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## Phoenix Footwear Group Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Jeff Mintz - Wedbush.

#### Jeff Mintz - Wedbush

Cathy, can you talk a little bit more about, what's going on in retail in terms of their managing of inventories for your brands and kind of what you are seeing in that regard out there?

#### Cathy Taylor

The retailer obviously is in an over inventory position in many areas and whether that takes in to consideration an inventory position for Phoenix, that effects our kind of open-to-buy and reorder rate bills of course. So in some of the channels, they are as much as kind of freezing new open-to-buys and in other cases we are working closely with them and I'm more kind of a modest-open-to based on managing some other inventories.

#### Jeff Mintz - Wedbush

Okay and now as you look out towards the spring season, are you seeing a significant pullback from retailers in terms of early orders for the spring?

#### Cathy Taylor

Certainly, where we experience a stronger kind of futures business with SoftWalk and Trotter, no. It's holding its own fairly well. It's a very unique size and width and business and so no, we're not seeing that. In some of the others we're not seeing anything extreme, but a little bit harder to hold on to, some of the expected growth futures that we would've hoped by now.

#### Jeff Mintz - Wedbush

Okay, great and then can you talk a little bit about, I was little surprised to see SG&A continue to be around the \$8 million mark. Can you just talk a little bit about given the tough environment and the difficult sales environment, kind of opportunities you may have for continuing to reduce that line item?

#### Doug Ford

Well, as we said, we're looking prudently at headcount and operating expenses virtually on a daily basis and while we continue to evaluate opportunities for expense reduction areas and expect that

our operating expenses will comedown as we continue to move forward, we don't have any specific actions in mind at this.

**Jim Riedman**

The other thing I'd add Jeff is that, it's a little bit of an unfair comparison because when we took the discontinued operations out last year and did the analysis; in some of those discontinued operation, financials they were absorbing some of the costs, for instance the rent in the Santiago office or IT and some other services.

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