Person shall be deemed to be an "Acquiring Person;" and

(C) a Person shall not be an "Acquiring Person" if the Board of Directors of the Company determines that a Person who would otherwise be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a), has become such inadvertently, and such Person divests as promptly as practicable a sufficient number of shares of Common Stock so that such Person would no longer be an "Acquiring Person," as defined pursuant to the foregoing provisions of this Section 1(a). "

Section 2. As amended hereby, the Rights Agreement shall continue in full force and effect in accordance with its terms.

Section 3. All capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to such terms in the Rights Agreement. This Amendment shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written. This Amendment may be executed in one or more counterparts all of which shall be considered one and the same Amendment and each of which shall be deemed to be an original.

ATTEST: DESIGNS, INC.

By: /s/ Anthony E. Hubbard  
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Anthony E. Hubbard  
An Assistant Secretary

By: /s/ Joel H. Reichman  
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Name: Joel H. Reichman  
Title: President and Chief  
Executive Officer

ATTEST: BANKBOSTON, N.A.,  
as Rights Agent

By: /s/ Terrance J. Dugan  
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Terrance J. Dugan  
An Account Manager

By: /s/ Margaret M. Prentice  
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Name: Margaret M. Prentice  
Title: Director, Client  
Services

