SHOE CARNIVAL INC
Form 10-K405
May 04, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-K

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

For the fiscal year ended: February 3, 2001

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: 0-21360

SHOE CARNIVAL, INC.
(Exact name of registrant as specified in its charter)

Indiana	35-1736614
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8233 Baumgart Road, Evansville, Indiana	47725
(Address of principal executive offices)	(Zip Code)

(812) 867-6471
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b)of the Act:

NONE

Securities registered pursuant to Section 12(g)of the Act:

COMMON STOCK, $.01 PAR VALUE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant of Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant based on the last sale price for such stock at May 1, 2001 was approximately $68,835,214 (assuming solely for the purposes of this calculation that all Directors and executive officers of the Registrant are "affiliates").

Number of Shares of Common Stock, $.01 par value, outstanding at May 1, 2001 was 11,983,936.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Definitive Proxy Statement for the Annual Meeting of Shareholders of Registrant to be held on June 14, 2001 is incorporated by reference into Part III hereof.

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Shoe Carnival, Inc.
Evansville, Indiana

Annual Report to Securities and Exchange Commission
February 3, 2001

PART I

ITEM 1. BUSINESS

General

Shoe Carnival, Inc. (the "Company") is a high volume, value-oriented retailer of family footwear operating predominately in the Midwest, South and Southeastern regions of the United States. The Company adheres to a highly promotional marketing concept that enables it to be competitive in the retail markets it enters. The Company's stores are characterized by a high energy atmosphere designed to encourage customer participation and provide a fun and exciting shopping experience.

Business Strategy

The Company's goal is to establish itself as one of the nation's leading family footwear retailers and the dominant footwear retailer in each market it serves. To accomplish its goal, the Company provides a selection and variety of footwear normally associated with a "category killer" superstore in an exciting retail environment. In the 53 week period ended February 3, 2001 ("fiscal 2000"), the average size, annual sales and sales per square foot for Shoe Carnival's stores open the full year (on a 52-week basis) were approximately 11,600 square feet, $2.7 million and $237, respectively, each substantially above the industry averages.

Management believes that shoppers prefer the value, convenience and selection of the superstore retail format and that, as a result, superstores will continue to grow and increase their market share at the expense of department stores, mass merchandisers and traditional specialty retailers. This trend is evidenced by the acceptance of superstores in other specialty niches, including, among others, toys, office products, consumer electronics and do-it-yourself home improvement. Management believes that the Company differentiates itself from its competitors and gains significant competitive advantage through certain business strategies which include:

> Distinctive Retail Approach. The Company's stores are larger than traditional shoe stores. The Company seeks to create a carnival-like atmosphere in each of its stores by decorating with bright lights, colors and neon signs, and by featuring an in-store "barker" who advertises current specials, organizes contests and games, and assists and educates customers with the features and location of merchandise.

This exciting in-store atmosphere is designed to encourage customer participation and spontaneity, producing a sense of urgency to buy. Management believes this highly promotional atmosphere results in various competitive advantages, including increased multiple unit sales, the building of a loyal repeat customer base and the creation of word-of-mouth advertising.

Broad Merchandise Assortment. The Company's merchandising strategy is to provide superior value to its customers by offering a broad selection of competitively priced name brand and private label merchandise. The average store carries almost 30,000 pairs of shoes in four general categories -- men's, women's, children's and athletics. The Company buys dress, casual and athletic shoes as well as boots and sandals from a wide variety of vendors. In addition to footwear, Shoe Carnival stores also carry selected accessory items complimentary to the sale of footwear.

Emphasis on Value. Management believes that its wide selection of popular styles of name brand merchandise at competitive prices generates broad customer appeal. To supplement its name brand offerings, the Company has established a private label program that offers the consumer quality footwear at lower prices than name brand merchandise. Sales of private label merchandise generally result in higher gross profit margins for the Company than sales of name brand merchandise. The Company believes that providing a wide selection of competitively priced name brand and quality private label footwear provides superior value to its customers.

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Low Operating Costs. The Company's operating methods, cost control programs and store locations are all designed to minimize operating costs. Merchandise in the Company's stores is displayed by style and color on the selling floor, enabling customers who so choose to serve themselves. This approach, in conjunction with wage and inventory control programs, results in lower labor costs than those incurred by department stores and traditional shoe stores. In addition, the Company prefers to locate stores predominantly in strip shopping centers, as opposed to enclosed malls, to take advantage of the generally lower occupancy costs.

Competitive Pricing. The Company, as a result of its low-cost operating structure and high volume, is able to price its merchandise below that of traditional department stores and shoe store chains. The Company offers value to customers with specialized promotions, competitive pricing and a vast selection of name brand and private label merchandise.

Emphasis on Information Technology. The Company has invested significant resources in information technology. The Company's systems are designed to provide management with the timely information necessary to monitor and control all phases of operations. Management is planning further technological enhancements related to point-of-sale, purchasing and inventory control, labor management and distribution, which should enable the Company to better manage its operations.

Expansion Strategy

The majority of the Company's sales and earnings growth is expected to result from the opening of new stores. The opening of new stores will be dependent upon, among other things, the availability of desirable locations, the negotiation of acceptable lease terms and general economic and business conditions affecting consumer spending in the areas the Company targets for expansion. The Company's strategy is to expand into new markets and to consolidate and improve its market share position in its existing markets through the clustering of stores. Clustering involves the operation of multiple locations in a particular metropolitan area or in several smaller markets located in reasonable proximity to one another. Management believes this strategy enables the Company to obtain economies of scale with respect to advertising, distribution and management costs.

The Company plans to open 15 or 16 stores in 2001. Thereafter, the Company intends to expand at a rate of approximately 20% per year. During fiscal 2001, new stores are expected to be located primarily in the North Central, Midwest, Midsouth and Southeast. The Company intends to enter larger markets (populations greater than 400,000) by opening two or more stores at approximately the same time. In smaller markets that can only support a single store, the Company will seek locations in reasonably close proximity to other Company markets. This strategy allows for more efficient management and reduces distribution costs. In addition to new market expansion and consistent with its clustering approach, the Company has targeted certain of its existing markets for additional new stores when appropriate store locations become available. Although opening new stores in existing markets may adversely affect the sales of existing stores, management believes that cost efficiencies and overall incremental sales gains should more than offset any detrimental effect.

Prior to entering a new market, the Company performs a market, demographic and competition analysis to evaluate the suitability of the potential market. Potential store site selection criteria include, among other factors, market demographics, traffic counts, the retail mix of a potential strip center, visibility within the center and from major thoroughfares, overall retail activity of the area and proposed lease terms. The time required to open a store after signing a lease depends primarily upon the landlord's ability to deliver the premises to the Company. Upon acceptance of the premises from the landlord, the Company can generally open a store within 30 to 45 days.

Merchandising

The Company's merchandising strategy is designed to provide a very large selection of quality family footwear at a price competitive with or slightly below that of competitors. The Company's stores carry a broad assortment of current season name brand footwear, supplemented with the Company's private label merchandise and select name brand close-out merchandise.

The combination of name brand and private label footwear gives the Company a merchandise assortment that enables it to compete effectively. The mix of merchandise and the name brands offered in a particular store are based upon the demographics of each market, among other factors. The Company typically offers lower prices on both name brand and private label merchandise than department stores and traditional shoe stores. Furthermore, the Company competes with off-price retailers, mass merchandisers and discount stores by offering a wider

and deeper selection of merchandise at competitive prices. The Company's stores also carry selected other merchandise such as handbags, wallets, shoe care items, socks and sports apparel.

Women's. The women's department offers current season name brand, branded close-out and private label merchandise providing a wider selection than that of most of the Company's competitors. This department is further segmented into women's dress shoes, casual shoes, sandals, boots and sport shoes, thus covering all facets of a woman's footwear needs.

Men's. The men's department offers primarily name brand footwear and is segmented into men's dress shoes, casual shoes, sandals and boots. The Company's stores offer a complete assortment of men's footwear at affordable prices. As in the women's department, this assortment is supplemented with name brand close-outs and private label products.

Children's. Children's footwear is segmented into dress shoes, casual shoes, boots, athletic shoes, sandals and infant shoes, again offering a complete selection of footwear for the child. Approximately 71% of the children's business is done in the athletic shoe category.

Athletics. The men's and women's athletic business is divided into a number of buying groups representing a complete assortment of athletic footwear. The Company carries court shoes, fitness and aerobic shoes, leisure shoes, walking shoes, running shoes and many specialty shoes such as cleats and soccer shoes.

The table below sets forth the Company's percentage of sales by product category for fiscal 2000, 1999 and 1998.

	2000	1999	1998
Women's	27.4%	27.9%	27.4%
Men's	17.3	17.4	17.5
Children's	15.4	15.6	16.2
Athletic	35.0	34.4	34.2
Accessories and Miscellaneous Items	4.9	4.7	4.7
	100.0%	100.0%	100.0%

Pricing

The Company's pricing strategy is designed to emphasize value. Initial pricing decisions are guided by gross profit margin targets which vary by merchandise category and depend on whether the item is name brand or private label merchandise. Markdowns are centrally managed by the buying staff through the use of weekly sales and inventory analysis generated by the Company's management information system.

In-store signage is used extensively to highlight special promotional markdowns and to advertise markdowns to meet or beat competitors' sale prices.

Advertising and Promotion

In-store promotions are a key ingredient in the Company's marketing effort. Although most in-store promotions are pre-planned, store managers are encouraged to use their own creativity in devising on-the-spot promotional activities, such as customer contests and games. The Company has several standardized promotions, including a Spin-N-Win(TM) wheel, where a customer can win instant discounts, and a "Money Machine," where randomly selected customers attempt to catch cash and coupons during a 30-second period inside a transparent booth where cash and coupons are blown furiously around them. Both of these promotions exemplify the Company's emphasis on fun and excitement in order to enhance the customer's total shopping experience.

The Company uses various forms of media advertising in conjunction with its extensive in-store promotions. The focus of the Company's media advertising is to communicate the exceptional value offered by the Company on name brand and private label footwear. Print ads typically display a selection of special sale items or desirable new products. Radio and television spots utilize an entertaining format to capture the consumers attention while highlighting on sale items or special promotions.

The Company directs 59% of its total advertising budget to television and radio, but also utilizes print media (including newspaper inserts and direct mail) and outdoor advertising. A special effort is made to utilize the cooperative advertising dollars offered by vendors whenever possible. By widely advertising through newspaper, television and radio prior to a grand opening, the Company strives to make each new store opening a major retail event. Major promotions during the grand openings and peak selling periods allow customers to win prizes such as cruises, computers, merchandise or cash.

Store Operations

Management of store operations is the responsibility of the Company's Senior Vice President - Store Operations, who is assisted by divisional managers, regional managers and the individual store managers. The Company's store management structure is flat relative to most other retailers. This permits the Company to reduce management expense by eliminating the district manager position and delegating more responsibility to store managers. Currently there are two divisions designated as the North and South Divisions. The divisional managers are currently responsible for eleven and ten regions, but ultimately are expected to manage up to fifteen regions. Each regional manager is responsible for the operation of between five and twelve stores and is required to visit each store periodically, concentrating more heavily on under-performing stores. Regional managers collectively meet with their respective divisional manager on a monthly basis, except during peak sales periods, and quarterly with the Senior Vice President - Store Operations and other members of senior management to discuss Company strategies, merchandise, advertising, financial performance and personnel requirements.

Each store has a store manager and one to four assistant managers, depending on the sales volume of the store. The sales staff ranges from two to 63 employees depending on the size of the store and the time of year. Store managers and most assistant managers are paid a salary, while all other store employees are paid on an hourly basis. The Company provides an incentive compensation plan for virtually all employees. Regional and store manager incentive plans are based primarily upon the sales and profitability of their respective stores as compared to defined goals. Assistant store managers and other store employees earn incentive compensation based on the store exceeding inventory shrinkage goals.

Administrative functions are centrally controlled from corporate headquarters. These functions include accounting, purchasing, store maintenance, information systems, advertising, distribution and pricing. Regional and store managers are expected and encouraged to provide feedback to all corporate departments to improve efficiencies. Regional and store managers are charged with making merchandising decisions necessary to maximize sales and profits primarily through merchandise placement, signage and timely clearance of slower selling items.

The Company maintains inventory shrinkage rates (.5% of sales in fiscal 2000) substantially below the retail industry average. Management attributes this success to an in-store loss prevention staff, improved information reporting and surveillance systems in many of the Company's stores. Management also believes that tying incentive compensation for store employees to the achievement of targeted shrinkage levels raises employee awareness of loss prevention.

Store Location and Design

The number of stores opened and closed for fiscal years 2000, 1999 and 1998 are as follows:

Fiscal Year	2000	1999	1998
Stores open at beginning of year	138	111	92
Opened during year	32	28	20
Closed during year	5	1	1
Stores open at end of year	165	138	111

At February 3, 2001, the Company had 165 stores located in 23 states, primarily in the Midwest, South and Southeastern regions of the United States. Although seven stores are located in enclosed malls, the Company prefers strip shopping center locations, where occupancy costs are typically lower and the Company enjoys greater operating freedom to implement its non-traditional retail methods. Management feels that most consumers enjoy the convenience offered by strip shopping centers as opposed to enclosed malls.

All of the Company's stores are leased rather than owned. Management believes that the flexibility afforded by leasing allows the Company to avoid the inherent risk of owning real estate, particularly with respect to under-performing stores. In a particular market, potential store site selection criteria include, among other factors, market demographics, traffic counts, the retail mix of a potential retail strip center, visibility within the center and from major thoroughfares, overall retail activity of the area and proposed lease terms.

The Company's stores are designed and fixtured to reflect the high energy level of its retail concept and to convey a carnival-like atmosphere. Stores are typically equipped with a sound system, microphone, "Money Machine" and Spin-N-Win(TM) wheel. Open-stock inventories, neon signs, flashing colored lights and large mirrors, striking fixtures and colorful carpet are utilized to make the stores appear larger and more exciting. Merchandise is typically displayed within a store by category, with athletic footwear (and licensed team sports apparel in certain stores) generally located in the center of the store to provide a transition between women's and men's footwear. Checkout counters are located at the front of each store, supermarket style, to facilitate high-volume throughput and minimize inventory shrinkage. The average store has approximately five checkout lanes.

As of February 3, 2001, the Company's stores averaged approximately 11,600 square feet, ranging in size from 6,500 to 26,500 square feet, except for an atypical mall store of approximately 2,100 square feet. Currently, the new store prototype calls for between 12,000 and 15,000 square feet but stores in the 8,000 square foot range will be considered. The size of a store is dependent upon, among other factors, the location of the store and the population base the store is expected to service. The sales area of most stores is approximately 85% of the gross store size.

Capital expenditures for new stores are expected to average approximately $330,000, including point-of-sale equipment which is generally acquired through equipment leasing transactions. The average inventory in a new store is expected to range from $450,000 to $750,000, depending on the size and sales expectation of the store and the timing of the new store opening. Pre-opening expenses, such as advertising, salaries, supplies and utilities are expected to average approximately $75,000 per store.

Distribution

The Company operates a single distribution facility in Evansville, Indiana. A 92,000 square foot addition to the distribution center which began in the Fall of 1998, was completed in 1999 at a total cost of $7.6 million. The expansion doubled the size of the distribution center to 200,000 square feet. Additionally, the Company installed state-of-the-art material handling, picking, sorting equipment and software. The enhanced facility increased the Company's distribution capacity to at least 400 stores.

The distribution center processes virtually all merchandise prior to shipping to the stores. At a minimum, this includes count verification, price and bar code labeling of each unit, redistribution of an order into size assortments and allocation of shipments to individual stores. Once a distribution order form is received from the buying staff, the remainder of the distribution process, including packing, allocating, storing and shipping is essentially paperless. Merchandise is shipped to each store from one to two times a week, depending on store volume, proximity to other stores and proximity to the distribution center. The majority of shipments are handled by a dedicated carrier, with occasional use of common carriers.

Management Information Systems

The Company has devoted significant resources to expand its sophisticated information technology systems. The corporate computer network connects every store, providing up-to-date sales and inventory information as required. Each store has an independent point-of-sale controller, with two to 12 point-of-sale terminals per store. To provide maximum flexibility and maintain data integrity, the Company's information systems are based upon relational database technology. The Company's distribution facility utilizes a spread spectrum radio frequency network to assure accurate, real-time information throughout the distribution operation. Each member of the buying and distribution staff has on-line access to up-to-date sales and inventory information broken down by store, style, color, size and width. Additional data analysis can be quickly provided on demand by using either a fourth generation language programming tool or personal computer tools that access the Company's database.

State of the art point-of-sales systems utilize bar code technology to capture sales, gross margin and inventory information. The system provides, in addition to other features, full price management (including price look-up), promotional tracking capabilities (in support of the spontaneous nature of the in-store price promotions), real-time margin analysis by product category at the store level, check approval and customer tracking.

Competition

The retail footwear business is highly competitive. The Company believes that the principal competitive factors in its industry are merchandise selection, price, fashion, quality, location, store environment and service. The Company competes primarily with department stores, shoe stores, sporting goods stores and mass merchandisers.

Many of the Company's competitors are significantly larger and have substantially greater financial and other resources than the Company. However, management believes that its distinctive retail format, in combination with its wide merchandise selection, competitive prices and low operating costs, enable the Company to compete effectively in each market that it enters.

Employees

At February 3, 2001, the Company had approximately 2,850 employees, of which approximately 1,500 were employed on a part-time or seasonal basis. The number of employees fluctuates during the year primarily due to seasonality. None of the Company's employees is represented by a labor union.

Management attributes a large portion of the Company's success in various areas of cost control to its inclusion of virtually all employees in incentive compensation plans. The Company also contributes all or a portion of the cost of medical, disability and life insurance coverage for those employees who are eligible to participate in Company sponsored plans. All employees also receive discounts on Company merchandise. The Company considers its relationship with its employees to be satisfactory.

Trademarks

The Company owns the following federally registered trademarks and servicemarks: Shoe Carnival(R), The Carnival(R), Nuff Said(R), Donna Lawrence(R), Oak Meadow(R), Victoria Spenser(R), Chase and Brittney's(R), Via Nova(R), Fresh Stuff(R), Innocence(R) and Carnival Lites(R). The Company believes its marks are valuable and, accordingly, intends to maintain its marks and the related registrations. The Company is not aware of any pending claims of infringement or other challenges to the Company's right to use its marks.

ITEM 2. PROPERTIES

The Company leases all existing stores and intends to lease all future stores. All leases for existing stores provide for fixed minimum rentals and most provide for contingent rental payments based upon various specified percentages of sales above minimum levels. Certain leases also contain escalator clauses for increases in minimum rentals, operating costs and taxes.

The Company owns its headquarters and distribution center which are located at 8233 Baumgart Road, Evansville, Indiana. See ITEM 1 "Business--Distribution."

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings incidental to the conduct of its business. Management does not expect that any such proceedings will have a material adverse effect on the Company's financial position and results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company did not submit any matters to a vote of security holders during the fourth quarter of the 2000 fiscal year.

Executive Officers of the Company

Name	Age	Position
J. Wayne Weaver	66	Chairman of the Board and Director
Mark L. Lemond	46	President, Chief Executive Officer and Director
Timothy T. Baker	44	Senior Vice President-Store Operations
Clifton E. Sifford	47	Senior Vice President-General Merchandise Manager
W. Kerry Jackson	39	Vice President-Chief Financial Officer and Treasurer

Mr. Weaver is the Company's principal shareholder and has served as Chairman of the Board of the Company since March 1988. From 1978 until February 2, 1993, Mr. Weaver had served as president and chief executive officer of Nine West Group Inc., a designer, developer and marketer of women's footwear. He has over 40 years of experience in the footwear industry. Mr. Weaver is a former director of Nine West Group Inc. Mr. Weaver serves as chairman and chief executive officer of Jacksonville Jaguars, LTD and chairman and chief executive officer of LC Footwear, LLC.

Mr. Lemond has been employed by the Company as President and Chief Executive Officer since September 1996. From March 1988 to September 1996, Mr. Lemond served as Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary. On February 3, 1994, Mr. Lemond was promoted to the position of Chief Operating Officer. Mr. Lemond has served as a director of the Company since March 1988. Prior to March 1988, he served in similar officer capabilities with Russell's Shoe Biz, Inc. Prior to joining Russell's Shoe Biz, Inc. in 1987, Mr. Lemond was a partner with a public accounting firm. He is a Certified Public Accountant.

Mr. Baker has been employed by the Company as Vice President - Store Operations since May 1992. Prior to that time, he served as a Regional Manager of the Company. Mr. Baker was promoted to Senior Vice President on March 25, 1994. From 1983 to June 1989, Mr. Baker held various retail positions with Payless ShoeSource.

Mr. Sifford has been employed by the Company as Senior Vice President - General Merchandise Manager since April 13, 1997. Prior to joining the Company, Mr. Sifford served as merchandise manager-shoes for Belk Store Services, Inc.

Mr. Jackson has been employed by the Company as Vice President - Chief Financial Officer and Treasurer since September 1996. From January 1993 to September 1996, Mr. Jackson served as Vice President - Controller and Chief Accounting Officer. Prior to January 1993, Mr. Jackson held various accounting positions with the Company. Prior to joining the Company in 1988, Mr. Jackson was associated with a public accounting firm. He is a Certified Public Accountant.

Executive officers of the Company serve at the discretion of the Board of Directors. There is no family relationship between any of the directors or executive officers of the Company.

(Pursuant to General Instruction G(3) of Form 10-K, the foregoing information is included as an unnumbered Item in Part I of this Annual Report in lieu of being included in the Company's Proxy Statement for its 2001 Annual Meeting of Shareholders.)

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Common Stock has been quoted on the Nasdaq Stock Market under the trading symbol "SCVL" since March 16, 1993.

The quarterly high and low trading prices for 2000 and 1999 are as follows:

	High	Low
Fiscal Year 2000		
First Quarter	$ 13.75	$ 7.22
Second Quarter	9.75	4.81
Third Quarter	7.13	4.75
Fourth Quarter	7.00	3.94
Fiscal Year 1999		
First Quarter	$ 15.50	$ 8.88
Second Quarter	17.13	13.00
Third Quarter	13.31	8.50
Fourth Quarter	10.69	7.13

As of March 2, 2001, there were approximately 245 holders of record of the Common Stock.

The Company does not currently intend to pay cash dividends on its Common Stock in the foreseeable future. The payment of any future dividends will be at the discretion of the Company's Board of Directors and will depend upon, among other things, future earnings, operations, capital requirements, the general financial condition of the Company and general business conditions.

No unregistered equity securities were sold by the Company during fiscal 2000.

ITEM 6. SELECTED FINANCIAL DATA

(In thousands, except share and operating data)

Fiscal years (1)	2000	1999	1998	1997	1996
Income Statement Data:					
Net sales	$ 418,164	$ 339,929	$ 280,157	$ 246,520	$ 233,945
Cost of sales (including buying, distribution and occupancy costs)	298,233	238,097	196,141	173,953	168,814
Gross profit	119,931	101,832	84,016	72,567	65,131
Selling, general and administrative expenses	100,692	80,888	66,464	59,438	57,405
Restructuring credit					(474)
Operating income	19,239	20,944	17,552	13,129	8,200
Interest expense	3,168	1,010	507	912	1,242
Income before income taxes	16,071	19,934	17,045	12,217	6,958
Income tax expense	6,348	7,973	6,818	4,826	2,818
Net income	$ 9,723	$ 11,961	$ 10,227	$ 7,391	$ 4,140
Net income per share:					
Basic	$ .79	$ .90	$ .78	$ .57	$ .32
Diluted	$ .78	$ .88	$ .76	$ .56	$ .32
Average shares outstanding:					
Basic	12,354	13,284	13,150	13,049	13,023
Diluted	12,455	13,578	13,429	13,238	13,029
Selected Operating Data (2):					
Stores open at end of year	165	138	111	92	93
Square footage of store space at year-end (000's)	1,911	1,590	1,274	1,021	1,026
Average sales per store (000's)	$ 2,744	$ 2,744	$ 2,791	$ 2,720	$ 2,543
Average sales per square foot	$ 237	$ 238	$ 250	$ 245	$ 233
Comparable store sales	2.5%	1.4%	3.6%	6.1%	(1.1%)
Balance Sheet Data:					
Working capital	$ 87,691	$ 68,346	$ 47,668	$ 48,889	$ 45,090
Total assets	187,351	162,853	120,761	96,201	93,926
Long-term debt and other indebtedness	41,137	22,338	1,361	6,133	9,621
Total shareholders'					

equity	96,313	93,345	82,667	71,609	63,772

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's fiscal year consists of a 52/53 week period ending on the Saturday closest to January 31. Unless otherwise stated, references to the years 2000, 1999 and 1998 relate respectively to the fiscal years ended February 3, 2001, January 29, 2000 and January 30, 1999. Fiscal year 2000 consisted of 53 weeks and fiscal years 1999 and 1998 consisted of 52 weeks.

Results of Operations

The following table sets forth the Company's results of operations expressed as a percentage of net sales for the following fiscal years:

	2000	1999	1998
Net sales	100.0%	100.0%	100.0%
Cost of sales (including buying, distribution and occupancy costs)	71.3	70.0	70.0
Gross profit	28.7	30.0	30.0
Selling, general and administrative expenses	24.1	23.8	23.7
Operating income	4.6	6.2	6.3
Interest expense	0.8	0.3	0.2
Income before income taxes	3.8	5.9	6.1
Income tax expense	1.5	2.4	2.4
Net income	2.3%	3.5%	3.7%

2000 Compared to 1999

Net Sales

Net sales increased $78.2 million to $418.2 million in 2000, a 23.0% increase over net sales of $339.9 million in 1999. The increase was attributable to the sales generated by the 27 stores opened in 2000 (net of five stores closed), the effect of a full year's worth of sales for the 27 stores opened in 1999 (net of one store closed), sales in the additional week included in 2000 and a comparable store sales increase of 2.5%. Increases in comparable store sales were realized in all major footwear categories with the exception of the women's non-athletic category.

Gross Profit

Gross profit increased $18.1 million to $119.9 million in 2000, a 17.8% increase from gross profit of $101.8 million in 1999. The Company's gross profit margin decreased to 28.7% from 30.0% in 1999. As a percentage of sales, the merchandise gross profit margin decreased by 1.0% and buying, distribution and occupancy costs increased by .3%. The decrease in merchandise margins resulted from a decline in the gross profit margins realized from the sale and liquidation of spring season product, particularly sandals and dress shoes. This was partially offset by higher gross margins realized on fall season product, especially women's, men's and children's boots. The increase in the buying, distribution and occupancy costs was largely the result of higher occupancy costs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $19.8 million to $100.7 million in 2000 from $80.9 million in 1999. As a percentage of sales, these expenses increased .3% in 2000 primarily as a result of higher advertising costs. The Company's policy is to expense all non-capital pre-opening expenditures as they are incurred. The aggregate of pre-opening expenses for the 32 new stores in 2000 was approximately $2.4 million, or .6% of sales, and $2.1 million, or 0.6% of sales, for the 28 new stores in 1999.

Interest Expense

Interest expense increased to $3.2 million (net of interest income of $49,000) in 2000 from $1.0 million (net of interest income of $32,000) in 1999. The increase was attributable to a higher effective interest rate and increased borrowings used to fund the Company's store expansion and the common share repurchase program. The weighted average interest rate on total debt was 8.2% in 2000 and 7.3% in 1999.

Income Taxes

The effective income tax rate for 2000 was 39.5% and 40% for 1999. The effective income tax rate for both years differed from the statutory rate due primarily to state and local income taxes, net of the federal tax benefit.

1999 Compared to 1998

Net Sales

Net sales increased $59.8 million to $339.9 million in 1999, a 21.3% increase over net sales of $280.2 million in 1998. The increase was attributable to the sales generated by the 27 stores opened in 1999 (net of one store closed), the effect of a full year's worth of sales for the 19 stores opened in 1998 (net of one store closed) and a comparable store sales increase of 1.4%. Increases in comparable store sales were realized in all major footwear categories with the exception of the children's category. Average sales per square foot in stores open the full year decreased to $238 in 1999 from $250 in 1998 due to the lower sales productivity of stores opened in 1998.

Gross Profit

Gross profit increased $17.8 million to $101.8 million in 1999, a 21.2% increase from gross profit of $84.0 million in 1998. The Company's gross profit margin remained steady at 30.0% for the two years. As a percentage of sales, an increase in the merchandise gross profit margin of 0.3% was offset by an increase of 0.3% in buying, distribution and occupancy costs. The increase in the buying, distribution and occupancy costs was largely the result of higher distribution costs associated with inefficiencies experienced during the expansion of the Company's distribution center. (See discussion of capital asset acquisitions under "Liquidity and Capital Resources".)

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $14.4 million to $80.9 million in 1999 from $66.5 million in 1998. As a percentage of sales, these expenses increased 0.1% in 1999 primarily as a result of the higher advertising costs. The Company's policy is to expense all non-capital pre-opening expenditures as they are incurred. The aggregate of pre-opening expenses for the 28 new stores in 1999 was approximately $2.1 million, or 0.6% of sales, and $1.7 million, or 0.6% of sales, for the 20 new stores in 1998.

Interest Expense

Interest expense increased to $1.0 million (net of interest income of $32,000) in 1999 from $507,000 (net of interest income of $46,000) in 1998. The increase in interest expense was attributable to increased borrowings used to fund the Company's store expansion and common share repurchase program in 1999. The weighted average interest rate on total debt was 7.3% in 1999 and 8.5% in 1998.

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Income Taxes

The effective income tax rate for 1999 and 1998 was 40%. The effective income tax rate for both years differed from the statutory rate due primarily to state and local income taxes, net of the federal tax benefit.

Liquidity and Capital Resources

The Company's sources and uses of cash are summarized as follows:

(000's) Fiscal years	2000	1999	1998
Net income plus depreciation and amortization	$ 20,069	$ 20,339	$ 16,795
Deferred income taxes	1,237	1,131	414
Working capital(increases)decreases	(18,100)	(20,787)	1,326
Other operating activities	(96)	(328)	80
Net cash provided by operating activities	3,110	355	18,615
Net cash used in investing activities	(12,979)	(19,441)	(12,487)
Net cash used to repurchase common shares	(7,576)	(2,424)	0
Net cash provided by (used in) other financing activities	18,997	21,241	(5,755)
Net increase (decrease) in cash and cash equivalents	1,552	(269)	373
Cash and cash equivalents at beginning of year	1,675	1,944	1,571
Cash and cash equivalents at end of year	$ 3,227	$ 1,675	$ 1,944

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The Company's primary sources of funds are cash flows from operations and borrowings under its revolving credit facility. Cash provided from operating activities was $3.1 million, $355,000 and $18.6 million in 2000, 1999 and 1998, respectively. Excluding changes in operating assets and liabilities, $21.2 million, $21.1 million and $17.3 million was provided by operating activities in 2000, 1999 and 1998, respectively. Merchandise inventories increased $18.3 million (17.5%) to $123.0 million at February 3, 2001 compared with $104.7 million at January 29, 2000. The increase in merchandise inventories resulted primarily from the 27 additional stores operated at February 3, 2001(a 19.6% increase).

Working capital was $87.7 million at February 3, 2001 and $68.3 million at January 29, 2000. The current ratio at February 3, 2001 was 3.1 as compared to 2.7 at January 29, 2000. The increase from the prior year was primarily a result of an increase in merchandise inventories. Long-term debt as a percentage of total capital (long-term debt plus shareholders' equity) increased to 29.9% at February 3, 2001 as compared to 19.3% at January 29, 2000. The increase in long-term debt was used to fund the store expansion program and common share repurchases of $7.6 million.

Capital expenditures, net of lease incentives, were $13.8 million in 2000, $20.3 million in 1999 and $14.6 million in 1998. These amounts include $783,000, $808,000 and $1.9 million of capital lease obligations incurred in 2000, 1999 and 1998, respectively. Of the 2000 expenditures, $10.1 million was incurred for new stores and $1.3 million was incurred for the remodeling of certain stores. The remaining capital expenditures in 2000 were primarily for various store improvements, merchandise display and signage enhancements and technology.

An expansion and upgrade of the Company's distribution center, which began in the Fall of 1998, was completed in 1999 at a total cost of $7.6 million, of which $5.3 million was spent during 1999. The expansion doubled the size of the distribution center to 200,000 square feet. Additionally, the Company installed state-of-the-art material handling, picking and sorting equipment and software. The conversion to the new equipment and systems was completed in the second quarter of 2000 with the completion of personnel training. The enhanced facility increased the Company's distribution capacity to at least 400 stores.

Capital expenditures, including assets acquired through leasing arrangements but net of lease incentives, are expected to be $8 million to $9 million in fiscal 2001. The actual amount of cash required for capital expenditures depends in part on the number of new stores opened, the amount of lease incentives, if any, received from landlords and the number of stores remodeled. The opening of new stores will be dependent upon, among other things, the availability of desirable locations, the negotiation of acceptable lease terms and general economic and business conditions affecting consumer spending in areas the Company targets for expansion.

In fiscal 2001, the Company intends to open 15 or 16 stores at an expected aggregate cost of between $5 million and $6 million. The remaining capital expenditures are expected to be incurred for store remodels, visual presentation enhancements and various other store improvements along with continued investments in technology.

The Company's current store prototype utilizes between 8,000 and 15,000 square feet depending upon, among other factors, the location of the store and the population base the store is expected to service. Net capital expenditures for a new store is expected to average approximately $330,000, including point-of-sale equipment which is generally acquired through equipment leasing transactions. The average inventory investment in a new store is expected to range from $450,000 to $750,000, depending on the size and sales expectation of the store and the timing of the new store opening. Pre-opening expenses, such as advertising, salaries, supplies and utilities, are expected to average approximately $75,000 per store. On a per-store basis, for the 32 stores opened during 2000, the initial inventory investment averaged $620,000, capital expenditures averaged $340,000 and pre-opening expenses averaged $75,000.

On January 7, 2000, the Company's Board of Directors authorized a share repurchase program that allowed the Company to purchase up to $10 million of the outstanding common stock. In January 2000, the Company purchased 291,900 shares at a cost of $2.4 million. 123,100 shares were purchased during the first quarter at a cost of $1.1 million and 620,600 shares were purchased during the second quarter for $4.0 million. The share repurchase program was completed in August with the purchase of 409,750 shares at a cost of $2.5 million. Total shares acquired under the program were 1,445,350 at a cost of $10.0 million. The treasury shares may be reissued in connection with possible future stock offerings, dividends, stock based compensation programs and other general corporate uses.

The Company's unsecured credit facility provides for a combination of cash advances on a revolving basis and the issuance of commercial letters of credit. Borrowings under the revolving credit line are based on eligible inventory. Borrowings and letters of credit outstanding under this facility at February 3, 2001 were $40.0 million and $10.5 million, respectively. On March 24, 2000, the credit agreement was amended to increase the facility by $10 million to allow for up to $55 million in cash advances and commercial letters of credit. The maturity date was also extended to March 31, 2002. On November 8, 2000, the credit agreement was further amended to increase the total credit facility to $70 million and to extend the maturity date to March 31, 2003.

The Company anticipates that its existing cash and cash flow from operations, supplemented by borrowings under its revolving credit line will be sufficient to fund its planned expansion and other operating cash requirements for at least the next 12 months.

Seasonality

The Company's quarterly results of operations have fluctuated, and are expected to continue to fluctuate in the future, primarily as a result of seasonal variances and the timing of sales and costs associated with opening new stores. Non-capital expenditures, such as advertising and payroll, incurred prior to the opening of a new store are charged to expense as incurred. Therefore, the Company's results of operations may be adversely affected in any quarter in which the Company incurs pre-opening expenses related to the opening of new stores.

The Company has three distinct peak selling periods: Easter, back-to-school and Christmas.

Factors That May Effect Future Results

This Annual Report contains certain forward looking statements that involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially are the following: general economic conditions in the areas of the United States in which the Company's stores are located; changes in the overall retail environment and more specifically in the apparel and footwear retail sectors; the impact of competition, weather patterns, consumer buying trends and the ability of the Company to identify and respond to emerging fashion trends; the availability of desirable store locations and management's ability to negotiate acceptable lease terms and open new stores in a timely manner; and changes in the political and economic environments in the People's Republic of China, where most of the Company's private label products are manufactured, and the continued favorable trade relationships between China and the United States.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk in that the interest payable on the Company's Credit Agreement is based on variable interest rates and therefore is affected by changes in market rates. The Company does not use interest rate derivative instruments to manage exposure to changes in market interest rates. A 1% change in the weighted average interest rate charged under the Credit Agreement would have resulted in interest expense fluctuating by approximately $370,000 in 2000 and $108,000 in 1999.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Management

Management of the Company is responsible for the preparation, integrity and objectivity of the financial information included in this Annual Report. The consolidated financial statements have been prepared in conformity with generally accepted accounting principles and necessarily include amounts which are based upon estimates and judgments by management.

Management maintains internal accounting control systems designed to provide reasonable assurance that assets are safeguarded, transactions are executed in accordance with management's authorization and the accounting records may be relied upon for the preparation of financial statements and other financial information. This system of internal controls has been designed and is maintained in recognition of the concept that the cost of controls should not exceed the benefit derived therefrom.

The Audit Committee of the Board of Directors meets periodically with management and the independent auditors to review matters relating to the Company's financial reporting, the adequacy of internal control systems and the scope and results of the annual audit. Representatives of the independent auditors have free access to the Audit Committee and the Board of Directors.

The Company's consolidated financial statements have been audited by Deloitte & Touche LLP, whose report, which follows, expresses an opinion as to the fair presentation of the financial statements and is based on an independent audit performed in accordance with generally accepted auditing standards.

Independent Auditors' Report

To the Board of Directors and Shareholders of Shoe Carnival, Inc.:

We have audited the accompanying consolidated balance sheets of Shoe Carnival, Inc., as of February 3, 2001 and January 29, 2000 and the related consolidated statements of income, shareholders' equity and cash flows for the years ended February 3, 2001, January 29, 2000 and January 30, 1999. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Shoe Carnival, Inc., at February 3, 2001 and January 29, 2000, and the results of its operations and its cash flows for the years ended February 3, 2001, January 29, 2000 and January 30, 1999, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth.

/s/ Deloitte & Touche LLP

Deloitte & Touche LLP
San Francisco, California
March 2, 2001

Shoe Carnival, Inc.
Consolidated Balance Sheets

(In thousands)	February 3, 2001	January 29, 2000
Assets		
Current Assets:		
Cash and cash equivalents	$ 3,227	$ 1,675
Accounts receivable	1,067	694
Merchandise inventories	123,035	104,730
Deferred income tax benefit	728	876
Other	1,434	1,168
Total Current Assets	129,491	109,143
Property and equipment-net	57,860	53,710
Total Assets	$ 187,351	$ 162,853

Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$ 33,030	$ 33,817
Accrued and other liabilities	7,896	6,266
Current portion of long-term debt	874	714
Total Current Liabilities	41,800	40,797
Long-term debt	41,137	22,338
Deferred lease incentives	3,651	3,077
Deferred income taxes	4,386	3,296
Other	64	
Total Liabilities	91,038	69,508
Shareholders' Equity:		
Common stock, $. 01 par value, 50,000 shares authorized 13,363 and 13,345 shares issued	134	133
Additional paid-in capital	64,288	63,683
Retained earnings	41,676	31,953
Treasury stock, at cost, 1,406 and 292 shares	(9,785)	(2,424)
Total Shareholders' Equity	96,313	93,345
Total Liabilities and Shareholders' Equity	$ 187,351	$ 162,853

See notes to consolidated financial statements

Shoe Carnival, Inc.
Consolidated Statements of Income

(In thousands, except per share data)

Fiscal years ended	February 3, 2001	January 29, 2000	January 30, 1999
Net sales	$ 418,164	$ 339,929	$ 280,157
Cost of sales (including buying,distribution			

and occupancy costs)	298,233	238,097	196,141
Gross profit	119,931	101,832	84,016
Selling, general and administrative expenses	100,692	80,888	66,464
Operating income	19,239	20,944	17,552
Interest expense	3,168	1,010	507
Income before income taxes	16,071	19,934	17,045
Income tax expense	6,348	7,973	6,818
Net income	$ 9,723	$ 11,961	$ 10,227
Net income per share:			
Basic	$ .79	$ .90	$ .78
Diluted	$ .78	$ .88	$ .76
Average shares outstanding:			
Basic	12,354	13,284	13,150
Diluted	12,455	13,578	13,429

See notes to consolidated financial statements

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Shoe Carnival, Inc.
Consolidated Statements of Shareholders' Equity

(In thousands)

	Common Stock Issued	Common Stock Treasury	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total
Balance at January 31, 1998	13,088	0	$ 0	$61,844	$ 9,765	$ 0	$71,609
Exercise of stock options	76			690			690
Employee stock purchase plan purchases	15			141			141
Increase in							

par value			132	(132)			
Net income					10,227		10,227
Balance at January 30, 1999	13,179	0	132	62,543	19,992	0	82,667
Exercise of stock options	153		1	1,002			1,003
Employee stock purchase plan purchases	13			138			138
Common stock repurchased		(292)				(2,424)	(2,424)
Net income					11,961		11,961
Balance at January 29, 2000	13,345	(292)	133	63,683	31,953	(2,424)	93,345
Exercise of stock options	18	17	1	605		90	696
Employee stock purchase plan purchases		22				125	125
Common stock repurchased		(1,153)				(7,576)	(7,576)
Net income					9,723		9,723
Balance at February 3, 2001	13,363	(1,406)	$ 134	$64,288	$41,676	$(9,785)	$96,313

See notes to consolidated financial statements

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Shoe Carnival, Inc.
Consolidated Statements of Cash Flows

(In thousands)
Fiscal years ended

	February 3, 2001	January 29, 2000	January 30, 1999
Cash Flows From Operating Activities			
Net income	$ 9,723	$ 11,961	$ 10,227
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	10,346	8,378	6,568
Loss on retirement of assets	321	35	380
Deferred income taxes	1,237	1,131	414
Other	(417)	(363)	(300)

Changes in operating assets and liabilities:			
Merchandise inventories	(18,305)	(29,340)	(15,299)
Accounts receivable	(373)	(128)	214
Accounts payable and accrued liabilities	844	8,628	16,801
Other	(266)	53	(390)
Net cash provided by operating activities	3,110	355	18,615
Cash Flows From Investing Activities			
Purchases of property and equipment	(14,029)	(20,478)	(14,061)
Lease incentives	1,048	1,016	1,416
Other	2	21	158
Net cash used in investing activities	(12,979)	(19,441)	(12,487)
Cash Flows From Financing Activities			
Borrowings under line of credit	413,400	203,625	102,675
Payments on line of credit	(394,400)	(182,625)	(108,375)
Payments on long-term debt	(824)	(899)	(886)
Proceeds from issuance of stock	821	1,140	831
Common stock repurchased	(7,576)	(2,424)	
Net cash provided by (used in) financing activities	11,421	18,817	(5,755)
Net increase (decrease) in cash and cash equivalents	1,552	(269)	373
Cash and cash equivalents at beginning of year	1,675	1,944	1,571
Cash and Cash Equivalents at End of Year	$ 3,227	$ 1,675	$ 1,944
Supplemental disclosures of cash flow information:			
Cash paid during year for interest	$ 2,013	$ 901	$ 580
Cash paid during year for income taxes	4,627	6,443	6,651
Capital lease obligations incurred	783	808	1,908

See notes to consolidated financial statements

Shoe Carnival, Inc.
Notes to Consolidated Financial Statements

Note 1 - Organization and Description of Business

The consolidated financial statements include the accounts of Shoe Carnival, Inc. and its wholly-owned subsidiary SCLC, Inc. (collectively the "Company"). Shoe Carnival, Inc., was incorporated on February 25, 1988 under the name of

DAR Group Investments,Inc. The Company changed its name to Shoe Carnival,Inc., on January 15, 1993. SCLC, Inc. was incorporated on February 1, 1999. The Company's primary activity is the sale of footwear and related products through Company-operated retail stores in the Midwest, South and Southeastern regions of the United States.

Note 2 - Summary of Significant Accounting Policies

Fiscal Year

The Company's fiscal year consists of a 52/53 week period ending on the Saturday closest to January 31. Unless otherwise stated, references to the years 2000, 1999 and 1998 relate respectively to the fiscal years ended February 3, 2001, January 29, 2000 and January 30, 1999. Fiscal year 2000 consisted of 53 weeks and fiscal years 1999 and 1998 consisted of 52 weeks.

Cash and Cash Equivalents

The Company considers all certificates of deposit and other short-term investments with an original maturity date of three months or less to be cash equivalents.

Merchandise Inventories

Merchandise inventories are stated at the lower of cost or market using the first-in, first-out (FIFO) method. In determining market value, management estimates the future sales price of items of merchandise contained in the inventory as of the balance sheet date. Factors considered in this determination include among others, current and recently recorded sales prices, the length of time product has been held in inventory and quantities of various product styles contained in inventory. The ultimate amount realized from the sale of certain product could differ materially from management's estimates.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization of property, equipment and leasehold improvements are provided on the straight-line method over the shorter of the estimated useful lives of the assets or the applicable lease terms. Lives used in computing depreciation and amortization range from two to 30 years. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures which materially increase values, improve capacities or extend useful lives are capitalized. Upon sale or retirement, the costs and related accumulated depreciation or amortization are eliminated from the respective accounts and any resulting gain or loss is included in operations.

Deferred Lease Incentives

All incentives received from landlords for leasehold improvements and fixturing of new stores are recorded as deferred income and amortized over the life of the lease on a straight-line basis as a reduction of rental expense.

Revenue Recognition

Sales are recorded net of an estimate for returns and allowances.

Shoe Carnival, Inc.
Notes to Consolidated Financial Statements - Continued

Store Opening Costs

Non-capital expenditures incurred prior to the opening of a new store have been charged to expense in the month the store was opened prior to 1999. Statement of Position ("SOP")98-5, "Reporting on the Costs of Start-up Activities", requires that beginning in 1999 all pre-opening and other start-up costs be expensed in the period incurred. Accordingly, with the adoption of SOP 98-5 in 1999, all pre-opening costs were expensed in the period incurred. This change did not have a material impact on the Company's consolidated financial statements.

Advertising Costs

Print, radio and television communication costs are generally expensed when incurred. Internal production costs are expensed when incurred and external production costs are expensed in the year the advertisement first takes place. Advertising expenses included in selling, general and administrative expenses were $19.7 million in 2000, $14.8 million in 1999 and $11.5 million in 1998.

Comprehensive Income

Statement of Financial Accounting Standards ("SFAS") No. 130, "Comprehensive Income," requires the presentation of comprehensive income, in addition to the existing income statement. Comprehensive income is defined as the change in equity during a period from transactions and other events, excluding changes resulting from investments by owners and distributions to owners. For all years presented, there are no items requiring separate disclosure in accordance with this statement.

Segments of an Enterprise and Related Information

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" requires the disclosure of segment related information based on how management makes decisions about allocating resources to segments and measuring their performance. The Company has one business segment that offers the same principal product and service throughout the Midwest, South and Southeastern regions of the United States. Based on the current organizational structure of the Company, the financial information presented is in compliance with this accounting pronouncement.

Derivative Instruments and Hedging Activities

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and hedging activities. Under SFAS No. 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company has adopted SFAS No. 133 effective February 4, 2001. The adoption of SFAS No. 133 will not have a significant impact on the financial position, results of operations or cash flows of the Company.

Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires that management make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The reported amounts of revenues and expenses during the reporting period may be affected by the estimates and assumptions management is required to make. Actual results could differ from those estimates.

Shoe Carnival, Inc.
Notes to Consolidated Financial Statements - Continued

Note 3 - Property and Equipment-net

The following is a summary of property and equipment:

(000's)	February 3, 2001	January 29, 2000
Land	$ 205	$ 205
Buildings	8,953	8,912
Furniture, fixtures and equipment	50,899	46,615
Leasehold improvements	33,913	29,601
Equipment under capital leases	3,818	4,305
Total	97,788	89,638
Less accumulated depreciation and amortization	39,928	35,928
Property and equipment-net	$ 57,860	$ 53,710

Note 4 - Accrued and Other Liabilities

Accrued and other liabilities consisted of the following:

(000's)	February 3, 2001	January 29, 2000
Employee compensation and benefits	$ 2,906	$ 1,848
Accrued rent	1,863	1,336
Other	3,127	3,082
Total accrued and other liabilities	$ 7,896	$ 6,266

Note 5 - Long-Term Debt

Long-term debt consisted of the following:

(000's)	February 3, 2001	January 29, 2000

Credit agreement	$ 40,000	21,000
Capital lease obligations (see Note 6)	2,011	$ 2,052
Total	42,011	23,052
Less current portion	874	714
Total long-term debt, net of current portion	$ 41,137	$ 22,338

The Company has an unsecured credit agreement (the "Credit Agreement") with a bank group which allows for both cash advances and the issuance of letters of credit. On April 16, 1999, the Credit Agreement was amended to increase the facility $10 million to a total of $45 million, to adjust certain economic terms and financial covenants and to extend the maturity date to March 31, 2001. On March 24, 2000, the credit agreement was amended to increase the total facility to $55 million and extend the maturity date to March 31, 2002. On November 8, 2000, the credit agreement was further amended to increase the total credit facility to $70 million and to extend the maturity date to March 31, 2003.

Borrowings under the amended facility are based on eligible inventory and bear interest, at the Company's option, at the agent bank's prime rate (8.5% at February 3, 2001) minus 0.5% or LIBOR plus from 0.75% to 1.5%, depending on the Company's achievement of certain performance criteria. A commitment fee is charged, at the Company's option, at 0.3% per annum on the unused portion of the bank group's commitment or 0.15% per annum of the total commitment. The Credit Agreement contains various restrictive and financial covenants, including the maintenance of specific financial ratios. At February 3, 2001 outstanding letters of credit were approximately $10.5 million.

Note 6 - Leases

The Company leases all of its retail locations and certain equipment under operating leases expiring at various dates through 2015. One hundred and forty-six leases provide for contingent rental payments of between 2% and 5% of sales in excess of stated amounts. Certain leases also contain escalation clauses for increases in minimum rentals, operating costs and taxes. In addition, the Company leases equipment under capitalized leases expiring at various dates through 2004.

Rental expense for the Company's operating leases consisted of:

(000's) Fiscal years	2000	1999	1998
Rentals for real property	$ 22,102	$ 17,394	$ 13,822
Equipment rentals	419	386	437
Total	$ 22,521	$ 17,780	$ 14,259

Future minimum lease payments at February 3, 2001 are as follows:

(000's) Fiscal years	Operating Leases	Capital Leases
2001	$ 23,371	$ 1,008
2002	23,205	798
2003	21,954	329
2004	19,778	98
2005	18,140	
Thereafter to 2015	67,677	
Minimum lease payments	$ 174,125	2,233
Less imputed interest at rates ranging from 7.5% to 11.6%		222
Present value of net minimum lease payments of which $874 is included in current liabilities		$ 2,011

The present value of minimum lease payments for equipment under capital lease is included in long-term debt (see Note 5).

Investment in equipment under capital lease, which is included in property and equipment, was:

(000's)	February 3, 2001	January 29, 2000
Equipment	$ 3,818	$ 4,305
Less accumulated amortization	1,485	2,075
Equipment under capital lease-net	$ 2,333	$ 2,230

Note 7 - Income Taxes

The provision for income taxes consisted of:

(000's) Fiscal years	2000	1999	1998
Current:			
Federal	$ 4,518	$ 5,857	$ 5,591
State	593	985	813

Total current	5,111	6,842	6,404
Deferred:			
Federal	1,096	990	375
State	141	141	39
Total deferred	1,237	1,131	414
Total provision	$ 6,348	$ 7,973	$ 6,818

Included in other current assets are income tax receivables in the amounts of $1,000 and $7,000 as of February 3, 2001 and January 29, 2000, respectively.

A reconciliation between the statutory federal income tax rate and the effective income tax rate is as follows:

Fiscal years	2000	1999	1998
U.S. Federal statutory tax rate	35.0%	35.0%	35.0%
State and local income taxes, net of federal tax benefit	5.0	5.1	5.1
Other	(0.5)	(0.1)	(0.1)
Effective income tax rate	39.5%	40.0%	40.0%

Deferred income taxes are the result of temporary differences in the recognition of revenue and expense for tax and financial reporting purposes. The sources of these differences and the tax effect of each are as follows:

(000's)	February 3, 2001	January 29, 2000
Deferred tax assets:		
Accrued rent	$ 653	$ 524
Accrued compensation	252	241
Federal net operating loss carryforward	87	131
Lease incentives	37	10
Other	171	149
Total deferred tax assets	$ 1,200	$ 1,055

Deferred tax liabilities:		
Depreciation	$ 2,484	$ 1,781
Purchase accounting adjustments	788	844
Inventory valuation	559	190
Inventory purchase discounts	1,027	660
Total deferred tax liabilities	$ 4,858	$ 3,475

Note 8 - Employee Benefit Plans

Retirement Savings Plan

On February 24, 1994, the Company's Board of Directors approved the Shoe Carnival Retirement Savings Plan (the "Retirement Plan"). The Retirement Plan is open to all employees who have been employed for one year, are at least 21 years of age and who work at least 1,000 hours per year. The primary savings mechanism under the Retirement Plan is a 401(k) plan under which an employee may contribute up to 15% of earnings with the Company matching the first 4% at a rate of 50%.

Employee and Company contributions are paid to a trustee and invested in up to 16 investment options at the participants' direction. The Company contributions to the participants' accounts become fully vested upon completion of five years of participation in the Retirement Plan. Contributions charged to expense in 2000, 1999 and 1998 were $334,000, $256,000 and $199,000, respectively.

Stock Purchase Plan

On May 11, 1995, the Company's shareholders approved the Shoe Carnival, Inc. Employee Stock Purchase Plan (the "Stock Purchase Plan") as adopted by the Company's Board of Directors on February 9, 1995. The Stock Purchase Plan reserves 300,000 shares of the Company's common stock (subject to adjustment for any subsequent stock splits, stock dividends and certain other changes in the common stock) for issuance and sale to any employee who has been employed for more than a year at the beginning of the calendar year, and who is not a 10% owner of the Company's stock, at 85% of the then fair market value up to a maximum of $5,000 in any calendar year. During 2000, 22,000 shares of common stock were purchased by participants in the plan and proceeds to the Company for the sale of those shares totaled approximately $125,000.

Deferred Compensation Plan

In 2000 the Company established a non-qualified deferred compensation plan for certain key employees who, due to Internal Revenue Service guidelines, cannot take full advantage of the Company sponsored 401(k) plan. Participants in the plan elect on an annual basis to defer, on a pre-tax basis, portions of their current compensation until retirement, or earlier if so elected. While not required to, the Company can match a portion of the employees' contributions which would be subject to vesting requirements. The plan is currently unfunded.

Compensation expense for the Company's match and earnings on the deferred amounts for 2000 were $18,000. Total deferred compensation liability at February 3, 2001 was $64,000.

Note 9 - Stock Option and Incentive Plans

1993 Stock Option and Incentive Plan

Effective January 15, 1993, the Company's Board of Directors and shareholders approved the 1993 Stock Option and Incentive Plan (the "1993 Plan"). The 1993 Plan reserves for issuance 1,500,000 shares of the Company's common stock (subject to adjustment for any subsequent stock splits, stock dividends and certain other changes in the common stock) pursuant to any incentive awards granted by the Stock Option Committee of the Board of Directors which administers the 1993 Plan. The 1993 Plan provides for the grant of incentive awards in the form of stock options or restricted stock to officers and other key employees of the Company. Stock options granted under the plan may be either options intended to qualify for federal income tax purposes as "incentive stock options" or options not qualifying for favorable tax treatment ("non-qualified stock options"). At February 3, 2001, 124,872 shares of unissued common stock were reserved for future grants under the plan.

Outside Directors Stock Option Plan

Effective March 4, 1999, the Company's Board of Directors approved the Outside Directors Stock Option Plan (the "Directors Plan"). The Directors Plan reserves for issuance 25,000 shares of the Company's common stock (subject to adjustment for any subsequent stock splits, stock dividends and certain other changes to the common stock). The Directors Plan calls for each non-employee Director to receive on April 1st of each year an option to purchase 1,000 shares of the Company's common stock at the market price on the date of grant. The option will vest six months from the grant date and expire ten years from the date of grant. At February 3, 2001, 21,000 shares of unissued common stock were reserved for future grants under the plan.

2000 Stock Option and Incentive Plan

Effective June 8, 2000, the Company's Board of Directors and shareholders approved the 2000 Stock Option and Incentive Plan (the "2000 Plan"). The 2000 Plan reserves for issuance 1,000,000 shares of the Company's common stock (subject to adjustment for any subsequent stock splits, stock dividends and certain other changes in the common stock) pursuant to any incentive awards granted by the Stock Option Committee of the Board of Directors which administers the 2000 Plan. The 2000 Plan provides for the grant of incentive awards in the form of stock options or restricted stock to officers and other key employees of the Company. Stock options granted under the plan may be either options intended to qualify for federal income tax purposes as "incentive stock options" or options not qualifying for favorable tax treatment ("non-qualified stock options"). At February 3, 2001, 570,000 shares of unissued common stock were reserved for future grants under the plan.

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", in accounting for employee stock options. Accordingly, no compensation expense has been recognized for the 1993 Plan, the Directors Plan or the 2000 Plan.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, "Accounting for Stock-Based Compensation," and has been determined as if the Company had accounted for its stock options under SFAS No. 123's fair value method. The fair value of these options was estimated at grant date using Black-Scholes option pricing model with the following weighted average assumptions:

Shoe Carnival, Inc.
Notes to Consolidated Financial Statements - Continued

Fiscal years	2000	1999	1998
Risk free interest rate	5.9%	5.4%	5.6%
Expected dividend yield	0.0%	0.0%	0.0%
Expected volatility	71.5%	72.1%	74.3%
Expected term	5 Years	5 Years	5 Years

For the purpose of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information follows:

(000's, except per share data) Fiscal years	2000	1999	1998
Pro forma net income	$ 8,675	$ 11,243	$ 9,832
Pro forma net income per share-Basic	$ .70	$ .85	$ .75
Pro forma net income per share-Diluted	$ .70	$ .83	$ .73

The weighted-average fair value of options granted was $3.68, $7.03 and $7.12 for 2000, 1999 and 1998, respectively.

The following table summarizes the transactions pursuant to the stock option plans for the three-year period ended February 3, 2001:

	Shares		Weighted Average Exercise Price	
	Outstanding	Exercisable	Outstanding	Exercisable
Balance at January 31, 1998	727,468	507,683	$ 6.21	$ 6.52
Granted	212,500		11.00	
Cancelled	(2,767)		9.39	
Exercised	(79,927)		6.68	
Balance at January 30, 1999	857,274	517,842	7.34	$ 6.30
Granted	322,750		11.09	
Cancelled	(18,094)		10.32	
Exercised	(152,584)		6.58	
Balance at January 29, 2000	1,009,346	534,382	8.60	$ 6.68
Granted	579,800		5.79	
Cancelled	(66,750)		9.80	
Exercised	(35,735)		8.96	
Balance at				

February 3, 2001	1,486,661	656,131	$ 7.50	$ 7.66
	==========		======	

The following table summarizes information regarding outstanding and exercisable options at February 3, 2001:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number of Options Outstanding	Weighted Average Remaining Life	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
$ 4.25 - 6.00	815,649	7.8	$ 5.21	377,274	$ 5.55
$ 6.25 - 10.88	227,800	7.0	$ 8.62	74,558	$ 8.72
$ 11.00 - 11.13	426,212	7.7	$11.08	195,299	$11.06
$ 11.63 - 17.25	17,000	6.2	$13.29	9,000	$13.51

Note 10 - Shareholders' Equity

On January 7, 2000, the Company's Board of Directors authorized a share repurchase program that allowed the Company to purchase up to $10 million of the outstanding common stock. During 1999 the Company purchased 291,900 shares at an approximate cost of $2.4 million. An additional 1,153,450 shares were purchased in 2000 at an approximate cost of $7.6 million to complete the repurchase program.

Note 11 - Contingencies

Litigation

The Company is involved in various routine legal proceedings incidental to the conduct of its business, none of which is expected to have a material adverse effect on the Company's financial position.

Note 12 - Other Related Party Transactions

The Company's Chairman and Principal Shareholder and his son are principal shareholders of LC Footwear, LLC and PL Footwear, Inc. The Company purchases name brand merchandise from LC Footwear, LLC, while PL Footwear, Inc. serves as an import agent for the Company. PL Footwear, Inc. represents the Company on a commission basis in dealings with shoe factories in mainland China, where most of the Company's private label shoes are manufactured.

The Company purchased approximately $352,000 and $798,000 of merchandise from LC Footwear, LLC in 2000 and 1999, respectively. Commissions paid to PL Footwear, Inc. were $1.2 million, $1.1 million and $912,000 in 2000, 1999 and 1998, respectively.

Note 13 - Quarterly Results (Unaudited)

Quarterly results are determined in accordance with the accounting policies used for annual data and include certain items based upon estimates for the entire year. All fiscal quarters in 2000 and 1999 include results for 13 weeks except for the fourth quarter of 2000 which includes results for 14 weeks. The following table summarizes results for 2000 and 1999:

(000's, except per share data)

2000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 95,405	$ 95,611	$ 114,710	$ 112,438
Gross profit	28,193	27,391	33,929	30,418
Operating income	6,250	3,655	7,071	2,263
Net income	3,431	1,746	3,805	741
Net income per share - Basic	$ .26	$ .14	$ .32	$ .06
Net income per share - Diluted	$ .26	$ .14	$ .32	$ .06

(000's, except per share data)

1999	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$ 78,111	$ 83,206	$ 94,223	$ 84,389
Gross profit	24,858	25,094	29,455	22,425
Operating income	6,890	5,630	7,291	1,133
Net income	4,044	3,264	4,233	420
Net income per share - Basic	$ .31	$ .25	$ .32	$ .03
Net income per share - Diluted	$ .30	$ .24	$ .31	$ .03

SHOE CARNIVAL, INC.
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Descriptions	Balance at Beginning of Period	Charged (Credited) to Costs and Expenses	Balance at End of Period
Year ended January 30, 1999			
Reserve for sales returns and allowances	$ 114,492	$ 0	$ 114,492
Inventory reserve	$ 1,425,000	$ 175,000	$ 1,600,000
Year ended January 29, 2000			
Reserve for sales returns and allowances	$ 114,492	$ 0	$ 114,492
Inventory reserve	$ 1,600,000	$ 0	$ 1,600,000
Year ended February 3, 2001			
Reserve for sales returns and allowances	$ 114,492	$ 0	$ 114,492
Inventory reserve	$ 1,600,000	$ 550,000	2,150,000

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There have been no changes in or disagreements with the Company's independent accountants on accounting or financial disclosures.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item concerning the Directors and nominees for Director of the Company and concerning any disclosure of delinquent filers is incorporated herein by reference to the Company's definitive Proxy Statement for its 2001 Annual Meeting of Shareholders, to be filed with the Commission pursuant to Regulation 14A within 120 days after the end of the Company's fiscal year. Information concerning the executive officers of the Company is included under the caption "Executive Officers of the Company" at the end of Part I of this Annual Report. Such information is incorporated herein by reference, in accordance with General Instruction G(3) to Form 10-K and Instruction 3 to Item 401(b) of Regulation S-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item concerning remuneration of the Company's officers and Directors and information concerning material transactions involving such officers and Directors is incorporated herein by reference to the Company's definitive Proxy Statement for its 2001 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A within 120 days after the end of the Company's fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item concerning the stock ownership of management and five percent beneficial owners is incorporated herein by reference to the Company's definitive Proxy Statement for its 2001 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A within 120 days after the end of the Company's last fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item concerning certain relationships and related transactions is incorporated herein by reference to the Company's definitive Proxy Statement for its 2001 Annual Meeting of Shareholders which will be filed pursuant to Regulation 14A within 120 days after the end of the Company's last fiscal year.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a).1. Financial Statements:

The following financial statements of the Company are set forth in Part II, Item 8.

Report of Management

Independent Auditors' Report

Consolidated Balance Sheets at February 3, 2001 and January 29, 2000

Consolidated Statements of Income for the years ended February 3, 2001, January 29, 2000 and January 30,1999

Consolidated Statements of Shareholders' Equity for the years ended February 3, 2001, January 29, 2000 and January 30, 1999

Consolidated Statements of Cash Flows for the years ended February 3, 2001, January 29, 2000 and January 30, 1999

Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

The following financial statement schedule of the Company is set forth in Part II, Item 8.

Schedule II   Valuation and Qualifying Accounts

3. Exhibits:

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended February 3, 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Shoe Carnival, Inc.

Date: April 30, 2001   By: /s/ Mark L. Lemond

Mark L. Lemond
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date

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/s/ J. Wayne Weaver J. Wayne Weaver	Chairman of the Board and Director	April 30, 2001
/s/ Mark L. Lemond Mark L. Lemond	President, Chief Executive Officer and Director (Principal Executive Officer)	April 30, 2001
/s/ William E. Bindley William E. Bindley	Director	April 30, 2001
/s/ Gerald W. Schoor Gerald W. Schoor	Director	April 30, 2001
/s/ W. Kerry Jackson W. Kerry Jackson	Vice President - Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	April 30, 2001

INDEX TO EXHIBITS

Exhibit No.	Description
3-A	(1)(i) Restated Articles of Incorporation of Registrant
	(2)(ii) Articles of Amendment of Restated Articles of Incorporation of Registrant
3-B	(3)By-laws of Registrant, as amended to date
4	(4)(i) Amended and Restated Credit Agreement and Promissory Notes dated April 16, 1999, between Registrant and Mercantile Bank National Association, First Union National Bank and Old National Bank
	(5)(ii) Amendment to Amended and Restated Credit Agreement and Promissory Notes dated March 24, 2000, between Registrant and Mercantile Bank National Association, First Union National Bank and Old National Bank
	(6)(iii) Second Amendment to Amended and Restated Credit Agreement and Promissory Notes dated November 8, 2000, between Registrant and Firstar Bank N.A., First Union National Bank, Old National Bank and LaSalle Bank National Association
10-D*	(7)1989 Stock Option Plan of Registrant and amendments to such Plan

10-E*	(8)	1993 Stock Option and Incentive Plan of Registrant, as amended
10-F*	(7)	Executive Incentive Compensation Plan of Registrant
10-G*	(9)	Outside Directors Stock Option Plan
10-I	(7)	Non-competition Agreement dated as of January 15, 1993, between Registrant and J. Wayne Weaver
10-K	(7)	Form of stock option exercise documents dated November 1, 1992, between Registrant and each of fourteen executive officers and key employees, including: (i) Exercise Notice; (ii) Subscription Agreement; (iii) Promissory Note; (iv) Pledge Agreement; (v) Stock Power
10-L*	(8)	Employee Stock Purchase Plan of Registrant, as amended
10-M*	(10)	Consulting agreement dated May 28, 1997, between Registrant and David H. Russell
10-N*	(11)	Employment agreement dated April 14, 1997, between Registrant and Clifton E. Sifford
10-O*	(12)	2000 Stock Option and Incentive Plan of Registrant
21		A list of subsidiaries of Shoe Carnival, Inc.
23		Written consent of Deloitte & Touche LLP

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* The indicated exhibit is a management contract, compensatory plan or arrangement required to filed by Item 601 of Regulation S-K.

(1) The copy of this exhibit filed as exhibit number 3.1 to the Company's current report on Form 8-K dated July 17, 1996 is incorporated herein by reference.

(2) The copy of this exhibit filed as the same exhibit number to the Company's Quarterly Report on Form 10-Q for the quarter ended August 1, 1998 is incorporated herein by reference.

(3) The copy of this exhibit filed as the same exhibit number to the Company's Quarterly Report on Form 10-Q for the quarter ended November 2, 1996 is incorporated herein by reference.

(4) The copy of this exhibit as exhibit 4(i) to the Company's Annual Report on Form 10-K for the year ended January 30, 1999 is incorporated herein by reference.

(5) The copy of this exhibit filed as the same exhibit number to the Company's Quarterly Report on Form 10-Q for the quarter ended October 28, 2000 is incorporated herein by reference.

(7) The copy of this exhibit filed as the same exhibit number to the Company's Registration Statement on Form S-1 (Registration No. 33-57902) is incorporated herein by reference.

(8) The copy of this exhibit filed as the same exhibit number to the Company's Quarterly Report on Form 10-Q for the quarter ended August 2, 1997 is incorporated herein by reference.

(9) The copy of this exhibit filed as exhibit number 4.4 to the Company's Registration Statement on Form S-8 (Registration No. 333-82819) is incorporated herein by reference.

(10) The copy of this exhibit filed as the same exhibit number to the Company's current Report on Form 8-K dated June 9, 1997 is incorporated herein by reference.

(11) The copy of this exhibit filed as the same exhibit number to the Company's Quarterly Report on Form 10-Q for the quarter ended May 3, 1997 is incorporated herein by reference.

(12) The copy of this exhibit filed as exhibit number 4.4 to the Company's Registration Statement on Form S-8 (Registration No. 333-60114) is incorporated herein by reference.