FINISH LINE INC /IN/
Form PRE 14A
June 09, 2009

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No. _______)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

x Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

The Finish Line, Inc.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1)	Title of each class of securities to which transaction applies:
2)	Aggregate number of securities to which transaction applies:
3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
4)	Proposed maximum aggregate value of transaction:
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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1)	Amount Previously Paid:
2)	Form, Schedule or Registration Statement No.:
3)	Filing Party:
4)	Date Filed:

June 23, 2009

Dear Shareholder:

You are cordially invited to attend the 2009 Annual Meeting of Shareholders of The Finish Line, Inc., on Thursday, July 23, 2009, at 9:00 a.m. EDT, to be held at The Finish Line, Inc. Corporate Office, 3308 N. Mitthoeffer Road, Indianapolis, Indiana 46235. Members of your Board of Directors and management again look forward to greeting those shareholders who are able to attend.

The accompanying Notice and Proxy Statement describe the matters to be acted upon at the meeting.

It is important that your shares be represented and voted at the meeting. Whether or not you plan to attend, please sign, date and mail the enclosed proxy card at your earliest convenience. If you attend the meeting, you may withdraw your proxy and vote in person.

Your interest and participation in the affairs of the Company are greatly appreciated.

Respectfully,

Glenn Lyon,
Chief Executive Officer

The Finish Line, Inc.
3308 N. Mitthoeffer Road
Indianapolis, Indiana 46235

Notice of Annual Meeting of Shareholders
to be held July 23, 2009

TO THE SHAREHOLDERS OF THE FINISH LINE, INC.:

Notice is hereby given that the 2009 Annual Meeting of Shareholders of The Finish Line, Inc. (the "Company") to be held at the Company's Corporate Office at 3308 N. Mitthoeffer Road, Indianapolis, Indiana 46235 on Thursday, July 23, 2009, at 9:00 a.m. EDT, will be conducted for the following purposes:

(1) To elect two Class II directors to serve on the Company's Board of Directors until the 2012 Annual Meeting of Shareholders;

(2) To adopt an amendment to the Company's Articles of Incorporation that will convert all outstanding high voting Class B Common Shares into Class A Common Shares as of the day after the Company's shareholder meeting to be held in 2012 (in lieu of the current provision which converts those shares only once they constitute less than 5% of the total Class A Common Shares and Class B Common Shares outstanding as of a record date for an annual meeting), and will also limit the aggregate voting power of the Class B Common Shares to 41% should the total voting power of the Class B Common Shares ever exceed that amount in the future;

(3) To adopt an amendment to the Company's Articles of Incorporation that will automatically convert all Class B Common Shares that may be issued to Company employees or directors in the future into Class A Common Shares upon their death or termination of employment or service;

(4) To approve and ratify an amendment to the Company's 2002 Stock Incentive Plan (the "2002 Plan") to add the Company's Class B Common Shares as a class of shares that may be awarded under the 2002 Plan in order to permit, if authorized by the Company's Board of Directors in the future, the exchange of Class B Common Shares for Class A Common Shares that remain unvested under the 2002 Plan, and, to the extent the 2009 Incentive Plan is not approved (Item 5), to grant awards of Class B Common Shares;

(5) To approve and adopt the Company's 2009 Incentive Plan; and

(6) To ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's fiscal year ending February 27, 2010; and

(7) To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

Only shareholders of record at the close of business on May 22, 2009, will be entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof.

By Order of the Board of Directors,

Gary D. Cohen,
Chief Administrative Officer & Secretary

Indianapolis, Indiana
June 23, 2009

Your vote is important. Accordingly, you are asked to complete, sign, date and return the accompanying Proxy Card in the envelope provided, which requires no postage if mailed in the United States.

The Finish Line, Inc.
3308 N. Mitthoeffer Road
Indianapolis, Indiana 46235

PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS
JULY 23, 2009

GENERAL INFORMATION

This Proxy Statement and the accompanying Notice of Annual Meeting and Proxy Card are being mailed on or about June 23, 2009, in connection with the solicitation of proxies by the Board of Directors (the "Board") of The Finish Line, Inc. ("Finish Line" or the "Company") for use at the 2009 Annual Meeting of Shareholders of the Company (the "Annual Meeting") to be held at the Company's Corporate Office at 3308 N. Mitthoeffer Road, Indianapolis, Indiana 46235, on Thursday, July 23, 2009, at 9:00 a.m. local time, and any adjournment or postponement thereof.

At the Annual Meeting, the Company's shareholders will be asked to:

(1) elect two Class II directors to serve on the Board until the 2012 Annual Meeting of Shareholders;

(2) to adopt an amendment to the Company's Articles of Incorporation that will convert all outstanding high voting Class B Common Shares into Class A Common Shares as of the day after the Company's shareholder meeting to be held in 2012 (in lieu of the current provision which converts those shares only once they constitute less than 5% of the total Class A Common Shares and Class B Common Shares outstanding as of a record date for an annual meeting), and will also limit the aggregate voting power of the Class B Common Shares to 41% should the total voting power of the Class B Common Shares ever exceed that amount in the future;

(3) to adopt an amendment to the Company's Articles of Incorporation that will automatically convert all Class B Common Shares that may be issued to Company employees or directors in the future into Class A Common Shares upon their death or termination of employment or service;

(4) to approve and ratify an amendment to the Company's 2002 Stock Incentive Plan (the "2002 Plan") to add the Company's Class B Common Shares as a class of shares that may be awarded under the 2002 Plan in order to permit, if authorized by the Company's Board of Directors in the future, the exchange of Class B Common Shares for Class A Common Shares that remain unvested under the 2002 Plan, and, to the extent the 2009 Incentive Plan is not approved (Item 5), to grant awards of Class B Common Shares;

(5) to approve and adopt the Company's 2009 Incentive Plan;

(6) to ratify the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's fiscal year ending February 27, 2010; and

(7) vote on such other matters as may properly come before the Annual Meeting or any adjournments or postponements thereof.

This Proxy Statement and related proxy materials are being first mailed to shareholders on or about June 23, 2009. With this proxy statement, we are sending you our 2009 Annual Report, which includes our financial statements for the fiscal year ended February 28, 2009. If you did not receive our Annual Report, we will send it to you without charge. The Annual Report includes a list of important documents that we have filed as exhibits with the Securities and Exchange Commission ("SEC"), but does not include copies of the exhibits. If you wish to receive copies of the exhibits, we will send them to you. Please send your written request by facsimile to our Corporate Secretary at (317) 613-6523 or by mail to:

The Finish Line, Inc.
3308 N. Mitthoeffer Road
Indianapolis, Indiana 46235
Attn: Corporate Secretary

In addition, you may obtain copies of our public filings, including this proxy statement, our 2009 Annual Report on Form 10-K, and the form of proxy relating to the annual meeting, without charge from our web site at http://www.finishline.com, click on the "Our Company" link and then on the "Investor Relations" link, or from the SEC's web site at http://www.sec.gov.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on July 23, 2009:

The proxy statement and annual report are available at www. proxyvote.com.

Throughout this Proxy Statement, fiscal 2007, fiscal 2008, and fiscal 2009 represent the fiscal years ended March 3, 2007, and March 1, 2008, and February 28, 2009 respectively.

Persons Making the Solicitation

The Company is making this solicitation and will bear the expenses of preparing, printing and mailing proxy materials to the Company's shareholders. In addition to the mailing of this proxy statement, proxies may be solicited personally or by telephone or fax by officers or employees of the Company, none of whom will receive additional compensation there from. The Company will also reimburse brokerage houses and other nominees for their reasonable expenses in forwarding proxy materials to beneficial owners of the Class A Common Shares.

Voting at the Meeting

Shareholders of record of the Company's Class A Common Shares and Class B Common Shares at the close of business on May 22, 2009 (the "Record Date"), are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. On that date, 51,373,497,Class A Common Shares and 3,545,702 Class B Common Shares were outstanding and entitled to vote. Each outstanding Class A Common Share entitles the holder thereof to one vote and each outstanding Class B Common Share entitles the holder thereof to ten votes. The holders of a majority of all the votes entitled to be cast at the Annual Meeting must be represented at the meeting, either in person or by proxy, to constitute a quorum. There must be a quorum of all the Company's common shares for the Annual Meeting to be held. Additionally, with respect to the action to be taken on Proposals II and III (the approval of which also requires the approval of the holders of the Class B Common Shares voting as a separate class), the holders of a majority of the Class B Common Shares must be represented at the meeting, either in person or by proxy, to constitute a quorum of the holders of the Class B Common Shares.

In the election of directors, the two nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to be voted for such nominee shall be elected. Votes withheld from any director are counted for purposes of determining the presence or absence of a quorum for the transaction of business. Shareholders do not have the right to cumulate their votes in the election of directors.

For the proposals regarding the amendments to the Company's Articles of Incorporation to be approved, more votes must be cast by all holders of common shares, voting together as a single class, in favor of the proposals than are cast against them, and more votes must be cast by the holders of the Class B Common Shares, voting as a separate class, in favor of the proposals than are cast against them. For the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the Company's fiscal year ending February 27, 2010 to be ratified, more votes must be cast by all holders of common shares, voting together as a single class, in favor of the proposal than are cast against it. Abstentions and broker non-votes will have no effect on the vote for these proposals.

The affirmative vote of the holders of a majority of voting power of the Company's Class A Common Shares and Class B Common Shares entitled to vote at the Annual Meeting is required to approve the amendment to the

2002 Plan and the adoption of the Company's 2009 Incentive Plan. With respect to these proposals, abstentions will be treated as "No" votes, but broker non-votes will have no effect on the vote.

Abstentions will be counted for purposes of determining whether a quorum is present at the Annual Meeting for the transaction of business. The Company intends to count broker non-votes as present or represented for purposes of determining the presence or absence of a quorum for the transaction of business.

Revocability of Proxy

A proxy may be revoked by a shareholder prior to voting at the Annual Meeting by written notice to the Secretary of the Company, by submission of another proxy bearing a later date or by voting in person at the Annual Meeting. Such notice or later proxy will not affect a vote on any matter taken prior to the receipt thereof by the Company. The mere presence at the Annual Meeting of a shareholder who has appointed a proxy will not revoke the prior appointment.

If not revoked, the proxy will be voted at the Annual Meeting in accordance with the instructions indicated on the Proxy Card by the shareholder or, if no instructions are indicated, will be voted "FOR" the election of the two Class II director nominees indicated herein to serve on the Board until the 2012 Annual Meeting of Shareholders, "FOR" the approval of the proposed amendments to the Company's articles of incorporation, "FOR" the approval and ratification of the amendment to the Company's 2002 Plan, "FOR" the adoption and approval of the Company's 2009 Incentive Plan, "FOR" the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm, and, as to any other matter that may be properly brought before the Annual Meeting, in accordance with the judgment of the proxy.

ELECTION OF CLASS II DIRECTORS

(Item 1 on your Proxy)

The Company's Bylaws provide for dividing the Board into three classes, as nearly equal in number as possible, with the term of office of one class expiring each year, and with each director to hold office until his or her successor is duly elected and qualified, except in the event of his or her death, resignation or removal. The term of the Class I Directors, consisting of Alan H. Cohen and Delores A. Kunda, will expire at the 2011 Annual Meeting of Shareholders. The term of the Class II directors, consisting of Larry J. Sablosky, Bill Kirkendall and William P. Carmichael, will expire at the 2009 Annual Meeting of Shareholders, and the term of the Class III directors, consisting of David I. Klapper, Stephen Goldsmith and Catherine A. Langham, will expire at the 2010 Annual Meeting of Shareholders.

The persons named in the accompanying Proxy Card as proxies for this meeting will vote in favor of the two nominees as Class II directors of the Company unless otherwise indicated by the shareholder on the Proxy Card. Mr. Larry J. Sablosky, a Class II director, has determined to not stand for reelection at the upcoming Annual Meeting of Shareholders. The remaining Class II directors elected at the 2009 Annual Meeting will serve for a three-year term expiring at the 2012 Annual Meeting of Shareholders, and until their successors are duly elected and qualified, except in the event of their respective death, resignation, or removal. Management has no reason to believe that the nominees will be unable or unwilling to serve if elected. If any nominee should become unavailable prior to the election, the accompanying Proxy Card will be voted for the election in his or her stead of such other person as the Board of Directors may recommend.

Nominees

The nominees for election as Class II directors of the Company are Bill Kirkendall and William P. Carmichael. Each of such persons currently serves as a director of the Company. The nominees for election as Class II directors of the Company were selected by the Board upon the recommendation of the independent directors of the Board, meeting in executive session. See “Management - Executive Officers and Directors” for additional information concerning the nominees, and “Board of Directors, Committees and Meetings - Nomination Process” for additional information regarding the Board’s criteria for selecting director nominees.

Recommendation of the Board of Directors

The Board unanimously recommends that shareholders vote "FOR" the Class II director nominees set forth above. Proxies solicited by the Board will be so voted unless shareholders specify otherwise on their Proxy Cards (Item 1 on your Proxy).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of May 22, 2009, information relating to the beneficial ownership of the Company's common shares by each person known to the Company to be the beneficial owner of more than five percent of the outstanding Class A Common Shares or Class B Common Shares, by each director or nominee for director, by each of the executive officers named below, and by all directors and executive officers as a group.

	Class A			Class B		
	Number of Shares (1)(2)	Stock Options exercisable within 60 days (3)	% of Class(4)	Number of Shares (1)	% of Class (4)	Total Shares
Alan H. Cohen	—	245,000	(5)	1,517,782	42.8%	1,762,782
David I. Klapper	—	—	—	1,237,857	34.9%	1,237,857
Larry J. Sablosky	—	—	(5)	790,063 (6)	22.3%	790,063
Glenn S. Lyon	73,000	250,000	(5)	—	—	323,000
Steven J. Schneider	130,920	149,000	(5)	—	—	279,920
Gary D. Cohen	133,230	136,500	(5)	—	—	269,730
George S. Sanders	92,106	152,500	(5)	—	—	244,606
Donald E. Courtney	107,615 (7)	132,000	(5)	—	—	239,615
Michael L. Marchetti	85,055	140,000	(5)	—	—	225,055
Samuel M. Sato	30,000	9,500	(5)	—	—	39,500
Stephen Goldsmith	3,786	40,000	(5)	—	—	43,786
Bill Kirkendall	3,786	35,000	(5)	—	—	38,786
William P. Carmichael	7,786	46,000	(5)	—	—	53,786
Dolores A. Kunda	4,138	—	—	—	—	4,138
Catherine A. Langham	4,586	22,000	(5)	—	—	26,586
Edward W. Wilhelm	—	—	—	—	—	—
All directors and executive officers as a group (16 persons)	676,008	1,357,500		3,545,702	100%	5,579,210
Barclays Global Investors, NA	3,381,292 (8)	—	6.6%	—	—	3,381,292
Schultze Master Fund, Ltd.	1,197,322 (8)	—	2.3%	—	—	1,197,322
Maverick Capital, Ltd.	3,457,588 (8)	—	6.7%	—	—	3,457,588
Dimensional Fund Advisors LP	3,407,496 (8)	—	6.6%	—	—	3,407,496

(1)

Each executive officer and director has sole voting and investment power with respect to the shares listed, unless otherwise indicated, and the address for the executive officers and directors is: 3308 N. Mitthoeffer Road, Indianapolis, Indiana 46235.

(2) The amounts in this column exclude any Class B Common Shares convertible into a corresponding number of Class A Common Shares.

(3) The directors and executive officers listed have the right to acquire the number of shares of common stock reflected in this column within 60 days of May 22, 2009.

(4) The shares owned by each person, or by the group, and the shares included in the total number of shares outstanding have been adjusted, and the percentage owned (where such percentage exceeds 1%) has been computed, in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(5) Less than 1% of the Class A Common Shares outstanding.

(6) Includes 60,000 Class B Common Shares held by a family partnership of which Mr. Sablosky serves as general partner, and 14,420 Class B Common Shares held by Mr. Sablosky's spouse.
(7) Includes 9,200 Class A Common Shares held by Mr. Courtney's spouse.
(8) This information is based solely on the following Schedules 13G and 13G/A filed with the Securities and Exchange Commission:

Barclays Global Investors, NA	as of December 31, 2008
Schultze Master Fund, Ltd.	as of June 13, 2008
Maverick Capital, Ltd.	as of December 31, 2008
Dimensional Fund Advisors LP	as of December 31, 2008

MANAGEMENT

Executive Officers and Directors

The executive officers, directors and nominees for director of the Company (other than Larry J. Sablosky, who has determined not to stand for reelection at the Annual Meeting) are as follows:

Name	Age	Position	Since
Alan H. Cohen	62	Chairman of the Board, Class I Director	1976
Glenn S. Lyon	59	Chief Executive Officer, Class I Director	2001
David I. Klapper	60	Class III Director	1976
Steven J. Schneider	53	President and Chief Operating Officer	1989
Gary D. Cohen	57	Chief Administrative Officer, Secretary	1997
Edward W. Wilhelm	50	Executive Vice President, Chief Financial Officer	2009
George S. Sanders	51	Executive Vice President, Real Estate and Store Development	1994
Donald E. Courtney	54	Executive Vice President, IS, Distribution, CIO, Assistant Secretary	1989
Michael L. Marchetti	58	Executive Vice President, Store Operations	1995
Samuel M. Sato	45	Executive Vice President, Chief Merchandising Officer	2007
Dolores A. Kunda	53	Class I Director	2008
Stephen Goldsmith	62	Class III Director	1999
Bill Kirkendall	55	Class II Director	2001
William P. Carmichael	65	Class II Director	2003
Catherine A. Langham	51	Class III Director	2006

Mr. Alan H. Cohen, a co-founder of the Company, is currently the Chairman of the Board. Mr. Cohen retired from his position as the Chief Executive Officer on November 30, 2008. From May 1982 until October 2003 Mr. Cohen served as both President and Chief Executive Officer of the Company. Since 1976, Mr. Cohen has been involved in the athletic retail business as principal co-founder of Athletic Enterprises, Inc. (one of the predecessor companies of the Company). Mr. Cohen is an attorney, and practiced law from 1973 through 1981. Mr. Cohen is the brother of Gary D. Cohen.

Mr. Glenn S. Lyon assumed the position of Chief Executive Officer of the Company on December 1, 2008. Mr. Lyon was elected to the Board of Directors in January 2009, he has served as President of the Company since October 2003, and was also the Company's Chief Merchandising Officer from 2001 until 2007. He served as Executive Vice

President and Chief Merchandising Officer from September 2001 to October 2003. Prior to joining the Company, he served as President/CEO of Paul Harris Stores, Inc., from March 2000 to February 2001. From October 1995 to February 2000, he held positions as President and General Merchandising Manager of Modern Woman Stores, a Division of the American Retail Group. Mr. Lyon also spent eight years with TJX Company as Senior Vice President and Executive Vice President of Merchandising and Marketing. Mr. Lyon started his career in February 1973 at Macy’s N.Y., where he spent ten years in various merchandising positions.

Mr. David I. Klapper, a co-founder of the Company, has served as a director of the Company since May 1982. Mr. Klapper served as Senior Executive Vice President of the Company from April 2000 and retired from that position on December 26, 2008. Prior to that Mr. Klapper served as Executive Vice President from May 1982 to April 2000. From 1976 to 2000, Mr. Klapper was involved in the athletic retail business as principal co-founder of Athletic Enterprises, Inc. (one of the predecessor companies of the Company).

Mr. Steven J. Schneider is currently the President and Chief Operating Officer of the Company. He has served as the Company's Chief Operating Officer since October 2003, and as Executive Vice President, Chief Operating Officer, Chief Financial Officer and Assistant Secretary from April 2001 to October 2003. Mr. Schneider also served as Executive Vice President, Finance, Chief Financial Officer and Assistant Secretary of the Company from April 2000 to April 2001, as Senior Vice President, Finance, Chief Financial Officer and Assistant Secretary of the Company from March 1997 to April 2000, and as Vice President, Finance and Chief Financial Officer of the Company from April 1989 to March 1997. From August 1984 to March 1989, Mr. Schneider was employed as Assistant Controller for Paul Harris Stores, Inc., a women's apparel retailer. Mr. Schneider was employed by a national accounting firm for two years and has been engaged in various financial positions in the retail industry for over 30 years.

Mr. Gary D. Cohen has served as Executive Vice President, General Counsel and Secretary of the Company since April 2000. Mr. Cohen was promoted to the position of Chief Administrative Officer in June 2009. Mr. Cohen also served as Senior Vice President, General Counsel and Secretary of the Company from July 1997 to April 2000. From April 1990 to July 1997, Mr. Cohen was a Senior Partner in the law firm of Cohen and Morelock. During the 15 years prior to his joining the Company, Mr. Cohen represented the Company regarding real estate matters. From 1978 to 1990, Mr. Cohen held partnership positions with various law firms. At the present time, Mr. Cohen retains an "Of Counsel" position with the firm of Brand Davis Elsea & Morelock. Mr. Cohen is the brother of Alan H. Cohen.

Mr. Edward W. Wilhelm was hired as Executive Vice President, Chief Financial Officer of the Company in March 2009. Previously Mr. Wilhelm served, since 2000, as Executive Vice President and Chief Financial Officer of Borders Group, Inc. From 1997 to 2000, Mr. Wilhelm was Vice President of Planning, Reporting and Treasury for Borders Group, and served as Vice President of Finance there from 1994 through 1997. Mr. Wilhelm holds a Bachelor of Science degree in accounting from the University of Detroit and is a certified public accountant.

Mr. George S. Sanders has served as Executive Vice President, Real Estate and Store Development of the Company since April 2000. Mr. Sanders also served as Senior Vice President, Real Estate and Store Development of the Company from March 1997 to April 2000, and as Vice President, Real Estate and Store Construction from April 1994 to March 1997. From February 1993 to April 1994, Mr. Sanders served as Director of Real Estate of the Company. From 1983 to February 1993, Mr. Sanders was employed by Melvin Simon and Associates, a real estate developer and manager. At the time Mr. Sanders left Melvin Simon and Associates he held the position of Senior Leasing Representative.

Mr. Donald E. Courtney has served as Executive Vice President, IS, Distribution, Chief Information Officer and Assistant Secretary of the Company since October 2003, and as Executive Vice President, Chief Information Officer-Distribution from April 2000 to October 2003. Mr. Courtney also served as Senior Vice President, MIS and Distribution of the Company from March 1997 to April 2000 and as Vice President, MIS and Distribution of the Company from August 1989 to March 1997. From August 1988 to August 1989, Mr. Courtney served as Director of MIS and Distribution for the Company. From August 1976 to August 1988, Mr. Courtney was employed by Guarantee Auto Stores, Inc., an automotive retailer. At the time Mr. Courtney left Guarantee Auto Stores he held the position of Vice President, – MIS and Distribution. Mr. Courtney has been involved in the retail industry for over 30 years.

Mr. Michael L. Marchetti has served as Executive Vice President, Store Operations of the Company since April 2000. Mr. Marchetti also served as Senior Vice President, Store Operations of the Company from March 1997 to April 2000 and as Vice President, Store Operations from September 1995 to March 1997. From May 1990 to September 1995, Mr. Marchetti was employed as Regional Vice President of Champs Sports, a division of Footlocker, Inc. Mr. Marchetti has been involved in the retail industry for over 30 years.

Mr. Samuel M. Sato has served as Executive Vice President, Chief Merchandising Officer of the Company since March 2007. Mr. Sato began his career at Nordstrom Inc. in 1985. He was a Regional Merchandise Manager, Menswear and Footwear, in the Northeast and Mid-Atlantic regions of Nordstrom, and then served as Divisional Merchandise Manager, Shoes. Mr. Sato was promoted to Vice President and Corporate Merchandise Manager for the Men’s Shoes Division of Nordstrom in 1999. Mr. Sato has been involved in the retail industry for over 24 years.

Ms. Dolores A. Kunda was elected as a director of the Company in October 2008 for a term expiring at the 2011 Annual Meeting. Ms. Kunda also serves on the Compensation and Stock Option Committee of the Board of Directors. Ms. Kunda is the founder, President and CEO of Lápiz, one of the largest Hispanic advertising agencies in the US since 1999. Lápiz is a division of Leo Burnett USA and all entities are part of a French communications holding company, Publicis Groupe. In 2007, Ms. Kunda assumed the position as President of Leo Burnett Puerto Rico concurrent with her position at Lápiz. From 2006 to 2009, Ms. Kunda served as Director for Lenox Group Inc., and was a member of Lenox's Audit Committee. Ms. Kunda has an undergraduate degree from Smith College and an MBA from Northwestern University's Kellogg Graduate School of Management. Ms. Kunda has been in the advertising field for nearly 25 years, and has focused on Hispanic marketing for the last 17 years. Ms. Kunda is the founder of Lápiz, one of the largest Hispanic advertising agencies in the US and has over twenty years of experience in marketing and advertising to the general market, Mexico, the US Hispanic market and Puerto Rico.

Mr. Stephen Goldsmith has served as a director of the Company since July 1999. Mr. Goldsmith is the Daniel Paul Professor of Government, and Director of the Innovations in American Government Program at Harvard University's Kennedy School of Government. He serves as a Strategic Advisor to the law firm of McKenna Long and Aldridge, as well as to Capital Source, a Maryland based financial institution. From 2001 to 2005, he served as Senior Vice President of ACS State and Local Solutions. Mr. Goldsmith was a director of Net2Phone, Inc., an internet communications company, from 2003 to 2005, and The Steak n Shake Company, a national restaurant chain, from 1999 to 2005. Mr. Goldsmith served as Mayor of the City of Indianapolis from January 1992 to December 1999.

Mr. Bill Kirkendall has served as a director of the Company since July 2001. Mr. Kirkendall is a Partner in D.A. Weibring/Golf Resources Group, a golf course design, management and consulting firm worldwide since 2006. He is also the Chief Executive Officer of Pure Motion, Inc., a company that develops and markets technology-based training aids for recreational sports since March 2007. From 1976 to 1982 Mr. Kirkendall was Vice President of Golden Brothers Inc., a long haul trucking company. From October 1999 to November 2002, Mr. Kirkendall was President and Chief Executive Officer of Orlimar Golf Company, a manufacturer and distributor of golf equipment. Mr. Kirkendall was President and CEO of Tretorn of N.A., Inc., a distributor and licensee of athletic footwear, from 1998 to 1999. Mr. Kirkendall was a driving force with Etonic Inc. (Etonic, Tretorn, Puma USA), a distributor, manufacturer, and licensee of athletic footwear and apparel from 1982 to 1998, holding the following positions: Sales Representative from 1982 to 1985, National Sales Manager from 1985 to 1986, Vice President from 1986 to 1988, Senior Vice President from 1988 to 1989, Executive Vice President from 1989 to 1991, and President from 1991 to 1998.

Mr. William P. Carmichael has served as a director of the Company since July 2003. Mr. Carmichael currently serves as Chairman of the Board of Trustees of the Columbia Funds Series Trust, Columbia Funds Series Trust II, Columbia Funds Master Investment Trust, and Columbia Funds Variable Insurance Trust I. From 1998 to 2001 Mr. Carmichael was Senior Managing Director of The Succession Fund, which he co-founded in 1998. Prior to The Succession Fund, Mr. Carmichael served for 26 years in various financial positions with global consumer product companies, including Senior Vice President of Sara Lee Corporation from 1991 to 1993, Senior Vice President of Beatrice Foods from 1984 to 1990, Chief Financial Officer of Beatrice Foods from 1987 to 1990, and from 1973 to 1984 as Vice President of Esmark, Inc. Mr. Carmichael has been a director of Spectrum Brands (formerly Rayovac Corporation) since August 2002, Cobra Electronics Corporation since 1994, and Simmons Company since May 2004. He was previously a director of Opta Food Ingredients, Inc., Nations Government Income Term Trust 2004, Nations Government Income Term Trust 2003, Nations Balanced Target Maturity Fund and Hatteras Income Securities Fund.

Ms. Catherine A. Langham has served as a director of the Company since April 2006. Ms. Langham is the co-founder, President and Chief Executive Officer of Langham Logistics, Inc., a global freight management company specializing in expedited transportation, warehousing and distribution. Since July 2007, Ms. Langham has served as a director for Celadon Trucking Services, an international truckload carrier, and is a member of Celadon Trucking Services' audit committee. Ms. Langham was a member of the Board of Directors of Marsh Supermarkets, Inc. from 1998 through September 2006, where she also served on the audit and executive committees. Ms. Langham has over 20 years of experience in the logistics industry.

Officers are appointed by and serve at the discretion of the Board. Unless otherwise stated, there are no family relationships among any directors or executive officers of the Company.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's officers and directors and persons who beneficially own more than 10 percent of the Company's Class A Common Shares to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Officers, directors and 10 percent shareholders are required by the SEC to furnish the Company with copies of all Forms 3, 4 and 5 that they file.

Based solely on the Company's review of the copies of the forms it has received and representations from certain reporting persons that they were not required to file a Form 5 for certain fiscal years, the Company believes that all of its officers, directors and greater than 10 percent shareholders have complied with all of the filing requirements applicable to them with respect to transactions during the fiscal year ended February 28, 2009.

Code of Ethics

The Company's Code of Ethics, applicable to its directors and officers, is available on the Company's website at www.finishline.com. The Company intends to disclose waivers under this Code of Ethics, or amendments thereto, on the Company's website at www.finishline.com or in a report on Form 8-K as required.

BOARD OF DIRECTORS, COMMITTEES AND MEETINGS

Independence of Directors

The Board has determined that the majority of its members are "independent directors" under the criteria for independence set forth in the listing standards of the Nasdaq Stock Market ("Nasdaq"). The independent directors of the Board include Dolores A. Kunda, Stephen Goldsmith, Bill Kirkendall, William P. Carmichael and Catherine A. Langham. In addition, all members of the Audit Committee and the Compensation and Stock Option Committee of the Board are independent directors and all members of the Audit Committee satisfy the independence requirements set forth in Securities and Exchange Commission ("SEC") rules.

Meetings and Committees of the Board of Directors

The Board held 9 meetings in fiscal 2009 and all directors attended at least 75% of the meetings of the Board and the committees of the Board of which they were members. Members of the Board are expected to attend the Annual Meeting. Except for Dolores Kunda, who joined the Board in October 2008, all Board members attended the 2008 Annual Meeting of Shareholders.

The Board of Directors has 3 committees. The Audit Committee is comprised of Ms. Langham and Messrs. Goldsmith, Kirkendall and Carmichael, Chair. The Compensation and Stock Option Committee is comprised of Ms. Langham, Mr. Kirkendall and Ms. Kunda. The Finance Committee is comprised of Messrs. Klapper and Carmichael. The Company does not have a nominating committee nor any committee performing such functions. The Board has determined that, because a majority of its members are independent directors, it is appropriate for the independent directors to fulfill the role of nominating potential directors to the Board. Nominees are recommended to the Board by at least a majority of independent directors, meeting in executive session.

The Audit Committee. The Audit Committee is appointed by the Board and is composed solely of independent directors (as defined in the Nasdaq listing standards and SEC rules). The Audit Committee appoints the Company's independent registered public accounting firm each year and approves the associated compensation and terms of the engagement. It also approves services that may be proposed by the independent registered public accounting firm, as well as any services provided by other professional financial services providers. The Audit Committee monitors and oversees the quality and integrity of the Company's accounting process and systems of internal controls. Each member of the Audit Committee meets the Nasdaq financial knowledge requirements, and the Board has determined that Mr. Carmichael qualifies as an "audit committee financial expert" as defined by SEC rules and that he meets Nasdaq's professional experience requirements. The Audit Committee is charged with reviewing and monitoring all contemplated related party transactions. The duties of the Audit Committee are set forth in its Charter which is available on the Company's website at www.finishline.com, specifically at the 'Our Company' tab, then through the 'Investor Relations' tab. The Audit Committee met 7 times during fiscal 2009.

The Compensation and Stock Option Committee (the "Compensation Committee"). The Compensation Committee is appointed by the Board and is currently composed of three non-employee independent directors (as defined in the Nasdaq listing standards). The Compensation Committee is responsible for discharging the responsibilities of the Board with respect to the compensation structure of the Company's executive officers including the chief executive officer. In consultation with the chief executive officer the Compensation Committee reviews and approves performance goals and objectives for the executive officers of the Company, other than the chief executive officer. The Committee also evaluates the performance of the chief executive officer and sets his annual compensation structure. The Compensation Committee is responsible for administering the Company's 1992 Employee Stock Incentive Plan, as amended, and the Company's 2002 Stock Incentive Plan, as amended. It periodically reviews and makes recommendations to the Board with respect to director compensation. The duties of the Compensation Committee are set forth in its Charter which is available on the Company's website at www.finishline.com, specifically at the 'Our Company' tab then through the 'Investor Relations' tab. Decisions with respect to executive officer and director compensation are reviewed and approved by the Compensation Committee. Decisions concerning the compensation structure of the chief executive officer are recommended to all outside directors of the Board for ratification. The Compensation Committee met 7 times during fiscal 2009.

The Finance Committee. The Finance Committee reviews the Company's financial policies and performs duties as may be requested by the Board. The Finance Committee met one time during fiscal 2009.

Meetings of the Independent Directors. The Company's independent directors meet regularly in executive sessions outside the presence of Company management. An executive session is generally held in conjunction with each regularly scheduled meeting of the Board. The Company has not formally appointed a single director to preside at executive sessions of the independent directors. Rather, the responsibility to preside at each such meeting of independent directors is rotated among the independent directors, depending on the subject matter to be discussed at such meeting.

Nomination Process

In determining whether to nominate a candidate for election to the Company's Board of Directors, the Board considers various criteria, such as the recommendations of the independent directors, the candidate's relevant business skills and experience, commitment to enhancing shareholder value, and professional ethics and values, bearing in mind the requirements of the Board at that point in time. The Board believes it is appropriate that a majority of its members be independent directors and that at least one member, who also serves on the Audit Committee, be an "audit committee financial expert" as defined by SEC rules. Candidates are identified through a variety of sources, including other members of the Board, senior Company executives, individuals personally known by the members of the Board, and research. The Company will consider shareholder recommendations of candidates when the recommendations are properly submitted. To be considered, any such shareholder recommendation must be submitted as set forth under the section of this Proxy Statement entitled "Proposals of Shareholders," and must comply with the notice, information and consent provisions set forth in the Company's Bylaws. Shareholder nominees will be evaluated under the criteria set forth above. To recommend a prospective nominee for the Board's consideration, a shareholder may submit a candidate's name and qualifications to The Finish Line, Inc., Board of Directors (or the applicable Board member) at the Company's principal offices (3308 N. Mitthoeffer Road, Indianapolis, Indiana 46235) in care of the Secretary. The Board of Directors of the Company has adopted a resolution addressing the nomination process described above.

Communications with the Board of Directors

Shareholders may communicate with the Board of Directors, its committees, the independent directors as a group, or one or more members of the Board or its committees, by sending a letter to The Finish Line, Inc., Board of Directors (or the applicable member of the Board of Directors), at the Company's principal offices (3308 N. Mitthoeffer Road, Indianapolis, Indiana 46235) in care of the Secretary. If the Secretary deems appropriate, the Secretary will forward such correspondence to the Chairman of the Board or to the applicable Board member. The process by which the Secretary reviews and forwards correspondence deemed appropriate has been approved by a majority of the Board's independent directors.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following is an overview and analysis of the Company's executive compensation structure and pertains to those named executive officers listed in the Summary Compensation Table on page 23.

Compensation Committee Objectives

The Compensation and Stock Option Committee (the "Committee" or "Compensation Committee") remains focused on establishing a balanced compensation structure for the Company's executive officers; a structure that motivates the Company's executive leadership to attain specified annual performance goals with a particular emphasis on longer-term strategy that will ensure sustainable improvement of shareholder value. The Committee strives to ensure that compensation levels remain competitive to attract and retain key individuals and maintains a commitment to ensure that executive officer compensation is perceived as fundamentally fair to the Company's shareholders.

Executive Officer Compensation Overview

The basic components that comprise an executive officer's compensation structure remain a fixed base salary and a sufficiently balanced at-risk component that consists of annual performance based incentive compensation, and long-term equity and non-equity incentive compensation. The Committee met several times at the beginning of the fiscal year to permit adequate time for evaluation and confirmation of executive officer compensation. At these meetings the Committee first evaluated the achievement of performance goals for each executive officer for fiscal year 2008. Based on these evaluations the Committee then considered and set the performance criteria and metrics that comprised the compensation structure of each executive officer for fiscal year 2009 (also "Fiscal 2009" or "FY09").

In setting FY09 executive compensation the Committee also considered special circumstances that developed during the previous fiscal year, such as the protracted litigation that resulted from the failed merger between the Company and Genesco Inc., and the resolution of the litigation via a settlement between the parties in early March 2008. The Committee recognized the exceptional services of several key executives during this challenging period, including those of Mr. Gary Cohen, Mr. Steven Schneider and Mr. Kevin Wampler. Each of these named executive officers was therefore granted an additional award that, depending on the individual executive and his role, consisted of both equity and monetary value. These additional awards are set forth in the Summary Compensation Table on page 23, and further described in footnotes (__) thereto.

When setting executive officer compensation for fiscal 2009 the Committee considered recommendations from Mr. Alan Cohen, the Company's current Chairman of the Board and the Chief Executive Officer for most of fiscal 2009. The Committee also considered recommendations from other members of Company management. The executive officers for whom compensation recommendations are discussed are not present during those discussions. When setting the compensation structure for the Chief Executive Officer no member of Company management is present. The Compensation Committee retains the discretion to accept, adjust or reject any recommendations concerning executive officer compensation.

Compensation Consultant and Benchmarking

The Committee continues to evaluate the elements that make up an executive officer's compensation in the context of Company performance and the competitive retail market within which the Company operates. To assist the Committee in setting executive officer base salary amounts, bonus incentive amounts, and equity based awards for fiscal 2009 the Committee retained the consulting services of Mercer Human Resource Consulting ("Mercer").

As part of its analysis in setting executive officer compensation for fiscal 2009, the Committee considered the compensation structures of executives in comparable positions at competitive companies. In setting this peer group of companies the Committee, in consultation with Mercer, considered criteria that included market capitalization, revenue, industry (specialty-retail), competitive market data provided by Mercer, and merchandise type. For fiscal 2009 this peer group consisted of:

- Ann Taylor Stores Corp.
- Men's Wearhouse Inc.
- Talbots Inc.,
- Children's Place Retail
- Stein Mart Inc.
- Chicos Fas Inc.
- Dress Barn Inc.
- Genesco Inc.
- DSW Inc.
- New York & Company Inc.
- Urban Outfitters Inc.
- J Crew Group Inc.
- Aeropostale Inc.
- Footlocker Inc.
- Pacific Sunwear Calif Inc.

The Committee strives to set the basic components of executive officer compensation near the median of the peer group ("FY09 Peer Group"). However, the compensation structure for each named executive officer will often vary from this average because of varied performance factors and/or performance metrics the Committee incorporates into each individual executive officer's compensation structure.

Base Compensation

A fundamental component of overall executive compensation remains an executive officer's base salary. Target performance bonus amounts and actual performance bonus payout amounts remain directly based on a percentage of an executive officer's base salary. When setting an executive officer's base salary for fiscal 2009 the Committee considered competitive base salary amounts for similar executives in the FY09 Peer Group, the executive officer's position, tenure, the responsibilities of the position, and the respective level of accountability. The Committee continues to consider internal pay equity a significant criterion when setting final base salary amounts.

Mr. Alan Cohen retired from his position as Chief Executive Officer effective December 1, 2008, and retained his position as the Chairman of Board. On that date Mr. Glenn Lyon, the Company's then President, assumed the position of Chief Executive Officer, and Mr. Steven Schneider, the Company's then Chief Operating Officer assumed the position of President and Chief Operating Officer. As result of their new positions the base salary amounts for both Mr. Lyon and Mr. Schneider were adjusted at that time to reflect their new responsibilities. These adjustments were based on the same criteria as specified above. The base salary amounts for each named executive officer for fiscal 2009, including the adjusted base salaries for Mr. Lyon and Mr. Schneider, are reflected in the Summary Compensation Table on page 23, and in footnotes (__) (__) thereto.

Performance Based Incentive Compensation

For fiscal 2009 the Committee designated nine of the Company's executive officers with a title of 'executive vice president' or higher, including each of the named executive officers, to participate in the fiscal 2009 executive officer bonus program ("EOBP" or "EOBP09"). The Committee concluded that these individuals with their respective responsibilities were in the most opportune positions to drive overall company financial performance for fiscal 2009. Each such executive officer was established with a specified target bonus amount expressed as a percentage of such executive officer's base salary. The Committee set the target bonus amounts by considering each executive officer's responsibilities against how those responsibilities are expected to affect overall financial performance.

The EOBP09 is established and administered under the authority of the Company's shareholder approved 2002 Stock Incentive Plan (as amended and restated). For fiscal 2009 the EOBP consisted of two primary categories;

1. a qualifying Company Financial Performance Category, and
2. an Executive Team Performance Category.

Both categories remain based on financial performance. The first category is comprised of performance criteria as individually specified in the Company's 2002 Stock Incentive Plan ("Company Financial Performance Category"), and the second executive management team performance category ("Executive Team Performance Category") is based on performance criteria that concerns the collective performance of the executive management team for which the Committee retained final discretion on achievement. Because both categories were comprised of quantifiable performance criteria it was the intent of the Committee that both categories qualify as deductible performance based compensation for purposes of Section 162(m) of the Internal Revenue Code (the "Code").

For the Chief Executive Officer the Company Financial Performance Category of the EOBP09 bonus amount was set at 85% of base salary, and the Executive Team Performance Category was set at 20% of base salary equating to a total maximum bonus potential under the EOBP09 of 105% of base salary.

For the President the Company Financial Performance Category of the EOBP09 bonus amount was set at 75% of base salary as a target, and the Executive Team Performance Category was set at 15% of base salary equating to a total maximum bonus potential under the EOBP09 of 90% of base salary.

For the Chief Operating Officer the Company Financial Performance Category of the EOBP09 bonus amount was set at 65% of base salary, and the Executive Team Performance Category was set at 15% of base salary equating to a total maximum bonus potential under the EOBP09 of 80% of base salary.

For the General Counsel and Chief Financial Officer the Company Financial Performance Category of the EOBP09 bonus amount was set at 60% of base salary, and the Executive Team Performance Category was set at 10% of base salary equating to a total maximum bonus potential under the EOBP09 of 70% of base salary.

Code Section 162(m) generally disallows a federal tax deduction to any publicly traded corporation for compensation paid in excess of $1,000,000, in a taxable year. The Committee endeavors to structure EOBP amounts that may be paid to qualify as performance based compensation provided that preserving the tax deduction does not inhibit the Committee's ability to achieve executive officer compensation objectives.

Qualifying Company Financial Performance Criteria

The Company Financial Performance Category of the EOBP09 consisted of the following criteria:

- Improving pre-tax operating income;

- Improving comparable store sales revenue;
- Improving consolidated gross margin;
- Individual business unit performance objectives;
- Reducing consolidated aged inventory;
- Share price performance; and
- Reducing the Company’s selling, general and administrative expense.

Qualifying Company Financial Performance Criteria Measurement

Each Company financial performance criteria was measured within a percentage range against fiscal 2008 financial performance. The performance criterion of improving pre-tax operating income was generally determined by comparing the increase in the Company's consolidated operating earnings for fiscal 2009 to fiscal 2008, and is subject to the following adjustments: asset impairments, material gains and/or losses from insurance costs, stock compensation expenses, all bonus payment amounts to senior management, and material legal costs incurred by the Company during the fiscal year.

For fiscal 2009 the percentage metric for improving pre-tax operating income ranged from 11% to 25% over fiscal 2008, for improving comparable store sales revenue the percentage metric ranged from 0.18% up to 1.80% over fiscal 2008, for improving the Company's consolidated gross margin the performance metric was based on a basis point improvement over fiscal 2008 and ranged from 13 basis points to a 40 basis point improvement, and for reducing consolidated aged inventory the percentage metric ranged from 1.0% to 2.0% of total year-end inventory balance. For purposes of calculating the performance metric for aged inventory the Committee considered aged inventory as existing Company inventory that is 365 days or older. For the performance criteria of share price performance the Committee established that the share base price against which the fiscal 2009 share performance would be measured would be the average closing price of the Company's shares for the last 20 days of fiscal 2008, which was $2.64 ("Comparator Price"). Improvement in share price performance for fiscal 2009 would be measured by comparing the average of the closing price of the Company's shares for the last 20 business days of fiscal 2009 to the Comparator Price. The percentage metric for share price performance ranged from 89.0% to 146.0%.

The performance criterion of reducing the selling, general and administrative expense of the Company was measured by comparing an upward monetary deviation (measured as a percentage) from a predetermined budget of the Company's selling-general-and-administrative-expense ("SG&A") for fiscal 2009. For purposes of bonus criteria measurement the SG&A budget included occupancy costs, but excluded asset impairments, material gains and/or losses from insurance costs, stock compensation expenses, all bonus payment amounts to senior management, and material legal costs incurred by the Company during the fiscal year. The percentage metric for reducing the selling, general and administrative expense of the Company ranged from .04% to .40%.

Qualifying Financial Performance Criteria Achievement and Allocation for Each Named Executive Officer

Performance criteria allocation to an EOBP09 participant remains based on such participant's accountability, influence on Company operations, tenure with the Company, and the competitive challenges of a participant's position within the Company and within the specialty-retail industry at large. The Committee strives to allocate the criteria in such a way that the challenge of achieving the performance goals is relatively consistent from year to year. As indicated above, the program's target award opportunities are set as a percentage of a participant's base salary. The percentage allocations for each named executive officer are indicated below.

For Fiscal 2009 the performance criteria of improving pre-tax operating income, improving consolidated gross margin, reducing aged inventory, and reducing the Company's SG&A were each achieved at metric thresholds resulting in the full achievement of each such criterion. The performance criteria of improving comparable store sales revenue and share price performance were not achieved at their respective target metrics, and therefore were not included in the calculation of final earned bonus amounts under the EOBP09.

Individual Business Unit Performance Criteria

Individual business unit performance objectives for the named executive officers, other than the Chief Executive Officer, varied depending on functional role, responsibility, and alignment with strategic Company objectives. Each named executive officer's individual business unit performance objectives were established by the executive officer then reviewed and approved by the Committee at the beginning of the fiscal year. An individual business unit performance category was excluded from the Chief Executive Officer's EOBP09 criteria because of this position's overall responsibility for the financial performance of the Company.

As President through November 30, 2008, Mr. Glenn Lyon's individual business unit performance objectives for FY09 were comprised of: measured reduction in year-end differential between general ledger inventory and individual business unit inventory as compared to fiscal year 2008, and measured improvement in gross-margin-return-on-investment for athletic shoes as compared to fiscal 2008. Individual business unit performance objectives comprised 10% of Mr. Lyon's qualifying financial performance criteria allocation; he achieved 5.8% of this criterion in his capacity as President. Once Mr. Lyon assumed the role of Chief Executive Officer on December 1, 2008, he no longer had an individual business unit performance component as part of his EOBP09 criteria.

Mr. Steven Schneider's individual business unit performance objectives for FY09 were comprised of: achieving minimum store labor benchmarks, achieving minimum consolidated store occupancy costs as compared to fiscal 2008, measured improvement in lease audit savings as compared to fiscal 2008, achieving minimum departmental savings in the Company's purchasing; and transportation-and-distribution departments, and improving leadership development of Company management. Individual business unit performance objectives comprised 10% of Mr. Schneider's qualifying financial performance category; he retained this percentage allocation under the EOBP09 when he assumed the role of both President and Chief Operating Officer on December 1, 2008. Mr. Schneider achieved 100% of this criterion.

Mr. Gary Cohen's individual business unit performance objectives for FY09 were comprised of: the development and effective management of a cost effective reorganization of the Company's human resource department, implementation of several cost effective human resource management software programs, implementation of an electronic Board communication process, measurable control of contract-review efficiency, revision and update of the Company's insider trading policy, measured control of legal and human resource departmental budgets, and the timely resolution of lease obligations and general liability claims. Individual business unit performance objectives comprised 25% of Mr. Gary Cohen's qualifying financial performance category; he achieved 100% of this criterion.

Mr. Kevin Wampler's individual business unit performance objectives were comprised of: implementation of an efficient communication process with executive management on periodic financial results, achievement of purchasing department cost savings, measured control of departmental budgets; and measured control of direct Company expenses. Individual business unit performance objectives comprised 25% of Mr. Wampler's qualifying financial performance category; Mr. Wampler voluntarily left the Company on November 25, 2008 thereby forfeiting all components and payments under the EOBP09.

Qualifying financial performance criteria allocation and the resulting amounts earned by each named executive officer under this category for fiscal 2009 are as follows:

Alan H. Cohen, as Chief Executive Officer thru 11-30-08
Qualifying Company financial performance criteria under the EOBP09 for Mr. Cohen were allocated in the following percentages:

· Improving pre-tax operating	30% - achieved
· Improving comparable store sales revenue	15% - not achieved
· Improving consolidated gross margin	20% - achieved
· Reducing consolidated aged inventory	5% - achieved
· Share price performance	10% - not achieved
· Reducing the Company's SG&A	20% - achieved

Mr. Alan Cohen achieved 75% of the qualifying company financial performance portion under the EOBP09.

Mr. Cohen's base salary for fiscal 09 was set at $614,000. He retired on November 30, 2008 earning $460,495 of his annual base salary. Upon his retirement from the position of Chief Executive Officer on November 30, 2008, Mr. Cohen received a retirement severance in the amount of $100,000. This retirement severance amount was added to Mr. Cohen's then earned base salary amount totaling $560,495. For purposes of calculating the percentage of qualifying company financial performance criteria allocation to Mr. Cohen, the amount of $560,495 was used as his base salary. The total bonus amount Mr. Cohen is eligible for under the qualifying financial performance category of the EOBP09 is $357,319.

Glenn S. Lyon
Qualifying Company financial performance criteria under the EOBP09 for Mr. Glenn Lyon were allocated in the following percentages:

	as President through 11-30-08 Base salary as President: $485,000	as Chief Executive Officer from 12-1-08 Base salary as CEO: $620,000
· Improving pre-tax operating income	30%	30% - achieved
· Improving comparable store sales revenue	10%	15% - not achieved
· Improving consolidated gross margin	20%	20% - achieved
· Individual business unit performance objective	10% (achieved at 5.6%)	0% - not applicable
· Reducing consolidated aged inventory	5%	5% - achieved
· Share price performance	10%	10% - not achieved
· Reducing the Company's SG&A	15%	20% - achieved

For calculation of bonus amounts earned under the EOBP09 Mr. Lyon's base salary as President was calculated as $485,000, and as Chief Executive Officer as $620,000. As President Mr. Glenn Lyon achieved 76% of the qualifying company financial performance portion under the EOBP09 equating to an earned bonus amount of $206,792. As Chief Executive Officer Mr. Lyon achieved 75% under this criteria allocation equating to an earned bonus amount of $98,813.

The total bonus amount Mr. Lyon is eligible for under the qualifying financial performance category of the EOBP09 is $305,605.

Steven J. Schneider
Qualifying Company financial performance criteria under the EOBP09 for Mr. Steven Schneider were allocated in the following percentages :

	as COO through 11-30-08 Base salary as COO: $420,000	as President & COO from 12-1-08 Base salary as President & COO: $500,000
· Improving pre-tax operating income	30%	30% - achieved
· Improving comparable store sales revenue	10%	10% -not achieved
· Improving consolidated gross margin	15%	20% - achieved
· Individual business unit performance objectives	10%	10% - achieved
· Reducing consolidated aged inventory	5%	5% - achieved
· Share price performance	10%	10% - not achieved
· Reducing the Company's SG&A	20%	15% - achieved

For calculation of bonus amounts earned under the EOBP09 Mr. Schneider's base salary as Chief Operating Officer was calculated as $420,000, and as President and Chief Operating Officer as $500,000. Mr. Schneider achieved a total of 80% of the qualified company financial performance portion under the EOBP09 under both his positions' as Chief Operating Officer, and as President and Chief Operating Officer. As Chief Operating Officer Mr. Schneider earned a bonus amount of $163,800 under this criteria allocation, and as President and Chief Operating Officer Mr. Schneider earned a bonus amount of $75,000.

The total bonus amount Mr. Schneider is eligible for under the qualifying financial performance category of the EOBP09 is $238,800.

Gary D. Cohen, Executive Vice President, General Counsel & Secretary:
Qualifying Company financial performance criteria under the EOBP09 for Mr. Gary Cohen were allocated in the following percentages:

· Improving pre-tax operating income	30% - achieved
· Improving comparable store sales revenue	10% - not achieved
· Improving consolidated gross margin	10% - achieved
· Individual business unit performance objectives	25% - achieved
· Reducing consolidated aged inventory	5% - achieved
· Share price performance	5% - not achieved
· Reducing the Company's SG&A	15% - achieved

Mr. Gary Cohen achieved 85% of the qualified company financial performance portion under the EOBP09. Mr. Cohen's base salary for fiscal 2009 was $318,000. The total bonus amount Mr. Gary Cohen is eligible for under the qualifying financial performance category of the EOBP09 is $162,180.

Kevin S. Wampler, Chief Financial Officer through November 25, 2008:
Qualified Company financial performance criteria under the EOBP09 for Mr. Wampler were allocated in the following percentages:

· Improving pre-tax operating income	30%
· Improving comparable store sales revenue	10%
· Improving consolidated gross margin	10%
· Individual business unit performance objectives	25%
· Reducing consolidated aged inventory	5%
· Share price performance	5%
· Reducing the Company's SG&A	15%

Mr. Wampler voluntarily left the Company on November 25, 2008 thereby forfeiting all components and payments under the EOBP09.

Executive Team Performance Category

For fiscal year 2009 the Committee added an Executive Team Performance Category to the EOBP09. This category consisted of the following five measurable performance criteria:

(1) Improve sales per average square foot over those of fiscal 2008;

(2) Improve the percentage of consolidated inventory that is 180 days or less over that of fiscal 2008;

(3) Improve inventory turn-over rate over that of fiscal 2008;

(4) Reduce the Company's total occupancy costs over those of fiscal 2008; and

(5) Reduce return-to-vendor footwear units over those of fiscal 2008.

Each of the named executive officers was eligible for a performance bonus under this Executive Team Performance Category, quantified as a percentage of each officer's base salary, if the Company achieved at least three of the five listed criteria. For the Chief Executive Officer the Executive Team Performance Category was set at 20% of base salary. For the President it was set at 15% of base salary, for the Chief Operating Officer it was set at 15% of base salary and for the General Counsel and Chief Financial Officer it was set at 10% of each individual's respective base salary.

The Company did not improve its sales per average square foot over that of fiscal 2008, therefore it was concluded that the first criterion of this category was not achieved. The Company was able to improve the percentage of consolidated inventory that is 180 days or less in fiscal 2009 by approximately 3.4% over that of fiscal

2008, resulting in the achievement of the second criterion. The Company was able to improve its inventory turnover rate for fiscal 2009 over that of fiscal 2008 by approximately 10%, resulting in the achievement of this category. The Company was also successful in its effort to reduce its total occupancy costs in fiscal 2009 by approximately 1.4% over that of fiscal 2008, achieving the fourth criterion. The Company successfully reduced the return-to-vendor footwear units over those of fiscal 2008 by approximately 50%, achieving the fifth criterion of this category to the satisfaction of the Committee.

With four of the five criteria that comprised the Executive Team Performance Category achieved to the satisfaction of the Committee, the Committee concluded that each executive that was a participant in this Executive Team Performance Category of the EOBP09, including each of the named executive officers, was eligible for the maximum performance bonus amount under this category. Amounts earned by each named executive officer under this category are as follows:

Alan H. Cohen, as Chief Executive Office thru 11-30-08

The Executive Team Performance Category of the EOBP09 was calculated to equal 20% of Mr. Alan Cohen's base salary. For purposes of EOBP09 calculations the amount of $560,495 was used as his base salary. As described above, the Company achieved at least three of the five performance criteria meeting the threshold to qualify Mr. Cohen for the maximum performance bonus amount under this category: $112,100.

Glenn S. Lyon-

The Executive Team Performance Category of the EOBP09 was calculated to equal 15% of Mr. Lyon's base salary. As described above the Company achieved at least three of the five performance criteria meeting the threshold to qualify Mr. Lyon for the maximum performance bonus amount under this category. As President through November 30, 2008 Mr. Lyon earned $54,563 under this category, and as Chief Executive Officer from December 1, 2008, Mr. Lyon earned $31,000 under this category for a total of $85,563.

Steven J. Schneider-

The Executive Team Performance Category of the EOBP09 was calculated to equal 15% of Mr. Schneider's base salary. As described above, the Company achieved at least three of the five performance criteria meeting the threshold to qualify Mr. Schneider for the maximum performance bonus amount under this category. As Chief Operating Officer through November 30, 2008, Mr. Schneider earned $47,250 under this category, and as President and Chief Operating Officer from December 1, 2008, Mr. Schneider earned $18,750 under this category for a total of $66,000.

Gary D. Cohen -

The Executive Team Performance Category of the EOBP09 was calculated to equal 10% of Mr. Gary Cohen's base salary. As described above, the Company achieved at least three of the five performance criteria meeting the threshold to qualify Mr. Gary Cohen for the maximum performance bonus amount under this category: $31,800.

Kevin S. Wampler -

The Executive Team Performance Category of the EOBP09 was calculated to equal 10% of Mr. Wampler's base salary. Mr. Wampler voluntarily left the Company on November 25, 2008 thereby forfeiting all components and payments under the EOBP09.

All EOBP09 compensation is paid after the end of the fiscal year once the Committee has evaluated the Company's performance relative to the performance goals established at the beginning of the fiscal year. EOBP09 award amounts are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table on page 23.

Retention Bonus Plan

In light of the litigation that developed from the Company's contemplated merger with Genesco Inc. during fiscal 2008, the Committee implemented a Retention Plan applicable to certain key members of executive management. The purpose of implementing the Retention Plan was to enhance the ability of the Company to retain key employees who were considered critical to the successful resolution of the Genesco related litigation as well as to the continuing business operations of the Company. Other than Mr. Alan Cohen who served as the chief executive officer through November 30, 2008, each of the named executive officers was named as participants in the Retention Plan. The Retention Plan consisted of three payments to each Retention Plan participant with each payment structured to be made at three-month intervals. The dollar amount of the first payment to each Retention Plan participant was set to be equal to the dollar amount of the second payment, and the third and final payment was set to be equal to the sum of the first two payment amounts. To receive the second and third payments, Retention Plan participant employees needed to remain employed by the Company at the time of payment of those amounts. The first payment under the Retention Plan was paid to each plan participant on February 29, 2008. The remaining payments under the plan were made on May 30, 2008, and August 29, 2008, to those named executive officers and in the amounts as set forth in the Summary Compensation Table on page 23 and in footnote (5) thereto.

Long Term Executive Officer Bonus Program

The Committee determined to continue its establishment of a new long term incentive bonus plan for fiscal 2009 based on a three year performance cycle that includes fiscal 2009, fiscal 2010, and fiscal 2011 (“LTIB09”). Operating earning threshold amounts under the LTIB09 are subject to the following adjustments: asset impairments, material gains and/or losses from insurance costs, stock compensation expenses, bonus payment amounts to senior management, and material legal costs incurred by the Company during the applicable fiscal year. Under the LTIB09 each of the named executive officers set forth below is eligible to earn up to the target amount specified below if, over the three-year performance cycle, the Company improves adjusted operating earnings, as determined in accordance with GAAP, by 30% (or what equates to an average of 10% per year) over adjusted operating earnings for fiscal 2008, which amounts to approximately $41,609,000.

The purpose of the LTIB09 is to continue to encourage the Company’s executive management, including each of the named executive officers, to focus on longer-term Company performance. The Committee believes that the fixed cash based incentive component of this plan continues to serve as an adequate long term incentive as compared to a share-based plan where the value of the reward component remains uncertain and subject to a variety of factors outside of the control of plan participants.

For Mr. Alan Cohen the LTIB09 target amount was set at $225,000, for Mr. Glenn Lyon $150,000, for Mr. Steven Schneider $125,000, for Mr. Gary Cohen $75,000 and for Mr. Kevin Wampler $75,000 (which was forfeited by Mr. Wampler when he voluntarily left the Company on November 25, 2008). These threshold payment amounts have remained consistent for at least the prior three fiscal year long term incentive bonus plans and the Committee determined that the amounts should continue to remain consistent for the LTIB09.

To the extent that operating earnings for the three-year performance cycle are less than the stated goal but are within 90% of such goal, then the bonus award amount will be one half of the proposed bonus award. To remain eligible for an award under this program the executive officer must remain employed throughout the three-year performance cycle at such officer’s present or superior position. The LTIB09 is not required to be funded by the Company, and if amounts are earned under the plan the amounts will be paid out of the general assets of the Company. The Committee retains sole discretion to administer the LTIB09, including the ability to reduce award amounts and whether to grant any award amount under the program. The Committee also retains discretion to confirm eligibility under the program in the event of an eligible executive’s termination of employment. In such an event the Committee will consider the circumstances of the termination including voluntarily separation, separation due to death or disability, and retirement. Mr. Alan Cohen is considered to no longer be eligible for any bonus payments under any long-term incentive bonus program. The Committee concluded that Mr. Lyon and Mr. Schneider will remain eligible under the LTIB09 at the payment amounts set at the inception of the program provided they remain in their current or superior positions at the time of payout under the program, and provided the threshold criteria are met. Potential bonus amounts under the LTIB09 for each named executive officer are also reflected in the 2009 Grants of Plan-Based Awards Table on page 25.

Restricted Share and Stock Option Incentive Compensation

In keeping with the Committee's objective of providing a sufficiently balanced executive compensation structure the Committee incorporated an equity component into each of the named executive officer's annual compensation for fiscal 2009. Before confirming the amount of equity based compensation that would be allocated to each named executive the Committee considered an equity compensation report prepared by Mercer. The Mercer report included an assessment of equity distribution among those companies that comprise the FY09 Peer Group. The Committee then considered recommendations from the Chief Executive Officer as to which key employees should receive equity grants and the recommended amounts. Included in the Chief Executive Officer's recommendations were the grants of additional special equity awards to Mr. Steven Schneider, Mr. Gary Cohen and to Mr. Kevin Wampler, for their extraordinary individual contributions to the resolution of the failed merger between the Company and Genesco and the resulting litigation that followed. The Committee concluded that the recommendations of the Chief Executive Officer were within industry trends and did not exceed comparable position limits. The Committee also concluded to approve the special equity awards to the above named executive officers.

Special equity awards made to Mr. Steven Schneider, Mr. Gary Cohen and to Mr. Kevin Wampler were comprised of both stock options and restricted shares. Restricted shares granted as part of a special equity award to these three named executive officers carried the same three year cliff vesting schedule as those shares that comprised their annual incentive based compensation, and the options granted as part of the special equity award had a shortened vesting schedule from those granted as part of annual incentive based compensation. Special equity awards, as well as all other equity awards granted to the named executive officers during fiscal 2009, are reflected in the Summary Compensation Table on page 23 and the Fiscal Year 2009 Grants of Plan-Based Awards Table on Page 25.

When determining to grant equity based compensation to the Company's executives the Committee considers the recipient's prior performance, the importance of retaining the recipient's services, and the potential for the recipient's performance in helping the Company achieve long-term performance objectives. Company equity awards that are part of annual executive compensation are determined at the beginning of the fiscal year, although equity awards may be granted at other times in the event of a new hire or promotion, or other special circumstances. Equity grants to newly-hired or newly-promoted employees with titles of vice president or below that fall within guidelines previously approved by the Committee may be approved by written action of the Chief Executive Officer acting under a delegation from the Committee. All other equity grants are approved by resolution of the Committee.

Scheduling of the Committee's meetings continues to be made without regard to anticipated earnings or other potential material announcements by the Company. Unless otherwise specified by the Committee, the grant date for annual equity grants to executive officers is the same date of the Committee meeting at which they are approved. The exercise price of each stock option to be awarded is calculated to equal the average of the high and low sales price of the Company's Class A common stock on Nasdaq on the grant date. Once equity grant awards are approved by the Committee, grant award letters are prepared and distributed as soon as administratively possible reflecting the number of stock options and/or restricted shares granted.

Vesting Schedule for Option Awards Granted To Named Executive Officers

The grant date for annual executive compensation options granted to the named executive officers in fiscal 2009 was March 11, 2008. Other than the special equity awards referenced above, the tiered vesting schedule for fiscal 2009 executive compensation options granted to the named executive officers is the same for each such named executive:

Vesting Dates for Options Granted in fiscal 2009	Percent of Options Vested

3/11/09	10%
3/11/10	20%
3/11/11	30%
3/11/12	40%

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The vesting schedule for options granted as part of the special equity awards awarded to Mr. Steven Schneider, Mr. Gary Cohen and to Mr. Kevin Wampler are as follows:

Vesting Dates for Options Granted as part of a Special Equity Award	Percent of Options Vested
3/11/09	50%
3/11/10	50%

Options granted to independent directors of the Company as part of their service on the Board vest one year from their grant date. Prior to the exercise of an option grant, the recipient has no rights as a shareholder with respect to shares subject to such option grant, including voting rights and the right to receive dividends. The stock options granted to independent directors for fiscal 2009 are described in the 2009 Director Compensation Table on page 35

Vesting Schedule for Stock Awards Granted

Stock awards granted by the Committee as part of annual executive compensation, as well as those granted as part of special equity awards to Mr. Gary Cohen, Mr. Wampler and Mr. Schneider for fiscal 2009 vest under a three year cliff-vesting schedule where 100% of the restrictions on all such stock grants lapse and the shares granted vest on March 11, 2011. The grant date for all stock awards granted to named executive officers in fiscal 2009 was March 11, 2008. Dividends, if any, are paid on all restricted shares at the same rate as those received by all other shareholders of the Company. Option and stock awards made to named executive officers for fiscal 2009 are reflected in the Fiscal Year 2009 Grants of Plan-Based Awards Table on page 25. Restricted shares granted to independent directors are reflected in the 2009 Director Compensation Table on page 35.

Employment Agreements and Change in Control

On December 31, 2008, the Company entered into amended and restated employment agreements with Mr. Glenn Lyon, Mr. Steven Schneider, and Mr. Gary Cohen. Mr. Alan Cohen retired from his position as the Company's Chief Executive Officer on November 30, 2008. He remains as the Chairman of the Board and is not a party to any employment agreement with the Company. Mr. Kevin Wampler voluntarily left the Company on November 25, 2008, and is therefore no longer subject to any employment agreement with the Company. Each of the remaining named executive officer's employment agreements obligates the Company to make certain payments to the executives in the event of termination or a change in control. The Company maintains these agreements as a means of remaining competitive, focusing each such executive officer on shareholder interests when considering strategic alternatives, and providing income protection in the event of involuntary loss of employment. Information regarding applicable payments to each named executive officer under such agreements is provided in the section entitled Potential Payments in the Event of a Termination or a Change in Control beginning on page 30.

Pension Benefits

The Company does not currently provide pension benefits to its executives or employees.

Non-Qualified Deferred Compensation

The Finish Line, Inc. Non-Qualified Deferred Compensation Plan ("NQDC Plan"), is a non-qualified deferred compensation plan offered to certain officers and key employees, including each of the named executive officers, of the Company who may elect to defer a specified percentage of their future compensation, and performance based compensation (up to a maximum of 80%) on a pre-tax basis. The NQDC Plan is designed to coordinate with The Finish Line Inc. Profit Sharing and 401(k) Plan (the “401(k) Plan”) so that compensation deferrals are made to the NQDC Plan only to the extent such deferrals cannot be made to the 401(k) Plan due to limits applicable to qualified plans. Deferred compensation under the NQDC Plan is credited with earnings, gains and losses, in accordance with investment options that may be selected by the participant from time to time, based on investment options available under the 401(k) Plan. In general the plan’s investment options consist of various mutual and index funds comprised of stocks, bonds and money market accounts. Amounts deferred under the NQDC Plan by a participant are credited to a bookkeeping account and are adjusted periodically for hypothetical investment options based on participant directed allocation of the account funds from a menu of fund options chosen by the NQDC Plan administrator. The NQDC Plan directs the Company to make matching contributions to the NQDC Plan equal to 3% of the amounts deferred under both the NQDC Plan and the 401(k) Plan less any matching contributions made on behalf of the participant under the 401(k) Plan. Upon retirement or other separation from service or, if previously elected, upon a change in control of the Company a participant is entitled to payment of their vested account balance in a manner as previously elected by such participant. The NQDC Plan is intended to comply with the provisions of Section 409A of the Code applicable to deferred compensation arrangements. Compensation amounts deferred under the NQDC Plan by named executive officers are listed in the Fiscal Year 2009 Non-Qualified Deferred Compensation Table on page 30, and are included in the Salary column of the Summary Compensation Table on page 23.

Qualified Deferred Compensation

The Finish Line Inc. Profit Sharing and 401(k) Plan is a defined contribution plan qualified under Sections 401(a) and 401(k) of the Code and is applicable to all eligible employees of the Company including each of the named executive officers. In fiscal 2009 eligible employees could elect to contribute a portion of their salary to the plan up to a maximum amount of $15,500, and the Company provided matching contributions at 100% for up to 3% of each employee's eligible earnings. Matching contributions made by the Company to named executive officers are reflected in the Summary Compensation Table on page 23.

Perquisites

It remains the practice of the Company to not provide perquisites to its named executive officers other than to the Chief Executive Officer. Through the date of Mr. Alan Cohen's retirement as Chief Executive Officer the Company paid Mr. Cohen's annual country club membership dues and also provided Mr. Cohen with use of a Company vehicle. For that portion of Mr. Cohen's use of the Company vehicle that did not meet the Internal Revenue Service's standard for business use, the cost was imputed as income and a gross up payment for taxes was provided.

When Mr. Glenn Lyon assumed the role of Chief Executive Officer on December 1, 2008, the Company began providing Mr. Lyon with an allowance for his country club membership dues and for an automobile. The Committee considers these payments to be reasonable and consistent with its compensation structure objectives.

Tax and Accounting Considerations

To the extent readily determinable, the Compensation Committee takes into consideration the accounting and tax treatment of the various aspects of the Company's executive compensation structure. The Company's executive compensation plans are designed to be in part deductible under Section 162(m) of the Code. However, since some types of compensation payments and their deductibility depend upon factors outside of the Committee's or the Company's control and because interpretations and changes in the tax laws and other factors beyond the Committee's control may affect the deductibility of compensation, the Committee will not necessarily limit executive compensation to that which is deductible under applicable provisions of the Code. The Committee will consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives.

The Company does not currently have a policy requiring a specific course of action with respect to compensation adjustments following later restatements of financial results. Under those circumstances, the Committee would evaluate whether adjustments, including implementation of recoupment procedures, are appropriate based upon the facts and circumstances surrounding the restatement and existing laws.

Additionally, Section 409A of the Code governs the timing of deferrals and form of payment under the Company's recently implemented non-qualified deferred compensation program. The Committee believes that the Company has been operating the non-qualified plan in good faith compliance with Section 409A.

Related Party Transactions

In accordance with the Company's Audit Committee charter, the Audit Committee maintains responsibility for reviewing and approving any related party transactions. The Company did not enter into any financial transactions with any related party or immediate family member of a director or executive officer of the Company during fiscal 2009. If any such material financial transaction were contemplated, the terms of any such transaction would be reviewed and approved by the Audit Committee prior to the Company entering into any such transaction.

Compensation Committee Report

The Company's Compensation and Stock Option Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and based on such review recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the Company's Form 10-K for fiscal 2009.

This report is respectfully submitted by the members of the Compensation and Stock Option Committee set forth below:

Bill Kirkendall
Dolores Kunda
Catherine Langham

Compensation Committee Interlocks and Insider Participation

Members of the Compensation and Stock Option Committee have no interlocks or insider participation, and no member is or has been a former employee or officer of the Company.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($) (5)	Stock Awards ($) (8)	Option Awards ($) (12)	Non-Equity Incentive Plan Compensation ($) (16)	All Other Compensation ($)	Total ($)
Alan H. Cohen	2009	$ 460,495 (1)	$ 100,000 (6)	$ 492,482	$ 660,984	$ 469,419	$ 18,050 (20)	$ 2,201,430
Chairman of the Board and	2008	$ 593,000	$ 0	$ 296,775	$ 244,708	$ 0	$ 23,323	$ 1,157,806
Chief Executive Officer (through 11-30-08)	2007	$ 570,000	$ 0	$ 193,945	$ 160,193	$ 28,500	$ 24,967	$ 977,605
Glenn S. Lyon	2009	$ 518,750 (2)	$ 60,000	$ 253,919	$ 278,050	$ 391,167 (17)	$ 14,650 (21)	$ 1,516,536
Chief Executive Officer	2008	$ 468,000	$ 20,000	$ 252,160	$ 407,810	$ 157,950	$ 10,300	$ 1,316,220
(effective 12-1-08)	2007	$ 450,000	$ 0	$ 151,672	$ 391,935	$ 18,000	$ 12,055	$ 1,023,662
Steven J. Schneider	2009	$ 440,000 (3)	$ 75,000	$ 262,005 (9)	$ 183,849 (13)	$ 304,800 (18)	$ 24,817 (22)	$ 1,290,471
President and Chief	2008	$ 406,000	$ 25,000	$ 207,544	$ 233,360	$ 134,792	$ 10,300	$ 1,016,996
Operating Officer (effective 12-1-08)	2007	$ 390,000	$ 0	$ 109,399	$ 234,792	$ 13,650	$ 13,650	$ 759,896
Gary D. Cohen	2009	$ 318,000	$ 125,000 (7)	$ 225,297 (10)	$ 130,094 (14)	$ 193,980	$ 9,193 (23)	$ 1,001,564
Executive Vice President,	2008	$ 307,000	$ 25,000	$ 158,203	$ 167,019	$ 104,380	$ 10,300	$ 771,902
General Counsel & Secretary	2007	$ 295,000	$ 0	$ 63,828	$ 188,101	$ 53,100	$ 12,055	$ 612,084
Kevin S. Wampler	2009	$ 280,385 (4)	$ 75,000	$ (162,282) (11)	$ (37,593) (15)	$ 0 (19)	$ 14,565 (24)	$ 369,950
Executive Vice President,	2008	$ 280,000	$ 25,000	$ 158,203	$ 167,019	$ 94,150	$ 10,300	$ 734,672

Chief Financial Officer and Assistant Secretary	2007	$ 245,000	$ 0	$ 63,828	$ 179,241	$ 44,100	$ 12,055	$ 544,224

(1) Mr. Cohen retired from his position as Chief Executive Officer on November 30, 2008. Amount shown represents the portion of his annual base salary of $614,000 that he earned through the date of his retirement. Mr. Cohen has retained his position as Chairman of the Board.

(2) Mr. Lyon was promoted from President to Chief Executive Officer effective December 1, 2008. Amount shown represents total salary paid to Mr. Lyon during fiscal 2009. Mr. Lyon's annual base salary as President was $485,000 and his annual base salary as Chief Executive Officer was $620,000 during fiscal 2009.

(3) Mr. Schneider was promoted from Chief Operating Officer to President and Chief Operating Officer effective December 1, 2008. Amount shown represents total salary paid to Mr. Schneider during fiscal 2009. Mr. Schneider's annual base salary as Chief Operating Officer was $420,000 and his base salary as President/Chief Operating Officer was $500,000 during fiscal 2009.

(4) Mr. Wampler voluntarily left the Company on November 25, 2008. Amount shown represents total salary paid to Mr. Wampler through his date of departure.

(5) Except as otherwise indicated, amounts reflected in this column for fiscal 2009 represent the second and third (out of a total of three) payments payable to the named executive officer in fiscal 2009 under a Retention Bonus Plan the Company implemented in fiscal 2008. The second payment was payable on May 30, 2008, and the third payment was payable on August 29, 2008, provided the executive remained employed by the Company on those dates. The amount of the second payment under this plan was equal to the first payment, and the third and final payment was equal to the sum of the first two payments.

(6) Amount represents a retirement severance payment the Committee granted to Mr. Cohen upon his retirement from his position as Chief Executive Officer on November 30, 2008. This amount, together with the $460,495 Mr. Cohen earned as base salary through the date of his retirement, was the base amount used to determine Mr. Cohen's annual incentive based compensation under the EOBP09.

(7) Includes a special award of $50,000 paid to Mr. Gary Cohen for his exceptional service in resolving the litigation that resulted from the failed merger between the Company and Genesco Inc., and $75,000 paid under the Retention Plan.

(8) The amounts in this column for fiscal 2009 reflect the amount of compensation expense recognized by the Company for the restricted shares granted in fiscal 2009, as well as in prior years, to each named executive officer and exclude the estimate of forfeitures related to time based vesting. The grant date fair market value of the restricted shares has been computed in accordance with FAS123(R). For further information regarding the valuation of restricted shares please see Note 9 to the Company's financial statements filed with the SEC on Form 10-K on May 5, 2009. The amounts shown reflect the Company's accounting expense for these stock awards and do not necessarily reflect the actual value that may be recognized by a named executive officer.

(9) In addition to shares granted as part of annual compensation, Mr. Schneider was granted 25,000 restricted shares as part of a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc.

(10) In addition to shares granted as part of annual compensation Mr. Gary Cohen was granted 35,000 restricted shares as part of a special equity award for his exceptional service in resolving the litigation that resulted from the failed merger between the Company and Genesco Inc.

(11) In addition to shares granted as part of annual compensation Mr. Wampler was granted 25,000 restricted shares as part a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc. Mr. Wampler voluntarily left the Company on November 25, 2008, thereby forfeiting all payments under the EOBP09, including entitlement to any unvested shares.

(12) The amounts in this column for fiscal 2009 reflect the amount of compensation expense recognized by the Company for the stock options granted in fiscal 2009, as well as in prior years, to each named executive officer and excludes the estimate of forfeitures related to time based vesting. The grant date fair market value of the stock options granted has been computed in accordance with FAS123(R). For further information regarding the valuation of stock options granted please see Note 9 to the Company's financial statements filed with the SEC on Form 10-K on May 5, 2009. The amounts shown reflect the Company's accounting expense for these option awards and do not reflect the actual value that may be recognized by a named executive officer.

(13) In addition to options granted as part of annual compensation Mr. Schneider was granted 25,000 options as part of a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc.

(14) In addition to options granted as part of annual compensation, Mr. Gary Cohen was granted 35,000 options as part of a special equity award for his exceptional service in resolving the litigation that resulted from the failed merger between the Company and Genesco Inc.

(15) In addition to shares granted as part of annual compensation, Mr. Wampler was granted 25,000 options as part of a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc. Mr. Wampler voluntarily left the Company on November 25, 2008, thereby forfeiting all payments under the EOBP09, including entitlement to any unvested options.

(16) Non-equity incentive plan compensation is listed for the fiscal year in which such compensation was earned. Payments of such compensation were made to the named executive officer in the next succeeding fiscal year.

(17) Includes non-equity incentive plan compensation of $261,354 awarded prior to December 1, 2008 while Mr. Lyon served as President and $129,813 awarded after that date when he was promoted to Chief Executive Officer.

(18) Includes non-equity incentive plan compensation of $211,050 awarded prior to December 1, 2008 while Mr. Schneider served as Chief Operating Officer and $93,750 awarded after that date when he was promoted to President/Chief Operating Officer.

(19) Mr. Wampler voluntarily left the Company on November 25, 2008 thereby forfeiting all payments under the EOBP09.

(20) This amount reflects the Company's contribution to Mr. Alan Cohen's profit sharing and 401(k) plan account for fiscal 2009 in the amount of $6,900, and the value of those benefits the Company provided to Mr. Alan Cohen considered perquisites in the amount of $11,150. The perquisites included payment of annual country club membership dues and the tax gross up value for use of a Company vehicle.

(21) This amount reflects the Company's contribution to Mr. Lyon's profit sharing and 401(k) plan account for fiscal 2009 in the amount of $9,193, and the value of those benefits considered perquisites the Company provided to Mr. Lyon in his capacity as Chief Executive Officer in the amount of $5,457. The perquisites included payment

of country club membership dues and the reimbursement for use of a vehicle.

(22) This amount reflects the Company's total contributions to Mr. Schneider's non-qualified deferred compensation plan (NQDCP), profit sharing and 401(k) plan accounts for fiscal 2009. Of this amount, $15,624 was the Company's contribution to Mr. Schneider's NQDCP account, and $9,193 was the Company's contribution to his profit sharing and 401(k) plan accounts.

(23) This amount reflects the Company's contribution to Mr. Gary Cohen's profit sharing and 401(k) plan account for fiscal 2009 in the amount of $9,193.

(24) This amount reflects the Company's total contributions to Mr. Wampler's NQDCP, profit sharing and 401(k) plan accounts for fiscal 2009. Of this amount, $7,665 was the Company's contribution to Mr. Wampler's NQDCP account, and $6,900 was the Company's contribution to his profit sharing and 401(k) plan accounts.

FISCAL YEAR 2009 GRANTS OF PLAN-BASED AWARDS TABLE

Name	Grant Date	Date of Committee Action	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#) (17)	All Other Option Awards: Number of Securities Underlying Options (#) (18)	Exercise or Base Price of Option Awards $/Sh) (19)	Grant Date Fair Value of Stock and Option Awards ($) (20)
Alan H. Cohen	3/11/08	3/11/08	— (1)		— (1)				
	3/11/08	3/11/08	—	476,425 (2)	588,525 (3)				
	3/11/08	3/11/08	—	—	—	35,000	70,000	$ 4.51	$ 291,389
Glenn S. Lyon	3/11/08	3/11/08	75,000 (4)	—	150,000 (5)				
	3/11/08	3/11/08	—	131,750 (6)	162,750 (7)				
	3/11/08	3/11/08	—	272,813 (8)	327,375 (9)				
	3/11/08	3/11/08	—	—	—	30,000	60,000	$ 4.51	$ 249,762
Steven J. Schneider	3/11/08	3/11/08	62,500 (4)		125,000 (5)				
	3/11/08	3/11/08	—	93,750 (10)	112,500 (11)				
	3/11/08	3/11/08	—	204,750 (12)	252,000 (13)	55,000 (21)	75,000 (22)	$ 4.51	$ 391,128
Gary D. Cohen	3/11/08	3/11/08	37,500 (4)		75,000 (5)				
	3/11/08	3/11/08	—	184,200 (14)	214,900 (15)				
	3/11/08	3/11/08	—	—	—	60,000 (23)	70,000 (24)	$ 4.51	$ 404,139
Kevin S. Wampler	3/11/08	3/11/08	$ — (16)		$ — (16)				
	3/11/08	3/11/08	—	168,000 (14)	196,000 (15)				
	3/11/08	3/11/08	—	—	—	50,000 (25)	35,000 (26)	$ 4.51	$ 292,270

(1) Mr. Cohen retired from his position as Chief Executive Officer during fiscal 2009 and is therefore ineligible for any payments under the LTIB09.

(2) Reflects the target amount payable to Mr. Alan Cohen under the Company's fiscal year 2009 annual executive officer bonus program (EOBP09). Estimated target EOBP09 payment amounts are based on a percentage of each named executive officer's base salary. For Mr. Alan Cohen the target percentage is 85% of base salary. Because Mr. Cohen retired from his position as Chief Executive Officer during fiscal 2009, the base salary amount used to

determine his eligibility amounts under the EOBP09 was the $460,495 in base salary he earned through his retirement date, plus his retirement severance amount of $100,000, totaling $560,495. Amounts actually paid under this program to Mr. Cohen for fiscal 2009 are reflected in the Summary Compensation Table under the column heading “Non-Equity Incentive Plan Compensation.”

(3) Reflects the maximum amount that would be payable to Mr. Alan Cohen under the annual EOBP09. The estimated maximum payment amounts under the EOBP09 for Mr. Cohen is set at 105% of his base salary. Amounts actually paid under this program to Mr. Cohen for fiscal 2009 are reflected in the Summary Compensation Table under the column heading “Non-Equity Incentive Plan Compensation.”

(4) Reflects the threshold amount that would be payable to the respective named executive officer under the LTIB09 if the Company were to achieve at least 90% of the goal under the LTIB09: achievement of improved adjusted operating earnings over three fiscal years by an annual average of 10% over adjusted operating earnings for fiscal year 2008. If the stated goal is achieved, the amount reflected in this column would not be payable until after the close of fiscal year 2011.

(5) Reflects the maximum amount that would be payable to the respective named executive officer under the LTIB09 if the Company were to fully achieve the stated goal under the LTIB09: achievement of improved adjusted operating earnings over three fiscal years by an annual average of 10% over adjusted operating earnings for fiscal year 2008. If the stated goal is achieved, amounts reflected in this column would not be payable until after the close of fiscal year 2011.

(6) Reflects the target amount payable to Mr. Lyon under the Company’s EOBP09 in his capacity as Chief Executive Officer. Estimated target EOBP09 payment amounts are based on a percentage of each named executive officer’s base salary. The target percentage for Mr. Lyon as Chief Executive Officer was 85% of his $620,000 base salary in such capacity. Mr. Lyon was Chief Executive Officer for the final three months of fiscal 2009, so the prorated amount of his base salary in such capacity used to determine target eligibility amounts under the EOBP09 was $155,000. Amounts actually paid under this program to Mr. Lyon in his capacity as Chief Executive Officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading “Non-Equity Incentive Plan Compensation.”

(7) Reflects the maximum amount that would be payable to Mr. Lyon in his capacity as Chief Executive Officer under the Company's EOBP09. The estimated maximum EOBP09 payment amounts are based on a percentage of Mr. Lyon's annual base salary. The maximum percentage for Mr. Lyon as Chief Executive Officer was 105% of his $620,000 base salary in such capacity. Mr. Lyon was Chief Executive Officer for the final three months of fiscal 2009, so the prorated amount of his base salary in such capacity used to determine maximum eligibility amounts under the EOBP09 was $155,000. Amounts actually paid under this program to Mr. Lyon in his capacity as Chief Executive Officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(8) Reflects the target amount payable to Mr. Lyon under the Company's EOBP09 in his capacity as President. The estimated maximum EOBP09 payment amounts are based on a percentage of Mr. Lyon's annual base salary. The target percentage for Mr. Lyon as President was 75% of his $485,000 base salary in such capacity. Mr. Lyon was President for the first nine months of fiscal 2009, so the prorated amount of his base salary in such capacity used to determine eligibility amounts under the EOBP09 was $363,750. Amounts actually paid under this program to Mr. Lyon in his capacity as President for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(9) Reflects the maximum amount that would be payable to Mr. Lyon in his capacity as President under the Company's EOBP09. The estimated maximum EOBP09 payment amounts are based on a percentage of Mr. Lyon's annual base salary. The maximum percentage for Mr. Lyon as President was 90% of his $485,000 base salary in such capacity. Mr. Lyon was President for the first nine months of fiscal 2009, so the prorated amount of his base salary in such capacity used to determine eligibility amounts under the EOBP09 was $363,750. Amounts actually paid under this program to Mr. Lyon in his capacity as President for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(10) Reflects the target amount payable to Mr. Schneider under the Company's EOBP09 in his capacity as President and Chief Operating Officer. The target percentage for Mr. Schneider as President and Chief Operating Officer was 75% of his base salary in such capacity. Mr. Schneider was President and Chief Operating Officer for the final three months of fiscal 2009, so the prorated amount of his base salary in such capacity used to determine his maximum eligibility amounts under the EOBP09 was $125,000. Amounts actually paid under this program to Mr. Schneider in his capacity as President and Chief Operating Officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(11) Reflects the maximum amount that would be payable to Mr. Schneider in his capacity as President and Chief Operating Officer under the annual EOBP09. The maximum percentage for Mr. Schneider as President and Chief Operating Officer was 90% of his $500,000 base salary in such capacity. Mr. Schneider was President and Chief Operating Officer for the final three months of fiscal 2009, so the prorated amount of his base salary in such capacity used to determine his maximum eligibility amounts under the EOBP09 was $125,000. Amounts actually paid under this program to Mr. Schneider in his capacity as President and Chief Operating Officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(12) Reflects the target amount payable to Mr. Schneider under the Company's EOBP09 in his capacity as Chief Operating Officer. The target percentage for Mr. Schneider as Chief Operating Officer was 65% of his $420,000 base salary in such capacity. Mr. Schneider was Chief Operating Officer for the first nine months of fiscal 2009, so the prorated amount of his base salary in such capacity used to determine his target eligibility amounts under the EOBP09 was $315,000. Amounts actually paid under this program to Mr. Schneider in his capacity as Chief Operating Officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(13) Reflects the maximum amount that would be payable to Mr. Schneider in his capacity as Chief Operating Officer under the annual EOBP09. The maximum percentage for Mr. Schneider as Chief Operating Officer was 80% of his $420,000 base salary in such capacity. Mr. Schneider was Chief Operating Officer for the first nine months of

fiscal 2009, so the prorated amount of his base salary in such capacity used to determine his maximum eligibility amounts under the EOBP09 was $315,000. Amounts actually paid under this program to Mr. Schneider in his capacity as Chief Operating Officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(14) Reflects the target amount payable to the respective named executive officer under the annual EOBP09. Estimated target EOBP09 payment amounts are based on a percentage of each named executive officer's base salary: For Mr. Gary Cohen and Mr. Kevin Wampler the target percentage was 60% of their respective annual base salaries. Amounts actually paid under this program to each named executive officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(15) Reflects the maximum amount that would be payable to the respective named executive officer under the annual EOBP09. For Mr. Gary Cohen and Mr. Kevin Wampler the maximum percentage was 70% of their respective annual base salary. Amounts actually paid under this program to each named executive officer for fiscal 2009 are reflected in the Summary Compensation Table under the column heading "Non-Equity Incentive Plan Compensation."

(16) Mr. Wampler voluntarily left the Company on November 25, 2008 thereby forfeiting all potential payments under the LTIB09.

(17) Amounts reflected in this column show the number of restricted shares granted to each named executive officer in fiscal 2009. The restricted shares granted vest under a three-year cliff-vesting schedule where all restrictions on the shares lapse and the shares granted vest on March 11, 2011.

(18) Amounts reflected in this column show the number of stock options granted to each named executive officer in fiscal 2009. Except as otherwise indicated the options granted have a tiered vesting schedule whereby 10% vest one year from the grant date, 20% vest two years from the grant date, 30% vest three years from the grant date and the remaining 40% vest four years from the grant date.

(19) The amount reflected in this column shows the exercise price which was calculated as the average of the high and low sales price of the Company's common stock traded on the grant date of March 11, 2008.

(20) The amount reflected in this column shows the grant date fair value of restricted shares and of stock options computed in accordance with FAS123(R). For stock option awards the fair market value was calculated by multiplying the Black-Scholes value by the number of options granted. The Black-Scholes value for stock options granted in fiscal 2009 to each of the named executive officers was $1.91. For restricted share awards, the fair value was calculated by multiplying the average of the high and low sales price of the Company's stock on the NASDAQ on the grant date.

(21) In addition to 30,000 restricted shares granted as part of annual compensation, Mr. Schneider was granted 25,000 restricted shares as part of a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc.

(22) In addition to 50,000 stock options granted as part of annual compensation, Mr. Schneider was granted 25,000 stock options as part of a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc. The 25,000 stock options granted as part of a special equity award have a two year vesting schedule whereby 12,500 options vest on March 11, 2009 and the remaining 12,500 options vest on March 11, 2010.

(23) In addition to 25,000 restricted shares granted as part of annual compensation, Mr. Gary Cohen was granted 35,000 restricted shares as part of a special equity award for his exceptional service in resolving the litigation that resulted from the failed merger between the Company and Genesco Inc.

(24) In addition to 35,000 stock options granted as part of annual compensation, Mr. Gary Cohen was granted 35,000 stock options as part of a special equity award for his exceptional service in resolving the litigation that resulted from the failed merger between the Company and Genesco Inc. The 35,000 stock options granted as part of a special equity award have a two year vesting schedule whereby 17,500 options vest on March 11, 2009 and the remaining 17,500 options vest on March 11, 2010.

(25) In addition to 25,000 restricted shares granted as part of annual compensation, Mr. Wampler was granted 25,000 restricted shares as part of a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc. Mr. Wampler voluntarily left the Company on November 25, 2008 thereby forfeiting all unvested Company shares granted to him in connection with his employment with the Company.

(26) In addition to 35,000 stock options granted as part of annual compensation, Mr. Wampler was granted 25,000 stock options as part a special equity award for his exceptional service in resolving the failed merger between the Company and Genesco Inc. The 25,000 stock options granted as part of a special equity award have a two year vesting schedule whereby 12,500 options vest on March 11, 2009 and the remaining 12,500 options vest on March 11, 2010. Mr. Wampler voluntarily left the Company on November 25, 2008 thereby forfeiting all unvested Company stock options granted to him in connection with his employment with the Company.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) (2) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($) (3)
Alan H. Cohen (1)	40,000	—	$ 14.29	08/31/2015		
	55,000	—	$ 16.07	03/29/2016		
	80,000	—	$ 12.03	03/19/2017		
	70,000	—	$ 4.51	03/11/2018		
Glenn S. Lyon	35,000	—	$ 4.70	09/10/2011	20,000 (4)	$ 83,000
	15,000	—	$ 8.15	02/07/2012	25,000 (5)	$ 103,750
	35,000	—	$ 5.65	02/04/2013	30,000 (6)	$ 124,500
	40,000	—	$ 0.50	10/23/2013		
	50,000	—	$ 17.62	03/04/2014		
	18,000	12,000	$ 14.29	08/31/2015		
	12,000	28,000	$ 16.07	03/29/2016		
	5,000	45,000	$ 12.03	03/19/2017		
		60,000	$ 4.51	03/11/2018		
Steven J. Schneider	14,000	—	$ 4.00	04/26/2011	15,000 (4)	$ 62,250
	12,000	—	$ 8.15	02/07/2012	25,000 (5)	$ 103,750
	24,500	—	$ 5.65	02/04/2013	55,000 (6)	$ 228,250
	40,000	—	$ 17.62	03/04/2014		
	15,000	10,000	$ 14.29	08/31/2015		
	10,500	24,500	$ 16.07	03/29/2016		
	3,000	27,000	$ 12.03	03/19/2017		
		50,000	$ 4.51	03/11/2018		
		25,000 (7)	$ 4.51	03/11/2018		
Gary D. Cohen	21,000	—	$ 8.15	02/07/2012		
	24,500	—	$ 5.65	02/04/2013	7,000 (4)	$ 29,050
	35,000	—	$ 17.62	03/04/2014	25,000 (5)	$ 103,750
	12,000	8,000	$ 14.29	08/31/2015	60,000 (6)	$ 249,000
	6,000	14,000	$ 16.07	03/29/2016		
	1000	9,000	$ 12.03	03/19/2017		
		35,000	$ 4.51	03/11/2018		
		35,000 (8)	$ 4.51	03/11/2018		

Kevin S. Wampler	24,000	—	$	4.00	04/26/2011
	20,000	—	$	8.15	02/07/2012
	24,000	—	$	5.65	02/04/2013
	35,000	—	$	17.62	03/04/2014
	12,000	—	$	14.29	08/31/2015
	6,000	—	$	16.07	03/29/2016
	1,000	—	$	12.03	03/19/2017

(1) Mr. Alan Cohen retired from his position as Chief Executive Officer on November 30, 2008. Pursuant to the equity award agreements entered into between the Company and Mr. Cohen under the authority of the 2002 Stock Incentive Plan, all awards of Company stock options and Company incentive stock granted to Mr. Cohen vested on the date of Mr. Cohen's retirement.

(2) Generally, options outstanding will be exercisable at a price equal to the average of the high and low price on the date of grant and, unless otherwise indicated, vest on a tiered schedule over a four year period: 10% after one year, 20% after two years, 30% after three years and the remaining 40% after four years. All options expire ten years from the date of grant.

(3) The values represented in this column have been calculated by multiplying $4.15 (the closing price of the Company's common stock on the last trading day of fiscal 2009, which was February 27, 2009) by the number of shares of stock.

(4) Restricted shares granted on March 29, 2006, have a three-year cliff-vesting schedule and vest on March 29, 2009.

(5) Restricted shares granted on March 19, 2007, have a three-year cliff-vesting schedule and vest on March 19, 2010.
(6) Restricted shares granted on March 11, 2008, have a three-year cliff-vesting schedule and vest on March 11, 2011.
(7) Stock options granted as part of a special equity award to Mr. Schneider in the amount of 25,000 have a two year vesting schedule whereby 12,500 options vest on March 11, 2009 and the remaining 12,500 options vest on March 11, 2010.
(8) Stock options granted as part of a special equity award to Mr. Gary Cohen in the amount of 35,000 have a two year vesting schedule whereby 15,500 options vest on March 11, 2009 and the remaining 15,500 options vest on March 11, 2010.

FISCAL YEAR 2009 OPTION EXERCISES AND STOCK VESTED TABLE

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Alan H. Cohen	—	—	80,000	$ 408,400 (1)
Glenn S. Lyon	—	—	—	—
Steven J. Schneider	—	—	—	—
Gary D. Cohen	—	—	—	—
Kevin S. Wampler	—	—	—	—

(1) Amount for Mr. Alan Cohen reflects the value determined by multiplying the number of shares vested by the average of the high and low sales price of the Company's shares on November 28, 2008 ($5.10), the active market-trading date immediately preceding the actual vesting date of November 30, 2008, which was a Sunday. Vesting of Mr. Cohen's shares occurred pursuant to the award agreements under which they were granted which directed vesting of the shares upon the qualifying event of retirement which occurred on November 30, 2008.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information with respect to compensation plans under which equity securities of the Company are currently authorized for issuance to employees or non-employees (such as directors, consultants, advisors, vendors, customers, suppliers, or lenders), as of February 28, 2009:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))

			(c)
Equity compensation plans approved by security holders (1)	3,222,930	$10.58	2,500,488
Equity compensation plans not approved by security holders	—	—	—
Total	3,222,930	$10.58	2,500,488

(1) These shares are subject to awards made or to be made under the Company's 1992 Employee Stock Incentive Plan, 2002 Stock Incentive Plan, Non-Employee Director Stock Option Plan, and Employee Stock Purchase Plan.

FISCAL YEAR 2009 NON-QUALIFIED DEFERRED COMPENSATION TABLE

Name	Executive Contributions in Last Fiscal Year ($) (1)	Registrant Contributions in Last Fiscal Year ($) (2)	Aggregate Earnings in Last Fiscal Year ($) (3)	Aggregate Withdrawals / Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($) (4)
Alan H. Cohen	$ 1,753	—	$ (614)	$ 1,094(5)	—
Glenn S. Lyon	—	—	—	—	—
Steven J. Schneider	$ 17,134	$ 15,624	$ (7,481)	—	$ 27,583
Gary D. Cohen	$ 1,564	—	$ (696)	—	$ 862
Kevin S. Wampler	$ 17,385	$ 7,665	$ (5,682)	$ 21,923(6)	—

(1) The amounts deferred by each named executive officer have also been reported as compensation for each respective named executive officer in the Summary Compensation Table for fiscal year 2009.
(2) All of the amounts reported in this column have also been included in the Summary Compensation Table for fiscal year 2009 under the column heading "All Other Compensation" for the respective named executive officer.
(3) Amounts listed represent the aggregate loss from NQDC Plan participation. Amounts in this column are not includable in the Summary Compensation Table for fiscal year 2009.
(4) Represents the balance of the participant's account under the NQDC Plan as of March 1, 2009. The full amounts of the reported aggregate balances for the respective named executive officers were reflected in prior years' Summary Compensation Tables.
(5) Mr. Alan Cohen's fund balance was distributed to him in connection with his retirement on November 30, 2008.
(6) Mr. Wampler's fund balance was distributed upon his voluntary resignation from the Company on November 25, 2008.

POTENTIAL PAYMENTS IN THE EVENT OF TERMINATION OR A CHANGE IN CONTROL

The Company is a party to amended and restated employment agreements with the following named executive officers: Glenn S. Lyon, the Company's Chief Executive Officer, Gary D. Cohen, the Company's Executive Vice President, General Counsel & Secretary, and Steven J. Schneider, the Company's President and Chief Operating Officer. Under these agreements each of the executive officers will be entitled to certain payment provisions if they are terminated under any of the following circumstances:

- Without Cause by the Company or resignation by executive for Good Reason 30 days before or two years after a Change in Control;
- Without Cause by the Company at the end of the employment term upon the Company's non-renewal of the agreement;
- Resignation by executive without Good Reason following a Change in Control;
-

Without Cause by the Company or resignation by executive for Good Reason other than during a Change in Control; and

- For Cause by the Company or resignation by the executive without Good Reason.

Generally, pursuant to these agreements the terms "Cause", "Good Reason" and "Change in Control" are defined as follows:

"Cause" means:

(A) the willful and continued failure by an executive to perform his material duties;

(B) the willful or intentional engaging by an executive in conduct within the scope of his employment that causes material injury to the Company;

(C) the executive's conviction for, or a plea of nolo contendre to, the commission of a felony involving moral turpitude; or

(D) a material breach of the executive's covenants of non-competition and confidentiality that causes a material injury to the Company.

"Good Reason" means if, other than for cause, any of the following has occurred:

(A) any reduction in the executive's base salary or annual bonus opportunity (except for across the board reductions for all similarly situated executives of the Company);

(B) a transfer of the executive's primary workplace by more than thirty-five (35) miles from its location;

(C) a material breach of the agreement by the Company; or

(D) if such termination of employment occurs within 30 days prior to or two years following a Change in Control, then any one of the following: a substantial reduction in an executive's authority, duties or responsibilities, or the assignment of any duties or responsibilities inconsistent with an executive's position with the Company.

"Change in Control" means the consummation of one or more of the following:

(A) the sale, exchange, lease or other disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any person or group;

(B) any person or group, other than the three founders of the Company, is or becomes the beneficial owner, directly or indirectly, of more than 35% of the total voting power of the voting stock of the Company;

(C) a merger, consolidation or similar reorganization of the Company with or into another entity, if the shareholders of the common stock of the Company immediately prior to such transaction do not own a majority of the voting power of the voting stock of the surviving company or its parent immediately after the transaction in substantially the same proportions as immediately prior to such transaction; or