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## AT Cross Co. Q2 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) We'll go to David Leibowitz with Burnham.

**David Leibowitz - Burnham**

A few unrelated items, if I may. First question, how much mark down money did you have to put out in the quarter?

**Kevin Mahoney**

The mark down money that was put out was a first quarter event, not second quarter, and it was less than \$0.5 million.

**David Leibowitz - Burnham**

Excellent. Is that, Kevin, an accrual, or is this just done as needed during the year?

**Kevin Mahoney**

It was as needed during the first quarter.

**David Leibowitz - Burnham**

And there is no accrual set up for further mark down money as the year progresses?

**Kevin Mahoney**

No. No. It was a first quarter event.

**David Leibowitz - Burnham**

Okay. Good. Second question, the new product introductions in the writing instrument business, what percentage of revenue do you expect them to be this year?

**Dave Whalen**

Well, we -- our target is to be over 25% on a 24 month measurement. Anything introduced in the last 24 months will be greater than -- represent greater than 25% of the business. We're achieving that target, Dave. I will -- I can get back to you on the specific level, but for this year's business it will be between 12% and 15% for the total year.

**David Leibowitz - Burnham**

Okay. And the last question, given the strength of the second quarter, the sales increase that you're talking to is not giving much core growth, and I was wondering where the shortfall is, what specific parts of the business are not living up to expectations?

**Dave Whalen**

I don't follow the question entirely.

**Kevin Mahoney**

Are you talking about going forward, Dave, or -- in the second quarter?

**David Leibowitz - Burnham**

Yeah. For the second half, based on the strength of the second quarter.

**Dave Whalen**

Well, as indicated in the comments, our performance in both our brands that we entered in '08 with, Cross and Costa Del Mar, performed well, both operating towards the plans that we laid out for them. The Native business contributed \$1 million of operating income in the second quarter, and as I said, that's the quarter where they get a substantial amount of their operating leverage.

**David Leibowitz - Burnham**

Right.

**Dave Whalen**

So, that quarterly benefit is not going to continue in quarters three and four.

**Kevin Mahoney**

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