Stein Mart®

Annual Report 2003

once you go, you get it.

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Stein Mart, Inc. Corporate Profile

Stein Mart's 261 stores offer the merchandise, service and presentation of a traditional, better department/specialty store, at prices competitive with off-price retail chains.

Located in 28 states and the District of Columbia, Stein Mart stores feature fashion merchandise including moderate to designer brand-name apparel for women, men and children, as well as accessories, gifts, linens and shoes.

For a complete list of Stein Mart store locations, please visit www.steinmart.com.

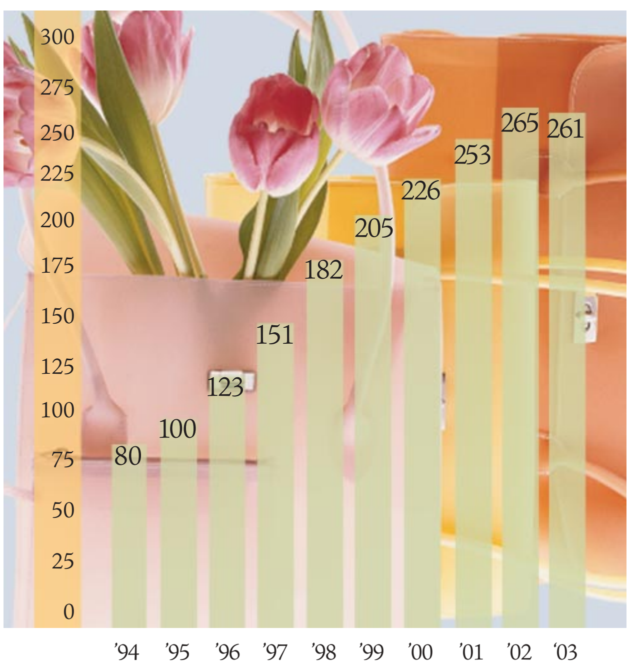
Selected Financial Highlights

(Dollars in thousands except per share amounts)

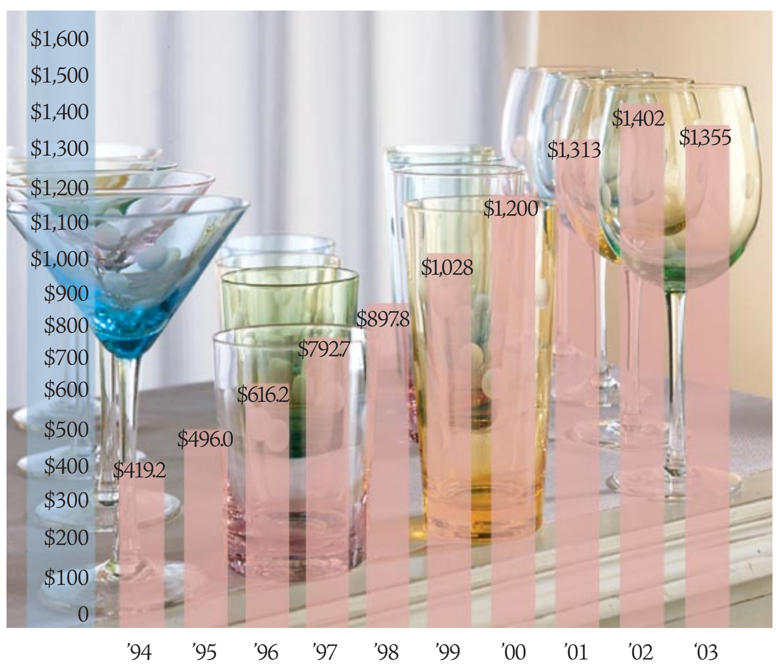
	2003	2002
Income Statement Data:[1]		
Net Sales	$1,355,457	$1,401,613
Income from Continuing Operations	$3,873	$20,976
Loss from Discontinued Operations, Net of Tax Benefit	$(1,672)	$(286)
Net Income	$2,201	$20,690
Diluted Earnings Per Share	$0.05	$0.50
Operational Data:		
Number of Stores	261	265
Same Store Sales	(4.7)%	(0.8)%

[1] The Company's financial statements have been restated to classify the results of operations for two stores closed during the fourth quarter of 2003 as discontinued operations for all periods.

Stores Open at End of the Year



Net Sales (dollars in millions)



Letter to Stockholders, 2004

Dear fellow stockholders,

Times change. Fashions change. And companies must change to flourish. In the past year, Stein Mart has made numerous changes–some of them difficult–in order to position our Company for future prosperity. The good news is that those changes are beginning to yield promising results.

The one thing that has not changed is our core concept: the season's best fashions for the wardrobe and home at prices that represent true value to our customer. We continue to polish the details of our offering, but we remain convinced that Stein Mart's unique selling proposition is more viable than ever.

Looking back

2003 was a difficult year. Despite reducing inventory levels and a chain-wide store-reformatting program begun in 2002, sales and earnings for 2003 were below management's plan. Comparable stores sales–the year-over-year measure of stores that have an established track record–declined each month until the end of the fiscal year, and that was against a lackluster 2002.

In the spring, we made the first of two decisions with short-term negative impact, but long-term opportunity for future prosperity. We announced that, in addition to opening 12 new stores, we would close 16 unprofitable stores by year-end. As a group, these under-performing stores had incurred significant operating losses despite repeated attempts to improve them. While it was disappointing, the closing of those stores was the right decision to make.

A short time later, we made a second, difficult decision: to eliminate full-price discount coupons from our regular marketing mix. Over the past three years, our customers had become increasingly dependent upon using coupons to buy merchandise. The coupons diluted the Stein Mart message of 'great value every day' and disrupted inventory flow by allowing customers to use coupons on brand-new full-priced merchandise. Eliminating coupons hurt comparable store sales last fall, and continues to have an impact this spring. But we are seeing the benefits of having markdown dollars available to move seasonal goods at a faster rate, which provides fresher, more current merchandise for all customers.

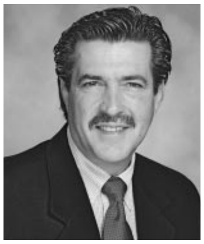
A far more positive decision in 2003 was the launch of our new marketing campaign. Extensive customer research both validated our strong customer loyalty and highlighted the opportunity to seek out potential new Stein Mart enthusiasts. We introduced a new slogan ("once you go, you get it") and launched our first-ever national TV ad campaign featuring real Stein Mart customers, some of whom you'll meet in these pages. This new marketing strategy opens up a tremendous pool of prospective Stein Mart shoppers, and inspires them to come into our stores. Thanks to the top-notch fashion assortment assembled by our merchants and the customer service offered by our store associates, we believe we have an excellent chance to turn first-time customers into satisfied and repeat shoppers once they come into our stores.

Along with the elimination of coupons and the new marketing campaign, our inventory clearance process has been streamlined to make it more meaningful to the customer and to restore integrity to our sales promotion. This new clearance pattern is wholly focused on creating freshness and currency in our merchandise mix, while maintaining

Michael D. Fisher
President & Chief Executive Officer

James G. Delfs
Senior Vice President & Chief Financial Officer

D. Hunt Hawkins
Senior Vice President, Human Resources



Michael D. Ray
Senior Vice President, Director of Stores

inventory discipline across all merchandise categories. From the end of fiscal 2000 to the end of fiscal 2003 our inventory levels have been reduced by 10%, creating a better shopping environment for our customers and allowing us better use of our financial resources.

Finally, we have made changes in our merchandising organization. In the wake of the departure of our chief merchant late last year, the leadership of our core merchandising organization has reorganized to reflect a more focused buying process. These talented executives have a strong vision for the merchandising team going forward and we are pleased with their early success.

A word about growth

In 2003, we opened 12 new stores–all of which met or exceeded our expectations in their opening months. In 2004, we will open 10-12 new stores, including three relocations, and close six. As we begin to see the positive results of our efforts to increase store productivity, our goal is to accelerate our expansion and open more stores in both existing and new markets going forward.

Looking ahead

In the past two years, we have reduced inventory levels, re-formatted our stores, closed unprofitable locations, eliminated full-price coupons, and created a dynamic new marketing campaign. These actions are all aimed at one thing: improving the level of profitability in our business. At the end of 2003, we began to see all of these initiatives gain traction, as our comparable store sales turned positive and fourth quarter profits increased 33% over those in the fourth quarter of 2002.

As we look ahead into 2004, we believe that these actions will continue to produce the desired results. From our vantage point, we are encouraged by what we see ahead:

- Negative pressure on comparable store sales should ease mid-year (coupon elimination anniversary);
- Inventory discipline and revised clearance cycle should produce improved merchandise freshness;
- Branding campaign/new marketing initiatives should encourage new customer trial; and
- Improved general economy and fashion emphasis should benefit retail in general.

All these things should help increase sales, which, in turn, will flow more profit to the bottom line. Our goal is to return to Stein Mart's historic levels of profitability, and to provide the kind of investment return that all our shareholders deserve. With the help of more than 14,000 dedicated associates and the support of each one of you, we look forward to reaching that goal.

Michael D. Fisher
President and Chief Executive Officer

Message from the Chairman

I am delighted to see the many changes implemented in the past two years begin to produce results. I am confident that the executive officers of the Company, led by CEO Mike Fisher, have a clear vision of what is needed to achieve the opportunities that lie ahead and that we will enjoy additional success as 2004 unfolds.

As chairman, the largest shareholder, and the person whose name is above the door, I remain deeply committed to the continued success of Stein Mart. Thank you for being our partner in this endeavor.

Jay Stein
Chairman of the Board

Highlights of 2003

Merchandising

Stein Mart merchants explore the fashion apparel and home markets on a regular basis to discover the most compelling merchandise assortments of the season. Whether they are working with the top vendors in the nation or an up-and-coming designer, these seasoned buyers have the keen sense of style and panache that Stein Mart customers appreciate. Their fashion choices in the marketplace, interpreted for the Stein Mart customer and priced at a true savings, add up to the special shopping experience Stein Mart is famous for across the nation.

In 2003, Stein Mart added a new twist to its merchandise offerings by re-introducing a classic name into the Stein Mart *Boutique* offering. Stein Mart acquired the Peck & Peck label, which for years was a signature line that represented style, quality tailoring and fashion to the carriage trade. In partnership with a leading better women's designer, Stein Mart has reinstituted Peck & Peck as a wardrobe-building collection to complement the *Boutique* core assortment. Peck & Peck will feature new groups every month and includes a presentation of core key items and fashion styles.

In the home area, a new signature collection by Raymond Waites, whose designs are highlighted in leading upscale shelter magazines, is featured. He has created an entire collection of bedding, lamps, ceramics, wall art, bath linens and other accessories for our stores.

During the year, the re-focusing of the store floorplan continued as the children's area was further focused on the infant, toddler and layette business. The older children's clothing was discontinued to provide additional space for Home Décor.

Store Network

Twelve exciting new Stein Mart stores were opened during the year, even as 16 under-performing stores were closed. Stein Mart opened its first store in Washington, DC in the high-profile Chevy Chase area, and further penetrated the important Florida market with five additional stores. Two more of the smaller (sub-15,000 square feet) format, *collections of Stein Mart* pilot locations opened during the year: one in Pasadena, California and one in Hendersonville, North Carolina. In 2004, the Company plans to open 10-12 new stores, including three relocations, and close six locations.

Dignity U Wear

For the past few years, Stein Mart has been working with Dignity U Wear, a Jacksonville-based non-profit organization which procures brand new clothing for children and families in need. Our associates were so impressed by the work of Dignity U Wear's mission and its founder, Henri Landwirth, that they committed to increase their efforts by taking the project nationwide.

In 2003, a Stein Mart store associate in each local market became the eyes and ears of Dignity U Wear. With their specific knowledge of individual markets, these individuals were able to ascertain which local agencies could benefit from new clothing and then connect them with Dignity U Wear. In addition, each store within the Stein Mart network participated in fund-raising efforts in their local markets to help offset the operating costs of Dignity U Wear. Together, these dedicated associates raised more than $170,000 to help ensure dignity for so many in need.

Photo credit: FOTOGRAPHIC.net

This statue, commissioned by Dignity U Wear, salutes the Stein Mart associates who "give someone in need a reason to believe."

2003 Merchandise Mix

Marketing

The notion that Stein Mart is a well-kept secret among its loyal customers is nothing new. But there's nothing secret about the new advertising campaign featuring real Stein Mart customers that debuted late in 2003. After auditions among hundreds of dedicated Stein Mart customers, a handful were chosen to tell–in their own words–what makes them such devoted Stein Mart shoppers. Their stories, and timely Stein Mart merchandise, were used to highlight the new Stein Mart slogan, "once you go, you get it!" Now, this diverse group of women is being seen coast to coast on national cable television networks such as HGTV, A&E, the Food Network and Lifetime Television for Women. Their enthusiastic stories have brought in scores of curious first-time customers who then discover the pleasures of shopping at Stein Mart. Meanwhile, the "stars" of the Stein Mart commercials are enjoying their new-found fame.

Dana Minetos

As a busy Atlanta wife and mother of two young sons, Dana loved being pampered and waited upon during the shoot itself, and has enjoyed the enthusiastic reaction of everyone from family members to her child's pediatrician. As she put it, "although I think raising my own children is the very best and most rewarding thing I could do, I'd forgotten how good it feels to receive praise from the outside world."

Gwen Askew

As a Mary Kay Cosmetics sales director, Gwen is no stranger to putting her best face forward. She called her Stein Mart TV experience "exciting," but admits there is a downside: "Since the commercials started, parking at my favorite Atlanta Stein Mart is not as easy. I think I liked it better as my little secret!"

Stein Mart, Inc.

Patti Tennery

A self-titled "die hard Texan," Patti's big voice in a tiny body has quickly become a mainstay of the Stein Mart ad campaign. Her passion for shopping at Stein Mart is contagious, and the ads have been a big hit with friends and family. "My grandsons watch HGTV now to see if I will magically appear. I'm more fun than video games. Who knew?"

Deonne Ramos

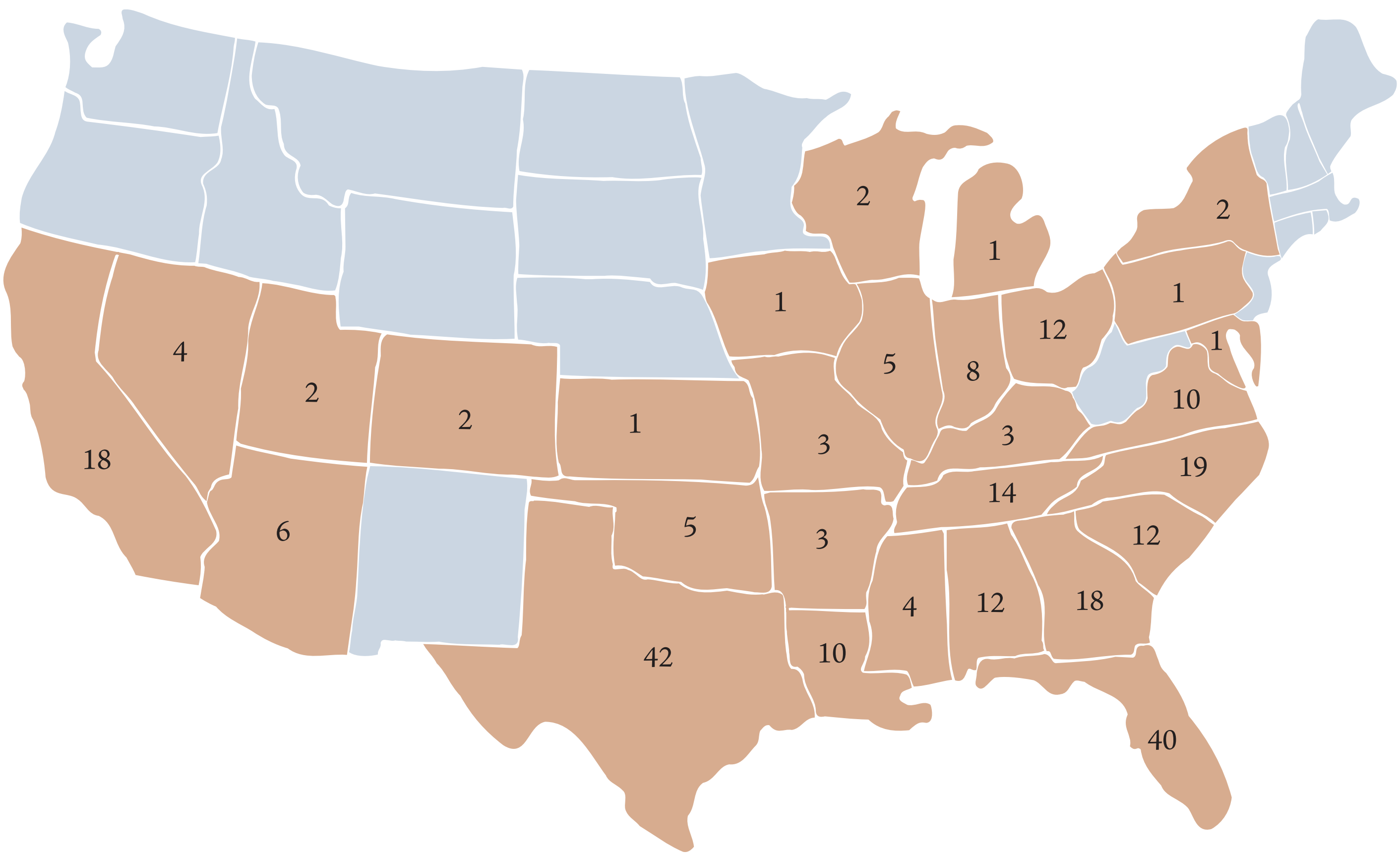
Deonne's new-found stardom hasn't gone to her head; as a Dallas entrepreneur and mother of five children, she hasn't got time for self-importance. Modestly, she says "I believe I was chosen because I am a fun, practical people-person who enjoys life, one-stop shopping and I happen to have a pretty smile."

Yvette Lopez

Yvette works hard at her home-based business, but she is devoted to her family as well. A Tampa native, she counts on Stein Mart to help her shower attention on her mother, because she says Stein Mart has so many things to make her mom smile. "I'm going to Stein Mart for my mom for Mother's Day, and hopefully, someone will go to Stein Mart for me!"

A&E NETWORK · BET · HGTV HOME & GARDEN TELEVISION · oxygen · style. · TLC The Learning Channel · food NETWORK · We women's entertainment

Store Locations



At January 31, 2004, the Company operated stores in the following states:

State	# of Stores
Alabama	12
Arizona	6
Arkansas	3
California	18
Colorado	2
Florida	40
Georgia	18
Illinois	5
Indiana	8
Iowa	1
Kansas	1
Kentucky	3
Louisiana	10
Michigan	1
Mississippi	4
Missouri	3
Nevada	4
New York	2
North Carolina	19
Ohio	12
Oklahoma	5
Pennsylvania	1
South Carolina	12
Tennessee	14
Texas	42
Utah	2
Virginia	10
Washington DC	1
Wisconsin	2
TOTAL	261

Stein Mart, Inc. Selected Financial Data

The Company's financial statements have been restated to classify the results of operations for two stores closed during the fourth quarter of 2003 as discontinued operations for all periods.

(Dollars In Thousands Except Per Share Amounts and Operating Data)	For the Fiscal Year Ended				
STATEMENT OF OPERATIONS DATA:	2003	2002	2001 [1]	2000	1999
Net Sales	$1,355,457	$1,401,613	$1,313,144	$1,199,635	$1,028,251
Cost of Merchandise Sold	1,014,695	1,054,616	997,950	891,016	775,901
Gross Profit	340,762	346,997	315,194	308,619	252,350
Selling, General and Administrative Expenses [2]	345,868	324,431	299,933	255,110	242,305
Other Income, Net	13,040	13,870	13,984	13,671	12,018
Income From Operations	7,934	36,436	29,245	67,180	22,063
Interest Expense	1,688	2,604	4,000	3,309	2,485
Income From Continuing Operations Before Income Taxes	6,246	33,832	25,245	63,871	19,578
Provision For Income Taxes	2,373	12,856	9,593	24,122	7,439
Income From Continuing Operations	3,873	20,976	15,652	39,749	12,139
Loss from Discontinued Operations, Net of Tax Benefit	(1,672)	(286)	(298)	(392)	(317)
Net Income	$ 2,201	$ 20,690	$ 15,354	$ 39,357	$ 11,822
Basic Income (Loss) Per Share:					
Continuing Operations	$0.09	$0.51	$0.38	$0.93	$0.27
Discontinued Operations	(0.04)	(0.01)	(0.01)	(0.01)	(0.01)
Total	$0.05	$0.50	$0.37	$0.92	$0.26
Diluted Income (Loss) Per Share:					
Continuing Operations	$0.09	$0.51	$0.38	$0.92	$0.27
Discontinued Operations	(0.04)	(0.01)	(0.01)	(0.01)	(0.01)
Total	$0.05	$0.50	$0.37	$0.91	$0.26
OPERATING DATA:					
Stores Open at End of Period	261	265	253	226	205
Average Sales Per Store (000's) [3]	$5,564	$5,741	$5,922	$6,068	$5,663
Average Sales Per Square Foot of Selling Area [4]	$181	$184	$189	$192	$176
Comparable Store Net Sales (Decrease) Increase [5]	(4.7%)	(0.8%)	(0.7%)	9.7%	2.3%
BALANCE SHEET DATA:					
Working Capital	$186,037	$145,787	$179,212	$120,602	$117,284
Total Assets	393,029	410,217	417,672	389,989	354,094
Long-term Debt [6]	24,962	–	57,750	–	–
Total Stockholders' Equity	227,678	223,307	201,895	194,028	179,912

[1] Beginning with fiscal 2001, the Company changed to a 52-53 week year ending on the Saturday closest to January 31; previously, the Company's fiscal year ended on the Saturday closest to December 31. Financial data for the five-week Transition Period ended February 3, 2001 (restated for discontinued operations) is as follows: net sales $83,572, cost of merchandise sold $70,181, gross profit $13,391, selling, general and administrative expenses $22,937, other income net $826, interest expense $186, loss from continuing operations ($5,522), loss from discontinued operations ($92), net loss ($5,614), basic and diluted loss per share/continuing operations $(0.14).

[2] Selling, General and Administrative Expenses include store closing and asset impairment charges of $12.2 million in 2003, $2.5 million in 2002; $2.9 million in 2001; and $15.9 million in 1999. A $3.4 million credit related to store closings was recorded in 2000.

[3] Average sales per store (including sales from leased shoe and fragrance departments) for each period have been calculated by dividing (a) total sales during such period by (b) the number of stores open at the end of such period, in each case exclusive of stores open for less than 12 months. All periods are calculated on a 52-week basis.

[4] Includes sales and selling space of the leased shoe and fragrance departments. Selling area excludes administrative, receiving and storage areas. All periods are calculated on a 52-week basis.

[5] Comparable store information for a period reflects stores open throughout that period and for the same 52-week period in the prior year.

[6] Notes payable to banks of $41,350 at February 1, 2003 is classified as current (see Note 6 to the Financial Statements).

This document includes a number of forward-looking statements which reflect the Company's current views with respect to future events and financial performance. Wherever used, the words "plan", "expect", "anticipate", "believe", "estimate" and similar expressions identify forward-looking statements.

All such forward-looking statements contained in this document are subject to risks and uncertainties that could cause the Company's actual results of operations to differ materially from historical results or current expectations. These risks include, without limitation, ongoing competition from other retailers many of whom are larger and have greater financial and marketing resources, the availability of suitable new store sites at acceptable lease terms, ability to successfully implement strategy to exit or improve under-performing stores, changes in store closings, changing preferences in apparel, changes in the level of consumer spending due to current events and/or general economic conditions, adequate sources of designer and brand-name merchandise at acceptable prices, and the Company's ability to attract and retain qualified employees to support planned growth.

The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make clear that any projected results expressed or implied therein will not be realized.

The following should be read in conjunction with the "Selected Financial Data" and the notes thereto and the Financial Statements and notes thereto of the Company.

Overview

Stein Mart's 261 stores offer the fashion merchandise, service and presentation of a better department or specialty store, at prices competitive with off-price retail chains. Currently with locations from California to New York, Stein Mart's focused assortment of merchandise features moderate to designer brand-name apparel for women, men and children, as well as accessories, gifts, linens and shoes. Management believes that Stein Mart differentiates itself from typical off-price retailers by offering: (i) current-season merchandise carried by better department and specialty stores at value prices, (ii) a stronger merchandising "statement," with more depth of color and size, and (iii) merchandise presentation more comparable to other upscale retailers.

The Company faces competition for customers and for access to quality merchandise from better department stores, fine specialty stores and, to a lesser degree, from off-price retail chains. Many of these competitors are units of large national or regional chains that have substantially greater resources than the Company. The retail apparel industry is highly fragmented and competitive, and the off-price retail business may become even more competitive in the future.

During 2003, the Company closed 16 under-performing stores whose aggregate loss from operations for 2003 was $22.7 million. The Company also eliminated discount coupons on full-price merchandise at the end of July 2003. Eliminating coupons hurt comparable store sales during the Fall selling season, but resulted in more markdown dollars being available to move seasonal goods at a faster rate, thus providing fresher, more current merchandise.

Accomplishments during 2003 include:

- Opened 12 new stores during the year which produced $38.2 million in sales for 2003; closed 16 under-performing stores
- Eliminated discount coupons on full-price merchandise; re-engineered sales promotion activities and calendar to reinforce the everyday value proposition and to make the seasonal clearance cycle more efficient
- Reduced average store inventories by 3.2%
- Reduced shrinkage 35% for a benefit of $4.5 million as a result of a restructured loss prevention organization and systems put in place during the past several years
- Introduced Peck & Peck label women's clothing in *Boutique* and Raymond Waites Studio in gifts and linens as unique lines for Stein Mart
- Launched national TV branding campaign featuring Stein Mart customers
- Entered into a new, three-year, $150 million loan agreement with added flexibility and lower rates, as well as the opportunity to extend the terms and increase the size of the facility.

Outlook

Over the past two years, the Company has reduced inventory levels, re-formatted its stores, closed unprofitable locations, eliminated full-price coupons and created a new marketing campaign. As such, the Company's preliminary outlook for 2004 is as follows:

- Negative pressure on comparable store sales should ease mid-year (coupon elimination anniversary);
- Inventory discipline and revised clearance cycle should produce improved merchandise freshness;
- Branding campaign/new marketing initiatives should encourage new customer trial; and
- Improved general economy and fashion emphasis should benefit retail in general.

Stores

The number of stores open as of January 31, 2004, February 1, 2003 and February 2, 2002 were 261, 265 and 253, respectively.

	2003	2002	2001
Stores at beginning of year	265	253	226
Stores opened during the year	12	16	30
Stores closed during the year	(16)	(4)	(3)
Stores at the end of year	261	265	253

Results of Operations

The following table sets forth each line item of the Statement of Operations expressed as a percentage of the Company's net sales:

	2003	2002	2001
Net sales	100.0%	100.0%	100.0%
Cost of merchandise sold	74.9	75.2	76.0
Gross profit	25.1	24.8	24.0
Selling, general and administrative expenses	25.5	23.2	22.9
Other income, net	1.0	1.0	1.1
Income from operations	0.6	2.6	2.2
Interest expense	0.1	0.2	0.3
Income from continuing operations before income taxes	0.5	2.4	1.9
Provision for income taxes	0.2	0.9	0.7
Income from continuing operations	0.3	1.5	1.2
Loss from discontinued operations, net of tax benefit	(0.1)	—	—
Net income	0.2%	1.5%	1.2%

Store Closings

Sixteen under-performing stores were closed during 2003 (see Notes 2 and 3 to the Financial Statements) and the Company plans to close six more stores and relocate three stores during 2004. The closings in 2004 will be at natural lease term expirations, so there will be no significant lease termination costs in 2004.

Two of the stores closed during the fourth quarter of 2003 resulted in the exit from the New Mexico market and, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, are classified as discontinued operations, as cash flows of these stores have been eliminated from ongoing operations. Sales and operating losses for the 16 stores closed in 2003 and four stores closed in 2002 are shown below for the years ended January 31, 2004 and February 1, 2003. Included in the 2002 column are operating results of the 16 stores closed in 2003, in addition to the four stores closed in 2002.

	2003	2002
Sales from closed stores:		
Included in continuing operations	$ 27,358	$54,082
Included in discontinued operations	6,175	7,035
	$ 33,533	$61,117
Operating losses from closed stores:		
Included in continuing operations	$(20,041)	$ (9,403)
Included in discontinued operations	(2,696)	(461)
	$(22,737)	$ (9,864)

Operating losses from closed stores include the following store closing and asset impairment expenses:

	2003	2002
Continuing operations:		
Present value of lease termination costs	$6,561	$ 113
Asset impairment charges	793	1,610
Severance	736	–
Third-party liquidation services	1,058	–
	9,148	1,723
Discontinued operations:		
Present value of lease termination costs	172	–
Asset impairment charges	42	–
Severance	135	–
	349	–
Total	$9,497	$1,723

Continuing Operations

Year Ended January 31, 2004 Compared to Year Ended February 1, 2003

The 3.3% total sales decrease for the year ended January 31, 2004 from the prior year reflects a 4.7% decrease in sales from comparable stores, the opening of 12 new stores, which contributed $38.2 million to net sales, and the closing of 16 stores. For the past three years, as a marketing vehicle to attract new customers, the Company used various coupons that allowed customers to take a specified percentage discount off of full-priced merchandise. As this practice escalated, it became apparent that these coupons did not support the Company's unique selling proposition. As a result, the Company discontinued these 'percentage off full price' coupons in July 2003. While such coupons may continue to be used on a limited basis in new markets and specific circumstances, the widespread distribution of full-price, percentage off coupons has ceased. As anticipated, the discontinuation of these customer traffic incentives hindered 2003 sales growth. However, discounts that had previously been devoted to these coupon incentives were used to clear seasonal goods more efficiently and create additional freshness in the inventory.

Gross profit for the year ended January 31, 2004 was $340.8 million or 25.1 percent of net sales, a 0.3 percentage point increase over gross profit of $347.0 million or 24.8 percent of net sales for the year ended February 1, 2003. Mark-up improved 2.1 percentage points over last year, but was offset by a 1.6 percentage point increase in markdowns and a 0.5 percentage point due to lack of occupancy leverage. Markdowns in the stores that were going out of business accounted for almost half of the markdown impact. Gross profit also includes a $1.6 million inventory charge to reduce merchandise inventories to the lower of cost or market value in the six stores planned for closing in Spring 2004. Lastly, gross profit was favorably impacted by a 0.3 percentage point improvement in shrinkage from last year as a result of a restructured loss prevention organization and enhanced systems.

Selling, general and administrative expenses ("SG&A") were $345.9 million or 25.5 percent of net sales for the year ended January 31, 2004, a $21.0 million increase over SG&A expenses of $324.4 million or 23.2 percent of net sales for 2002. Included in SG&A for fiscal 2003 and 2002 are store closing and asset impairment charges of $12.2 million and $2.5 million, respectively. The increase in these charges accounted for approximately one-third of the 2.3 percentage point increase in SG&A as a percent of sales. SG&A increased 0.5 percent of net sales due to an increase in expenses related to the new advertising campaign and the remaining increase is due to a lack of leverage resulting from the 4.7% decrease in comparable store sales for fiscal year 2003.

Pre-opening expenses for the 12 stores opened in 2003 amounted to $1.8 million and for the 16 stores opened in 2002, amounted to $3.1 million.

Other income, primarily from in-store leased shoe departments, was $13.0 million in 2003, a slight decrease from the $13.9 million in 2002, but remained at 1.0% of sales. An improvement in the shoe business was offset by the elimination of fragrance as a leased department in May 2003.

Interest expense for 2003 was $1.7 million, compared to $2.6 million in 2002. The decrease resulted from lower average borrowings at lower interest rates this year compared to last year.

Income from continuing operations before income taxes was $6.2 million or 0.5 percent of net sales for 2003 and $33.8 million or 2.4 percent of net sales for 2002. The decrease in income from continuing operations is due to the overall reduction in net sales, as well as operating losses of $20.0 million from the 14 stores closed in 2003 and other changes discussed above.

Year Ended February 1, 2003 Compared to Year Ended February 2, 2002

Net sales of $1.402 billion were achieved for fiscal year 2002, an increase of $88.5 million, or 6.7 percent over net sales of $1.313 billion for fiscal year 2001. The 16 new stores opened in 2002 contributed $56.5 million to net sales. Comparable store net sales decreased 0.8 percent from 2001.

Gross profit for 2002 was $347.0 million or 24.8 percent of net sales compared to $315.2 million or 24.0 percent of net sales for 2001. The 0.8 percent increase in the gross profit percent primarily resulted from inventory control initiatives which resulted in lower markdowns, somewhat offset by higher occupancy costs as a percent of sales.

Selling, general and administrative expenses were $324.4 million or 23.2 percent of net sales for 2002, as compared to $299.9 million or 22.9 percent of net sales in 2001. The 0.3 percent increase was primarily due to a lack of sales leverage slightly offset by lower pre-opening costs. Selling, general and administrative expenses include store closing expenses and asset impairment charges for under-performing stores of $2.5 million in 2002 and $2.9 million in 2001.

Pre-opening expenses for the 16 stores opened in 2002 amounted to $3.1 million and for the 30 stores opened in 2001, amounted to $5.0 million.

Other income, primarily from in-store leased shoe departments, was $13.9 million in 2002, a slight decrease from the $14.0 million for 2001. In 2002, a new shoe lessee, whose offerings more closely mirror the Stein Mart apparel assortment, was chosen for approximately 60% of the stores. During the period preceding the turnover date, a decrease in shoe sales of the predecessor shoe lessee resulted in lower sublease income.

Interest expense for 2002 was $2.6 million, compared to $4.0 million in 2001. The decrease resulted from lower average borrowings as a result of decreased inventory levels on a per store basis, as well as lower interest rates in 2002 compared to 2001.

Liquidity and Capital Resources

The Company's primary source of liquidity is the sale of its merchandise inventories. Capital requirements and working capital needs are funded through a combination of internally generated funds, a revolving credit facility and credit terms from vendors. As of January 31, 2004, the Company had $12.0 million in cash and cash equivalents. Working capital is needed to support store inventories and capital investments for new store openings and to maintain existing stores. Historically, the Company's working capital needs are lowest in the first quarter and highest in either the third or fourth quarter in anticipation of the fourth quarter peak selling season.

Net cash provided by operating activities was $29.9 million in 2003 and $34.7 million in 2002. The decrease in 2003 was primarily attributable to a decrease in net income including non-cash items and decreases in inventories and accounts payable. Inventories decreased 4.7%, or $13.9 million, to $283.4 million at January 31, 2004 from $297.2 million at February 1, 2003. On an average store basis, inventories were reduced 3.2% from the prior year. This decrease was the result of recent changes to the Company's marketing, sales promotion and clearance strategies which resulted in lower end of year inventory levels. The decrease in accounts payable is directly related to the decrease in inventory.

Capital expenditures, primarily for the acquisition of store fixtures, equipment and leasehold improvements and information system enhancements, were $13.3 million and $19.1 million for 2003 and 2002, respectively. The decrease was primarily due to four fewer stores opened in 2003 than in 2002.

Cash used in financing activities was $14.4 million in 2003 and $16.1 million in 2002 and was primarily used to pay down the revolving credit facility. During 2003 and 2002, cash was also used to repurchase 50,000 shares of the Company's common stock for $0.2 million and 220,000 shares for $1.5 million, respectively. As of January 31, 2004, there are 1,994,200 shares which can be repurchased pursuant to the Board of Directors current authorizations. The decision to repurchase stock is primarily dependent on market conditions.

The Company plans to open 10-12 new stores in 2004, including the relocation of three existing stores. Most of the 2004 store openings will occur in the second half of the year. The cost of opening a typical new store generally ranges from $450,000 to $650,000 for fixtures, equipment, leasehold improvements and pre-opening costs (primarily advertising, stocking and training). Pre-opening costs are expensed at the time of opening. Initial inventory investment for a new store is approximately $1.1 million (a portion of which is normally financed through vendor credit). The Company's total capital expenditures for 2004 (including amounts budgeted for new store expansion, improvements to existing stores and information system enhancements) are anticipated to be approximately $15 million.

The Company has a revolving credit agreement with a group of lenders, which extends through July 2006. The agreement, which was completed in July 2003, provides a $150 million senior revolving credit facility. Borrowings are based on and secured by eligible inventory. Due to the seasonal nature of the Company's business, the Company's bank borrowings fluctuate during the year, typically reaching their highest levels during the third or fourth quarter, as the Company builds its inventory for the Christmas selling season. At January 31, 2004 and February 1, 2003, outstanding borrowings were $25.0 million and $41.4 million, respectively.

The interest rates on borrowings under the Agreement range from Prime to Prime plus .25% per annum for Prime Rate Loans and LIBOR plus 1.50% to LIBOR plus 2.25% per annum for Eurodollar Rate Loans and are established quarterly, based on excess availability as defined in the Agreement. As of January 31, 2004, the interest rates for Prime Rate and Eurodollar Rate Loans were 4.13% and 2.85%, respectively. An unused line fee of .25% to .375% per annum (.375% as of January 31, 2004) is charged on the unused portion of the revolving credit facility, based on excess availability. The Company was in full compliance with the terms of the Agreement as of January 31, 2004.

The Company believes that expected net cash provided by operating activities and bank borrowings will be sufficient to fund anticipated current and long-term capital expenditures and working capital requirements. Should current operating conditions deteriorate, management can adjust operating plans, including new store rollout. In addition, there is unused borrowing capacity under the revolving credit agreement.

Contractual Obligations

To facilitate an understanding of the Company's contractual obligations, the following data is provided:

	Payments Due By Period				
	Total	Less than 1 Year	1 – 2 Years	3 – 5 Years	After 5 Years
Notes payable to banks	$ 24,962	$ –	$ –	$ 24,962	$ –
Operating leases	394,778	62,046	57,822	142,985	131,925
Total	$419,740	$62,046	$57,822	$167,947	$131,925

The Company also has outstanding standby letters of credit totaling $5.5 million securing certain insurance programs at January 31, 2004. If certain conditions were met under these arrangements, the Company would be required to satisfy the obligations in cash. Due to the nature of these arrangements and based on historical experience, the Company does not expect to make any payments; therefore, the letters of credit are excluded from the preceding table.

Seasonality

The Company's business is seasonal in nature with a higher percentage of the Company's merchandise sales and earnings generated in the fall and holiday selling seasons. Accordingly, selling, general and administrative expenses are typically higher as a percent of net sales during the first three quarters of each year.

Critical Accounting Policies

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and related disclosure of contingent assets and liabilities. Management bases its estimates and judgments on historical experience and other relevant factors, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. While the Company believes that the historical experience and other factors considered provide a meaningful basis for the accounting policies applied in the preparation of the financial statements, the Company cannot guarantee that its estimates and assumptions will be accurate, which could require the Company to make adjustments to these estimates in future periods. Following is a summary of the more significant accounting policies:

Inventories

Merchandise inventories are valued at the lower of average cost or market, on a first-in first-out basis, using the retail inventory method (RIM). RIM is an averaging method that is widely used in the retail industry. The use of RIM results in inventories being valued at the lower of cost or market as markdowns are taken as a reduction of the retail values of inventories.

Based on a review of historical markdowns, current business trends and seasonal inventory categories, additional inventory reserves may be recorded to reflect estimated markdowns which may be required to liquidate certain inventories and reduce inventories to the lower of cost or market. Management believes its inventory valuation methods approximate the net realizable value of clearance inventory and result in valuing inventory at the lower of cost or market.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors used in the review include management's plans for future operations, recent operating results and projected cash flows. An impairment loss is recognized if the sum of the expected future undiscounted cash flows from the use of the asset is less than the net book value of the assets. An impairment loss is recognized if the carrying value of the asset exceeds its fair value.

Store Closing Costs

The Company follows SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," to record store closing costs. SFAS No. 146 requires the recognition of costs associated with exit or disposal activities when they are incurred rather than at the date of commitment to an exit or disposal plan.

Insurance Reserve Estimates

The Company uses a combination of insurance and self-insurance for various risks including workers' compensation, general liability and associate-related health care benefits, a portion of which is paid by the covered employees. The Company is responsible for paying the claims that are under the insured limits. The reserves recorded for these claims are estimated actuarially, based on claims filed and claims incurred but not reported. These reserve estimates are adjusted based upon actual claims filed and settled. The estimated accruals for these reserves could be significantly affected if future claims differ from historical trends and other actuarial assumptions.

Revenue Recognition

Revenue from sales of the Company's merchandise is recognized at the time of sale, net of any returns and allowances, discounts and percentage-off coupons. Future merchandise returns are estimated based on historical experience. Leased department sales are excluded from net sales; commissions, net of related selling expenses, and rental income from leased departments are included in other income, net.

For a complete listing of our significant accounting policies, see Note 1 to the Financial Statements.

Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to interest rate risk primarily through borrowings under its revolving credit facility. At January 31, 2004, direct borrowings aggregated $25.0 million. The facility permits debt commitments up to $150.0 million, has a July 2006 maturity date and bears interest at spreads over the prime rate and LIBOR. The average outstanding borrowings during fiscal 2003, 2002 and 2001 were $50.0 million, $66.0 million and $82.3 million, respectively, at weighted-average interest rates of 3.4%, 3.9% and 4.9% respectively. Management believes that its exposure to market risk associated with its borrowings is not material.

Stein Mart, Inc. Balance Sheets

(In thousands)	January 31, 2004	February 1, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,965	$ 9,859
Trade and other receivables	4,227	4,919
Inventories	283,379	297,230
Prepaid expenses and other current assets	6,227	4,361
Total current assets	305,798	316,369
Property and equipment, net	76,934	86,351
Other assets	10,297	7,497
Total assets	$393,029	$410,217
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 59,046	$ 70,472
Accrued liabilities	60,715	53,407
Income taxes payable	–	5,353
Notes payable to banks	–	41,350
Total current liabilities	119,761	170,582
Notes payable to banks	24,962	–
Other liabilities	20,628	16,328
Total liabilities	165,351	186,910
COMMITMENTS AND CONTINGENCIES (Note 7)		
Stockholders' equity:		
Preferred stock - $.01 par value; 1,000,000 shares authorized; no shares outstanding		
Common stock - $.01 par value; 100,000,000 shares authorized; 41,993,529 and 41,618,678 shares issued and outstanding, respectively	420	416
Paid-in capital	3,196	721
Unearned compensation	(309)	–
Retained earnings	224,371	222,170
Total stockholders' equity	227,678	223,307
Total liabilities and stockholders' equity	$393,029	$410,217

The accompanying notes are an integral part of these financial statements.

Stein Mart, Inc. Statements of Operations

(In thousands except per share amounts)	For The 52 Weeks Ended January 31, 2004	February 1, 2003	February 2, 2002
Net sales	$1,355,457	$1, 401,613	$1,313,144
Cost of merchandise sold	1,014,695	1,054,616	997,950
Gross profit	340,762	346,997	315,194
Selling, general and administrative expenses	345,868	324,431	299,933
Other income, net	13,040	13,870	13,984
Income from operations	7,934	36,436	29,245
Interest expense	1,688	2,604	4,000
Income from continuing operations before income taxes	6,246	33,832	25,245
Provision for income taxes	2,373	12,856	9,593
Income from continuing operations	3,873	20,976	15,652
Loss from discontinued operations, net of tax benefit	(1,672)	(286)	(298)
Net income	$ 2,201	$ 20,690	$ 15,354
Basic income (loss) per share:			
Continuing operations	$0.09	$0.51	$0.38
Discontinued operations	(0.04)	(0.01)	(0.01)
Total	$0.05	$0.50	$0.37
Diluted income (loss) per share:			
Continuing operations	$0.09	$0.51	$0.38
Discontinued operations	(0.04)	(0.01)	(0.01)
Total	$0.05	$0.50	$0.37
Weighted-average shares outstanding – Basic	41,649	41,575	41,176
Weighted-average shares outstanding – Diluted	41,701	41,764	41,493

The accompanying notes are an integral part of these financial statements.

Stein Mart, Inc. Statements of Stockholders' Equity

(In thousands)	Common Stock	Paid-in Capital	Unearned Compensation	Retained Earnings	Total Stockholders' Equity
Balance at February 3, 2001	$415	$ 77	$ –	$187,999	$188,491
Net income				15,354	15,354
Common shares issued under stock option plan and related income tax benefits	5	3,067			3,072
Common shares issued under employee stock purchase plan	2	995			997
Reacquired shares	(7)	(4,139)		(1,873)	(6,019)
Balance at February 2, 2002	415	–	–	201,480	201,895
Net income				20,690	20,690
Common shares issued under stock option plan and related income tax benefits	2	1,193			1,195
Common shares issued under employee stock purchase plan	1	1,027			1,028
Reacquired shares	(2)	(1,499)			(1,501)
Balance at February 1, 2003	416	721	–	222,170	223,307
Net income				2,201	2,201
Common shares issued under stock option plan and related income tax benefits	2	1,433			1,435
Common shares issued under employee stock purchase plan	2	908			910
Reacquired shares		(212)			(212)
Restricted stock compensation		346	(309)		37
Balance at January 31, 2004	$420	$3,196	$(309)	$224,371	$227,678

The accompanying notes are an integral part of these financial statements.

Stein Mart, Inc. Statements of Cash Flows

(In thousands)	For The 52 Weeks Ended January 31, 2004	February 1, 2003	February 2, 2002
Cash flows from operating activities:			
Net income	$ 2,201	$20,690	$15,354
Adjustments to reconcile net income to			
net cash provided by operating activities:			
Depreciation and amortization	18,975	18,770	16,822
Impairment of property and other assets	3,881	2,709	1,114
Store closing charges	5,883	113	2,206
Deferred income taxes	(1,734)	9,193	(4,999)
Restricted stock compensation	37	–	–
Tax benefit from exercise of stock options	164	385	1,024
Changes in assets and liabilities:			
Trade and other receivables	692	282	(1,752)
Inventories	13,851	(1,072)	(13,260)
Prepaid expenses and other current assets	(2,062)	32	(641)
Other assets	(2,896)	(1,542)	(619)
Accounts payable	(11,426)	(23,203)	13,180
Accrued liabilities	4,340	7,293	1,503
Income taxes payable	(5,353)	1,282	(728)
Other liabilities	3,315	(214)	448
Net cash provided by operating activities	29,868	34,718	29,652
Cash flows used in investing activities:			
Capital expenditures	(13,343)	(19,072)	(24,982)
Cash flows from financing activities:			
Net borrowings under notes payable to banks	(16,388)	(16,400)	(2,486)
Proceeds from exercise of stock options	1,271	810	2,048
Proceeds from employee stock purchase plan	910	1,028	997
Purchase of common stock	(212)	(1,501)	(6,019)
Net cash used in financing activities	(14,419)	(16,063)	(5,460)
Net increase (decrease) in cash and cash equivalents	2,106	(417)	(790)
Cash and cash equivalents at beginning of year	9,859	10,276	11,066
Cash and cash equivalents at end of year	$11,965	$ 9,859	$10,276
Supplemental disclosures of cash flow information:			
Interest paid	$ 1,702	$ 2,567	$ 3,980
Income taxes paid	7,723	2,392	14,221

The accompanying notes are an integral part of these financial statements.

January 31, 2004
(Dollars in tables in thousands except per share amounts)

1. Summary of Significant Accounting Policies

At January 31, 2004 the Company operated a chain of 261 off-price retail stores in 28 states and the District of Columbia. Each store offers women's, men's and children's apparel, as well as accessories, gifts, linens and shoes.

Fiscal Year End

The Company's fiscal year ends on the Saturday closest to January 31. Results for 2003, 2002 and 2001 are for the 52 weeks ended January 31, 2004, February 1, 2003 and February 2, 2002, respectively.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less.

Inventories

Merchandise inventories are valued at the lower of average cost or market, on a first-in first-out basis, using the retail inventory method (RIM). RIM is an averaging method that is widely used in the retail industry. The use of RIM results in inventories being valued at the lower of cost or market as markdowns are taken as a reduction of the retail values of inventories.

Based on a review of historical markdowns, current business trends and seasonal inventory categories, additional inventory reserves may be recorded to reflect estimated markdowns which may be required to liquidate certain inventories and reduce inventories to the lower of cost or market. Management believes its inventory valuation methods approximate the net realizable value of clearance inventory and result in valuing inventory at the lower of cost or market.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over estimated useful lives of 3-10 years for furniture, fixtures and equipment and 5-15 years for leasehold improvements. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the term of the lease.

Impairment of Long Lived Assets

The Company follows Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which requires impairment losses to be recorded on long-lived assets used in operations whenever events or changes in circumstances indicate that the net carrying amounts may not be recoverable. An impairment loss is recognized if the sum of the expected future undiscounted cash flows from the use of the assets is less than the net book value of the assets. An impairment loss is recognized if the carrying value of the asset exceeds its fair value. Impairment reviews are performed for individual stores. Factors used in the review include management's plans for future operations, recent operating results and projected cash flows.

Store Closing Costs

The Company follows SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," to record store closing costs. SFAS No. 146 requires the recognition of costs associated with exit or disposal activities when they are incurred rather than at the date of commitment to an exit or disposal plan.

Insurance Reserves

The Company uses a combination of insurance and self-insurance for various risks including workers' compensation, general liability and associate-related health care benefits. Claim liabilities are estimated actuarially, based on claims filed and claims incurred but not reported.

Store Pre-Opening Costs

New store pre-opening costs are expensed as incurred.

Revenue Recognition

Revenue from sales of the Company's merchandise is recognized at the time of sale, net of any returns and allowances, discounts and percentage-off coupons. Future merchandise returns are estimated based on historical experience. Leased department sales are excluded from net sales; commissions, net of related selling expenses, and rental income from leased departments are included in other income, net.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses of $57,390,000, $51,653,000 and $46,576,000 are reflected in selling, general and administrative expenses in the Statements of Operations for 2003, 2002 and 2001, respectively.

Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding plus common stock equivalents related to stock options for each period.

A reconciliation of weighted-average number of common shares to weighted-average number of common shares plus common stock equivalents is as follows (000's):

	2003	2002	2001
Weighted-average number of common shares	41,649	41,575	41,176
Stock options	52	189	317
Weighted-average number of common shares plus common stock equivalents	41,701	41,764	41,493

Statements of Operations Classifications

Cost of merchandise sold includes merchandise costs, net of vendor discounts and allowances, freight and inventory shrinkage; store occupancy costs (including rent, common area maintenance, real estate taxes, utilities and maintenance); payroll, benefits and travel costs directly associated with buying inventory; and costs of operating the distribution warehouse.

Selling, general and administrative expenses include store operating expenses, such as payroll and benefit costs, advertising, store supplies, depreciation and other direct selling costs, and costs associated with the Company's corporate functions.

Reclassifications

Certain reclassifications have been made in prior years' financial statements to conform to classifications used in the current year.

Stock-Based Compensation

The Company has adopted the disclosure-only provisions of SFAS No. 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation," and intends to retain the intrinsic value method of accounting for stock-based compensation which it currently uses. Accordingly, no compensation cost has been recognized for the Company's stock option plans. Restricted stock awards issued by the Company are accounted for in accordance with APB 25. The employee compensation cost is included in net income, as reported, throughout the vesting period. Had compensation cost of the Company's stock-based plans been determined consistent with the provisions of SFAS No. 123, the Company's net income and earnings per share would have been changed to the following pro forma amounts (in thousands except per share amounts):

	2003	2002	2001
Net income – as reported	$2,201	$20,690	$15,354
Add: Restricted stock-based employee compensation expense included in reported net income, net of related tax effects	23	–	–
Deduct: Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	(1,209)	(1,741)	(2,087)
Net income – pro forma	$1,015	$18,949	$13,267
Basic earnings per share – as reported	$0.05	$0.50	$0.37
Diluted earnings per share – as reported	$0.05	$0.50	$0.37
Basic earnings per share – pro forma	$0.02	$0.46	$0.32
Diluted earnings per share – pro forma	$0.02	$0.45	$0.32

The effects of applying this Statement for pro forma disclosures are not likely to be representative of the effects on reported net income for future years, because options vest over several years and additional awards are made each year. In determining the pro forma compensation cost, the weighted-average fair value of options granted during fiscal 2003, 2002 and 2001 was estimated to be $3, $5 and $5, respectively, using the Black-Scholes options pricing model. The following weighted-average assumptions were used for grants made during 2003, 2002 and 2001: dividend yield of 0.0%, expected volatility of 51.8%, 51.9% and 51.7%, respectively, risk-free interest rate of 3.0%, 3.8% and 4.8%, respectively and expected lives of 5.0, 5.0 and 7.0, respectively.

2. Discontinued Operations

Two of the stores closed during the fourth quarter of 2003 (see Note 3) resulted in the exit from the New Mexico market. SFAS No. 144 requires closed stores to be classified as discontinued operations when the operations and cash flows of the stores have been eliminated from ongoing operations. To determine if cash flows have been eliminated from ongoing operations, management evaluated a number of factors, including: proximity to a remaining store, physical location within a metropolitan or non-metropolitan area and transferability of sales between open and closed locations. Based on these criteria, management determined that those two closed stores should be accounted for as discontinued operations. The prior years' operating activities for these two stores have also been reclassified to "Loss from discontinued operations" in the accompanying Statements of Operations.

Discontinued operations generated sales of $6.2 million, $7.0 million and $7.0 million, in 2003, 2002 and 2001, respectively. Loss from discontinued operations includes the following components:

	2003	2002	2001
Loss from operations	$(2,696)	$(461)	$(481)
Income tax benefit	1,024	175	183
Loss from discontinued operations, net of tax benefit	$(1,672)	$(286)	$(298)

See Note 3 for a description of store closing costs and asset impairment charges included in loss from discontinued operations for 2003.

3. Store Closing Charges and Impairment of Long-Lived Assets

In January 2004, the Company announced plans to close six stores and to relocate three other stores in 2004 within the same metropolitan areas. A pre-tax asset impairment charge of $1.3 million was recorded during 2003 to reduce the carrying value of property and equipment for these nine stores to their respective fair value. A $1.6 million inventory charge was also recorded to reduce merchandise inventories in these stores to their estimated realizable value. The estimated charges that will be recorded in 2004 are approximately $1.5 million for the present value of lease termination costs and severance charges.

The Company closed 16 under-performing stores during 2003 incurring pre-tax charges of $6.7 million for the present value of lease termination costs. The Company also incurred pre-tax asset impairment charges of $2.6 million during 2003 and $2.4 million during 2002 to reduce the carrying value of property and equipment of these and certain other under-performing stores to their respective estimated fair value. Severance costs of $0.9 million were also incurred during 2003. Lease termination costs are net of estimated sublease income that could reasonably be obtained for the properties. In the event the Company is not successful in subleasing closed store locations when management expects, additional reserves for store closing costs may be recorded. All of these charges are included in selling, general and administrative expenses in the Statement of Operations for 2003 and 2002, except for $349,000 in 2003 and $50,000 in 2002 which are included in loss from discontinued operations.

During 2001, the Company recorded a pre-tax charge of $2.9 million, including $2.2 million for the estimated cost of lease terminations and $0.7 million for the impairment of certain property and equipment for four stores that were closed in 2002. The charges are included in selling, general and administrative expenses in the Statement of Operations for 2001.

The following tables show the activity in the store closing reserve (in thousands):

	Feb. 1, 2003	Charges	Payments	Jan. 31, 2004
Continuing operations:				
Lease termination costs	$4,982	$6,561	$(2,763)	$8,780
Severance	–	736	(586)	150
Other	–	105	–	105
	4,982	7,402	(3,349)	9,035
Discontinued operations:				
Lease termination costs	–	172	(13)	159
Severance	–	135	(135)	–
	–	307	(148)	159
Total store closing reserve	$4,982	$7,709	$(3,497)	$9,194

	Feb. 2, 2002	Charges	Payments	Feb. 1, 2003
Continuing operations:				
Lease termination costs	$5,680	$ 113	$ (811)	$4,982

	Feb. 3, 2001	Charges	Payments	Feb. 2, 2002
Continuing operations:				
Lease termination costs	$4,984	$2,206	$(1,510)	$5,680

The store closing reserve at January 31, 2004, February 1, 2003 and February 2, 2002 includes a current portion (in accrued liabilities) of $2.8 million, $1.5 million and $1.0 million, respectively, and a long-term portion (in other liabilities) of $6.4 million, $3.5 million and $4.7 million, respectively.

The table below sets forth the components of loss from operations for stores closed in 2003, 2002 and 2001. The 2003 table presents the losses from the 16 stores that closed in 2003; the 2002 table presents the sum of the losses from the 16 stores closed in 2003 and the four stores closed in 2002; and the 2001 table presents the sum of the losses of the 16 stores closed in 2003, the four stores closed in 2002 and the three stores closed in 2001.

	Operating Results Of Closed Stores Included In:		
Year ended January 31, 2004:	Continuing Operations	Discontinued Operations	Total Closed Stores
Sales	$ 27,358	$ 6,175	$ 33,533
Cost of sales	30,962	6,765	37,727
Gross margin	(3,604)	(590)	(4,194)
Selling, general and administrative expenses	16,639	2,139	18,778
Other income, net	202	33	235
Loss from operations	$(20,041)	$(2,696)	$(22,737)
# of stores closed in 2003	14	2	16

Year ended February 1, 2003:	Continuing Operations	Discontinued Operations	Total Closed Stores
Sales	$54,082	$7,035	$61,117
Cost of sales	46,535	5,501	52,036
Gross margin	7,547	1,534	9,081
Selling, general and administrative expenses	17,721	2,078	19,799
Other income, net	771	83	854
Loss from operations	$(9,403)	$ (461)	$ (9,864)
# of stores closed in 2003 and 2002	18	2	20

Year ended February 2, 2002:	Continuing Operations	Discontinued Operations	Total Closed Stores
Sales	$ 63,923	$7,046	$ 70,969
Cost of sales	53,491	5,617	59,108
Gross margin	10,432	1,429	11,861
Selling, general and administrative expenses	21,809	2,004	23,813
Other income, net	928	94	1,022
Loss from operations	$(10,449)	$ (481)	$(10,930)
# of stores closed in 2003, 2002 and 2001	21	2	23

4. Property and Equipment, Net

Property and equipment and the related accumulated depreciation and amortization are as follows:

	Jan. 31, 2004	Feb. 1, 2003
Furniture, fixtures and equipment	$151,100	$145,285
Leasehold improvements	51,017	49,471
	202,117	194,756
Less: accumulated depreciation and amortization	125,183	108,405
	$ 76,934	$ 86,351

5. Accrued Liabilities

The major components of accrued liabilities are as follows:

	Jan. 31, 2004	Feb. 1, 2003
Compensation and employee benefits	$14,389	$13,302
Unredeemed gift and returns cards	14,434	12,545
Property taxes	10,668	10,323
Payroll and other taxes	6,312	4,772
Store closing reserve	2,827	1,461
Other	12,085	11,004
	$60,715	$53,407

6. Notes Payable to Banks

In July 2003, the Company completed a three-year $150 million senior revolving credit agreement (the "Agreement") with a group of lenders to replace its existing loan facility. Under the terms of the Agreement, the Company has the option to increase the facility by an additional $25 million and to extend the terms for an additional year.

Borrowings under the Agreement are based on and secured by eligible inventory. The Company routinely issues commercial and standby letters of credit for purposes of securing foreign sourced merchandise and certain insurance programs. Outstanding letters of credit reduce availability under the credit agreement. The Company had outstanding commercial and stand-by letters of credit of $0.2 million and $5.5 million, respectively, at January 31, 2004.

The interest rates on borrowings under the Agreement range from Prime to Prime plus .25% per annum for Prime Rate Loans and LIBOR plus 1.50% to LIBOR plus 2.25% per annum for Eurodollar Rate Loans and are established quarterly, based on excess availability as defined in the Agreement. As of January 31, 2004, the interest rates for Prime Rate and Eurodollar Rate Loans were 4.13% and 2.85%, respectively. An unused line fee of .25% to .375% per annum (.375% as of January 31, 2004) is charged on the unused portion of the revolving credit facility, based on excess availability. The Company was in full compliance with the terms of the Agreement as of January 31, 2004.

All borrowings bear interest at variable rates that approximate current market rates and therefore the carrying value of these borrowings approximates fair value.

Notes payable to banks was classified as current at February 1, 2003 because management's projections indicated that the Company would not be in compliance with certain of the financial covenants under the previous credit agreement as of the end of the first quarter 2003.

7. Leased Facilities and Commitments

The Company leases all of its retail and support facilities. Annual store rent is generally comprised of a fixed minimum amount plus a contingent amount based on a percentage of sales exceeding a stipulated amount. Most leases also require additional payments covering real estate taxes, common area costs and insurance.

Rent expense is as follows:

	2003	2002	2001
Minimum rental	$62,869	$60,805	$55,278
Contingent rentals	441	678	889
	$63,310	$61,483	$56,167

At January 31, 2004, for the majority of its retail and corporate facilities, the Company was committed under noncancellable leases with remaining terms of up to 15 years. Future minimum payments under noncancellable leases are:

2004	$ 62,046
2005	57,822
2006	52,761
2007	47,829
2008	42,395
Thereafter	131,925
	$394,778

During all periods presented, the Company subleased the space for shoe and fragrance departments in all of its stores. As of March 2003, the Company owns and operates the fragrance department. Sales from leased departments are excluded from sales of the Company. Sublease rental income of $12,097,300, $12,440,500 and $12,524,700, is included in other income, net in the Statements of Operations for 2003, 2002 and 2001, respectively.

8. Income Taxes

The income tax provision is as follows:

	2003	2002	2001
Current:			
Federal	$3,783	$ 3,374	$13,440
State	324	289	1,152
Total	4,107	3,663	14,592
Deferred:			
Federal	(1,597)	8,467	(4,604)
State	(137)	726	(395)
Total	(1,734)	9,193	(4,999)
Income tax provision	$2,373	$12,856	$ 9,593

The income tax provision excludes the income tax benefit related to losses from discontinued operations in the amount of $1.0 million in 2003 and $0.2 million in 2002 and 2001 (see Note 2).

Income taxes at the federal statutory rate of 35 percent differ from amounts provided as follows:

	2003	2002	2001
Federal tax at the statutory rate	$2,186	$11,841	$8,836
State income taxes, net of federal benefit	324	536	466
Other, net	(137)	479	291
Total income tax provision	$2,373	$12,856	$9,593
Effective income tax rate	38.0%	38.0%	38.0%

Temporary differences, which give rise to deferred tax assets and liabilities, are as follows:

	Jan. 31, 2004	Feb. 1, 2003
Deferred tax assets:		
Store closing reserves	$ 3,437	$ 1,893
Accrued liabilities	3,752	2,863
NOL carryforward	684	241
Other	14	–
	7,887	4,997
Deferred tax liabilities:		
Property and equipment	13,139	13,064
Inventory	2,971	3,060
Prepaid items	1,670	500
	17,780	16,624
Net deferred tax liability	$(9,893)	$(11,627)

At January 31, 2004, the Company had approximately $16 million in state net operating loss ("NOL") carryforwards, which the Company anticipates utilizing in 2004.

Deferred tax assets and liabilities are reflected on the Company's Balance Sheets as follows:

	Jan. 31, 2004	Feb. 1, 2003
Current deferred tax liabilities (included in accrued liabilities)	$ (201)	$ –
Current deferred tax assets (included in prepaid expenses and other current assets)	–	196
Non-current deferred tax liabilities (included in other liabilities)	(9,692)	(11,823)
Net deferred tax liability	$(9,893)	$(11,627)

The exercise of certain stock options which have been granted under the Company's stock option plans gives rise to compensation which is includable in the taxable income of the applicable employees and deductible by the Company for federal and state income tax purposes. Such compensation results from increases in the market value of the Company's common stock subsequent to the date of grant of the applicable exercised stock options, and in accordance with Accounting Principles Board Opinion No. 25, such compensation is not recognized as an expense for financial accounting purposes and the related tax benefits are recorded directly in paid-in capital.

9. Stockholders' Equity

During 2003, 2002 and 2001, the Company repurchased 50,000, 220,000, and 657,600 shares of its common stock in the open market at a total cost of $212,000, $1,501,000 and $6,019,000, respectively. As of January 31, 2004, there are 1,994,200 shares which can be repurchased pursuant to the Board of Directors' current authorizations.

10. Stock Option and Purchase Plans

In 2001, the shareholders approved a new stock option plan (the "Omnibus Plan"), under which a maximum of 4,500,000 shares of the Company's common stock may be issued. Shares covered by unexercised options that terminate or shares that are forfeited may be subject to new awards. The Omnibus Plan replaced the Company's Employee Stock and Director Stock Option Plans (the "Previous Plans") under which there were 3,098,048 options to purchase shares outstanding as of January 31, 2004. Upon approval of the Omnibus Plan, no further options have been or will be issued under the Previous Plans. The term of the Omnibus Plan is indefinite, except that no incentive stock option award can be granted after the tenth anniversary of the plan.

In 2002, the Compensation Committee of the Board of Directors determined that it was appropriate to undertake an overall review of the Company's compensation strategies. As part of this review, it was decided that starting in fiscal 2003 restricted stock awards, as provided for in the Omnibus Plan, in addition to stock options would be granted as part of the Long-term Compensation portion of the compensation program. A total of 72,026 restricted shares were issued to key employees in May 2003 at $5.53 per share, the market value at date of grant. At January 31, 2004, these awards, net of forfeitures, aggregated 62,532 shares. Shares awarded under the plan entitle the shareholder to all rights of common stock ownership except that the shares may not be sold, transferred, pledged, exchanged or otherwise disposed of during the restriction period. Vesting occurs seven years following the date of the grant or at the end of the second fiscal year following date of grant, if certain defined Company performance goals are achieved. Unvested shares are forfeited upon termination of employment.

The Omnibus Plan, consistent with the Previous Plans, provides that shares of common stock may be granted to certain key employees and outside directors through non-qualified stock options, incentive stock options, stock appreciation rights, performance awards, restricted stock, or any other award made under the terms of the plan. The Board of Directors, or its delegated authority, determines the exercise price and all other terms of all grants. In general, one-third of the options granted in the past have become exercisable on the third, fourth and fifth anniversary dates of grant and expire ten years after the date of grant. No stock appreciation rights have been granted under this or the prior plan.

Activity for these fixed-price option plans is as follows:

	Number of Shares (000)	Weighted-Average Exercise Price
Outstanding at February 3, 2001	4,542	$10.63
Granted	1,146	8.54
Exercised	(549)	3.58
Forfeited	(359)	13.90
Outstanding at February 2, 2002	4,780	10.70
Granted	514	10.63
Exercised	(166)	4.58
Forfeited	(97)	10.49
Outstanding at February 1, 2003	5,031	10.90
Granted	303	4.74
Exercised	(251)	4.79
Forfeited	(727)	9.06
Outstanding at January 31, 2004	4,356	$11.13

Exercisable stock options were 2.611 million, 2.625 million and 2.004 million, at January 31, 2004, February 1, 2003 and February 2, 2002, respectively.

The following table summarizes information about fixed-price stock options outstanding at January 31, 2004:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding (000)	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Exercisable (000)	Weighted-Average Exercise Price
$ 5.00 – 7.00	588	5.4	$ 6.04	320	$ 6.19
$ 7.75 – 10.19	1,192	6.7	8.45	252	8.91
$10.90 – 13.82	2,106	4.2	13.11	1,630	13.67
$14.25 – 16.59	470	4.3	15.40	409	15.41
	4,356	5.0	$11.13	2,611	$11.13

The Company has an Employee Stock Purchase Plan (the "Stock Purchase Plan") whereby all employees who complete six months employment with the Company and who work on a full-time basis or are regularly scheduled to work more than 20 hours per week are eligible to participate in the Stock Purchase Plan. Participants in the Stock Purchase Plan are permitted to use their payroll deductions to acquire shares at 85% of the fair market value of the Company's stock determined at either the beginning or end of each option period. In 2003, 2002 and 2001, the participants acquired 179,902 shares, 173,048 shares and 127,220 shares of the Company's common stock at weighted-average per share prices of $4.92, $5.94 and $7.84 per share, respectively.

11. Employee Benefit Plans

The Company has a defined contribution retirement plan covering employees who are at least 21 years of age, have completed at least one year of service and who work at least 1,000 hours annually. Under the profit sharing portion of the plan, the Company can make discretionary contributions which vest at a rate of 20 percent per year after two years of service. The Company matches 50 percent of the employee's voluntary pre-tax contributions up to a maximum of four percent of the employee's compensation. The Company's matching portion vests in accordance with the plan's vesting schedule. Total Company contributions under the retirement plan were $1,044,000, $1,627,000 and $1,571,000 for 2003, 2002 and 2001, respectively.

The Company has an executive split dollar life insurance plan wherein eligible executives are provided with pre-retirement life insurance protection based upon three to five times base salary. Upon retirement, the executive is provided with life insurance protection based upon one and one-half to two and one-half times final base salary. The expense for this plan was $229,000, $331,000 and $293,000 in 2003, 2002 and 2001, respectively.

The Company also has an executive deferral plan providing officers and key executives with the opportunity to participate in an unfunded, deferred compensation program. Effective November 1, 2002, the plan was amended to include director-level employees. Under the program, participants may defer up to 100% of their base compensation and bonuses earned. The Company will match the officers and key executives' contributions 100%, and the directors' contributions 50%, up to the first 10% of compensation deferred. A participant's Company matching contributions and related investment earnings are 20% vested after four years of participation in the plan and increase 20% per year through the eighth year, at which time a participant is fully vested. The total of participant deferrals and Company matching contributions was $3,446,000 at January 31, 2004, $2,286,000 at February 1, 2003 and $1,504,000 at February 2, 2002 and is included in other liabilities. The expense for this plan was $747,000, $611,000 and $495,000 in 2003, 2002 and 2001, respectively.

In connection with the above two plans, whole life insurance contracts were purchased on the related participants. At January 31, 2004 and February 1, 2003 the cash surrender value of these policies was $5,515,000 and $3,132,000, respectively, and is included in other assets.

12. Quarterly Results of Operations (Unaudited)

The Company's quarterly operating results have been restated to reflect discontinued operations (Note 2) for all periods presented.

	13 Weeks Ended			
Year Ended January 31, 2004	May 3, 2003	Aug. 2, 2003	Nov. 1, 2003	Jan. 31, 2004
Net sales	$329,050	$301,767	$314,479	$410,161
Gross profit	83,416	70,962	73,679	112,705
Income (loss) from continuing operations	1,685	(2,648)	(10,060)	14,896
Loss from discontinued operations	(172)	(125)	(339)	(1,036)
Net income (loss)	$ 1,513	$ (2,773)	$ (10,399)	$ 13,860
Basic income (loss) per share:				
Continuing operations	$0.04	$(0.07)	$(0.24)	$0.36
Discontinued operations	–	–	(0.01)	(0.03)
Total	$0.04	$(0.07)	$(0.25)	$0.33
Diluted income (loss) per share:				
Continuing operations	$0.04	$(0.07)	$(0.24)	$0.36
Discontinued operations	–	–	(0.01)	(0.03)
Total	$0.04	$(0.07)	$(0.25)	$0.33

Year Ended February 1, 2003	13 Weeks Ended May 4, 2002	Aug. 3, 2002	Nov. 2, 2002	Feb. 1, 2003
Net sales	$354,292	$309,882	$331,139	$406,300
Gross profit	96,163	77,729	73,318	99,787
Income (loss) from continuing operations	11,430	2,830	(3,768)	10,484
Loss from discontinued operations	(62)	(55)	(75)	(94)
Net income (loss)	$ 11,368	$ 2,775	$ (3,843)	$ 10,390
Basic income (loss) per share:				
Continuing operations	$0.27	$0.07	$(0.09)	$0.25
Discontinued operations*	–	–	–	–
Total	$0.27	$0.07	$(0.09)	$0.25
Diluted income (loss) per share:				
Continuing operations	$0.27	$0.07	$(0.09)	$0.25
Discontinued operations*	–	–	–	–
Total	$0.27	$0.07	$(0.09)	$0.25

* Loss per share from discontinued operations rounds to zero on a quarterly basis, but rounds to $(0.01) for the year ended February 1, 2003.

13. Legal Proceedings

The Company is involved in various routine legal proceedings incidental to the conduct of its business. Management, based upon the advice of outside legal counsel, does not believe that any of these legal proceedings will have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Report of Independent Certified Public Accountants

PRICEWATERHOUSECOOPERS

To the Board of Directors
and Stockholders of Stein Mart, Inc.

In our opinion, the accompanying financial statements appearing on pages 16 through 29 of this annual report present fairly, in all material respects, the financial position of Stein Mart, Inc. at January 31, 2004 and February 1, 2003, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2004, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Jacksonville, Florida
March 19, 2004

Stein Mart, Inc. Corporate Officers & Board of Directors

Executive Officers

Michael D. Fisher
President & Chief Executive Officer

James G. Delfs
Senior Vice President & Chief Financial Officer

D. Hunt Hawkins
Senior Vice President, Human Resources

Michael D. Ray
Senior Vice President, Director of Stores

Vice Presidents

Corporate

W. Michael Allen, *Real Estate*
David W. Bothe, *Marketing, Advertising and Sales Promotion*
Carl D. Davis, *Administration*
Ronald G. Hughes, *Distribution and Traffic*
Joseph Martinolich, *Internal Audit, Safety and Security*
Roseann McLean, *Planning and Allocation*
Clayton E. Roberson, Jr., *Controller*
Matthew K. Votaw, *Information Systems*

Regional Directors of Stores

Robert H. Brooks
Roy E. Roberts
Jim C. Love
Diane Tarman

General Merchandising Managers

William A. Moll, *Ladies', Boutique, Dresses and Intimate Apparel*
John H. Pennell, *Men's, Children's and Accessories*
Patricia A. Stagner, *Gifts and Linens*

Board of Directors

Jay Stein, Chairman of the Board, Stein Mart, Inc. Formerly a director of American Heritage Life Insurance Company and Promus Hotel Corporation.

Linda McFarland Farthing, Former President and Director of Friedman's, Inc. and Cato Corporation. *Chairperson, Audit committee; Corporate Governance committee.*

Richard L. Sisisky, President, The Shircliff & Sisisky Company. Former president, chief operating officer and director of Parker Vision, Inc. *Audit committee; Corporate Governance committee.*

Michael D. Fisher, President and Chief Executive Officer, Stein Mart, Inc.

Mitchell W. Legler, Esquire, Kirschner & Legler, P.A. General counsel to the Company since 1991.

Martin E. "Hap" Stein, Jr. Chairman and Chief Executive Officer of Regency Centers Corporation. Director of Patriot Transportation Holding, Inc. *Compensation committee; Corporate Governance committee.*

John H. Williams, Jr., Vice Chairman of the Board and former President and Chief Executive Officer, Stein Mart, Inc. Director of SunTrust Bank, North Florida N.A.

Alvin R. "Pete" Carpenter, Former Vice Chairman, CSX Corporation. Also a director of Regency Centers Corporation and Florida Rock Industries, Inc. *Chairman, Compensation committee; Corporate Governance committee.*

Michael D. Rose, Private Investor. Chairman, Gaylord Entertainment. Former Chairman, Promus Hotel Corporation and Harrah's Entertainment, Inc. Director of Darden Restaurants, Inc., First Tennessee National Corporation, Felcor Lodging Trust, Inc and General Mills, Inc. *Lead Director; Compensation committee; Corporate Governance committee.*

J. Wayne Weaver, Chairman and Chief Executive Officer of LC Footwear, L.L.C., the licensed shoe division of Liz Claiborne, Inc.; Chairman of Shoe Carnival, Inc.; and Chairman, Chief Executive Officer and majority owner of the Jacksonville Jaguars. *Corporate Governance committee.*

James H. Winston, LPMC, a real estate investment firm based in Jacksonville, Florida. President and director of Omega Insurance Company and Citadel Life & Health Insurance Company. Also a director of Patriot Transportation Holding, Inc., Winston Hotels and Scott-McRae Group, Inc. *Audit committee; Corporate Governance committee.*

Stein Mart, Inc. Stockholder Information

Corporate headquarters

Stein Mart, Inc.
1200 Riverplace Boulevard
Jacksonville, FL 32207
(904) 346-1500
www.steinmart.com

Annual meeting of stockholders

The annual meeting of stockholders will be held at two o'clock in the afternoon, Tuesday, June 8, 2004 at The Cummer Gallery of Art and Gardens, Jacksonville, Florida.

Transfer Agent and Registrar

Mellon Investor Services LLC
P. O. Box 3315
South Hackensack, NJ 07606-1915
1-800-756-3353
www.melloninvestor.com

Legal Counsel

Mitchell W. Legler
Kirschner & Legler, P.A.
300A Wharfside Way
Jacksonville, Florida 32207

Independent Auditors

PricewaterhouseCoopers LLP
Jacksonville, Florida

Common stock information

Stein Mart's common stock trades on The Nasdaq Stock Market® under the trading symbol SMRT. On April 8, 2004, there were 1,160 stockholders of record.

The following table reflects the high and low sales prices of the common stock for each fiscal quarter in 2002 and 2003.

Stock prices by quarter

Quarter ending dates	High	Low
May 4, 2002	$12.12	$8.74
August 3, 2002	$12.32	$6.89
November 2, 2002	$ 8.75	$5.37
February 1, 2003	$ 7.85	$5.20
May 3, 2003	$ 5.69	$4.22
August 2, 2003	$ 6.27	$5.35
November 1, 2003	$ 7.58	$5.00
January 31, 2004	$10.94	$7.07

The Company intends to reinvest future earnings in the business and accordingly does not anticipate paying dividends in the foreseeable future.

Financial information

Copies of the Annual Report, Form 10-K and other financial reports are available without charge by written request to: Stockholder Relations, Stein Mart, Inc., 1200 Riverplace Boulevard, Jacksonville, FL 32207. Current and past news releases, all SEC filings, current stock price and stock history are available on line at www.steinmart.com; click on Investor Relations.

Investor and Media Inquiries

If you are a member of the financial community or the news media and need to address specific financial information, please call Susan Datz Edelman, Director of Stockholder Relations, at (904) 346-1506.

Vision

To be the preeminent upscale off-price retailer in America.

The Stein Mart Mission

To serve our customers and community efficiently and effectively; to act with integrity toward customers, associates and vendors; to maintain profitable growth and build long-term value for our shareholders.

The production of this Stein Mart annual report was based on a Company commitment to provide current and prospective stockholders with accurate, thorough, and timely information about the Company while incurring only modest production costs.

www.steinmart.com

Stein Mart®

1200 Riverplace Boulevard
Jacksonville, FL 32207
www.steinmart.com