

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

TAYLOR ANN STORES CORP

CIK: **874214** | IRS No.: **133499319** | State of Incorpor.: **DE** | Fiscal Year End: **0202**
Type: **8-K** | Act: **34** | File No.: **001-10738** | Film No.: **96545166**
SIC: **5621** Women's clothing stores

Business Address
*142 WEST 57TH ST
NEW YORK NY 10019
2125413300*

FORM 8-K

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

CURRENT REPORT

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

Date of Report: April 8, 1996
(Date of earliest event reported)

ANNTAYLOR STORES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other
jurisdiction of incorporation)

1-10738

(Commission File Number)

13-3499319

(IRS Employer
Identification No.)

142 West 57th Street
New York, New York 10019

(Address of principal executive offices)

10019

(Zip code)

Registrant's telephone number, including area code: (212) 541-3300

Item 5. Other Events.

On April 8, 1996, AnnTaylor Stores Corporation, a Delaware corporation
(the "Company"), announced that it had entered into an Agreement in Principle

(the "Agreement in Principle") with Cygne Designs, Inc., a Delaware corporation ("Cygne"), regarding the proposed acquisition (the "Acquisition") by the Company of (i) Cygne's entire interest in the Company's direct sourcing joint venture with Cygne, known as CAT US, Inc. and C.A.T. (Far East) Limited, and (ii) the assets (the "Assets") of Cygne's AnnTaylor Woven Division that are used for sourcing merchandise for Ann Taylor.

As consideration for the Acquisition, the Company will issue to Cygne shares of common stock, par value \$.0068 per share, of the Company (the "Common Stock") having a market value of \$36,000,000 (based on the market price during the ten trading days prior to closing, but in no event more than 2.5 million shares). The Company also will pay to Cygne cash in an amount equal to the tangible net book value of the inventory and fixed assets included in the Assets, less certain assumed liabilities. In addition, as part of the transaction, the Company will assume the obligation to make payment to the President of CAT of

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certain amounts due under his existing employment agreement with CAT as a result of the Acquisition.

Consummation of the Acquisition is subject to the negotiation and execution of a definitive stock and asset purchase agreement and the satisfaction of various conditions. It is currently anticipated that the Acquisition will close in July 1996, although there can be no assurance that the

transaction will be consummated or that it will be consummated within the anticipated time frame.

The Company also announced on April 8, 1996 the commencement of an offering under Rule 144A under the Securities Act of convertible trust originated preferred securities by AnnTaylor Finance Trust, a statutory business trust to be organized by the Company under the laws of the State of Delaware. The convertible preferred securities will be convertible, at the option of the holder, into shares of the Company's common stock. Consummation of the offering with proceeds of at least \$75 million (before initial purchasers' discounts and commissions) is one of the conditions to the Acquisition.

The information set forth above is qualified in its entirety by reference to a press release issued by the Company on April 8, 1996. A copy of such release is at-

tached hereto as Exhibit 1 and is incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

(a) Financial statements of business acquired:

Not applicable.

(b) Pro Forma financial information:

Not applicable.

(c) Exhibits:

1 Press release issued by the Company on April 8, 1996.

SIGNATURES

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

ANN TAYLOR STORES CORPORATION

By: /s/ Paul E. Francis

Name: Paul E. Francis
Title: Executive Vice President-
Finance and Administration

Date: April 8, 1996

EXHIBIT INDEX

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Press release issued by
the Company on April 8,
1996

ANN TAYLOR
NEWS RELEASE
142 WEST 57TH STREET NEW YORK, N.Y. 10019

FOR IMMEDIATE RELEASE

ANN TAYLOR TO ACQUIRE CYGNE DESIGN'S INTEREST
IN CAT SOURCING JOINT VENTURE;
ANN TAYLOR ALSO ANNOUNCES PROPOSED
\$75 MILLION FINANCING TRANSACTION

New York, New York, April 8, 1996 -- AnnTaylor Stores Corporation (NYSE:

ANN) announced today that it has entered into an agreement in principle with Cygne Designs, Inc. ("Cygne"), pursuant to which Ann Taylor will acquire Cygne's entire interest in the Company's direct sourcing joint venture with Cygne known as CAT U.S., Inc. and C.A.T. (Far East) Limited (together, "CAT"). Pursuant to the agreement, Ann Taylor will also acquire the assets and assume certain liabilities of what is known as the Ann Taylor Woven Division of Cygne, which is the division of Cygne that is responsible for sourcing merchandise for Ann Taylor. In fiscal 1995, Ann Taylor purchased approximately 38% of its merchandise through CAT and an additional 16% of its merchandise directly from Cygne.

The Ann Taylor Woven Division of Cygne includes approximately 65 employees in New York as well as a smaller number of employees in foreign offices in Hong Kong and Italy. The Company said that it intends to integrate the operations of the Ann Taylor Woven Division with the operations of CAT, so that following the acquisition, CAT will be a wholly owned subsidiary of Ann Taylor, responsible both for the sourcing functions CAT currently performs for Ann Taylor and for all of the sourcing functions for Ann Taylor currently performed by Cygne. The Company said that the expanded CAT operation will continue to be led by CAT's current President, Dwight Meyer.

The purchase price for Cygne's interest in CAT and the Ann Taylor Woven Division assets will consist of shares of Ann Taylor common stock having a market value of \$36 million at the time of closing (provided that in no event will Ann Taylor be required to issue more than 2.5 million shares) plus a cash payment in an amount equal to the tangible net book value of the inventory and fixed assets of the Ann Taylor Woven Division, less certain assumed liabilities of the Division, plus an amount in respect of an obligation under an existing employment agreement with CAT. At fiscal year end 1995, the total of such cash payments would have been approximately \$14.9 million.

Ann Taylor's Chairman and Chief Executive Officer, Sally Frame Kasaks, said, "The acquisition of CAT and the Ann Taylor Woven Division of Cygne is an important step in furthering our strategy of improving our merchandise offerings by more closely integrating the processes of design, planning, merchandising and sourcing. By combining CAT and the Woven Division of Cygne, we will be able to leverage the respective strengths of each organization. The acquisition will give us greater control over pre-production processes and production management, which we believe will result in a variety of operational benefits."

The closing of the CAT/Cygne transaction is subject to various conditions, including (i) negotiation and execution of a definitive acquisition agreement and related documentation, (ii) the approval of the transaction by Cygne's stockholders, (iii) the consent and release of liens by each of HongKong and Shanghai Banking Corporation and certain other lenders to Cygne, (iv) the continuation of CAT's existing \$40 million credit facility by HongKong and Shanghai Banking Corporation, its current lender, (v) receipt by Cygne of a fairness opinion from its financial advisor, (vi) the consent of Ann Taylor's lenders under its bank credit agreement and (vii) the consummation of the offering by AnnTaylor Finance Trust of the convertible securities described below. It is currently anticipated that the transaction will close in July 1996 following approval by Cygne's stockholders. There can be no assurance that definitive documentation will be completed or any other conditions will be satisfied, or that the transaction will be consummated.

Ann Taylor has agreed to register the shares to be issued to Cygne for resale, although Cygne will be subject to certain restrictions on the timing of sales (including the limitation that the shares will not be transferable until 30 days after the expiration of the lock-up period applicable to the financing described below) and the amount of shares which can be sold at any one time.

The Company also announced today that it is seeking to raise \$75 million through the sale of convertible preferred securities to be issued by a financing vehicle to be known as AnnTaylor Finance Trust, a Delaware business trust (the "Trust"). The Trust will offer for sale convertible trust originated preferred securities ("Convertible TOPrS") of the Trust, having an aggregate liquidation preference of \$75 million (with an option to purchase an additional \$11.25 million of such securities to cover over-allotments). These securities will be convertible at the option of the holders thereof into Ann Taylor common stock.

The convertible preferred securities will not be registered or required to be registered under the Securities Act of 1933 and will be sold in the United States and outside the United States in a private placement under Rule 144A and Regulation S, respectively, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The Company plans to use the proceeds of the financing to reduce borrowings outstanding under the Company's revolving credit facility, without reduction of the commitments thereunder. If the CAT/Cygne transaction is consummated, the Company may re-borrow funds under the revolving credit facility to fund the net tangible assets payment provided for under the agreement and related payments and expenses of the acquisition. Consummation of the financing is subject to market and other conditions, and there can be no assurance that the offering of preferred securities will be consummated.

Ann Taylor is one of the country's leading women's specialty apparel retailers, operating 308 stores in 40 states and the District of Columbia.

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