FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1996-01-11** | Period of Report: **1996-01-10**
SEC Accession No. 0000768608-96-000002

FILER

TOWN & COUNTRY CORP

CIK:**768608**| IRS No.: **042384321** | State of Incorp.:**MA** | Fiscal Year End: **0228**
Type: **10-Q** | Act: **34** | File No.: **001-09575** | Film No.: **96502768**
SIC: **3911** Jewelry, precious metal

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10Q-96-1--AS FILED ELECTRONICALLY WITH THE S.E.C. 1/11/96

FORM 10-Q
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended November 26, 1995

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: 0-14394

TOWN & COUNTRY CORPORATION
(Exact name of Registrant as specified in its charter)

Massachusetts	04-2384321
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

25 Union Street, Chelsea, Massachusetts 02150
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (617) 884-8500

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

On December 31, 1995, the Registrant had outstanding 21,213,468 shares of Class A Common Stock, $.01 par value and 2,664,941 shares of Class B Common Stock, $.01 par value. The Registrant also had 2,288,567 shares of Convertible Preferred Stock, $1 par value, outstanding on December 31, 1995.
These shares are immediately convertible into 4,577,134 shares of Class A Common Stock.

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements
<TABLE>
<CAPTION>

CONSOLIDATED BALANCE SHEETS

ASSETS	November 26, 1995 (Unaudited)	February 26, 1995
CURRENT ASSETS:		
<S>	<C>	<C>
Cash and cash equivalents	$ 2,967,707	$ 3,336,921
Restricted cash	39,513	1,889
Accounts receivable-- Less allowances for doubtful accounts of $3,090,000 at 11/26/95 and $7,780,000 at 2/26/95	87,388,411	57,472,122
Inventories (Note 3)	87,518,141	80,349,412
Prepaid expenses and other current assets	2,081,732	573,611
Total current assets	$179,995,504	$141,733,955
PROPERTY, PLANT & EQUIPMENT, at cost	$ 83,391,775	$ 82,254,863
Less - Accumulated depreciation	42,768,212	39,018,645
	$ 40,623,563	$ 43,236,218
INVESTMENT IN AFFILIATES	$ 15,385,482	$ 15,385,482
OTHER ASSETS	$ 6,971,059	$ 6,267,801
	$242,975,608	$206,623,456

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.

<TABLE>
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CONSOLIDATED BALANCE SHEETS (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY	November 26, 1995 (Unaudited)	February 26, 1995
CURRENT LIABILITIES:		
<S>	<C>	<C>
Notes payable to banks (Note 2)	$ 34,425,165	$ 11,117,827
Current portion of long-term debt	572,462	1,235,477
Accounts payable	30,094,279	17,809,025
Accrued expenses	12,971,122	15,458,912
Accrued taxes	717,845	1,352,523
Total current liabilities	$ 78,780,873	$ 46,973,764
LONG-TERM DEBT, less current portion (Note 2)	$ 93,638,339	$ 91,437,975
OTHER LONG-TERM LIABILITIES	$ 1,373,517	$ 1,494,524
Total liabilities	$173,792,729	$139,906,263
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	$ 5,196,400	$ 4,617,018
EXCHANGEABLE PREFERRED STOCK, $1.00 par value--$14.59 preference value- Authorized--200,000 shares Issued and outstanding--152,217 shares (Note 5)	$ 2,289,168	$ 2,265,522
STOCKHOLDERS' EQUITY (Note 5):		
Preferred stock, $1.00 par value- Authorized and unissued--800,000 and 2,266,745 shares, respectively	$ --	$ --
Convertible Preferred Stock, $1.00 par value, $6.50 preference value Authorized--4,000,000 and 2,533,255, shares respectively Issued and outstanding--2,220,562 and 2,381,038 shares, respectively	2,220,562	2,381,038
Class A Common Stock, $ .01 par value- Authorized--40,000,000 shares Issued and outstanding-- 21,213,468 and 20,784,768 shares, respectively	212,135	207,848
Class B Common Stock, $.01 par value- Authorized--8,000,000 shares Issued and outstanding--2,664,941 shares	26,649	26,649
Additional paid-in capital	74,009,635	73,145,286
Retained deficit	(14,771,670)	(15,926,168)
Total stockholders' equity	$ 61,697,311	$ 59,834,653
	$242,975,608	$206,623,456

</TABLE>

The accompanying notes are an integral part of these
consolidated financial statements.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended		For the Nine Months End	
	November 26, 1995	November 27, 1994	November 26, 1995	November 27, 1994
<S>	<C>	<C>	<C>	<C>
NET SALES	$86,395,380	$96,719,682	$203,560,405	$222,088,070
COST OF SALES	58,990,465	67,887,824	139,614,070	153,900,409
Gross profit	$27,404,915	$28,831,858	$ 63,946,335	$ 68,187,661
SELLING, GENERAL & ADMINISTRATIVE EXPENSES	17,336,053	25,399,922	51,885,785	68,275,433
Income (loss) from operations	$10,068,862	$ 3,431,936	$ 12,060,550	$ (87,772)
INTEREST EXPENSE, net	(3,257,106)	(3,311,455)	(9,306,077)	(8,653,946)
GAIN ON LITTLE SWITZERLAND, INC. EXCHANGE (NOTE 5)	--	17,277,988	--	17,277,988
INCOME FROM AFFILIATES	--	193,049	--	576,049
MINORITY INTEREST	(306,465)	(368,475)	(641,116)	(692,489)

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

<TABLE>
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CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)
(Unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	November 26, 1995	November 27, 1994	November 26, 1995	November 27, 1994
<S>	<C>	<C>	<C>	<C>
INCOME BEFORE INCOME TAXES	$ 6,505,291	$17,223,043	$ 2,113,357	$ 8,419,830
PROVISION (BENEFIT) FOR INCOME TAXES	(131,002)	799,000	172,500	1,643,177
NET INCOME	$ 6,636,293	$16,424,043	$ 1,940,857	$ 6,776,653
ACCRETION OF DISCOUNT				
PREFERRED STOCKS	255,320	479,551	786,359	1,426,299
INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ 6,380,973	$15,944,492	$ 1,154,498	$ 5,350,354
INCOME PER COMMON SHARE (Note 4):	$ 0.27	$ 0.68	$ 0.05	$ 0.23
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING (Note 4):	23,834,596	23,432,449	23,728,355	23,429,811

</TABLE>

The accompanying notes are an integral part of these

consolidated financial statements.

<TABLE>
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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended	
	November 26, 1995	November 27, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
<S>	<C>	<C>
Net Income	$ 1,940,857	$ 6,776,653
Adjustments to reconcile net income to net cash used in operating activities-		
Depreciation and amortization	3,158,261	3,672,238
Loss (gain) on disposal of certain assets	(417,220)	4,275
Gain on Little Switzerland, Inc. exchange	--	(17,277,988)
Undistributed earnings of affiliates, net of minority interest	641,116	116,439
Interest paid with issuance of debt	4,200,569	7,647,666
Change in assets and liabilities--		
Decrease (increase) in accounts receivable	(29,916,289)	(33,950,574)
Decrease (increase) in inventory	(7,168,729)	(6,189,594)
Decrease (increase) in prepaid expenses and other current assets	(1,508,121)	289,853
Decrease (increase) in other assets	(945,989)	5,064,340
Increase (decrease) in accounts payable	12,285,254	13,993,972
Increase (decrease) in accrued expenses	(2,487,790)	(5,854,186)
Increase (decrease) in accrued taxes	(634,678)	597,406
Increase (decrease) in other liabilities	(121,007)	(169,858)
Net cash used in operating activities	$(20,973,766)	$(25,279,358)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	$ (1,964,608)	$ (2,411,243)

Proceeds from sale of certain assets	950,772	5,318
Net cash used in investing activities	$ (1,013,836)	$ (2,405,925)

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	For the Nine Months Ended November 26, 1995	November 27, 1994
CASH FLOWS FROM FINANCING ACTIVITIES:		
<S>	<C>	<C>
Payments on revolving credit facilitie	$(170,254,833)	$(180,579,784)
Proceeds from borrowings under revolving credit facilities	193,562,171	209,280,999
Payments on long-term debt	(1,535,039)	(4,549,851)
Proceeds from the issuance of common sto	12,072	14,637
Increase in restricted cash	(37,624)	(722,900)
Change in notes payable	--	2,021,926
Payment of dividends	(128,359)	--
Net cash provided by financing activities	$ 21,618,388	$ 25,465,027
NET INCREASE(DECREASE)IN CASH AND CASH EQUIVALENTS	$ (369,214)	$ (2,220,256)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,336,921	3,273,876
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,967,707	$ 1,053,620

SUPPLEMENTAL CASH FLOW DATA:

Cash paid during the period for:		
Interest	$ 8,033,387	$ 3,089,777
Income taxes	810,265	1,102,135

Supplemental Disclosure of Noncash Investing and Financing Activities (Note 6)

</TABLE>

The accompanying notes are an integral part of these consolidated financial statements.

PART I - FINANCIAL INFORMATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 26, 1995

(1) Significant Accounting Policies

The unaudited consolidated financial statements presented herein have been prepared by the Company and contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly and on a basis consistent with the consolidated financial statements for the year ended February 26, 1995, the Company's financial position as of November 26, 1995, and the results of its operations for the three- and nine-month periods ended November 26, 1995, and November 27, 1994, and cash flows for the nine-month periods ended November 26, 1995, and November 27, 1994.

The significant accounting policies followed by the Company are set forth in Note (1) of the Company's consolidated financial statements for the year ended February 26, 1995, which have been included in the Annual Report on Form 10-K, Commission File Number 0-14394, for the fiscal year ended February 26, 1995. The Company has made no change in these policies during the nine months ended November 26, 1995.

The consolidated financial statements include the accounts of subsidiary companies more than fifty percent owned.

The results of operations for the nine months ended November 26, 1995, are not necessarily indicative of the results to be expected for the year due to the seasonal nature of the Company's operations.

(2) Loan Arrangements

During the first quarter of fiscal 1996, the Company issued approximately $4.2 million in new 13% Senior Subordinated Notes, due May 31, 1998, as payment-in-kind of the semiannual interest due May 15, 1995. On November 15, 1995, the Company made a cash interest payment of approximately $4.5 million.

As of November 26, 1995, approximately $34.4 million was outstanding under the Company's revolving credit agreement with Foothill Capital Corporation ("Foothill"). During the quarter, the Company reached an agreement with Foothill which provides for a seasonal increase to the revolving credit agreement. During the period from November 1 through December 31, the loan limit is $38 million.

As of November 26, 1995, approximately 68,000 ounces of gold valued at approximately $25.9 million were on consignment under the Company's domestic gold consignment facilities.

These facilities had a maximum availability of approximately 70,000 ounces as of November 26, 1995. The Company's existing gold agreements with a group of gold suppliers to supply secured gold consignment availability are terminable upon thirty days' written notice. During the third quarter of fiscal 1996, the Company and the gold suppliers reached agreements providing that the gold suppliers could not exercise their termination rights through February 28, 1996, unless the Company became in default under the amended gold agreements. After February 28, 1996, the rights of the gold suppliers will revert back to the status which existed prior to this amendment. In consideration for this assurance, the Company agreed to various modifications in the gold agreements. These modifications include (i) reducing the aggregate amount of gold which may be on consignment to approximately 67,000 ounces by February 14, 1996, (ii) making modifications and additions to the existing financial covenants (also agreed to by Foothill) in which most existing covenants were made more restrictive but interest coverage was made less restrictive for the remainder of fiscal 1996 , (iii) adding performance based limitations on the compensation which C. William Carey may receive during fiscal 1996, (iv) requiring that a plan for the disposition of certain assets be created, such plan to be implemented if certain performance based goals are not achieved and (v) requiring that the Company engage an investment banker to evaluate the Company and to assist the Company in the development of a strategy for replacing certain of the current gold suppliers.

A foreign subsidiary of the Company has an agreement with a gold supplier to provide secured gold consignment availability of up to approximately 11,000 troy ounces. There were approximately 4,000 ounces on consignment at November 26, 1995, valued at approximately $1.5 million.

On April 3, 1995, the Company repaid approximately $181,000 of its obligation under the New York City Industrial Revenue Development Agency Industrial Revenue Bonds ("IRB"). On April 3, 1995, the remaining obligation, approximately $367,000, was purchased by Foothill. The interest rate for the outstanding bonds has been modified to be the same as that on the Company's revolving line of credit. The debt is secured by the Company's New York real estate and fixtures attached thereto. At November 26, 1995, the Company's obligation on these notes was approximately $333,000 and is expected to be repaid during the Company's fourth quarter.

(3) Inventories

Inventories consisted of the following at November 26, 1995, and February 26, 1995:

	November 26, 1995	February 26, 1995
Raw Materials	$19,931,765	$16,932,724
Work-in-Process	9,659,789	8,266,255
Finished Goods	57,926,587	55,150,433
	$87,518,141	$80,349,412

(4) Income Per Common Share

Income per common share is computed by adjusting the Company's net income for the accretion of discount and dividends on preferred stocks and dividing by the weighted average number of common and common equivalent shares, where dilutive, outstanding during each period.

(5) Preferred Stock

On November 23, 1994, holders of approximately 94% of the Company's Exchangeable Preferred Stock exchanged their shares for shares of Little Switzerland, Inc. Common Stock held by the Company on a share-for-share basis. In addition, the Company issued to each participant one share of new Convertible Preferred Stock with each share of Little Switzerland, Inc. Common Stock. In November, 1995, the Company made a dividend payment of approximately $67,000 to holders of the Exchangeable Preferred Stock as of November 15, 1995.

Each share of Convertible Preferred Stock is initially convertible, at the option of the holder, into two shares of Class A Common Stock, subject to adjustment in certain circumstances. During fiscal 1996, approximately 197,000 shares of Convertible Preferred Stock have been converted. The Convertible Preferred Stock has a liquidation value of $6.50 per share and accrues cumulative dividends at the rate of 6% of the liquidation value per annum. Dividends are payable in cash or in additional shares of Convertible Preferred Stock as defined by the agreement. During fiscal 1996, dividends of approximately $237,000 were paid with the issuance of approximately 36,000 new shares of Convertible Preferred Stock. At November 26, 1995, cumulative unpaid dividends amounted to approximately $657,000.

(6) Supplemental Disclosure of Noncash Investing and Financing Activity

On May 15, 1995 and 1994, the Company issued approximately $4.2 million and $3.7 million, respectively, in new 13% Senior Subordinated Notes due May 31, 1998, as payment-in-kind of the semiannual interest installments. Approximately $2.5 million and $2.2 million of these amounts were classified as accrued expenses in the February 26, 1995, and February 27, 1994, Consolidated Balance Sheets, respectively. On November 15, 1994, the Company issued approximately $3.9 million in new 13% Senior Subordinated Notes due May 31, 1998, as payment-in-kind of the semi-annual interest installment.

During September 1994, the Company had fixed asset additions of approximately $700,000 funded by increases in capital lease obligations.

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

Results of Operations for the Nine Months Ended November 26, 1995 Compared to the Nine Months Ended November 27, 1994

Net sales for the nine months ended November 26, 1995, decreased $18.5 million or 8.3% from $222.1 million in fiscal 1995 to $203.6 million in fiscal 1996. Current year sales of fine jewelry have decreased approximately $15.2 million or 9.8% over the corresponding period in fiscal 1995. The Company believes that sales have been affected by a general softening of demand for colored-stone products. The Company believes that this is due, to some extent, to the fact that diamond product has become more price competitive with colored-stone product. Also contributing to the decrease in fine jewelry sales has been the continuing efforts of management to manage the credit extended to certain customers and to eliminate low margin contributors from the sales mix. Sales of licensed sports products have also decreased.

Gross profit for the nine months ended November 26, 1995, decreased approximately $4.2 million from $68.2 million in fiscal 1995 to $63.9 million in fiscal 1996. Gross profit margin increased 0.7% from 30.7% in fiscal 1995 to 31.4% in fiscal 1996. The decrease in gross profit results from the decrease in sales of high margin licensed sports products. Margin has been positively affected by operational improvements and lower inventory reserve requirements for fine jewelry. These benefits have, to a great extent, been offset by lower margins in licensed sports products.

Selling, general, and administrative expenses for the current period decreased approximately $16.4 million or 24.0% from $68.3 million in fiscal 1995 to $51.9 in fiscal 1996. As a percentage of net sales, selling, general, and administrative expenses were approximately 5.2% less in the current year than for the nine months ended November 27, 1994. Decreases primarily relate to lower costs associated with the Company's consumer products business of licensed sports and other specialty products. Management has refocused the Company's distribution into this market segment by selling to organizations which are in the business of marketing such products rather than by selling directly to the retail consumer.

On November 23, 1994, holders of approximately 94% of the Company's Exchangeable Preferred Stock exchanged on a share-for-share basis their shares for shares of Little Switzerland, Inc. Common Stock held by the Company. Such an exchange was provided for by the terms of the Exchangeable Preferred Stock. In addition, the Company issued to each participant one share of new Convertible Preferred Stock with each share of Little Switzerland, Inc. Common Stock. Since the carrying value of the Company's investment in Little Switzerland, Inc. was substantially less than the recorded value of the Exchangeable Preferred Stock, the transaction resulted in a nonrecurring, noncash gain of approximately $17.3 million, net of the estimated fair value, of the Convertible Preferred Stock issued.

Net interest expense for the nine months ended November 26, 1995, increased approximately $0.7 million relative to the corresponding period in fiscal 1995.

This increase is primarily the result of an increase in average borrowings from approximately $107 million in fiscal 1995 to approximately $116 million in fiscal 1996 and an increase in the weighted average interest rate of approximately 25 basis points from approximately 11% for the nine months ended November 27, 1994.

The Company recorded a tax provision of approximately $0.2 million for the nine months ended November 26, 1995. The tax provision was primarily due to the Company's requirements to provide for foreign income taxes.

Liquidity and Working Capital

Cash used in operating activities for the nine months ended November 26, 1995, was approximately $21.0 million, compared with a use of $25.3 million for the corresponding period of fiscal 1995 an improvement of approximately $4.3 million. Operating results improved by approximately $12.0 million, in fiscal 1996. The Company, however, was required to pay, in cash, $4.5 million of interest due on the Senior Subordinate Notes which had previously been paid with additional notes. Also, in the first nine months of fiscal 1995, the Company benefited from approximately $5.0 million in gross proceeds related to the Zale bankruptcy claim which was not reflected in operations; while in the same period in fiscal 1996, gross proceeds were approximately $1.4 million and were included in operating results.

Cash used in investing activities for the nine months ended November 26, 1995 was $1.0 million versus $2.4 million for the corresponding period in fiscal 1995. The improvement is due to lower capital expenditures in the current fiscal year and to proceeds from the sale of a facility.

Cash provided by financing activities was approximately $21.6 million for the period ended November 26, 1995, compared with $25.5 million for the period ended November 27, 1994. Financing cash was primarily used to fund operations during both periods. Improvements in operating performance during fiscal 1996 have resulted in lower requirements than during the corresponding period in fiscal 1995.

The Company is required to escrow, for the benefit of the holders of the Senior Secured Notes, cash payments resulting from share redemptions and dividends related to its investment in Solomon Brothers Limited and net proceeds with respect to the Zale bankruptcy claim. During the current fiscal year, the Company has redeemed approximately $0.7 million of Senior Secured Notes, versus approximately $3.4 million in fiscal 1995, with proceeds from the Zale bankruptcy claim.

During the first quarter of fiscal 1996, the Company issued approximately $4.2 million in new 13% Senior Subordinated Notes, due May 31, 1998, as payment-in-kind of the semiannual interest due May 15, 1995. On November 15, 1995, the Company made a $4.5 million cash interest payment of the semiannual interest due on the 13% Senior Subordinated Notes.

The Company's net cash position decreased from approximately $3.3 million at February 26, 1995, to approximately $3.0 million at November 26, 1995.

The Company had approximately 68,000 ounces of gold on consignment under its domestic gold consignment agreements as of November 26, 1995. These agreements had a maximum availability of approximately 70,000 ounces as of November 26, 1995. The Company's existing gold agreements with a group of gold suppliers to supply secured gold consignment availability are terminable upon thirty days' written notice. During the third quarter of fiscal 1996, the Company and the gold suppliers reached agreements providing that the gold suppliers could not exercise their termination rights through February 28, 1996, unless the Company became in default under the amended gold agreements. After February 28, 1996, the rights of the gold suppliers will revert back to the status which existed prior to this amendment. In consideration for this assurance, the Company agreed to various modifications in the gold agreements. These modifications include (i) reducing the aggregate amount of gold which may be on consignment to approximately 67,000 ounces by February 14, 1996, (ii) making modifications and additions to the existing financial covenants (also agreed to by Foothill) in which most existing covenants were made more restrictive but interest coverage was made less restrictive for the remainder of fiscal 1996, (iii) adding performance based limitations on the compensation which C. William Carey may receive during fiscal 1996, (iv) requiring that a plan for the disposition of certain assets be created, such plan to be implemented if certain performance based goals are not achieved and (v) requiring that the Company engage an investment banker to evaluate the Company and to assist the Company in the development of a strategy for replacing certain of the current gold suppliers.

Based on the accounts receivable and inventory balances at November 26, 1995, the Company had total availability of $3.6 million under its revolving credit facility. The outstanding loan balance on this facility at November 26, 1995, was $34.4 million. During the quarter, the Company reached an agreement with

Foothill which provides for a seasonal increase to the revolving credit agreement. During the period from November 1 through December 31, the loan limit is $38 million.

The Company believes that it can meet its future working capital needs through cash flow from operations and availability from its secured borrowing facility and gold consignment facilities.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

10 Material Contracts

10.1 Fourth Amendment to the Amended and Restated Consignment Agreement by and between Town & Country Corporation, L. G. Balfour Company, Inc., Gold Lance, Inc., and Town & Country Fine Jewelry Group, Inc. and Rhode Island Hospital Tru

Amendments which are substantially similar have been entered into with Fleet Precious Metals, Inc., ABN Amro Bank, N.V., and Republic National Bank of New York. 10.2 Amendment Number Five to Loan Agreement by and between Town & Country Corporation, L.G. Balfour Company, Inc., Gold Lance, Inc., and Town & Country Fine Jewelry Group, Inc. and Foothill Capital Corporation dated November 1, 1995.

11 Earnings Per Share Computations

27 Financial Data Schedule

(b) Reports on Form 8-K

There were no Form 8-K filings during the quarter ended November 26, 1995.

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.

TOWN & COUNTRY CORPORATION
(Registrant)

Date: January 10, 1996 /s/ Francis X. Correra

Francis X. Correra
Senior Vice President and
Chief Financial Officer

FOURTH AMENDMENT TO
AMENDED AND RESTATED CONSIGNMENT AGREEMENT

This FOURTH AMENDMENT TO AMENDED AND RESTATED CONSIGNMENT AGREEMENT ("Fourth Amendment") is made and entered into as of this 27th day of August, 1995 (the "Closing Date"), by and between RHODE ISLAND HOSPITAL TRUST NATIONAL BANK, a national banking association with its principal office at One Hospital Trust Plaza, Providence, Rhode Island 02903 ("Consignor") and TOWN & COUNTRY CORPORATION, a Massachusetts corporation ("T&C"), TOWN & COUNTRY FINE JEWELRY GROUP, INC., a Massachusetts corporation ("Group"), L.G. BALFOUR COMPANY, INC., a Delaware corporation ("Balfour"), and GOLD LANCE, INC., a Massachusetts corporation ("GLI") (T&C, Group, Balfour and GLI are herein referred to, jointly and severally, as "Buyer").

BACKGROUND

A. Buyer and Consignor are parties to that certain Amended and Restated Consignment Agreement dated as of May 14, 1993 (as it has been amended from time to time, the "Existing Consignment Agreement") and certain related security and other documents (collectively, the "Consignment Documents") pursuant to which Consignor has provided Buyer with a gold consignment facility.

B. Buyer and Consignor desire to amend and modify the terms of the Existing Consignment Agreement in certain respects.

C. In order to document these amendments and modifications, Consignor and Buyer have agreed to enter into this Fourth Amendment.

D. All capitalized terms used herein but not defined herein shall have the meanings ascribed to them, respectively, in the Existing Consignment Agreement.

NOW, THEREFORE, incorporating the foregoing Background by reference, for good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Consignor and Buyer agree as follows:

AMENDMENTS TO EXISTING AGREEMENT 1. The definition of "Consignment Limit" contained in Section 1 of the Existing Consignment Agreement is hereby deleted in its entirety and a new definition is hereby added as follows:

"Consignment Limit" shall mean the least of: (a) (i) as of August 31, 1995 and thereafter, twenty-two thousand three hundred seventy three (22,373) troy ounces of fine gold; (ii) as of November 15, 1995 and thereafter, twenty-one thousand nine hundred and two (21,902) troy ounces of fine gold; (iii) as of December 31, 1995 and thereafter, twenty-one thousand four hundred thirty-two (21,432) troy ounces of fine gold; and (iv) as of February 14, 1996 and thereafter, and at all times thereafter, twenty-one thousand one hundred nineteen (21,119) troy ounces of find gold;

(b) subject to the provisions of Section 5 hereof, Consigned Precious Metal with a Fair Market Value (or unpaid Purchase Price in the case of Consigned Precious Metal for which the Purchase Price has been agreed but as to which payment has not been received by Consignor) equal to: (i) as of August 31, 1995 and thereafter, $9,508,525, (ii) as of November 15, 1995 and thereafter, $9,308,350; (iii) as of December 31, 1995 and thereafter, $9,108,600; and (iv) as of February 14, 1996, and thereafter, $8,975,575 or;

(c) eighty-three percent (83%) of Buyer's inventory of Precious Metal (including, for such purpose, Consigned Precious Metal and, for the purposes of paragraph 1 of Section 2 hereof, the Precious Metal requested by Buyer but excluding (i) Precious Metal owned, leased or consigned by any other party (Precious Metal purchased by Buyer pursuant to term receivable or other financing arrangements which remain unpaid shall be included as Consigned Precious Metal), (ii) the amount of Precious Metal necessary to satisfy the aggregate Precious Metal equity requirements of other consignors, (iii) Precious Metal included in Balfour Purchased Inventory or the Zale Consigned Inventory (as each such term is defined in the Intercreditor Agreement), and (iv) the amount of Buyer's Precious Metal, if any, outstanding in the possession of foreign Subsidiaries or foreign sales representatives in excess of the amount permitted by Section 12(h) hereof.

2. A new Section 11(s) is hereby added to the Existing Consignment Agreement as follows: (s) Permit consultants retained by Consignor to inspect or conduct field examinations, at Buyer's sole expense (including, without limitation, the fees and expenses of such consultants), at any time and from time to time during normal business hours and without notice, the Buyer's inventory of Precious Metal and Buyer's books and records and to make abstracts or reproductions of such books and records. The provisions of this Paragraph 11(s) shall be in addition to and not in limitation of the provisions of Paragraph 11(g) hereof.

3. Section 12(h) of the Existing Consignment Agreement is hereby amended in its entirety to read as follows: (h) Consign Precious Metal to foreign Subsidiaries or deliver Precious Metal to foreign sales representatives;

4. Section 12(j) of the Existing Consignment Agreement is hereby amended by replacing the phrase "fifteen thousand (15,000)" with the phrase "seven thousand five hundred (7,500)." The remaining provisions of Section 12(j) of the Existing Consignment Agreement shall continue in full force an effect.

5. Section 12(k) of the Existing Consignment Agreement is hereby amended by replacing the phrase "twenty thousand (20,000)" with the phrase "fifteen

thousand (15,000)." The remaining provisions of Section 12(k) of the Existing Consignment Agreement shall continue in full force and effect.

6. Section 12(m) of the Existing Consignment Agreement is hereby amended by replacing the phrase "thirteen thousand (13,000)" with the phrase "twelve thousand (12,000)." The remaining provisions of Section 12(m) of the Existing Consignment Agreement shall continue in full force and effect.

7. Section 12(n) of the Existing Consignment Agreement is hereby amended in its entirety to read as follows: (n) Permit at any time its Consolidated Tangible Net Worth to be less than: (i) from August 27, 1995 through and including November 25, 1995, $49,000,000; (ii) from November 26, 1995 through and including February 24, 1996, $56,000,000; or (iii) at all times from and after February 25, 1996, $55,000,000;

8. Section 12(o) of the Existing Consignment Agreement is hereby amended in its entirety to read as follows: (o) Permit at any time the ratio of (i) its Consolidated Total Senior Liabilities to its Consolidated Tangible Capital Base to exceed 0.75:1.00; or (ii) its Consolidated Adjusted Total Senior Liabilities to its Consolidated Tangible Capital Base to exceed 1.00:1.00;

9. Section 12(p) of the Existing Consignment Agreement is hereby amended in its entirety to read as follows: (p) Permit at any time its Working Capital to be less than $85,000,000;

10. Section 12(q) of the Existing Consignment Agreement is hereby amended in its entirety to read as follows: (q) Permit at any time the ratio of Buyer's Consolidated Current Assets divided by its Consolidated Current Liabilities to be less than 2.20:1.00;

11. Section 12(r) of the Existing Consignment Agreement is hereby amended in its entirety to read as follows: (r) Permit at any time Buyer's Consolidated Interest Coverage Ratio to be less than 1.50:1.00 as of August 27, 1995; 1.15:1.00 as of November 26, 1995; or 1.25:1.00 as of February 26, 1996 (for purposes hereof, the Consolidated Interest Coverage Ratio will be calculated based upon the most recently completed twelve (12) month period);

12. Section 12(s) of the Existing Consignment Agreement is hereby amended by replacing the phrase "Six Million Dollars ($6,000,000)" with the phrase "Three Million Thirty Four Thousand Dollars ($3,034,000)." The remaining provisions of Section 12(s) shall remain in full force and effect.

13. Section 12(w) of the Existing Consignment Agreement is hereby amended in its entirety to read as follows: (w) Permit at any time the aggregate outstanding balance of all consigned Precious Metal from the Metal Consignors to exceed (i) prior to September 29, 1995, 73,347 fine troy ounces; (ii) from September 29, 1995 through and including November 14, 1995, 71,347 fine troy ounces; (iii) from November 15, 1995 through and including December 30, 1995, 69,847 fine troy

ounces; (iv) from December 31, 1995 through and including February 13, 1996, 68,347 fine troy ounces; (v) after February 13, 1996, 67,347 fine troy ounces;

14. A new Section 12(y) is hereby added to the Existing Consignment Agreement as follows: (y) Permit Group's cumulative gross profit to be less than $13,700,000 as of August 27, 1995; $27,400,000 as of November 26, 1995, or $34,200,000 as of February 25, 1996;

15. A new Section 12(z) is hereby added to the Existing Consignment Agreement as follows: (z) Permit Group's cumulative operating income to be less than $3,600,000 as of the fiscal quarter ending August 27, 1995; $11,500,000 as of the fiscal quarter ending November 26, 1995; or $13,000,000 as of the fiscal quarter ending February 25, 1996;

16. A new Section 12(aa) is hereby added to the Existing Consignment Agreement as follows: (aa) Incur a cumulative operating loss for Balfour in an amount greater than $885,000 as of the fiscal quarter ending August 27, 1995; or $393,000 as of the fiscal quarter ending November 26, 1995; or permit Balfour's cumulative operating income to be less than $32,000 as of the fiscal quarter ending February 25, 1996;

17. A new Section 12(bb) is hereby added to the Existing Consignment Agreement as follows: (bb) Permit its consolidated cumulative operating income to be less than $800,000 as of the fiscal quarter ending August 27, 1995; $11,600,000 as of the fiscal quarter ending November 26, 1995; or $13,800,000 as of the fiscal quarter ending February 25, 1996;

18. A new Section 12(cc) is hereby added to the Existing Consignment Agreement as follows: (cc) Incur a consolidated cumulative loss before payment of taxes and Minority Interest in an amount greater than $5,300,000 as of the fiscal quarter ending August 27, 1995, or permit its consolidated cumulative income before payment of taxes and Minority Interest to be less than $2,200,000 as of the fiscal quarter ending November 26, 1995 or $1,400,000 as of February 25, 1996;

19. A new Section 12(dd) is hereby added to the Existing Consignment Agreement as follows: (dd) Permit the total number of troy ounces of Precious Metal (less Equity Precious Metal) at, or in transit to or from, fabricators, refiners, sales representatives, agents or foreign Subsidiaries to be greater than or equal to ten percent (10%) of total Consigned Precious Metal from the Metal Consignors;

20. A new Section 12(ff) is hereby added to the Existing Consignment Agreement as follows:

(ff) Permit aggregate salary, withdrawals, bonuses or other compensation ("Compensation") paid to C. William Carey ("Carey") during the fiscal year ending February 26, 1996 to exceed the following amount:

(i) in the event that Buyer's consolidated operating income for fiscal year-end 1996 is equal to or greater than ninety-five percent (95%) of that projected in the Buyer's fiscal plan incorporated by reference in this Agreement as Exhibit "N" (the "FYE 96 Plan"), the amount as provided under Carey's existing contract with Buyer;

(ii) in the event that Buyer's consolidated operating income for fiscal year-end 1996 is greater than eighty-five percent (85%) but less than ninety-five percent (95%) of that projected in the FYE 96 Plan, an amount not to exceed nine-hundred thirty thousand dollars ($930,000);

(iii) in the event that Buyer's consolidated operating income for fiscal year-end 1996 is equal to or less than eighty-five percent (85%) of that projected in the FYE 96 Plan, an amount not to exceed eight- hundred thirty three thousand dollars ($833,000).

It is hereby agreed that in furtherance of the foregoing, until such time as the financial statements of Buyer required to be delivered to Consignor pursuant to this Agreement for the period ending December 26, 1995 (the "December '95 Statements"), are available, Buyer may pay Carey Compensation up to $833,000 in accordance with his contract. Upon receipt of the December '95 Statements, Buyer shall calculate (and pay to Carey in accordance with his contract, if appropriate) the balance of the Compensation permitted to be paid in accordance with the first sentence of this subsection 12(f)(f) by comparing the amount of its consolidated operating income year to date as reflected on the December '95 Statements to that projected for the same period in the FYE 96 Plan. Buyer shall furnish Consignor with a certificate calculating the total amount of Compensation payable to Carey at the time it furnishes to Consignor the December '95 Statements.

21. A new Exhibit "N" is hereby added to and incorporated by reference in the Existing Consignment Agreement in the form of the attached Schedule 1.

ADDITIONAL REPRESENTATIONS, WARRANTIES AND COVENANTS

22. Within one week of submission to the Buyer from Consignor of an invoice in reasonable detail therefor, Buyer covenants and agrees to deliver to Consignor a check made payable to Consignor in an amount equal to the reasonable attorneys' fees and costs incurred by Consignor in connection with the negotiation and preparation of this Fourth Amendment.

23. On or before October 31, 1995, Buyer shall deliver to Consignor a detailed plan for the orderly disposition of Balfour (the "Disposition Plan"); which Disposition Plan shall be available for implementation in the event: (i) the financial performance of Buyer, or Balfour fails to meet the financial performance set forth in Buyer's Plan for Fiscal Year 1996 which Buyer submitted to Consignor on August 3, 1995, or (ii) an Event of Default occurs under this

Agreement.

24. Within forty-five (45) days after the Closing Date, Buyer shall engage the services of an investment banker (the "Investment Banker") acceptable to Consignor for the purpose of evaluating the Buyer's operations and financial performance. Buyer shall cause the Investment Banker to furnish Consignor on or before November 15, 1995 with a proposed plan outlining (i) a recommended course of action for the repayment in full on or before February 28, 1996 of all of Buyer's obligations to Consignor under the Existing Consignment Agreement and the other Consignment Documents; and (ii) a recommended course of action for repayment in full of the Buyer's obligations to Consignor through the sale of all or part of Buyer's assets in the event the Buyer's financial performance causes an Event of Default related to the failure to meet financial covenants as set forth in Section 12 of the Consignment Agreement.

25. For purposes of clarification, Buyer and Consignor hereby confirm their agreement that any expenses or fees paid by Buyer in connection with this amendment transaction, including fees paid to consultants or investment bankers, the legal fees paid to Consignor's counsel, the amendment fee payable herewith or otherwise shall be excluded from the computation made by Buyer in determining compliance with the financial ratios under the Consignment Agreement, as amended hereby.

26. To induce Consignor to enter into this Fourth Amendment, Buyer hereby (a) represents and warrants to Consignor that on and as of the date hereof, Buyer is not in material default of any covenant set forth in the Existing Consignment Agreement, and (b) except as disclosed in writing t Consignor contemporaneously with Buyer's execution hereof, restates as of the date hereof and incorporates herein by reference all representations and warranties set forth in the Existing Consignment Agreement.

27. Consignor covenants and agrees that, so long as Buyer remains in compliance with all of the terms and conditions of this Fourth Amendment, the Existing Consignment Agreement and each of the other Consignment Documents, Consignor will not terminate the Existing Consignment Agreement b sending to Buyer a Termination Notice pursuant to Section 13(a) of the Existing Consignment Agreement until February 28, 1996; provided, however, that nothing in this Section 26 shall be interpreted to limit the right of Consignor to declare an Event of Default and/or terminate the Existing Consignment Agreement by sending a Termination Notice to Buyer upon and following the occurrence of an Event of Default or an event which, but for the passage of time or the giving of notice or both, would constitute an Event of Default.

CONDITIONS PRECEDENT

28. Consignor's obligations hereunder are subject to and conditioned upon each of the following: (i) the payment by Buyer to Consignor of a non-refundable amendment fee in the amount of $97,750.00; (ii) the execution and delivery by

Buyer of this Fourth Amendment and such other documents as Consignor may reasonably require; and (iii) the delivery to Consignor of executed documentation by and between Buyer and the other Metal Consignors providing for amendments to their respective Consignment Agreements which are consistent with the terms of this Fourth Amendment.

MISCELLANEOUS

29. Except as expressly amended herein, the Existing Consignment Agreement shall remain in full force and effect and Buyer and Consignor hereby ratify and confirm their rights, duties, obligations, representations and warranties under the Existing Consignment Agreement.

30. Buyer hereby releases, waives and forever discharges Consignor of, from and with respect to any and all manner of action and actions, cause and causes of actions, suits, disputes, claims, counterclaims and/or liabilities, cross claims, defenses, and/or any claims for avoidance or other remedies available to a debtor, its estate and/or any trustee or representatives thereof, pursuant to the United States Bankruptcy Code (11 U.S.C. 101-1330) or otherwise, whether now known or unknown, suspected or unsuspected, past or present, asserted or unasserted, contingent or liquidated, whether or not well founded in fact or law, whether in contract, in tort or otherwise, at law or in equity, which Buyer had or now has, claims to have had, now claims to have or hereafter can, shall or may claim to have based upon, relating to or arising out of any and all transactions, relationships or dealings with or loans or consignments made to Buyer at or at any time prior to the execution of this Fourth Amendment.

31. Buyer agrees to take such further action to execute and deliver to Consignor such additional agreements, instruments and documents as may reasonably be required to carry out the purposes of this Fourth Amendment.

32. This Fourth Amendment shall be governed and construed in accordance with the substantive laws, and not the law of conflicts, of the State of Rhode Island.

33. This Fourth Amendment contains the entire agreement among the parties hereto with respect to the subject matter hereof and may not be modified or changed in any way except in writing signed by all parties.

34. This Fourth Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same Fourth Amendment.

IN WITNESS WHEREOF, Consignor and Buyer have caused this Fourth Amendment to be duly executed by their duly authorized officers, all as of the day and year first above written.

RHODE ISLAND HOSPITAL TRUST NATIONAL BANK

By: /s/ Thomas F. Lyons
Thomas F. Lyons
First Vice President

TOWN & COUNTRY CORPORATION

By: /s/ Francis X. Correra
Name: Francis X. Correra
Title: Senior Vice President
and Chief Financial Officer

TOWN & COUNTRY FINE JEWELRY GROUP, INC.

By: /s/ Francis X. Correra
Name: Francis X. Correra
Title: Vice President and Treasurer

L.G. BALFOUR COMPANY, INC.

By: /s/ Francis X. Correra
Name: Francis X. Correra
Title: Executive Vice President and Treasurer

GOLD LANCE, INC.

By: /s/ Francis X. Correra
Name: Francis X. Correra
Title: Treasurer

AMENDMENT NUMBER FIVE TO LOAN AGREEMENT
(TOWN & COUNTRY CORPORATION AND SUBSIDIARIES)

THIS AMENDMENT NUMBER FIVE TO LOAN AGREEMENT, (this "Amendment"), dated as of November 1, 1995, is entered into by and among Town & Country Corporation, a Massachusetts corporation, Gold Lance, Inc., a Massachusetts corporation, L. G. Balfour Company, Inc., a Delaware corporation (which aforesaid corporations, individually and collectively, jointly and severally, and together with their successors and assigns, are herein referred to as "Borrower"), and Foothill Capital Corporation, a California corporation ("Foothill"), in light of the following:

WHEREAS, Borrower and Foothill are parties to that certain Loan Agreement dated as of May 14, 1993 (as from time to time amended, modified, supplemented, renewed, extended, or restated, the "Loan Agreement"); and

WHEREAS, Borrower has requested that certain provisions of the Loan Agreement be amended, and Foothill has agreed to amend such provisions in accordance with the terms hereof.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, conditions, and provisions as hereinafter set forth, the parties hereto agree as follows:

1. Initially capitalized terms used herein have the meanings defined in the Loan Agreement unless otherwise defined herein.

2. The following definitions contained in Section 1.1 of the Loan Agreement are hereby amended and restated in their entirety as follows:

"Maximum Amount" means (i) Thirty Eight Million Dollars ($38,000,000) during November 1995, and December 1995; (ii) Thirty Three Million Dollars ($33,000,000) during January 1996; (iii) Thirty Million Dollars ($30,000,000) during January, February, March, April, May, June, July and August of any other year; and (iv) Thirty Five Million Dollars ($35,000,000) during September, October, November and December of any other year."

"Maximum Foothill Amount" means that portion of the Maximum Amount for which Foothill is responsible, exclusive of any participations with Participants, which amount is (i) Twenty Two Million One Hundred Sixty Five Thousand Four Hundred Dollars ($22,165,400) during November 1995 and December 1995;

(ii) Nineteen Million Two Hundred Forty Eight Thousand Nine Hundred Dollars ($19,248,900); (iii) Seventeen Million Five Hundred Thousand Dollars ($17,500,000) during January, February, March, April, May, June, July and August of any other year; and (iv) Twenty Million Four Hundred Sixteen Thousand Six Hundred Sixty Seven Dollars ($20,416,667) during September, October, November and December of any other year; provided, however, that each time the Maximum Amount is reduced pursuant to Section 2.3 hereof, the Maximum Foothill Amount shall be reduced proportionately."

2. Foothill shall charge Borrower's account an overline fee in the amount of $10,000 and a documentation fee in the amount of $500.00 upon execution and delivery of the Amendment to Foothill. This fee shall be in addition to any other fees, expenses or compensation payable to Foothill under any Loan Document, shall be compensation to Foothill for entering into this Amendment, shall be fully earned at the time it is so charged, and shall be non-refundable.

3. Foothill and Borrower also agree that:

(a) The execution, delivery and performance by Borrower of this Amendment have been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, or notice to or action by, any Person in order to be effective an enforceable.

(b) The Agreement, as amended by this Amendment, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, without defense, counterclaim or offset.

4. Foothill and Borrower also agree that:

(a) Except as herein expressly amended, all terms, covenants and provisions of the Loan Agreement are and shall remain in full force and effect and all references therein to the Loan Agreement shall henceforth refer to the Loan Agreement as amended by this Amendment. This Amendment shal be deemed incorporated into, and a part of, the Loan Agreement.

(b) This Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of California.

(c) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute but one and the same instrument. This Amendment shall become effective when each party has executed and delivered a counterpar hereof. Upon this Amendment becoming effective, the changes to the provisions of Section 1.1 of the Loan Agreement provided for in this Amendment shall operate prospectively and not retroactively.

(d) This Amendment, together with the Loan Agreement and other Loan Documents, contains the entire and exclusive agreement of the parties hereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior drafts and communications with respect thereto

This Amendment may not be amended except in writing executed by both of the parties hereto.

(e) If any term or provisions of this Amendment shall be deemed prohibited by or invalid under any applicable law, such provision shall be invalidated without affective the remaining provisions of this Amendment or the Loan Agreement, respectively.

IN WITNESS HEREOF, this Amendment has been executed and delivered as of the date first set forth of above.

FOOTHILL CAPITAL CORPORATION

By /s/ Steve M. Cole
print Name:Steve M. Cole
Title: Vice President

TOWN & COUNTRY CORPORATION

By /s/ Francis X. Correra

Print Name: Francis X. Correra
Title: Senior Vice President and Chief Financial Officer

TOWN & COUNTRY FINE JEWELRY GROUP, INC.

By: /s/ Francis X. Correra
Print Name: Francis X. Correra
Title: Vice President and Treasurer

GOLD LANCE, INC.

By: /s/ Francis X. Correra
Print Name: Francis X. Correra
Title: Treasurer

L.G. BALFOUR COMPANY

By: /s/ Francis X. Correra
Print Name: Francis X. Correra
Title: Executive Vice President and Treasurer

TOWN & COUNTRY CORPORATION EXHIBIT 11

Earnings Per Share Computations
(Unaudited)

	For the Three Months Ended November 26, 1995	November 27, 1994	For the Nine Months Ended November 26, 1995	November 27, 1994
PRIMARY EPS:				
Net income	$ 6,636,293	$16,424,043	$ 1,940,857	$ 6,776,653
Accretion of discount and dividends on preferred stocks	255,320	479,551	786,359	1,426,299
Loss attributable to common stockholders	$ 6,380,973	$15,944,492	$ 1,154,498	$ 5,350,354
Weighted average common shares outstanding	23,834,596	23,432,449	23,728,355	23,429,811
Weighted shares issued from exercise and assumed execise of: warrants	--	--	--	--
Shares for EPS calculation	23,834,596	23,432,449	23,728,355	23,429,811
REPORTED EPS:				
Net income	$ 0.28	$ 0.70	$ 0.08	$ 0.29
Accretion of discount and dividends on preferred stocks	(0.01)	(0.02)	(0.03)	(0.06)
Income per common share	$ 0.27	$ 0.68	$ 0.05	$ 0.23

FULLY DILUTED EPS:

For the periods presented in this exhibit, there is no dilution from Primary EPS. 6)

This exhibit should be reviewed in conjunction with Note 4 of Notes to

Consolidated Financial Statements.

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