LACROSSE FOOTWEAR INC
Form 10-Q
August 14, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 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 0-238001

LaCrosse Footwear, Inc.
(Exact name of Registrant as specified in its charter)

Wisconsin	39-1446816
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1319 St. Andrew Street, La Crosse, Wisconsin 54603
(Address of principal executive offices) (Zip Code)

(608) 782-3020
(Registrant's telephone number, including area code)

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

Common Stock, $.01 par value, outstanding as of August 1, 2001: 5,874,449 shares

LaCrosse Footwear, Inc.

Form 10-Q Index

For Quarter Ended June 30, 2001

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PART I - FINANCIAL INFORMATION

ITEM 1 Financial Statements

LACROSSE FOOTWEAR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2001 (Unaudited)	December 31, 2000
CURRENT ASSETS		
Cash and cash equivalents	$ 1,629,149	$ 10,506
Accounts receivable, net	21,129,443	26,820,360
Inventories (2)	46,025,917	38,563,826
Income tax receivable	906,000	906,000
Prepaid expenses	1,421,230	1,489,653
Deferred tax assets	2,115,000	2,456,400
Total current assets	73,226,739	70,246,745
PROPERTY AND EQUIPMENT, net of depreciation and amortization	8,094,349	11,287,281
GOODWILL	12,424,888	12,765,106
OTHER ASSETS	5,179,369	3,298,912
Total assets (4)	$98,925,345	$97,598,044

The accompanying notes are an integral part of the condensed consolidated financial statements.

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LACROSSE FOOTWEAR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

	June 30, 2001 (Unaudited)	December 31, 2000
CURRENT LIABILITIES		
Current maturities of long-term obligations (4)	$ 1,707,422	$ 10,217,422
Notes payable, bank (4)	33,442,813	20,840,000
Accounts payable	4,611,473	6,312,829
Accrued expenses	5,134,267	5,116,735
Total current liabilities	44,895,975	42,486,986
LONG-TERM OBLIGATIONS (4)	6,340,403	188,653
COMPENSATION AND BENEFITS	5,592,086	5,427,533
Total liabilities	56,828,464	48,103,172
SHAREHOLDERS' EQUITY		
Common stock, par value $.01 per share	67,176	67,176
Additional paid-in capital	26,434,480	26,434,480
Retained earnings	20,408,608	27,806,599
Treasury stock	(4,813,383)	(4,813,383)
Total shareholders' equity	42,096,881	49,494,872
Total liabilities and shareholders' equity	$ 98,925,345	$ 97,598,044

The accompanying notes are an integral part of the condensed consolidated financial statements.

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LACROSSE FOOTWEAR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Six Month
	June 30, 2001	July 1, 2000	June 30, 2001
Net sales	$26,074,585	$31,384,905	$55,222,373
Cost of goods sold (3)	22,721,351	23,309,978	44,413,609
Gross profit	3,353,234	8,074,927	10,808,764

Selling & administrative expenses (3)	8,549,326	8,066,119	16,843,222
Operating income (loss)	(5,196,092)	8,808	(6,034,458)
Non-operating income (expense)			
Interest expense	(704,849)	(776,596)	(1,421,446)
Miscellaneous	(9,248)	9,249	57,913
	(714,097)	(767,347)	(1,363,533)
Loss before income tax benefit	(5,910,189)	(758,539)	(7,397,991)
Income tax benefit (5)	0	(297,879)	0
Net loss	$(5,910,189)	$(460,660)	$(7,397,991)
Basic loss per share	$(1.01)	$(0.08)	$(1.26)
Diluted loss per share	$(1.01)	$(0.08)	$(1.26)
Weighted average shares outstanding:			
Basic	5,874,449	5,874,449	5,874,449
Diluted	5,874,449	5,874,449	5,874,449

The accompanying notes are an integral part of the condensed consolidated financial statements.

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LACROSSE FOOTWEAR, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended	
	June 30, 2001	July 1, 2000
Net cash used in operating activities	$ (6,747,225)	$(14,874,757)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,188,912)	(1,010,404)
Proceeds from sale of property and equipment	173,980	0
Prepaid loan fees	(602,514)	0
Other	38,544	0
Net cash used in investing activities	(1,578,902)	(1,010,404)
Cash Flows from Financing Activities		
Cash dividends paid	0	(828,678)
Proceeds from short-term borrowings	12,602,813	18,562,000
Principal payments on long-term obligations	(2,658,043)	(1,241,941)
Purchase of treasury stock	0	(2,125,000)
Net cash provided by financing activities	9,944,770	14,366,381
Increase (decrease) in cash and cash equivalents	1,618,643	(1,518,780)
Cash and cash equivalents:		
Beginning	10,506	2,021,747

Ending	$ 1,629,149	$ 502,967
Supplemental information--cash payments (receipts) for:		
Interest	$ 1,235,739	$ 995,026
Income taxes (refunds)	$ 0	$ (910,599)

The accompanying notes are an integral part of the condensed consolidated financial statements.

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LACROSSE FOOTWEAR, INC.
AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

1. INTERIM FINANCIAL REPORTING

The Company reports its quarterly interim financial information based on 13 week periods. In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations and cash flows in accordance with generally accepted accounting principles.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the applicable notes thereto that are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

2. INVENTORIES

Inventories are comprised of the following:

	June 30, 2001	December 31, 2000
Raw materials	$3,418,876	$4,311,131
Work-in process	717,473	1,193,950
Finished goods	43,650,111	35,222,782
LIFO reserve	(1,760,543)	(2,164,037)
Total	$46,025,917	$38,563,826

The inventory values at June 30, 2001 and December 31, 2000 are net of reserves to cover losses incurred in the disposition of slow moving, markdown and obsolete inventory.

3. SOURCING REALIGNMENT AND IMPAIRMENT CHARGE

On May 11, 2001, the Company announced a strategic realignment of its

sourcing for rubber footwear. In connection with this realignment, the Company has substantially ceased manufacturing at its La Crosse, Wisconsin manufacturing facility, eliminated

certain footwear product offerings and related raw material inventories, reduced administrative support services and incurred other expenses. Workforce reductions of approximately 135 production, supervisory and support personnel employees have been or will be implemented, primarily in manufacturing. It is expected that the realignment actions will reduce fixed costs and lower the total cost of rubber footwear products. The realignment activities are expected to be predominantly completed in the second, third and fourth quarters of 2001 with the balance in the first half of 2002. The Company intends to outsource the majority of the product from lower total cost sources (primarily in the Far East). This change in sourcing allows the Company to move to a more variable cost structure going forward.

The following table summarizes the sourcing realignment and impairment charge recorded in the condensed consolidated statement of operations (cost of goods sold $3,670,000; selling and administrative expense $649,000) for the quarter ended June 30, 2001 (in thousands of dollars).

Sourcing realignment charge:	
Severance and related costs	$ 490
Inventories	1,019
Other exit costs	943
Impairment charge:	
Property and equipment	1,867
	$4,319

4. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

The Company completed a refinancing of its secured revolving credit facility with two asset based lenders on June 15, 2001. The existing $52.5 million revolving line of credit was replaced with a three year, $57.5 million revolving line of credit which requires certain levels of accounts receivable and inventory to support the borrowings. This new credit facility contains covenants regarding minimum availability, tangible net worth and capital expenditures. The interest rate for the revolving credit facility is either the prime rate plus .5% or LIBOR (for the applicable loan period) plus 2.75% compared to LIBOR plus 1.50% for the previous facility. In addition, the Company also restructured its term loan with Firstar Bank, N.A. The term loan was reduced to $7.5 million (compared to $10.1 million outstanding at December 31, 2000). The term loan calls for semi-annual payments of $750,000 with the loan maturing in May 2004. The term loan is secured by, among other thing, certain properties and equipment of the Company and a personal guarantee from the Company's principal shareholder. In the event of a sale of any of the secured properties and equipment, a portion of the net proceeds will be applied to the term loan. At the Company's option, the interest rate on the term loan is either the bank's prime rate or LIBOR plus 2.0%.

5. INCOME TAXES

No provision for income tax benefit has been recorded during the quarter ended June 30, 2001 since the Company has no prior year taxes available for recovery from tax loss carryback and realization of benefit is

uncertain at this time.

6. PRONOUNCEMENTS ISSUED NOT YET ADOPTED

In July 2001, the Financial Accounting Standards Board issued two statements - Statement 141, Business Combinations and Statement 142, Goodwill and Other Intangible Assets, which will potentially impact the Company's accounting for its reported goodwill and other intangible assets. Statement 141 requires that all business combinations be accounted for using the purchase method and requires that intangible assets that meet certain criteria be reported separately from goodwill. Statement 142 eliminates the amortization of goodwill and other intangibles that are determined to have an indefinite life and requires, at a minimum, annual impairment tests for goodwill and other intangible assets that are determined to have an indefinite life. Upon adoption of these Statements, the Company is required to re-evaluate goodwill and other intangible assets that arose from business combinations entered into before July 1, 2001 and reassess the useful lives of intangible assets and adjust the remaining amortization periods accordingly. The Company has not yet completed its full assessment of the effects of these Statements on its financial statements and so is uncertain as to the impact. The Statements are generally required to be implemented by the Company in its 2002 financial statements.

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ITEM 2

Management's Discussion and Analysis
of Financial Condition and Results of Operations

Results of Operations

The following table sets forth, for the periods indicated, selected financial information derived from the Company's condensed consolidated financial statements, expressed as a percentage of net sales. The discussion that follows the table should be read in conjunction with the condensed consolidated financial statements.

	2001				
	Before Realignment and Impairment Charge		Realignment and Impairment Charge	As Reported	
	$000	%	$000	$000	%
Net Sales					
Second Quarter	26,075	100.0	0	26,075	100.0
First Half	55,222	100.0	0	55,222	100.0
Gross Profit					
Second Quarter	7,023	26.9	(3,670)	3,353	12.9
First Half	14,479	26.2	(3,670)	10,809	19.6
Selling & Administrative Expenses					
Second Quarter	7,900	30.3	(649)	8,549	32.8
First Half	16,194	29.3	(649)	16,843	30.5
Non-operating Expenses					
Second Quarter	714	2.7	0	714	2.7
First Half	1,364	2.5	0	1,364	2.5

Loss Before Income Tax Benefit					
Second Quarter	(1,591)	(6.1)	(4,319)	(5,910)	(22.7)
First Half	(3,079)	(5.6)	(4,319)	(7,398)	(13.4)

The Company's business is seasonal with lower revenues historically being generated during the first six months of the year. As a result, revenue for the six-month period ending June 30, 2001 should not be considered to be indicative of results to be reported for the balance of the fiscal year.

Three Months Ended June 30, 2001 Compared to Three Months Ended July 1, 2000

Net Sales

Net sales for the three months ended June 30, 2001 decreased $5,310,000, or 17%, to $26,075,000 from $31,385,000 for the three months ended July 1, 2000. While shipments of Danner(R) products were up 4% during the quarter, shipments through the industrial channel of distribution and the retail (LaCrosse(R) brand) channel of distribution both declined. The decline in the industrial channel of distribution was a result of the softness in the industrial sector, outages in certain products (which will be corrected in the third quarter) partially as a result of the transitioning to more sourced products and the loss of a portion of a product line at an industrial distributor. The decline in the retail (LaCrosse(R) brand) channel of distribution was a result of the softness in the retail sector, outages in certain products (which will be corrected in the third quarter) and a reduction in promotional programs.

Gross Profit

Excluding the sourcing realignment and impairment charge, gross profit for the three months ended June 30, 2001 decreased to $7,023,000, or 26.9% of net sales, from $8,075,000, or 25.7% of net sales, in the second quarter of 2000. The increase in gross profit as a percent of net sales was primarily the result of higher margins on the increasing volume of sourced product.

Selling and Administrative Expenses

Excluding the sourcing realignment and impairment charge in 2001, selling and administrative expenses for the second quarter of 2001 decreased 2%, to $7,900,000, or 30.3% of net sales, from $8,066,000, or 25.7% of net sales for the second quarter of 2000. The decrease in selling and administrative expenses for the second quarter of 2001 compared to the second quarter of 2000 was primarily related to the cost reductions implemented over the past year, coupled with a reduction in the variable expenses related to the decreased sales. This reduction was partially offset by increased spending for information technology support.

Non-operating Expenses

Non-operating expenses for the three months ended June 30, 2001 decreased 7% to $714,000, or 2.7% of net sales, from $767,000, or 2.4% of net sales, for the three months ended July 1, 2000. The decrease is primarily the result of a decrease in interest expense, which was the result of lower interest rates (driven by lower market rates). This decrease was partially offset by higher rates per an amended credit agreement.

Income Tax Expense

The Company recorded no income tax benefit for the three months ended June 30, 2001 since the Company has no prior year taxes available for recovery from tax loss carryback and realization of benefit is uncertain at this time.

Six Months Ended June 30, 2001 Compared to Six months Ended July 1, 2000

Net Sales

Net sales for the six months ended June 30, 2001 decreased $7,193,000, or 12%, to $55,222,000 from $62,415,000 for the first six months of 2000. The decrease in net sales during the first half was due to a decline in shipments of Danner(R) branded products to an international customer, the impact of the softening economy on retailers and industrial distributors, outages in certain products (partially as a result of the transitioning to more sourced product) and a reduction in promotional programs in the retail channel of distribution for LaCrosse(R) branded products.

Gross Profit

Excluding the sourcing realignment and impairment charge in 2001, gross profit for the six months ended June 30, 2001 decreased 9% to $14,479,000, or 26.2% of net sales, from $15,951,000, or 25.5% of net sales, in the first six months of 2000. The increase in gross profit as a percentage of net sales was driven by the higher margins on the increasing volume of sourced product.

Selling and Administrative Expenses

Excluding the sourcing realignment and impairment charge in 2001, selling and administrative expenses in the first half of 2001 increased 1%, to $16,194,000, or 29.3% of net sales, from $16,059,000, or 25.7% of net sales, the first half of 2000. The increase in selling and administrative expenses for the first half of 2001 compared to the first half of 2000 was mainly due to an increase in spending for information technology support and increased distribution costs. These increases were partially offset by the variable expenses related to the decreased sales during the first half of 2001.

Non-operating Expenses

Non-operating expenses in the first half of 2001 increased 15% to $1,364,000, or 2.5% of net sales, from $1,181,000, or 1.9% of net sales, for the first half of 2000. The increase was primarily the result of an increase in interest expense, which was the result of higher interest rates (driven by higher market rates and higher rates per an amended credit agreement entered into in March 2000).

Income Tax Expense

The Company recorded no income tax benefit in the first half of 2001 since the Company has no prior year taxes available for recovery from tax loss carryback and realization of benefit is uncertain at this time.

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Liquidity and Capital Resources

The Company has historically financed its operations with cash generated from operations, long-term lending arrangements and short-term borrowings under a revolving credit agreement. The Company requires working capital primarily to support fluctuating accounts receivable and inventory levels caused by the Company's seasonal business cycle. The Company invests excess cash balances in short-term investment grade securities or money market investments.

Net cash used in operating activities was $6.7 million in the first half of 2001 compared to $14.9 million in the first half of 2000. The net loss reported in the first half of 2001 was $6.6 million higher than last year, however this was more than offset by a reduction in accounts receivable of $5.7 million (compared to a $6.4 million increase in the first half of 2000) and a $7.5 million increase in inventories (compared to an $8.6 million increase in the first half

of 2000). The decrease in accounts receivable was driven by the lower shipments in the second quarter of 2001 (as compared to the second quarter of 2000) and higher shipments in the fourth quarter of 2000 (as compared to the fourth quarter of 1999).

Net cash used in investing activities was $1.6 million in the first half of 2001 compared to $1.0 million in the first half of 2000. Payments related to the loan fees associated with the new lending agreement were the primary reason for the increase in cash used in investing activities.

Net cash provided by financing activities was $9.9 million in the first half of 2001 compared to $14.4 million in the first half of 2000. During the first half of 2001, the Company borrowed $12.6 million in short-term borrowings which were used for capital expenditures ($1.2 million) and repayment of long-term debt ($2.7 million), with the balance primarily used to fund operating activities. During the first half of 2000, the Company borrowed $18.6 million in short-term borrowings which were used to pay dividends ($.8 million), for capital expenditures ($1.0 million), to repay long-term debt ($1.2 million) and to purchase treasury stock ($2.1 million), with the balance primarily used to fund operating activities.

In March 2000, the Company repurchased 500,000 shares of common stock in a private transaction at the market price. The transaction value was $2.1 million.

In the Company's Annual Report on Form 10-K, it was disclosed that the Company was in violation of certain of the financial covenants under its credit agreement. The Company was in violation of these same covenants at the end of the first quarter of 2001. As a result of these violations, the Company agreed to pay the existing lenders a fee of approximately $125,000 in early May 2001. These covenants are no longer applicable as a result of the refinancing discussed in the next two paragraphs.

In June 2001, the Company refinanced its secured revolving credit facility with two asset based lenders, with General Electric Capital Corporation serving as the lead lender. Under the terms of the new three year credit agreement, the revolving line of credit was increased to $57.5 million, which requires certain levels of accounts receivable and inventory to support the borrowings, from the previous maximum of $52.5 million. At the Company's option, the interest rate on borrowings under the line of credit is either the prime rate plus .5% or LIBOR (for the applicable

loan period) plus 2.75%. In addition, the credit agreement requires the Company to maintain $2.5 million of net availability and to meet certain tangible net worth requirements on a quarterly basis. As of June 30, 2001, the net availability was $7.2 million. The Company believes this new credit facility will be adequate to meet cash requirements for capital expenditures and operating cash flows.

In conjunction with refinancing the line of credit, the Company also refinanced its term loan with Firstar Bank, N.A. The amount of the new term loan is $7.5 million, compared to $10.1 million (which was outstanding at December 31, 2000). The term loan expires May 28, 2004 and calls for semi-annual payments of $750,000 commencing in November of 2001. The term loan is secured by, among other things, certain properties and equipment of the Company and a personal guarantee from the Company's principal shareholder. In the event of a sale of any of the secured properties and equipment, a portion of the net proceeds will be applied to the term loan. At the Company's option, the interest rate on the term loan is either the bank's prime rate or LIBOR plus 2.0%.

On May 11, 2001, the Company announced a strategic realignment of its sourcing for rubber footwear. In connection with this realignment, the Company has substantially ceased manufacturing at its La Crosse, Wisconsin manufacturing facility, eliminated certain footwear product offerings and related raw material inventories, reduced administrative support services and incurred other

expenses. Workforce reductions of approximately 135 production, supervisory and support personnel employees have been or will be implemented, primarily in manufacturing. It is expected that the realignment actions will reduce fixed costs and lower the total cost of rubber footwear products. The realignment activities are expected to be predominantly completed in the second, third and fourth quarters of 2001 with the balance in the first half of 2002. The Company intends to outsource the majority of the product from lower total cost sources (primarily in the Far East). This change in sourcing allows the Company to move to a more variable cost structure going forward.

The Company recorded a sourcing realignment and impairment charge of approximately $4.3 million during the second quarter of 2001 as a result of the elimination of manufacturing at the La Crosse, Wisconsin manufacturing facility. This charge was for impairment of the LaCrosse, Wisconsin manufacturing facility and related production equipment, impairment of raw materials, components and finished goods as a result of the change in sourcing, employee related costs, a partial curtailment of a pension plan and other exit costs. As a result of this change in sourcing, the Company does not expect any significant reduction in sales or effect on cash flow.

During July 2001, the Company became aware that certain products supplied by a contract manufacturer did not meet the quality standards established by the Company. The contract manufacturer has acknowledged responsibility and has taken the necessary steps to ensure defect-free products are provided in the future. Replenishment arrangements are being worked out with the contract manufacturer and, at this time, the Company does not expect any material impact from this issue.

On August 1, 2001, the Company announced that it sold its principal manufacturing facility in La Crosse, Wisconsin and some related assets. The Company realized net proceeds from this

transaction of approximately $1.1 million and used the proceeds to pay down debt. No gain or loss will be recognized from this sale.

On August 1, 2001, the Company announced that it will be relocating its corporate headquarters and certain other functions from La Crosse, Wisconsin to Portland, Oregon. The Company will be located in the existing facility occupied by Danner Shoe Manufacturing Co., a subsidiary of the Company. The Company anticipates being able to reduce staffing levels within the Company as a result of this move. The number of personnel to be relocated is less than ten with the moves currently anticipated in the third and fourth quarters of 2001 and the first quarter of 2002. As a result of the relocation of the Company's headquarters, the Company is in the process of evaluating its current enterprise software system to determine if it is more economical to utilize the enterprise software system already in use at the Company's Danner Shoe Manufacturing Company subsidiary. If a decision is made to change the enterprise software system, it will shorten the useful life of the current enterprise software system, and will result in an acceleration of the amortization of the capitalized cost of the Company's current enterprise software system. As of June 30, 2001, the net book value of the capitalized costs associated with the current enterprise software system was approximately $1.7 million with a remaining depreciable life of approximately 5.5 years.

In July 2001, the Financial Accounting Standards Board issued two statements - Statement 141, Business Combinations and Statement 142, Goodwill and Other Intangible Assets, which will potentially impact the Company's accounting for its reported goodwill and other intangible assets. Statement 141 requires that all business combinations be accounted for using the purchase method and requires that intangible assets that meet certain criteria be reported separately from goodwill. Statement 142 eliminates the amortization of goodwill and other intangibles that are determined to have an indefinite life and requires, at a minimum, annual impairment tests for goodwill and other intangible assets that are determined to have an indefinite life. Upon adoption

of these Statements, the Company is required to re-evaluate goodwill and other intangible assets that arose from business combinations entered into before July 1, 2001 and reassess the useful lives of intangible assets and adjust the remaining amortization periods accordingly. The Company has not yet completed its full assessment of the effects of these Statements on its financial statements and so is uncertain as to the impact. The Statements are generally required to be implemented by the Company in its 2002 financial statements.

ITEM 3 Quantitative and Qualitative Disclosures About Market Risk

The Company has not experienced any material changes in its market risk exposures since December 2000. PART II - Other Information

ITEM 4 Submission of Matters to a Vote of Security Holders

The Company held its annual meeting of shareholders on May 24, 2001. At such meeting, (a) George W. Schneider, Craig L. Leipold and Joseph P. Schneider were elected as directors of the Company for terms to expire at the 2004 annual meeting of shareholders and until their successors are duly elected and qualified pursuant to the following votes: George W. Schneider -4,798,426 shares voted for, 650,864 shares withholding authority, 0 abstentions and 0 broker non-votes; Craig L. Leipold - 5,365,118 shares voted for, 84,172 shares withholding authority, 0 abstentions and 0 broker non-votes; Joseph P. Schneider - 4,798,776 shares voted for, 650,514 shares withholding authority, 0 abstentions and 0 broker non-votes; (b) the LaCrosse Footwear, Inc. 2001 Stock Incentive Plan was approved pursuant to the following vote: 4,580,802 shares voted for, 156,975 shares voted against, 14,632 shares abstained from voting and 696,881 broker non-votes; and (c) the LaCrosse Footwear, Inc. 2001 Non-Employee Director Stock Option Plan was approved pursuant to the following vote: 4,551,527 shares voted for, 185,050 shares voted against, 15,832 shares abstained from voting and 696,881 broker non-votes. The other directors of the Company whose terms of office continued after the 2001 annual meeting of shareholders are as follows: terms expiring at the 2002 annual meeting - Frank J. Uhler, Jr. and Richard A. Rosenthal; terms expiring at the 2003 annual meeting - Luke E. Sims and John D. Whitcombe.

ITEM 6 Exhibits and Reports on Form 8-K

(a) Exhibits

(3.1) By-Laws of LaCrosse Footwear, Inc., as amended to date.

(4.1) Credit Agreement, dated as of June 15, 2001, among LaCrosse Footwear, Inc. and Danner Shoe Manufacturing Co., as borrowers, and General Electric Capital Corporation and The CIT Group/Commercial Services, Inc., as lenders.

(4.2) Credit Agreement, dated as of June 15, 2001, by and between LaCrosse Footwear, Inc., as borrower, and Firstar Bank, N.A.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed during the quarter ended June 30, 2001.

SIGNATURES

Pursuant to the requirements 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.

LACROSSE FOOTWEAR, INC.
(Registrant)

Date: August 13, 2001 By: /s/ Joseph P. Schneider
Joseph P. Schneider
President and Chief Executive Officer

Date: August 13, 2001 By: /s/ Robert J. Sullivan
Robert J. Sullivan
Vice President-Finance and Administration
And Chief Financial Officer
(Principal Financial and Accounting Officer)

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LACROSSE FOOTWEAR, INC.

EXHIBIT INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

Exhibit

3.1 By-Laws of LaCrosse Footwear, Inc., as amended to date.

4.1 Credit Agreement, dated as of June 15, 2001, among LaCrosse Footwear, Inc. and Danner Shoe Manufacturing Co., as borrowers, and General Electric Capital Corporation and The CIT Group/Commercial Services, Inc., as lenders.

4.2 Credit Agreement, dated as of June 15, 2001, by and between LaCrosse Footwear, Inc., as borrower, and Firstar Bank, N.A.