

OXFORD INDUSTRIES INC

Form 10-Q

October 05, 2006

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

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

For the quarterly period ended **SEPTEMBER 1, 2006**

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 1-4365**

**OXFORD INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Georgia**

**58-0831862**

(State or other jurisdiction of incorporation or organization)

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

**222 Piedmont Avenue, N.E., Atlanta, Georgia 30308**

(Address of principal executive offices)

**(404) 659-2424**

(Registrant's telephone number, including area code):

**Not Applicable**

(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  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each class	Number of shares outstanding as of September 29, 2006
Common Stock, \$1 par value	17,728,842

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For quarter ended September 1, 2006

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Our U.S. Securities and Exchange Commission filings and public announcements often include forward-looking statements about future events. Generally, the words believe, expect, intend, estimate, anticipate, project, and similar expressions identify forward-looking statements, which generally are not historical in nature. We intend for all such forward-looking statements contained herein, the entire contents of our website, and all subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf, to be covered by the safe harbor provisions for forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). Important assumptions relating to these forward-looking statements include, among others, assumptions regarding demand for our products, expected pricing levels, raw material costs, the timing and cost of planned capital expenditures, expected outcomes of pending litigation and regulatory actions, competitive conditions, general economic conditions and expected synergies in connection with acquisitions and joint ventures. Forward-looking statements reflect our current expectations, based on currently available information, and are not guarantees of performance. Although we believe that the expectations reflected in such forward-looking statements are reasonable, these expectations could prove inaccurate as such statements involve risks and uncertainties, many of which are beyond our ability to control or predict. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Important factors relating to these risks and uncertainties include, but are not limited to, those described in Part I, Item 1A. Risk Factors contained in our fiscal 2006 Form 10-K, as updated by Part II, Item 1A. Risk Factors in this report, and those described from time to time in our future reports filed with the U.S. Securities and Exchange Commission. We caution that one should not place undue reliance on forward-looking statements, which are current only as of the date this report is filed with the U.S. Securities and Exchange Commission. We disclaim any intention, obligation or duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**DEFINITIONS**

As used in this report, unless the context requires otherwise, our, us and we mean Oxford Industries, Inc. and its consolidated subsidiaries. Also, the terms FASB, SFAS and SEC mean the Financial Accounting Standards Board, Statement of Financial Accounting Standards and the U.S. Securities and Exchange Commission, respectively. Additionally, the terms listed below reflect the respective period noted:

Fiscal 2007	52 weeks ending June 1, 2007
Fiscal 2006	52 weeks ended June 2, 2006
Fourth quarter fiscal 2007	13 weeks ending June 1, 2007
Third quarter fiscal 2007	13 weeks ending March 2, 2007
Second quarter fiscal 2007	13 weeks ending December 1, 2006
First quarter fiscal 2007	13 weeks ended September 1, 2006
Fourth quarter fiscal 2006	13 weeks ended June 2, 2006
Third quarter fiscal 2006	13 weeks ended March 3, 2006
Second quarter fiscal 2006	13 weeks ended December 2, 2005
First quarter fiscal 2006	13 weeks ended September 2, 2005

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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**OXFORD INDUSTRIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**  
**(UNAUDITED)**  
**(in thousands, except per share amounts)**

	<b>First Quarter Fiscal 2007</b>	<b>First Quarter Fiscal 2006</b>
Net sales	\$284,078	\$268,475
Cost of goods sold	175,967	162,760
Gross profit	108,111	105,715
Selling, general and administrative expenses	86,446	82,788
Amortization of intangible assets	1,547	1,853
Royalties and other operating income	87,993 2,892	84,641 3,261
Operating income	23,010	24,335
Interest expense, net	5,492	5,833
Earnings before income taxes	17,518	18,502
Income taxes	6,363	6,682
Earnings from continuing operations	11,155	11,820
Earnings (loss) from discontinued operations, net of taxes	(205)	2,063
Net earnings	\$ 10,950	\$ 13,883
Earnings from continuing operations per common share:		
Basic	\$ 0.63	\$ 0.68
Diluted	\$ 0.63	\$ 0.67
Earnings (loss) from discontinued operations per common share:		
Basic	\$ (0.01)	\$ 0.12
Diluted	\$ (0.01)	\$ 0.12
Net earnings per common share:		
Basic	\$ 0.62	\$ 0.80
Diluted	\$ 0.62	\$ 0.79
Weighted average common shares outstanding:		
Basic	17,594	17,391
Dilutive impact of stock options and unvested restricted shares	184	275
Diluted	17,778	17,666

Dividends per common share	\$ 0.15	\$ 0.135
See accompanying notes.		

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**OXFORD INDUSTRIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**  
**(in thousands, except per share amounts)**

	September 1, 2006	June 2, 2006	September 2, 2005
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 10,742	\$ 10,479	\$ 7,024
Receivables, net	155,602	142,297	151,277
Inventories	139,444	123,594	149,835
Prepaid expenses	25,847	21,996	24,066
Current assets related to discontinued operations, net	18,132	59,215	67,947
<b>Total current assets</b>	<b>349,767</b>	<b>357,581</b>	<b>400,149</b>
Property, plant and equipment, net	73,527	73,663	64,057
Goodwill, net	200,228	199,232	186,759
Intangible assets, net	234,390	234,453	234,283
Other non-current assets, net	27,896	20,666	22,785
Non-current assets related to discontinued operations, net			4,842
<b>Total Assets</b>	<b>\$885,808</b>	<b>\$885,595</b>	<b>\$912,875</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>			
<b>Current Liabilities:</b>			
Trade accounts payable and other accrued expenses	\$ 102,428	\$ 105,038	\$ 101,150
Accrued compensation	16,367	26,754	20,139
Additional acquisition cost payable		11,897	20,433
Dividends payable		2,646	2,301
Income taxes payable	8,468	3,138	10,103
Short-term debt and current maturities of long-term debt	122	130	4,614
Current liabilities related to discontinued operations	11,488	30,716	16,075
<b>Total current liabilities</b>	<b>138,873</b>	<b>180,319</b>	<b>174,815</b>
Long-term debt, less current maturities	226,864	200,023	315,911
Other non-current liabilities	32,433	29,979	25,737
Deferred income taxes	78,404	76,573	76,494
Non-current liabilities related to discontinued operations			47
Commitments and contingencies			
<b>Shareholders Equity:</b>			
Preferred stock, \$1.00 par value; 30,000 authorized and none issued and outstanding at September 1, 2006; June 2, 2006; and September 2, 2005			
Common stock, \$1.00 par value; 60,000 authorized and 17,723 issued and outstanding at September 1, 2006; 17,646 issued and outstanding at June 2, 2006; and 17,049 issued	17,723	17,646	17,049

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and outstanding at September 2, 2005

Additional paid-in capital	76,461	74,812	48,931
Retained earnings	309,261	300,973	252,281
Accumulated other comprehensive income	5,789	5,270	1,610
<b>Total shareholders equity</b>	<b>409,234</b>	<b>398,701</b>	<b>319,871</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>\$885,808</b>	<b>\$885,595</b>	<b>\$912,875</b>

See accompanying notes.



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**OXFORD INDUSTRIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(in thousands)**

	<b>First Quarter Fiscal 2007</b>	<b>First Quarter Fiscal 2006</b>
<b>Cash Flows From Operating Activities:</b>		
Earnings from continuing operations	\$ 11,155	\$ 11,820
Adjustments to reconcile earnings from continuing operations to net cash provided by (used in) operating activities:		
Depreciation	3,747	3,501
Amortization of intangible assets	1,547	1,853
Amortization of deferred financing costs and bond discount	617	616
Stock compensation expense	840	591
Loss (gain) on sale of property, plant and equipment	18	7
Equity loss (income) from unconsolidated entities	(97)	(164)
Deferred income taxes	(47)	(1,820)
Changes in working capital:		
Receivables	(12,973)	(5,100)
Inventories	(15,614)	(3,759)
Prepaid expenses	(4,132)	(2,819)
Current liabilities	(7,975)	(33,688)
Other non-current assets	1,356	(1,327)
Other non-current liabilities	2,440	2,169
<b>Net cash provided by (used in) operating activities</b>	<b>(19,118)</b>	<b>(28,120)</b>
<b>Cash Flows From Investing Activities:</b>		
Acquisitions, net of cash acquired	(12,111)	(6,569)
Investment in unconsolidated entity	(9,063)	
Distribution from unconsolidated entity		1,856
Purchases of property, plant and equipment	(3,556)	(3,448)
Proceeds from sale of property, plant and equipment		6
<b>Net cash provided by (used in) investing activities</b>	<b>(24,730)</b>	<b>(8,155)</b>
<b>Cash Flows From Financing Activities:</b>		
Repayment of financing arrangements	(27,048)	(73,971)
Proceeds from financing arrangements	53,835	101,920
Proceeds from issuance of common stock	886	2,586
Dividends on common stock	(5,304)	(2,278)
<b>Net cash provided by (used in) financing activities</b>	<b>22,369</b>	<b>28,257</b>
<b>Cash Flows From Discontinued Operations:</b>		
Net operating cash flows provided by discontinued operations	21,650	8,677
Net investing cash flows provided by (used in) discontinued operations		(25)

<b>Net cash provided by (used in) discontinued operations</b>	21,650	8,652
Net change in cash and cash equivalents	171	634
Effect of foreign currency translation on cash and cash equivalents	92	(109)
Cash and cash equivalents at the beginning of period	10,479	6,499
Cash and cash equivalents at the end of period	\$ 10,742	\$ 7,024
<b>Supplemental disclosure of non-cash investing and financing activities:</b>		
Accrual for additional acquisition cost	\$	\$ 20,465
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest, net	\$ 2,760	\$ 2,574
Cash paid for income taxes	\$ 6,959	\$ 11,466
See accompanying notes.		

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**OXFORD INDUSTRIES, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FIRST QUARTER FISCAL 2007**

**1. Basis of Presentation:** The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial reporting and the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States. We believe our condensed consolidated financial statements reflect all normal, recurring adjustments that are necessary for a fair presentation of our financial position and results of operations for the periods presented. Results of operations for the interim periods presented are not necessarily indicative of results to be expected for the year primarily due to the impact of seasonality on our business. The accounting policies applied during the interim periods presented are consistent with the significant and critical accounting policies as described in our fiscal 2006 Form 10-K. The information included in this Form 10-Q should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and notes thereto included in our fiscal 2006 Form 10-K.

As disclosed in our fiscal 2006 Form 10-K, we sold substantially all of the assets of our Womenswear Group on June 2, 2006. Therefore, the results of operations of the Womenswear Group have been reported as discontinued operations in our consolidated statements of earnings. The assets and liabilities related to the Womenswear Group for all periods presented have been reclassified to current assets, non-current assets, current liabilities and non-current liabilities related to discontinued operations, as applicable.

**2. Inventories:** The components of inventories as of the dates specified are summarized as follows (in thousands):

	September 1, 2006	June 2, 2006	September 2, 2005
Finished goods	\$ 110,744	\$ 99,576	\$ 125,995
Work in process	8,995	6,388	8,914
Fabric, trim and supplies	19,705	17,630	14,926
Total	\$ 139,444	\$ 123,594	\$ 149,835

**3. Debt:** The following table details our debt as of the dates specified (in thousands):

	September 1, 2006	June 2, 2006	September 2, 2005
\$280 million U.S. Secured Revolving Credit Facility ( U.S. Revolver ), which accrues interest (8.25% at September 1, 2006), unused line fees and letter of credit fees based upon a pricing grid which is tied to certain debt ratios, requires interest payments monthly with principal due at maturity (July 2009), and is collateralized by substantially all the assets of the company and our consolidated domestic subsidiaries	\$ 27,700	\$ 900	\$ 116,900
£12 million Senior Secured Revolving Credit Facility ( U.K. Revolver ), which accrues interest at the bank's base rate plus	101	102	1,192

1.0% (5.75% at September 1, 2006), requires interest payments monthly with principal payable on demand or at maturity (July 2007), and is collateralized by substantially all the United Kingdom assets of Ben Sherman

\$200 million Senior Unsecured Notes ( Senior Unsecured Notes ), which accrue interest at 8.875% (effective interest rate of 9.0%) and require interest payments semi-annually on June 1 and December 1 of each year, require payment of principal at maturity (June 2011), are subject to certain prepayment penalties and are guaranteed by our consolidated domestic subsidiaries

Seller Notes, which accrued interest at LIBOR plus 1.2%, required interest payments quarterly with principal payable on demand and were repaid during February, May and November 2005

Other debt, including capital lease obligations with varying terms and conditions, collateralized by the respective assets

	200,000	200,000	200,000
			3,378
	24	35	73
Total debt	227,825	201,037	321,543
Unamortized discount on Senior Unsecured Notes	(839)	(884)	(1,018)
Short-term debt and current maturities of long-term debt	(122)	(130)	(4,614)
Long-term debt, less current maturities	\$ 226,864	\$ 200,023	\$ 315,911

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The U.S. Revolver, the U.K. Revolver and the Senior Unsecured Notes each include certain debt covenant restrictions that require us or our subsidiaries to maintain certain financial ratios that we believe are customary for similar facilities. The U.S. Revolver also includes limitations on certain restricted payments such as earn-outs, payment of dividends and prepayment of debt. As of September 1, 2006, we were compliant with all financial covenants and restricted payment clauses related to our debt agreements.

Our U.S. Revolver and U.K. Revolver are used to finance trade letters of credit and standby letters of credit as well as provide funding for other operating activities and acquisitions, if any. As of September 1, 2006, approximately \$76.6 million of trade letters of credit and other limitations on availability, were outstanding against our U.S. Revolver and our U.K. Revolver. The combined net availability under our U.S. Revolver and U.K. Revolver agreements was approximately \$198.5 million as of September 1, 2006.

- 4. Comprehensive Income:** Comprehensive income, which reflects the effects of foreign currency translation adjustments, is calculated as follows for the periods presented (in thousands):

	<b>First Quarter of</b>	
	<b>Fiscal</b>	<b>Fiscal 2006</b>
	<b>2007</b>	
Net earnings	\$10,950	\$ 13,883
Gain (loss) on foreign currency translation, net of tax	519	1,312
Comprehensive income	\$11,469	\$ 15,195

- 5. Stock Compensation:** In December 2004, the FASB issued FASB Statement No. 123 (revised 2004), Share-Based Payment (FAS 123R), which is a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation (FAS 123). FAS 123R supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and amends FASB Statement No. 95, Statement of Cash Flows. Generally, the approach in FAS 123R is similar to the approach described in FAS 123. However, FAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in consolidated statement of earnings based on their fair values. Pro forma disclosure is no longer an alternative.

We adopted FAS 123R on June 3, 2006 and applied the modified prospective transition method. Under this transition method, we (1) did not restate any prior periods and (2) are recognizing compensation expense for all share-based payment awards that were outstanding, but not yet vested, as of June 3, 2006, based upon the same estimated grant-date fair values and service periods used to prepare our FAS 123 pro forma disclosures.

At September 1, 2006, we have options or awards outstanding under certain plans as further described in our fiscal 2006 Form 10-K. As permitted by FAS 123, we had previously accounted for share-based payments to employees using APB 25's intrinsic value method. Accordingly, no stock-based employee compensation costs for any options were reflected in net earnings unless the options were modified, as all options granted under our plans had an exercise price equal to the market value of the underlying common stock on the date of grant. In fiscal 2005, we transitioned from the use of options to performance and service based restricted stock awards as the primary vehicle in our stock-based compensation strategy.

During the first quarter of fiscal 2007, we recognized stock compensation expense of approximately \$0.8 million in earnings from continuing operations. This expense consists of approximately \$0.5 million related to restricted stock awards, which would have been recognized under FAS 123R or APB 25, and approximately \$0.3 million (or \$0.2 million after tax and \$0.01 per common share after tax) related to stock options and our employee stock purchase plan which would not have been expensed under APB 25. The income tax benefit related to the

compensation cost was approximately \$0.3 million and \$0.2 million during the first quarter of fiscal 2007 and the first quarter of fiscal 2006, respectively. The adoption of FAS 123R resulted in an increase in cash flow from operations and a decrease in cash flow from financing activities of approximately \$0.1 million during the first quarter of fiscal 2007.

The following table illustrates the effect on earnings from continuing operations and net earnings in the first quarter of fiscal 2006, if we had applied the fair value recognition provisions of FAS 123R to stock-based employee compensation (in thousands, except per share amounts). For purposes of this pro forma disclosure, the value of the options is estimated using a Black-Scholes option-pricing model and amortized over the option vesting period.

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	<b>First Quarter Fiscal 2006</b>
Earnings from continuing operations, as reported	\$ 11,820
Add: Total stock-based employee compensation expense recognized in continuing operations as determined under intrinsic value method for all awards, net of related tax effects	328
Deduct: Total stock-based employee compensation expense to be recognized in continuing operations determined under fair value based method for all awards, net of related tax effects	(495)
Pro forma earnings from continuing operations	\$ 11,653
Basic earnings from continuing operations per common share as reported	\$ 0.68
Pro forma basic earnings from continuing operations per common share	\$ 0.67
Diluted earnings from continuing operations per common share as reported	\$ 0.67
Pro forma diluted earnings from continuing operations per common share	\$ 0.66
Net earnings as reported	\$ 13,883
Add: Total stock-based employee compensation expense recognized in net earnings as determined under intrinsic value method for all awards, net of related tax effects	376
Deduct: Total stock-based employee compensation expense to be recognized in net earnings determined under fair value based method for all awards, net of related tax effects	(568)
Pro forma net earnings	\$ 13,691
Basic net earnings per common share as reported	\$ 0.80
Pro forma basic net earnings per common share	\$ 0.79
Diluted net earnings per common share as reported	\$ 0.79
Pro forma diluted net earnings per common share	\$ 0.78

The following table summarizes information about the stock options as of September 1, 2006.

<b>Date of Option Grant</b>	<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Grant Date Fair Value</b>	<b>Number Exercisable</b>	<b>Expiration Date</b>
July 1998	24,000	\$ 17.83	\$ 5.16	24,000	July 2008
July 1999	28,100	13.94	4.70	28,100	July 2009
July 2000	29,820	8.63	2.03	29,820	July 2010
July 2001	43,330	10.73	3.18	43,330	July 2011
July 2002	89,300	11.73	3.25	54,620	August 2012
August 2003	140,320	26.44	11.57	61,800	August 2013
November 2003	40,000	32.15	14.81	16,000	November 2013
December 2003	101,700	32.75	14.17	33,900	December 2013
	496,570			291,570	

The table below summarizes options activity during the first quarter of fiscal 2007.

	<b>Shares</b>	<b>Weighted Average Exercise Price</b>
Outstanding at June 2, 2006	533,180	\$ 22
Granted		
Exercised	(32,410)	15
Forfeited	(4,200)	28
Outstanding at September 1, 2006	496,570	\$ 22
Exercisable at September 1, 2006	291,570	\$ 19

The total intrinsic value for options exercised during the first quarter of fiscal 2007 and the first quarter of fiscal 2006 was approximately \$0.7 million and \$2.7 million, respectively. The total fair value for options that vested during the first quarter of fiscal 2007 and the first quarter of fiscal 2006 was approximately \$1.1 million and \$1.2 million, respectively. The aggregate intrinsic value for all options outstanding and exercisable at September 1, 2006 was approximately \$9.7 million and \$6.7 million, respectively.



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Grants of restricted stock and restricted share units are made to certain officers, key employees and members of our Board of Directors under our Long-Term Stock Incentive Plan. The following table summarizes information about the unvested stock as of September 1, 2006.

<b>Restricted Stock Grant</b>	<b>Number of Shares</b>	<b>Market Price on Date of Grant</b>	<b>Vesting Date</b>
Grants Based on Fiscal 2005 Performance Awards	61,650	\$ 42	June 2008
Grants Based on Fiscal 2006 Performance Awards	38,771	\$ 42	June 2009
	100,421		

The table below summarizes the restricted stock award activity during the first quarter of fiscal 2007:

	<b>Shares</b>
Outstanding at June 2, 2006	67,125
Issued	39,772
Vested	(4,976)
Forfeited	(1,500)
Outstanding at September 1, 2006	100,421

Additionally, during the first quarter of fiscal 2007, we awarded performance share awards and restricted share unit awards to certain officers, key employees and members of our Board of Directors, pursuant to which a maximum total of approximately 0.1 million shares of our common stock may be granted (initially in the form of restricted shares and restricted share units) subject to specified operating performance measures being met for fiscal 2007 and the employee being employed by us on June 1, 2010. As of September 1, 2006, there was approximately \$2.3 million of unrecognized compensation cost related to unvested share-based compensation awards which have been made. That cost is expected to be recognized over the next three years. Additionally, approximately \$2.0 million of compensation cost related to unvested stock options will be recognized through the first half of fiscal 2009.

- 6. Segment Information:** In our continuing operations, we have two operating segments for purposes of allocating resources and assessing performance. The Menswear Group produces branded and private label dress shirts, sport shirts, dress slacks, casual slacks, suits, sportcoats, suit separates, walkshorts, golf apparel, outerwear, sweaters, jeans, swimwear, footwear and headwear, licenses its brands for accessories and other products and operates retail stores. The Tommy Bahama Group produces lifestyle branded casual attire, operates retail stores and restaurants, and licenses its brands for accessories, footwear, furniture and other products. The head of each operating segment reports to the chief operating decision maker.

Corporate and Other is a reconciling category for reporting purposes and includes our corporate offices, substantially all financing activities, LIFO inventory accounting adjustments and other costs that are not allocated to the operating groups. Total assets for Corporate and Other includes the LIFO inventory reserve of \$38.0 million, \$38.0 million and \$37.3 million at September 1, 2006, June 2, 2006 and September 2, 2005, respectively.

As discussed in note 3 in our consolidated financial statements included in our fiscal 2006 Form 10-K, we sold substantially all of the assets of our Womenswear Group operations at the end of fiscal 2006. Our Womenswear Group produced private label women's sportswear separates, coordinated sportswear, outerwear, dresses and

swimwear. The operating results of the Womenswear Group have not been included in segment information as all amounts were reclassified to discontinued operations. The information below presents certain information about our segments for the periods or as of the dates specified (in thousands).

&