PHOENIX FOOTWEAR GROUP INC
Form S-8
July 08, 2004

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As filed with the Securities and Exchange Commission on July 8, 2004

REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Phoenix Footwear Group, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	15-0327010
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

5759 Fleet Street, Suite 220
Carlsbad, California 92008
(Address of Principal Executive Offices)

Phoenix Footwear Group, Inc.
Retirement Savings Partnership Plan
(Full Title of the Plan)

James R. Riedman
Chairman
Phoenix Footwear Group, Inc.
5759 Fleet Street, Suite 220
Carlsbad, California 92008
(Name and Address of Agent for Service)

(760) 602-9688
(Telephone Number, Including Area Code, of Agent for Service)

With a copy to:

Harry P. Messina, Jr., Esq.
Woods Oviatt Gilman, LLP
700 Crossroads Building
Rochester, New York 14614

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CALCULATION OF REGISTRATION FEE

Title of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
$0.01 par value	Common Stock, 312,603 Shares	$ 13.69	$4,279,535	$ 542.00

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) and (h) under the Securities Act of 1933, as amended. The price per share is estimated based on the average of the high and low trading prices for Phoenix Footwear Group, Inc. s common stock as reported by the American Stock Exchange on July 6, 2004.

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PART I

EXPLANATORY NOTE

This Registration Statement registers for reoffer and resale 312,603 shares of common stock of Phoenix Footwear Group, Inc. by certain shareholders who acquired such common stock pursuant to the Phoenix Footwear Group, Inc., Retirement Savings Partnership Plan. Prior to the filing of this Registration Statement, such shares held by the selling stockholders were deemed to be restricted securities within the meaning of Rule 144 promulgated under the Securities Act of 1933, as amended. These securities may be reoffered and resold on a continuous or delayed basis in the future under Rule 415 of the Securities Act.

The material which follows, up to but not including the page beginning Part II of this Registration Statement, constitutes a reoffer prospectus, prepared in accordance with the requirements of Part I of Form S-3, in accordance with General Instruction C of Form S-8. The reoffer prospectus may be utilized for reofferings and resales of up to 312,603 shares of common stock acquired by the selling stockholders prior to the date of this reoffer prospectus.

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REOFFER PROSPECTUS

312,603 Shares of Common Stock

This prospectus relates to 312,603 shares of common stock, par value $0.01 per share, of Phoenix Footwear Group, Inc., that we allocated to certain of our employees under our Retirement Savings Partnership Plan, and which may be offered for resale from time to time by them and the 401(k) plan.

We will not receive any of the proceeds from the sale of the common stock. We will pay all of the expenses associated with the registration and this prospectus. The selling stockholders will pay the other costs, if any, associated with any sale of the common stock.

Our common stock is quoted on the American Stock Exchange under the symbol PXG. On July 6, 2004, the last reported sale price per share of our common stock, as quoted on the American Stock Exchange, was $13.69.

Investing in our shares involves a high degree of risk. See Risk Factors beginning on page 3 for some of the factors you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is July 8, 2004.

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You should rely only on the information provided in this prospectus and in any prospectus supplement, including the information incorporated by reference. If anyone provides you with different or inconsistent information you should not rely on it. Neither we nor the selling stockholders have authorized anyone to provide you with different information.

The shares will not be offered under this prospectus in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, or any supplement to this prospectus, is accurate at any date other than the date indicated on the front cover page of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

This summary highlights certain material information contained or incorporated by reference in this prospectus. You should read carefully the entire prospectus and the documents incorporated by reference in this prospectus from our filings with the Securities and Exchange Commission, or SEC. Unless the context otherwise requires, all references to Phoenix Footwear, we, us, and our refer to Phoenix Footwear Group, Inc. and its subsidiaries. References to 401(k) plan refer to our Retirement Savings Partnership Plan. The term you refers to a prospective investor.

References to our fiscal 2002 refer to our fiscal year ended December 31, 2002, references to our fiscal 2003 refer to our fiscal year ended December 27, 2003, and references to our fiscal 2004 refer to our fiscal year ending January 1, 2005.

Our Company

We design, develop and market men s and women s branded footwear and apparel. We sell over 80 different styles of footwear and over 250 different styles of apparel products. By emphasizing traditional style, quality and fit, we believe we can better maintain a loyal consumer following that is less susceptible to fluctuations due to changing fashion trends and consumer preferences. As a result, a significant number of our product styles carry over from year-to-year. In addition, our design and product development teams seek to create and introduce new products and styles that complement these longstanding core products, are consistent with our brand images and meet our high quality standards. We believe our brands have significant potential for growth through increases in product assortment, brand extensions and expansion of our retail channels.

Through a series of acquisitions, we have built a portfolio of niche brands that we believe exhibit consistent cash flow and brand growth potential. We intend to continue to build our portfolio of brands through acquisitions of footwear and apparel companies and product lines that we believe will complement or expand our business, augment our market coverage, provide us with important relationships or otherwise offer us growth opportunities. Our current brands include Trotters®, Soft-Walk® (SoftWalk), Strol®, H.S. Trask® and Royal Robbins®. We also design and market a line of men s casual footwear under the Duck Unlimited® brand through an exclusive footwear licensing agreement with Ducks Unlimited, Inc., the world s largest wetlands and waterfowl conservation organization.

Recent Developments

On June 15, 2004, we entered into a stock purchase agreement to acquire all of the outstanding capital stock of Altama Delta Corporation, or Altama, a provider of boots to the military and commercial markets under its Altama® brand. Altama is a designer, manufacturer, marketer and distributor of military specification, or mil-spec, and commercial combat and uniform boots. Under the stock purchase agreement, we will pay $39.0 million to W. Whitlow Wyatt, Altama s sole shareholder and President and Chief Executive Officer, plus an earnout payment of $2.0 million subject to Altama meeting certain sales requirements. Additionally, we have agreed to pay Mr. Wyatt $2.0 million in consideration for a five-year covenant-not-to-compete and other restrictive covenants, and to enter into a two-year consulting agreement with him for an annual consulting fee of $100,000. The cash portion of the purchase price is subject to adjustment in the amount of distributions in excess of 39.6% of Altama s net operating profits and the book value of distributions of Altama s real and related personal property located in Kiawah Island, South Carolina, and for any net amount Altama receives from a price adjustment claim it has made with the Department of Defenser (DoD).

On June 15, 2004, we hired Richard E. White as our new Chief Executive Officer. Mr. White has served as a member of the Board of Directors since May 11, 2004. Mr. White entered into a three-year employment agreement

with us. James Riedman, who previously acted as both our Chairman of the Board and Chief Executive Officer, will remain our Chairman of the Board.

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Corporate Information

We incorporated in March 1912 in the Commonwealth of Massachusetts under the name Daniel Green Felt Shoe Company, changed our name to Daniel Green Company in November 1929 and reincorporated in May 2002 in the State of Delaware under the name Phoenix Footwear Group, Inc. Our principal executive offices are located at 5759 Fleet Street, Suite 220, Carlsbad, California 92008, and our telephone number is (760) 602-9688. Our main Internet address is http://www.phoenixfootwear.com. Information contained on our Internet web sites or that is accessible through our web sites should not be considered to be part of this prospectus.

The Offering

This prospectus is part of a registration statement that we are filing with the SEC for the resale of shares of Phoenix Footwear Group, Inc., common stock that we allocated to certain of our employees under our 401(k) plan. The selling stockholders may sell the shares of our common stock being offered under this prospectus from time to time in one or more offerings (subject to the restrictions described in this prospectus).

The section Plan of Distribution beginning on page 16 of this prospectus provides a description of the sale of the shares being offered under this prospectus. When these shares are actually sold, to the extent required, the number of shares sold, the purchase price, the public offering price, the names of any agent or dealer and any applicable commission or discount with respect to that particular sale will be set forth in an accompanying prospectus supplement. A prospectus supplement also may update or change information contained in the basic prospectus. We expect that all relevant information about the shares will be contained in this prospectus. In all cases, you should read this prospectus (as it may be supplemented) together with the additional information described in the sections Where You Can Find More Information and Incorporation of Certain Documents by Reference.

You should carefully consider the Risk Factors beginning on page 3 of this prospectus before making an investment in our common stock.

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RISK FACTORS

The following discussion summarizes material risks that you should carefully consider before you decide to buy our common stock. Any of the following risks, if they actually occur, would likely harm our business. The trading price of our common stock could then decline, and you may lose all or part of the money you paid to buy our common stock.

Risks Related to Our Business

Our acquisitions or acquisition efforts, which are important to our growth, may not be successful, which may limit our growth or adversely affect our results of operations and financial condition

Acquisitions have been an important part of our development to date. During fiscal 2003, we acquired Royal Robbins and H.S. Trask. As part of our business strategy, we intend to make additional acquisitions in the footwear and apparel industry, such as the pending Altama acquisition, that we feel could complement or expand our business, augment our market coverage, provide us with important relationships or otherwise offer us growth opportunities. If we identify an appropriate acquisition candidate, we may not be able to negotiate successfully the terms of or finance the acquisition. Unsuccessful acquisition efforts, such as our attempted acquisition of Antigua Enterprises Inc. last year, may result in significant additional expenses that would not otherwise be incurred. In fiscal 2003, we incurred $285,000 of such costs. In addition, we cannot assure you that we will be able to integrate the operations of our acquisitions without encountering difficulties, including unanticipated costs, possible difficulty in retaining customers and supplier or manufacturing relationships, failure to retain key employees, the diversion of management attention or failure to integrate our information and accounting systems. Following an acquisition, we may not realize the revenues and cost savings that we expect to achieve or that would justify the acquisition investment, and we may incur costs in excess of what we anticipate. These circumstances could adversely affect our results of operations or financial condition.

We may not consummate the Altama acquisition, and a failure to do so could cause our stock price to decline.

On June 15, 2004, we entered into a definitive stock purchase agreement to acquire all of the outstanding capital stock of Altama. This proposed acquisition is still pending and is subject to customary closing conditions. Although we anticipate that the Altama acquisition will close in July 2004, there is a possibility that we may not be able to consummate this transaction, which could adversely affect our expected results of operations in the future. If the acquisition is not completed for any reason, our stock price may decline to the extent that the current market price reflects a market assumption that the acquisition will be completed or the market s perceptions why the acquisition was not consummated. In addition, our stock price may decline because costs related to the acquisition, such as legal, accounting and fees related to financing the acquisition, must be paid even if the acquisition is not completed, adversely affecting our earnings during the period for which such costs are recognized.

Our future success depends on our ability to respond to changing consumer preferences and fashion trends and to develop and commercialize new products successfully

Our principal business is the design, development and marketing of footwear and apparel. Although our focus is on traditional and sustainable niche brands, our brands may still be subject to rapidly changing consumer preferences and fashion trends. For example, in fiscal 2002, our Trotters brand experienced decreased retail acceptance of certain styles, which adversely affected our net sales. Accordingly, we must identify and interpret fashion trends and respond in a timely manner. Demand for and market acceptance of new products, such as our H.S. Trask women s and Strol brands, are uncertain, and achieving market acceptance for new products generally requires substantial product development and marketing efforts and expenditures. Any failure on our part to regularly develop innovative products

and update core products could limit our ability to differentiate and appropriately price our products, adversely affect retail and consumer acceptance of our products, and limit sales growth. Each of these risks could adversely affect our results of operations or financial condition.

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We face intense competition, including competition from companies with greater resources than ours, and if we are unable to compete effectively with these companies, our market share may decline and our business and stock price could be harmed

We face intense competition in the footwear and apparel industry from other companies, such as Brown Shoe Company, which markets the Naturalizer® brand, and Columbia Sportswear Company®. Many of our competitors have greater financial, distribution or marketing resources, as well as greater brand awareness. In addition, the overall availability of overseas manufacturing opportunities and capacity allow for the introduction of competitors with new products. Moreover, new companies may enter the markets in which we compete, further increasing competition in the footwear and apparel industry.

We believe that our ability to compete successfully depends on a number of factors, including anticipating and responding to changing consumer demands in a timely manner, maintaining brand reputation and authenticity, developing high quality products that appeal to consumers, appropriately pricing our products, providing strong and effective marketing support, ensuring product availability and maintaining and effectively assessing our distribution channels, as well as many other factors beyond our control. Due to these factors within and beyond our control, we may not be able to compete successfully in the future. Increased competition may result in price reductions, reduced profit margins, loss of market share, and an inability to generate cash flows that are sufficient to maintain or expand our development and marketing of new products, each of which would adversely affect the trading price of our common stock.

A large portion of our sales are to a relatively small group of customers with whom we do not have long-term purchase orders, therefore the loss of any one or more of these customers could adversely affect our business

Ten major customers represented approximately 39% of net sales in fiscal 2003; and most of these same customers represented 34% of net sales in fiscal 2002 and 38% of net sales in fiscal 2001. Sales to any one customer in fiscal 2003, 2002 and 2001 did not exceed 10% of our net sales, except for Dillard s department stores, which accounted for 11%, 12% and 11% of our net sales in fiscal 2003, 2002 and 2001, respectively. Although we have long-term relationships with many of our customers, our customers do not have a contractual obligation to purchase our products, and we cannot be certain that we will be able to retain our existing major customers. The retail industry can be uncertain due to changing customer buying patterns and consumer preferences, and customer financial instability. These factors could cause us to lose one or more of these customers, which could adversely affect our business.

The financial instability of our customers could adversely affect our business and result in reduced sales, profits and cash flows

We sell our merchandise to major department stores and specialty retailers across the U.S. and extend credit based on an evaluation of each customer s financial condition, usually without requiring collateral. However, the financial difficulties of a customer could cause us to curtail business with that customer. We may also assume more credit risk relating to that customer s receivables due us. Two of our customers constituted 20% of trade accounts receivable outstanding at December 27, 2003. Our inability to collect on our trade accounts receivable from any of our major customers could adversely affect our business or financial condition.

Our ability to compete could be jeopardized if we are unable to protect our intellectual property rights or if we are sued for intellectual property infringement

We believe that we derive a competitive advantage from our ownership of the Trotters, SoftWalk, H.S. Trask and Royal Robbins trademarks, and our patented footbed technology. In addition, we own and license other trademarks that we utilize in marketing our products. We vigorously protect our trademarks against infringement. We believe that

our trademarks are generally sufficient to permit us to carry on our business as presently conducted. We cannot, however, know whether we will be able to secure trademark protection for our intellectual property in the future or that protection will be adequate for future products. Further, we face the risk of ineffective protection of intellectual property rights in the countries where we source our products. We cannot be sure that our activities do not and will not infringe on the proprietary rights of others. If we are compelled to prosecute infringing parties, defend our intellectual property, or defend ourselves from intellectual property claims made by others, we may face

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significant expenses and liability that could divert our management s attention and resources and otherwise adversely affect our business or financial condition.

Our international manufacturing operations are subject to the risks of doing business abroad, which could affect our ability to manufacture our products in international markets, obtain products from foreign suppliers or control the costs of our products

We currently rely on foreign sourcing of our products. We believe that one of the key factors in our growth has been our strong relationships with manufacturers capable of meeting our requirements for quality and price in a timely fashion. We source our products primarily from independent third-party manufacturing facilities located in Brazil, Asia and South America. As a result, we are subject to the general risks of doing business outside the U.S., including, without limitation, work stoppages, transportation delays and interruptions, political instability, expropriation, nationalization, foreign currency fluctuation, changing economic conditions, the imposition of tariffs, import and export controls and other non-tariff barriers, and changes in local government administration and governmental policies, and to factors such as the short-term and long-term effects of severe acute respiratory syndrome, or SARS, and the outbreak of avian influenza in China. Although a diverse domestic and international industry exists for the kinds of merchandise sourced by us, there can be no assurance that these factors will not adversely affect our business, financial condition or results of operations.

Our reliance on independent manufacturers, with whom we do not have long-term written agreements, could cause delay and damage customer relationships

In fiscal 2003, 13 manufacturers accounted for 100% of our footwear volume. We do not have long-term written agreements with any of our third-party manufacturers. As a result, any of these manufacturers may unilaterally terminate their relationships with us at any time. Establishing relationships with new manufacturers would require a significant amount of time and would cause us to incur delays and additional expenses, which would also adversely affect our business and results of operations.

In addition, in the past, a manufacturer s failure to ship products to us in a timely manner or to meet the required quality standards has caused us to miss the delivery date requirements of our customers for those items. This, in turn, has caused, and may in the future cause, customers to cancel orders, refuse to accept deliveries or demand reduced prices. This could adversely affect our business and results of operation.

We depend on our senior executives to develop and execute our strategic plan and manage our operations, and if we are unable to retain them, our business could be harmed

Our future success depends upon the continued services of James Riedman, our Chairman of the Board, who has played a key role in developing and implementing our strategic plan. We also rely on Greg Tunney, our President and Chief Operating Officer, to manage our overall operations. Our loss of any of these individuals would harm us if we are unable to employ a suitable replacement in a timely manner. We do not maintain key man insurance on Messrs. Riedman or Tunney or any of our other senior executives.

Fluctuations in the price, availability and quality of raw materials could adversely affect our gross profit

Fluctuations in the price, availability and quality of raw materials, such as leather and bison hides, used to manufacture our products, could adversely affect our cost of goods or our ability to meet our customers demands. Although we do not expect our foreign manufacturing partners, or Altama following completion of the pending acquisition, to have any difficulty in obtaining the raw materials required for footwear production, certain sources may experience some difficulty in obtaining raw materials. For example, in fiscal 2002, the availability of leather

decreased as a result of destruction of livestock due to concerns about mad cow disease and hoof and mouth disease. We generally do not enter into long-term purchase commitments. In the event of price increases in these raw materials in the future, we may not be able to pass all or a portion of these higher raw materials prices on to our customers, which would adversely affect our gross profit.

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A decline in general economic conditions could lead to reduced consumer demand for our products and could lead to a reduction in our net sales, and thus in our ability to obtain credit

In addition to consumer fashion preferences, consumer spending habits are affected by, among other things, prevailing economic conditions, levels of employment, salaries and wage rates, consumer confidence and consumer perception of economic conditions. For example, in fiscal 2002 and fiscal 2003, the U.S. economy, and more specifically the retail environment, experienced a general slowdown, and adversely affected consumer spending habits, which we believe contributed to the decline in the net sales of our Trotters brand that fiscal year. Future slowdowns would likely cause us to delay or slow our expansion plans and result in lower net sales than expected on a quarterly or annual basis, which could lead to a reduction in our stockholders equity and thus our ability to obtain credit as and when needed.

Our recently completed acquisitions and pending Altama acquisition make evaluating our operating results difficult given the significance of these acquisitions to our operations, and our historical results do not give you an accurate indication of how we will perform in the future

Our historical results of operations do not give effect for a full fiscal year to our 2003 acquisitions of H.S. Trask and Royal Robbins or our pending Altama acquisition. Accordingly, the historical financial information that we have incorporated by reference in this prospectus does not necessarily reflect what our financial position, operating results and cash flows will be in the future as a result of these acquisitions. The pro forma financial information incorporated by reference in this prospectus is based in part on the separate pre-acquisition financial reports of H.S. Trask, Royal Robbins and Altama. Consequently, our historical results of operations and pro forma financial information do not give you an accurate indication of how Phoenix Footwear, including the H.S. Trask, Royal Robbins and Altama operations, will perform in the future.

Additionally, we do not have experience in selling to the government, which comprises a significant amount of Altama s net sales. We plan to continue the employment of Altama employees who do have such experience. There can be no assurance that any or all of the employees of Altama with this experience will continue with us after the acquisition.

The financing of any future acquisitions we make may result in dilution to your stock ownership and/or could increase our leverage and our risk of defaulting on our bank debt

Our business strategy is to expand into new markets and enhance our position in existing markets through acquisitions. In order to successfully complete targeted acquisitions or to fund our other activities, we may issue additional equity securities that could dilute your stock ownership. We may also incur additional debt if we acquire another company, which could significantly increase our leverage and hence our risk of default under our secured credit facility. For example, the financing for the pending Altama acquisition contemplates the issuance in a private placement of $2.5 million of our common stock based on the average closing price during the 20 trading days ending on the second-to-last trading day prior to the closing of the acquisition. Additionally, we intend to incur approximately $12.9 million of additional debt under our proposed amended credit facility to pay the purchase price and to refinance Altama s funded indebtedness.

Defaults under our secured credit arrangement could result in a foreclosure on our assets by our bank

We have a $24.8 million secured credit facility with our bank, which we expect to increase to a $33.4 million facility concurrently with the closing of the pending Altama acquisition. As of May 28, 2004, we had $10.9 million outstanding under this facility. We expect to incur $12.9 million of additional indebtedness in connection with the pending Altama acquisition. In the future, we may incur additional indebtedness in connection with other acquisitions

or for other purposes. All of our assets are pledged as collateral to secure our bank debt. Our credit facility includes a number of covenants, including financial covenants. If we default under our credit arrangement and are unable to cure the default, obtain appropriate waivers or refinance the defaulted debt, our bank could declare our debt to be immediately due and payable and foreclose on our assets, which may result in a complete loss of your investment.

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We may be required to recognize impairment charges that could adversely affect our reported earnings in future periods

Our business acquisitions typically result in goodwill and other intangible assets. As of March 27, 2004, we had $9.1 million of goodwill and unamortizable intangibles. We expect this figure to increase to $35.2 million upon completion of the Altama acquisition. We expect this figure to continue to increase with additional acquisitions. Pursuant to generally accepted accounting principles, we are required to perform impairment tests on our intangible assets annually or at any time when events occur that could impact the value of our business. Our determination of whether an impairment has occurred is based on a comparison of each of our reporting units fair market value with its carrying value. Significant and unanticipated changes could require a provision for impairment in a future period that could adversely affect our reported earnings in a period of such change.

The exercise of outstanding stock options and warrants, and the allocation of unallocated shares held by our 401(k) plan, would cause dilution to our stockholders ownership percentage and/or a reduction in earnings per diluted share

As of May 28, 2004, we had outstanding 5,154,093 shares of common stock, including 478,513 unallocated shares held by our 401(k) plan, which despite the fact they are outstanding for voting and other legal purposes, are classified as treasury shares for financial statement reporting purposes and are not taken into account in determining our earnings per share or earnings per diluted share. The 478,513 unallocated shares will be allocated at the rate of approximately 120,000 shares annually until they are fully allocated to the accounts of plan participants. After each allocation these additional shares will be included in the weighted average shares outstanding for purposes of determining our earnings per share and earnings per diluted share. In addition, as of that date, we had outstanding options to purchase 1,301,261 shares at exercise prices ranging from $1.725 to $13.325 per share. On June 15, 2004, we granted an option to purchase up to 200,000 shares at an exercise price of $11.40 per share to Richard E. White upon his hiring as our new Chief Executive Officer. We plan to grant Mr. White options to purchase up to an additional 285,000 shares of our common stock over the next two years. The exercise of all or part of these options or warrants would cause our stockholders to experience a dilution in their percentage ownership for legal purposes.

The charge to earnings from the compensation to employees under our employee retirement plan could adversely affect the value of your investment in our common stock

As of May 28, 2004, our 401(k) plan held 478,513 unallocated shares of our common stock, which constituted approximately 9% of our outstanding shares as of that date. Under the terms of the plan, approximately 120,000 of these shares will be allocated to plan participants in February of each year until fully allocated. We are required to record an expense for compensation based on the market value of the amount allocated to employees each year. For fiscal 2002 and 2003, we recorded expenses for this allocation of $237,000 and $402,000, respectively, and for fiscal 2004 we expect to record $852,000 in expenses for this allocation. As our stock price increases, we must take a higher charge for this allocation and thereby decrease our reported earnings. This could adversely affect the value of your investment in our common stock.

We are controlled by a principal stockholder who may exert significant control over us and our significant corporate decisions in a manner adverse to your personal investment objectives, which could depress the market value of our stock

James R. Riedman, our Chairman of the Board, is the largest beneficial owner of our stock. Through his personal holdings and shares over which he is deemed to have beneficial ownership held by Riedman Corporation (of which he is a shareholder, President and a director), our employee retirement plan, his children, and an affiliated entity, he beneficially owned approximately 44.3% of our outstanding shares as of May 28, 2004. Mr. Riedman also has

beneficial ownership of shares underlying options which, if exercised, would increase his percentage beneficial ownership to approximately 48.7% as of May 28, 2004. Through this beneficial ownership, Mr. Riedman can direct our affairs and significantly influence the election or removal of our directors and the outcome of all matters submitted to a vote of our stockholders, including amendments to our certificate of incorporation and bylaws and approval of mergers or sales of substantially all of our assets. The interest of our principal stockholder may conflict with interests of other stockholders. This concentration of ownership may also harm the market price of our common stock by, among other things:

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delaying, deferring or preventing a change in control of our company;

impeding a merger, consolidation, takeover or other business combination involving our company;

causing us to enter into transactions or agreements that are not in the best interests of all stockholders; or

discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company.

Our inventory levels may exceed our actual needs, which could adversely affect our operating results by requiring us to make inventory write-downs

If we order more product than we are able to sell, we could be required to write-down this inventory, adversely affecting our margins and in turn, our operating results. This could occur as the result of change in customer order patterns, general sales activity, orders subject to cancellation by customers, misforecasting and consumer demand. Write-downs of inventory could adversely affect our gross profit and operating results.

Our financial results may fluctuate from quarter to quarter as a result of seasonality in our business, and if we fail to meet expectations, the price of our common stock may fluctuate

The footwear and apparel industry generally, and our business specifically, are characterized by seasonality in net sales and results of operations. Our business is seasonal, with the first and third quarters generally having stronger sales and operating results than the other two quarters. These events could cause the price of our common stock to fluctuate.

Risks Related to Altama s Business

Altama depends upon a single customer, the DoD, for over 60% of its net sales, which could represent over 30% of our net sales after the proposed acquisition, and a decrease in the DoD s demand for Altama s products or the early termination of its contracts might adversely affect our consolidated operating results

The majority of Altama s business at the present time is with the Defense Support Center Philadelphia, or DSCP, an agency of the DoD. Even though Altama s level of business with this customer has grown over the past few years, due largely to increased deployment of armed forces, there is no certainty that this will continue after our proposed acquisition.

Altama s contracts with the DoD are subject to partial or complete termination under specified circumstances including, but not limited to, the following circumstances:

the convenience of the government;

the lack of funding; or

Altama s actual or anticipated failure to perform its contractual obligations.

Further, there could be changes in government policies as a result of election results or changes in political conditions or other factors that could significantly affect the level of troop deployment. Any of these occurrences could adversely affect the level of business the DoD does with Altama and, consequently, our operating results. In addition, there is no certainty that the DSCP will exercise renewal options on any contract Altama may have or that Altama will be awarded future DSCP boot solicitations. Most boot contracts are for multi-year periods. Therefore, a bidder not receiving an award from a significant solicitation could be adversely affected for several years.

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Based on past performance, we anticipate that revenue from the DoD could represent over 30% of our combined net sales. Material reductions in the level of orders from the DoD would harm our operating results and deprive us of the benefits that we expect to receive from the proposed Altama acquisition.

Furthermore, the DSCP and other DoD agencies with which Altama may do business are also subject to unique political and budgetary constraints and have special contracting requirements that may affect the contract or Altama s ability to obtain new government customers. These agencies often do not set their own budgets and therefore have little control over the amount of money they can spend. In addition, these agencies experience political pressure that may dictate the manner in which they spend money. Due to political and budgetary processes and other scheduling delays that frequently occur in the contract or bidding process, some government agency orders may be canceled or substantially delayed, and the receipt of revenues or payments may be substantially delayed.

If Altama is unable to replace revenues from sales to the DoD of products planned to be discontinued, Altama s net sales and our consolidated operating results would be adversely affected

Under Altama s current contract with the DoD, it manufactures three models of mil-spec combat boots. One of these models, the all-leather combat boot, is being discontinued by the DoD, in favor of a new waterproof infantry combat boot. Altama s sales of the all-leather combat boot to the DoD were $8.1 million and $2.9 million, representing approximately 40% and 19% of Altama s net sales from sales to the DoD for fiscal 2003 and the six months ended April 3, 2004, respectively.

In March 2003, DSCP awarded contracts to supply the infantry combat boot. To date, Altama has not been awarded a contract to produce the new infantry combat boot. While there may be additional opportunities to bid on infantry combat boot and other waterproof boot contracts in the future, particularly as the U.S. Army transitions from the all-leather combat boot, Altama s failure to be awarded a contract in March 2003 may be a significant disadvantage in bidding on future contracts. Furthermore, Altama s ability to bid successfully for waterproof boot contracts may depend on its ability to license waterproof technology from suppliers qualified by the government. This would require that Altama s manufacturing process be certified for the use of such technology, and there can be no assurance that Altama will obtain such certification. Consequently, we anticipate that Altama s net sales to the DoD will decline if it is not able to obtain awards of contracts for infantry combat boots or any other new models or increased percentages of awards for existing mil-spec boots it currently manufactures.

Doing business with the U.S. government entails many risks that could adversely affect us by interfering with Altama s ability to obtain future government contracts

Government agencies have the power, based on financial difficulties or investigations of their contractors, to deem contractors unsuitable for new contract awards. Because Altama engages in the governmental contracting business, it has been and will be subject to audits and may be subject to investigation by governmental entities. Failure to comply with the terms of any of Altama s government contracts could result in substantial civil and criminal fines and penalties, as well as Altama s suspension from future government contracts for a significant period of time, any of which could adversely affect our business by requiring us to spend money to pay the fines and penalties and prohibiting us from earning revenues from government contracts during the suspension period.

Additionally, Altama s failure to qualify as a small business under federal regulations following the pending acquisition could reduce the likelihood of its ability to received awards of future DoD contracts. Altama qualified as a small business at the time of its bid for the current DoD contract. Small business status, having less than 500 employees, is a factor that the DoD considers in awarding its military boot contracts. Our combined employment with Altama could exceed 500 employees in the future, which could adversely affect its ability to obtain future contract awards.

Altama has grown at significant rates over the past three years, and there can be no assurance that its net sales growth will continue at this rate

In the last three fiscal years, Altama s net sales from sales to the commercial market have grown significantly. This has contributed in part to Altama s overall growth in net sales over that period. This growth has been due in part to added customer demand, increased pricing and expansion of customers, and in particular, higher

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international demand as the result of increasing military and security personnel to fight the war on terrorism. There is no assurance that this level of demand will continue or that we will be able to achieve or maintain this level of growth in the commercial market after our proposed acquisition.

Altama manufactures approximately 84% of the products it sells, and our results could be adversely affected following the proposed transaction by disruptions in Altama s manufacturing system

During fiscal 2003, Altama s manufacturing operations produced approximately 84% of the products Altama sold. Following the proposed acquisition, we expect that these products could represent over 30% of our combined net sales. Any significant disruption in those operations for any reason, such as power interruptions, fires, hurricanes, war or other force majeure, could adversely affect our sales and customer relationships and therefore adversely affect our business.

Risks Related to the Offering

Our stock price has increased significantly during the past 12 months and may fluctuate or decline in the future, which could result in litigation against us and significant losses for investors purchasing shares in the Offering

Our stock price has increased significantly during the past 12 months and in the future may not continue to increase at the same rate or may decline. This may occur in response to a number of factors, including the following:

the failure of our quarterly operating results or those of similarly situated companies to meet expectations;

adverse developments in the footwear or apparel markets and the worldwide economy;

changes in interest rates;

our failure to meet investors expectations;

changes in accounting principles;

sales of common stock by existing stockholders or holders of options;

announcements of key developments by our competitors;

the reaction of markets to announcements and developments involving our company, including future acquisitions and related financing activities; and

natural disasters, riots, wars, geopolitical events or other developments affecting us or our competitors.

In addition, in recent years the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, regardless of our operating results. In the past, securities class action litigation often has been brought against a company following periods of volatility in the market price of its securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management s attention and resources. Consequently, you may be unable to sell your shares of common stock at or above your purchase price, which may result in substantial losses to you.

Delaware law, our charter documents and agreements with our executives may impede or discourage a takeover, even if a takeover would be in the interest of our stockholders

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third-party to acquire control of us, even if a change in control would be beneficial to

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our existing stockholders. In addition, our board of directors has the power, without stockholders approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock, which could be used defensively if a takeover is threatened. All options issued under our stock option plans automatically vest upon a change in control unless otherwise determined by the compensation committee. In addition, several of our executive officers have employment agreements that provide for significant payments on a change in control. These factors and provisions in our certificate of incorporation and bylaws could impede a merger, takeover or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock or reduce our ability to achieve a premium in such sale, which could limit the market value of our common stock and prevent you from maximizing the return on your investment.

Shares of our common stock eligible for public sale could cause the market price of our stock to drop, even if our business is doing well

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales could occur, could adversely affect the market price for our common stock. As of May 28, 2004, there were 5,154,093 shares of our common stock outstanding. Additionally, we are planning to issue additional shares of common stock in connection with our acquisition of Altama. Of our currently outstanding shares of common stock, 2,104,042 shares will be freely tradable without restriction or further registration under federal securities laws, including the shares offered under this prospectus. The remaining 3,050,051 shares are held by our affiliates or were issued in a private placement and are considered restricted or control securities and are subject to the trading restrictions of Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. These securities cannot be sold unless they are registered under the Securities Act or unless an exemption from registration is otherwise available.

Of the restricted shares, 699,980 shares have been registered for resale pursuant to our obligations to former H.S. Trask stockholders, and we are required to keep those shares registered until August 7, 2004, subject to permitted blackout and required extension periods. On May 25, 2004, we exercised our right to declare a blackout period for 25 days, extending our registration obligation to September 1, 2004. We also have in effect a registration statements on Form S-8 covering 1,500,000 shares of common stock, under our 2001 Long-Term Incentive Plan, 1,007,261 shares of which are subject to previously granted options and the remainder of which are available for future awards under that plan.

Our principal stockholders, James Riedman and Riedman Corporation, who beneficially own in the aggregate 2,285,565 shares of our common stock and vested options to acquire an additional 437,862 shares, have demand registration rights covering 1,152,710 of the shares they beneficially own. In connection with the Altama acquisition, we are required to enter into a registration rights agreement with Altama s sole shareholder who will be issued in a private placement shares of our common stock valued at $2.5 million based on the average closing price during the 20 trading days ending on the second-to-last trading day prior to the closing of the acquisition. The registration rights agreement will grant to Altama s sole shareholder, subject to certain conditions, one demand registration exercisable between 180 days and three years after the acquisition closing and unlimited piggyback registration rights for registration statements we file with the SEC during the three years following the closing except in limited circumstances.

Significant resales of these shares could cause the market price of our common stock to decline regardless of the performance of our business. These sales also might make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the SEC filings that are incorporated by reference into this prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We intend that these forward-looking statements be subject to the safe harbors created by those sections.

These forward-looking statements include, but are not limited to, statements relating to our anticipated financial performance, business prospects, new developments, new merchandising strategies and similar matters, and/or statements preceded by, followed by or that include the words believes, could, expects, anticipates, estimates, intends, plans, projects, seeks, or similar expressions. We have based these forward-looking statements on our current expectations and projections about future events, based on the information currently available to us. These forward-looking statements are subject to risks, uncertainties and assumptions, including those described under the heading Risk Factors, that may affect the operations, performance, development and results of our business. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date stated, or if no date is stated, as of the date of this prospectus.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason, except as we may be required to do under applicable law. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus may not occur.

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RECENT DEVELOPMENTS

On June 15, 2004, we entered into a definitive stock purchase agreement to acquire all of the outstanding capital stock of Altama Delta Corporation, a provider of boots to the military and commercial markets under its Altama brand. Altama is a leading designer, manufacturer, marketer and distributor of mil-spec and commercial combat and uniform boots. Below is a summary of the stock purchase agreement and ancillary agreements we are entering into in connection with the acquisition. The stock purchase agreement is filed as an exhibit to the registration statement of which this prospectus forms a part and should be reviewed for a more complete understanding of its terms.

Under the stock purchase agreement, we have agreed to pay a purchase price of $39.0 million, plus an earnout payment of $2.0 million that is subject to Altama meeting certain sales requirements. As part of the transaction, we will refinance Altama s indebtedness as of the date of closing. Payment of the purchase price at closing is to be made by delivery of $36.5 million in cash, and shares of our common stock valued at $2.5 million based on the average closing price during the 20 trading days ending on the second-to-last trading day prior to the closing of the acquisition. The cash portion of the purchase price is subject to adjustment in the amount of distributions in excess of 39.6% of Altama s net operating profits and the book value of distributions of Altama s real and related personal property located in Kiawah Island, South Carolina, and for any net amount Altama receives from a price adjustment claim it has made with the DoD.

The stock purchase agreement contains customary representations and warranties and requires Altama s sole shareholder and President and Chief Executive Officer, W. Whitlow Wyatt, and us to indemnify each other for various liabilities arising under the agreement, subject to various limitations and conditions. At the closing, Mr. Wyatt is required to deposit into escrow for 18 months the shares we will issue to him in the acquisition to secure his indemnification and other obligations under the stock purchase agreement. Absent an event of default under the terms of the escrow agreement, Mr. Wyatt will have voting rights with respect to the shares while held in escrow. If an event of default occurs, the escrow agent will have voting rights with respect to the shares while held in escrow.

Under the terms of the stock purchase agreement, we have agreed to pay Mr. Wyatt $2.0 million in consideration for a five-year covenant-not-to-compete and other restrictive covenants. We have also agreed to enter into a two-year consulting agreement with Mr. Wyatt which provides for an annual consulting fee of $100,000. Additionally, subject to specified conditions, we have agreed to grant to Mr. Wyatt one demand registration, exercisable between 180 days and three years after the acquisition closing, and unlimited piggyback registration rights for registration statements we file with the SEC during the three years following the closing except in limited circumstances.

The acquisition is contingent on customary closing conditions. Our bank has committed to amend our credit facility to increase our available borrowings to $33.4 million, consisting of an $18.0 million revolving line of credit and $15.4 million in term loans in connection with the pending acquisition.

On June 15, 2004, we hired Richard E. White as our new Chief Executive Officer. Prior to joining us, and since 2002, Mr. White was a consultant to trade associations. From 1999 to 2002, he served as President and Chief Executive Officer of Reed Exhibitions North America, the largest business-to-business event organizing company in North America. From 1997 to 1999, Mr. White was General Manager, Subsidiary Brands, of three of Nike Inc. s four subsidiary companies, including Cole Haan and Bauer-Nike Hockey. Mr. White was employed for fifteen years by Major League Baseball Properties, Inc. and served as President and Chief Executive Officer for seven of those years. Mr. White has served as a member of the Board of Directors since May 11, 2004. James R. Riedman, formerly Chairman and Chief Executive Officer, will retain the title of Chairman.

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SELLING STOCKHOLDERS

The securities to which this prospectus relates are being registered for reoffers and resales by the selling stockholders who have been allocated such securities under our 401(k) plan. The selling stockholders may resell all, a portion or none of their securities from time to time. Based upon the information available to us as of May 28, 2004, the table below sets forth each selling stockholder (whether or not an affiliate of Phoenix Footwear Group, Inc.) who holds at least 1,000 shares of our common stock.

For each selling stockholder who meets this criteria, the table identifies (i) the nature of any position, office or other material relationship he has had with us within the past three years, (ii) the number of shares of our common stock held by the selling stockholder, (iii) the number of shares of our common stock to be offered for the selling stockholder s account pursuant to this prospectus, and (iv) the number of shares and percent of our outstanding common stock to be owned by the selling stockholder after the sale of the securities offered pursuant to this prospectus, assuming that other shares held by such parties are not sold. The Securities and Exchange Commission s rules require that we assume that the selling stockholders sell all of their common stock offered pursuant to this prospectus for the purpose of the table set forth below. The shares offered by the individual selling stockholders under this prospectus are owned indirectly through our 401(k) plan. These individual selling stockholders possess dispositive power over the shares under the terms of the 401(k) plan.

			Shares Owned After Offering	
Name and Relationship	**Shares Owned Before Offering**	**Shares Offered**	**Amount**	**Percent[1]**
Greg Tunney, President, Chief Operating Officer and Director[(2)]	39,815	31,815	8,000	*
Wilhelm Pfander, Senior Vice-President Sourcing and Development and Director[(2)]	16,651	16,651	0	0
Retirement Committee of the Phoenix Footwear Group, Inc. Retirement Savings Partnership Plan[(2)]	798,847[(3)]	13,247	486,244[(3)]	9.4
Russell D. Hall, Employee	11,655	11,655	0	0
Jeffrey R. Cosgrove, Former Employee	11,525	11,525	0	0
William B. Eddy, Employee	11,167	11,167	0	0
Teresa D. VanHauer, Former Employee	9,690	9,690	0	0
Francisco Arizaga, Employee	9,267	9,267	0	0
Thomas Peters, Employee	9,134	9,134	0	0
Michael Weinstien, Employee	8,264	8,264	0	0
John M. Mallon, Former Employee	7,962	7,962	0	0
Charles F. Saindon, Employee	7,569	7,569	0	0

David Kutz, Employee	7,091	7,091	0	0
Michael M. Shamoon, Employee	6,968	6,968	0	0
Sheldon W. Cote, Employee	6,949	6,949	0	0
Karen L. Latsko, Former Employee	6,877	6,877	0	0
Susan Amkraut, Employee	6,448	6,448	0	0
Raymond O. Wiswell, Former Employee	5,760	5,760	0	0
Karyn E. Wands, Employee	5,733	5,733	0	0
Richard T. Dickerson, Former Employee	5,596	5,596	0	0
James R. Riedman, Chairman [(2)]	2,285,565[(4)]	5,333	1,972,962[(5)]	38.3
Kenneth E. Wolf, Chief Financial Officer and Treasurer[(2)]	30,094	5,174	0	0
Paul T. York, Employee	4,645	4,645	0	0
Douglas Muller, Former Employee	4,589	4,589	0	0
Jerry L. Hemphill, Employee	4,216	4,216	0	0
Rose Cote, Employee	3,860	3,860	0	0
Robert Chandler, Employee	3,422	3,422	0	0
Judy A. Murray, Former Employee	3,413	3,413	0	0
Scott W. Dionne, Employee	3,354	3,354	0	0
Robert A. Libby, Employee	3,329	3,329	0	0
Steven McInerney, Employee	3,219	3,219	0	0

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Name and Relationship	Shares Owned Before Offering	Shares Offered	Shares Owned After Offering	
			Amount	Percent[1]
Diane P. Combs, Former Employee	3,196	3,196	0	0
Edward Williamson. Former Employee	3,177	3,177	0	0
Ritchie A. Thibodeau, Employee	3,037	3,037	0	0
Lorna Sevigny, Employee	2,889	2,889	0	0
Christine A. Casler, Former Employee	2,803	2,803	0	0
Kathleen M. Sorano, Former Employee	2,754	2,754	0	0
Robin L. Cyr, Employee	2,721	2,721	0	0
Douglas J. Langston, Employee	2,682	2,682	0	0
Kim A. Davis, Former Employee	2,457	2,457	0	0
Roxane G. Duplisea, Employee	2,418	2,418	0	0
Janet L. Gomm, Employee	2,263	2,263	0	0
Anita Stephens, Employee	2,177	2,177	0	0
Maryane Gilbert, Employee	2,152	2,152	0	0
Ellen Hill, Employee	2,108	2,108	0	0
Donald E. Rife, Employee	2,108	2,108	0	0
Celia M. LeBlanc, Employee	1,960	1,960	0	0
James Tilley, Employee	1,842	1,842	0	0
Nancy L. Elder, Employee	1,686	1,686	0	0
Raylan L. Brasslett, Employee	1,497	1,497	0	0
Donna Shackleford, Former Employee	1,443	1,443	0	0
Bryan K. Adams, Employee	1,379	1,379	0	0
Sheryl Lacroix, Employee	1,341	1,341	0	0
Pamela Ann Mosher, Former Employee	1,271	1,271	0	0
Cheryl Hewes, Employee	1,165	1,165	0	0
Teresa A. Marciano, Employee	1,111	1,111	0	0
Chris McKoy, Employee	1,111	1,111	0	0

* Less than 1%.

(1) Percentage based on the 5,154,093 shares of common stock outstanding as of May 28, 2004, without regard to beneficial ownership as may be calculated under Rule 13d-3 of the Securities Exchange Act of 1934.

(2) Denotes that the selling stockholder is an affiliate.

(3) Includes 299,396 shares which have been allocated to participants under our 401(k) plan and over which the plan has voting control.

(4) Includes 5,333 shares allocated to Mr. Riedman s account in our 401(k) plan, and the following shares of which Mr. Riedman disclaims beneficial ownership: 382,710 shares held by Riedman Corporation, of which Mr. Riedman is a shareholder, director and President; 24,400 shares owned by his children; 63,570 shares held by an affiliated entity; and 793,514 shares held by our 401(k) plan. Mr. Riedman is a member of our board of directors retirement plan committee, which serves as fiduciary for our 401(k) plan, and through that committee he shares voting control over such shares, and shares investment control over 478,513 shares not yet allocated to plan participants.

(5) Assumes the sale of all shares held by our 401(k) plan and offered under this prospectus, over which Mr. Riedman is deemed to have beneficial ownership through his service on our retirement plan committee.

Certain unnamed non-affiliates who hold less than the lesser of 1,000 or one percent of the securities issuable under the 401(k) plan, may also use this prospectus for reoffers and resales up to that amount. A total of 478,513 shares of common stock remain available for allocation to participants under the 401(k) plan.

USE OF PROCEEDS

We will not receive any of the proceeds from the sale of the securities offered hereby.

DILUTION

Because our selling stockholders will offer and sell the securities covered by this prospectus at various times at prices and at terms then prevailing or at prices related to the then current market price or in negotiated transactions, we have not included in this prospectus information about dilution (if any) to the public arising from these sales.

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PLAN OF DISTRIBUTION

We are registering the shares of our common stock covered by this prospectus on behalf of the selling stockholders. The selling stockholders as used in this section of the prospectus shall refer to the selling stockholders, or their permitted pledgees, donees, transferees, or any of their successors in interest.

While this registration statement is effective, the selling stockholders may, in their discretion, offer and sell shares from time to time on the American Stock Exchange or otherwise at prices and on terms then prevailing, at prices related to the then-current market price, or at negotiated prices. The distribution of the shares may be effected from time to time in one or more transactions including, without limitation:

ordinary brokerage transactions and transactions in which the broker solicits purchasers;

transactions involving block trades;

purchases by a broker-dealer or other person as principal and resale by that person for its own account pursuant to this Prospectus;

an exchange distribution in accordance with the rules of such exchange;

put or call option transactions;

privately negotiated transactions; or

by any other legally available means.

Such transactions may or may not involve brokers or dealers.

The selling stockholders may negotiate and pay broker-dealers or other persons commissions, discounts or concessions for their services. Broker-dealers or other persons engaged by the selling stockholders may allow other broker-dealers or other persons to participate in resales. However, the selling stockholders and any broker-dealers or such other persons involved in the sale or resale of our shares of common stock offered under this prospectus may qualify as underwriters within the meaning of Section 2(a)(11) of the Securities Act of 1933. In addition, the broker-dealers or their affiliates commissions, discounts or concessions may qualify as underwriters compensation under the Securities Act.

In addition to selling their shares of our common stock under this prospectus, a selling stockholder may:

agree to indemnify any broker-dealer or agent against certain liabilities relating to the selling of their shares, including liabilities arising under the Securities Act,

transfer their shares in other ways not involving market makers established trading markets, including directly by gift, distribution, or other transfer; or

sell their common stock under Rule 144 of the Securities Act rather than under this prospectus, if the transaction meets the requirements of Rule 144, including that of an adequate holding period.

From time to time, one or more of the selling stockholders may pledge, hypothecate or grant a security interest in some or all of the shares of our common stock offered under this prospectus, and the pledgees, secured parties or persons to whom such securities have been hypothecated shall, including upon foreclosure in the event of default, be deemed to be selling stockholders under this prospectus. From time to time each of the selling stockholders may

transfer, pledge, donate or assign their shares to lenders, family members and others and each of such persons will be deemed to be a selling stockholder for purposes of this prospectus. The number of shares beneficially owned by those selling stockholders who transfer, pledge, donate or assign shares will decrease as and when they take such actions. The plan of distribution for the shares sold hereunder will otherwise remain unchanged, except that the transferees, pledgees, donees or other successors will be selling stockholders hereunder.

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In addition, the selling stockholders may from time to time sell short their shares of our common stock offered under this prospectus or engage in other hedging transactions and, in such instances, this prospectus may be delivered in connection with such sale or transaction and the shares offered hereby may be used to cover such short sale. Without limiting the foregoing, in connection with distributions of the shares, a selling stockholder may enter into hedging transactions with broker-dealers and the broker-dealers may engage in short sales of our common stock in the course of hedging the positions they assume with such selling stockholder. A selling stockholder may also enter into option or other transactions with broker-dealers that involve the delivery of their shares of our common stock offered under this prospectus to the broker-dealers, who may then resell or otherwise transfer those shares. A selling stockholder may also lend or pledge shares of our common stock offered hereby to a broker-dealer and the broker-dealer may sell the shares so borrowed or, upon default, may sell or otherwise transfer the pledged shares.

Because selling stockholders may be deemed to be underwriters within the meaning of Section 2(11) of the Securities Act, the selling stockholders will be subject to the prospectus delivery requirements of the Securities Act. Selling stockholders may have other business relationships with us or our affiliates in the ordinary course of business.

We are bearing all costs, fees and expenses relating to the registration of the shares offered hereby (other than fees and expenses, if any, of counsel or other professionals, experts or advisors retained by the selling stockholders). Any commissions, discounts or other selling fees or expenses incident to the sale of these shares will be borne by the selling stockholders selling such shares.

Additional information related to the selling stockholders and the plan of distribution may be provided in one or more supplemental prospectuses.

EXPERTS

The consolidated financial statements of Phoenix Footwear Group, Inc. and subsidiary incorporated by reference in this prospectus from our annual report included on Form 10-K for the year ended December 27, 2003 have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report (which report express an unqualified opinion and includes an explanatory paragraph, concerning the change in accounting resulting from the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets) and have been so incorporated by reference in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Royal Robbins, Inc., as of May 31, 2003, and for the year then ended incorporated in this prospectus by reference to the Current Report on Form 8-K/A of Phoenix Footwear filed with the SEC on January 14, 2004, have been so incorporated in reliance on the report of Deloitte & Touche, LLP, independent registered public accounting firm, which is incorporated by reference and have been so incorporated in reliance upon the report of such firm given upon said firm s authority as experts in accounting and auditing.

The financial statements of H.S. Trask & Co. as of December 31, 2002 and for the year then ended incorporated in this prospectus by reference to the Current Report on Form 8-K/A of Phoenix Footwear filed with the SEC on September 19, 2003 have been so incorporated in reliance on the report of Anderson ZurMuehlen & Co., P.C., independent auditors given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Altama Delta Corporation as of September 27, 2003 and September 28, 2002, and for each of the three years in the period ended September 27, 2003 incorporated by reference in this prospectus to the Current Report on Form 8-K of Phoenix Footwear Group, Inc., filed with the SEC on July 8, 2004, have been audited by Joseph DeCosimo and Company, LLC, independent accountants, as stated in their report (which

report expresses an unqualified opinion and includes an explanatory paragraph concerning the change in accounting resulting from the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*) and has been so incorporated by reference in reliance on the report of such firm given on their authority as experts in auditing and accounting.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form S-8 with the Securities and Exchange Commission under the Securities Act of 1933. This prospectus omits some information and exhibits included in the registration statement, copies of which may be obtained upon payment of a fee prescribed by the Commission or may be examined free of charge at the principal office of the Commission in Washington, D.C.

We are subject to the informational requirements of the Securities Exchange Act of 1934, and in accordance therewith file reports, proxy statements and other information with the Commission. The reports, proxy statements and other information filed by us with the Commission can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the Commission located at 500 West Madison Street, Room 1400, Chicago, Illinois 60606 and at the Jacob K. Javits Federal Building, 75 Park Place, New York, New York 10278. Copies of filings can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. In addition, the Commission maintains a website that contains reports, proxy and informational statements and other information filed electronically with the Commission at http://www.sec.gov.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents previously filed by us with the SEC are incorporated in this registration statement by reference:

(a) Annual Report on Form 10-K for the year ended December 27, 2003, filed on March 26, 2004 (SEC File No. 001-31309).

(b) Quarterly Report on Form 10-Q for the quarter ended March 27, 2004, filed on May 11, 2004

(c) Definitive Proxy Statement filed on April 9, 2004 (SEC File No. 001-31309).

(d) Current Reports on Form 8-K and amendments thereto filed on August 27, 2003, November 5, 2003, February 24, 2004, June 15, 2004, June 16 2004 and July 8, 2004 (SEC File No. 001-31309).

(e) Registration Statement on Form 8-A filed on April 30, 2002, as amended by Forms 8-A/A filed on May 3, 2002, and September 24, 2003 (including any amendment or report filed with the SEC for the purpose of updating such description). (SEC File No. 001-31309).

All reports and other documents that we file pursuant to Sections 13(a) and 13(c), 14 and 15(d) of the Exchange Act prior to the filing of a post-effective amendment which indicates that all securities offered hereunder have been sold or which deregisters all such securities then remaining unsold shall be deemed to be incorporated by reference in this prospectus and to be a part hereof from the date of filing of such reports and documents.

Copies of these filings, excluding all exhibits unless an exhibit has been specifically incorporated by reference in this document, are available from us, at no cost, by writing or telephoning us at:

Phoenix Footwear Group, Inc.
5759 Fleet Street, Suite 220
Carlsbad, California
Attention: Kenneth Wolf, Chief Financial Officer and Treasurer

Tel: (760) 602-9688

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312,603 Shares

PHOENIX FOOTWEAR GROUP, INC.

Common Stock

PROSPECTUS

July 8, 2004

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PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents have been filed by Phoenix Footwear Group, Inc. (the Registrant) with the Securities and Exchange Commission (the Commission) pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act) and are hereby incorporated by reference in this Registration Statement:

(a) Annual Report on Form 10-K for the year ended December 27, 2003, filed on March 26, 2004 (SEC File No. 001-31309).

(b) Quarterly Report on Form 10-Q for the quarter ended March 27, 2004, filed on May 11, 2004

(c) Definitive Proxy Statement filed on April 9, 2004 (SEC File No. 001-31309).

(d) Current Reports on Form 8-K and amendments thereto filed on August 27, 2003, November 5, 2003, February 24, 2004, June 15, 2004, June 16 2004 and July 8, 2004 (SEC File No. 001-31309).

(e) Registration Statement on Form 8-A filed on April 30, 2002, as amended by Forms 8-A/A filed on May 3, 2002, and September 24, 2003 (including any amendment or report filed with the SEC for the purpose of updating such description). (SEC File No. 001-31309).

(f) All documents subsequently filed by the Registrant with the Commission pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this Registration Statement and to be a part hereof from the date of filing of such documents.

(g) Any statements contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in this Registration Statement or in any other subsequently filed document which also is incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part of this Registration Statement except as so modified or superseded.

Item 4. Description of Securities.

The description of the Registrant s common stock to be reoffered and resold pursuant to this Registration Statement has been incorporated by reference into this Registration Statement as described in the Registration Statement on Form 8-A filed on April 30, 2002, as amended by Forms 8-A/A filed on May 3, 2002, and September 24, 2003.

Item 5. Interest of Named Experts and Counsel.

The consolidated financial statements of Phoenix Footwear Group, Inc. and subsidiary incorporated by reference in this prospectus from our annual report included on Form 10-K for the year ended December 27, 2003 have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report (which report express an unqualified opinion and includes an explanatory paragraph, concerning the change in accounting resulting from the adoption of Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets) and have been so incorporated by reference in reliance upon the report of such firm given upon their authority

as experts in accounting and auditing.

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The financial statements of Royal Robbins, Inc., as of May 31, 2003, and for the year then ended incorporated in this prospectus by reference to the Current Report on Form 8-K/A of Phoenix Footwear filed with the SEC on January 14, 2004, have been so incorporated in reliance on the report of Deloitte & Touche, LLP, independent registered public accounting firm, which is incorporated by reference and have been so incorporated in reliance upon the report of such firm given upon said firm s authority as experts in accounting and auditing.

The financial statements of H.S. Trask & Co. as of December 31, 2002 and for the year then ended incorporated in this prospectus by reference to the Current Report on Form 8-K/A of Phoenix Footwear filed with the SEC on September 19, 2003 have been so incorporated in reliance on the report of Anderson ZurMuehlen & Co., P.C., independent auditors given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Altama Delta Corporation as of September 27, 2003 and September 28, 2002, and for each of the three years in the period ended September 27, 2003 incorporated by reference in this prospectus to the Current Report on Form 8-K of Phoenix Footwear Group, Inc., filed with the SEC on July 8, 2004, have been audited by Joseph DeCosimo and Company, LLC, independent accountants, as stated in their report (which report expresses an unqualified opinion and includes an explanatory paragraph concerning the change in accounting resulting from the adoption of Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*) and has been so incorporated by reference in reliance on the report of such firm given on their authority as experts in auditing and accounting.

Item 6. Indemnification of Directors and Officers.

The Registrant is governed by Section 145 of the Delaware General Corporation Law. This section provides for indemnification of directors, officers and other employees in certain circumstances. Additionally, Section 102(b)(7) of the Delaware General Corporation Law provides for the elimination or limitation of the personal liability for monetary damages of directors under certain circumstances.

Article Sixth of the Certificate of Incorporation of the Registrant eliminates the personal liability for monetary damages of directors under certain circumstances. Article Sixth of the By-Laws provides indemnification to directors and officers of the Registrant for liability for certain losses in that capacity if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Registrant, and, with respect to any criminal action or proceeding had no reasonable cause to believe such person s conduct was unlawful. In the case of an action or suit by or in the right of the Registrant to procure a judgment in its favor, however, (1) such indemnification is limited to expenses (including attorneys fees) actually and reasonably incurred by such person in the defense or settlement of such action or suit, and (2) no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Registrant unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper. These provisions also provide for the advance and payment of fees and expenses reasonably incurred by the director or officer in defense of any such lawsuit or proceeding.

The By-Laws authorize the Registrant to purchase and maintain insurance on behalf of any director or officer of the Registrant against any liability asserted against such person and incurred by such person or arising out of such person s status as such, whether or not the Registrant would have the power to indemnify such person. The directors and officers of the Registrant are covered by insurance policies indemnifying them against certain liabilities, including certain liabilities arising under the Securities Act of 1933, which might be incurred by them in such capacities and against which they may not be indemnified by the Registrant.

In addition the Registrant has entered into indemnification agreements with its executive officers and directors that are consistent with the foregoing provisions. The Registrant believes that these agreements and arrangements are necessary to attract and retain qualified persons as directors and officers.

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Insofar as indemnification for liability arising under the Securities Act may be permitted to our directors and officers or controlling persons under these provisions, we have been informed by the SEC that in its opinion such indemnification is against public policy as expressed in the Securities Act and, therefore, is unenforceable.

Item 7. Exemption from Registration Claimed.

The securities to be sold by the selling stockholders were originally issued to the Registrant s Retirement Savings Partnership Plan. Subsequently, the securities were allocated to the selling stockholders under the terms of the plan. The original issuance was made in reliance on the exemption from the registration requirements of the Securities Act contained in Section 4(2) thereof, covering transactions not involving any public offering. The subsequent transfer of the securities to plan participants was made in reliance on the exemption from registration for transfers not involving any offer or sale .

Item 8. Exhibits.

Exhibit Number	Description
2.1	Stock Purchase Agreement by and among Phoenix Footwear Group, Inc., W. Whitlow Wyatt and Altama Delta Corporation dated June 15, 2004 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed June 15, 2004 (SEC File No. 001-31309)) (exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K, but a copy will be furnished supplementally to the Securities and Exchange Commission upon request)
4.1	Phoenix Footwear Group, Inc. Retirement Savings Partnership Plan, Amended and Restated effective January 1, 2001.
4.2	First Amendment to the Phoenix Footwear Group, Inc. Retirement Savings Partnership Plan, effective September 1, 2002.
4.3	Second Amendment to the Phoenix Footwear Group, Inc. Retirement Savings Partnership Plan, effective July 1, 2003.
23.1	Consent of Deloitte & Touche LLP.
23.2	Consent of Anderson ZurMuehlen & Co., P.C. (relates to H.S. Trask & Co. financial statements).
23.3	Consent of Deloitte & Touche, LLP (relates to Royal Robbins, Inc. financial statements).
23.4	Consent of Joseph Decosimo and Company, LLC (relates to Altama Delta Corporation financial statements).
24	Powers of Attorney.

Item 9. Undertakings.

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

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(ii) to reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective Registration Statement.

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided however, that paragraphs (a)(i) and (a)(ii) above do not apply if the information required to be included in a post-effective amendment by those subparagraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions described in Item 6 of this Registration Statement, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Carlsbad, State of California on this 8th day of July, 2004.

PHOENIX FOOTWEAR GROUP, INC.

By: /s/ Richard E. White

Name: Richard E. White
Title: Chief Executive Officer

Signature	Title	Date
/s/ James R. Riedman James R. Riedman	Chairman of the Board	July 8, 2004
/s/ Richard E. White Richard E. White	Chief Executive Officer (Principal Executive Officer)	July 8, 2004
/s/ Greg A. Tunney* Greg A. Tunney	President, Director and Chief Operating Officer	July 8, 2004
/s/ Kenneth E. Wolf* Kenneth E. Wolf	Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	July 8, 2004
/s/ Steven M. DePerrior* Steven M. DePerrior	Director	July 8, 2004
/s/ Gregory M. Harden* Gregory M. Harden	Director	July 8, 2004
/s/ John C. Kratzer* John C. Kratzer	Director	July 8, 2004
/s/ Wilhelm Pfander*	Director	July 8, 2004

Wilhelm Pfander		
/s/ Frederick R. Port*	Director	July 8, 2004
Frederick R. Port		
/s/ John M. Robbins*	Director	July 8, 2004
John M. Robbins		

*By James R. Riedman
Power of Attorney
July 8, 2004

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