It's a great day at Stein Mart!

Stein Mart® Annual Report 2000

Stein Mart Corporate Profile

Stein Mart's 226 stores offer the merchandise, service and presentation of a traditional, better department/specialty store, at prices competitive with off-price retail chains.

Located in 29 states from California to Florida to New York, 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.

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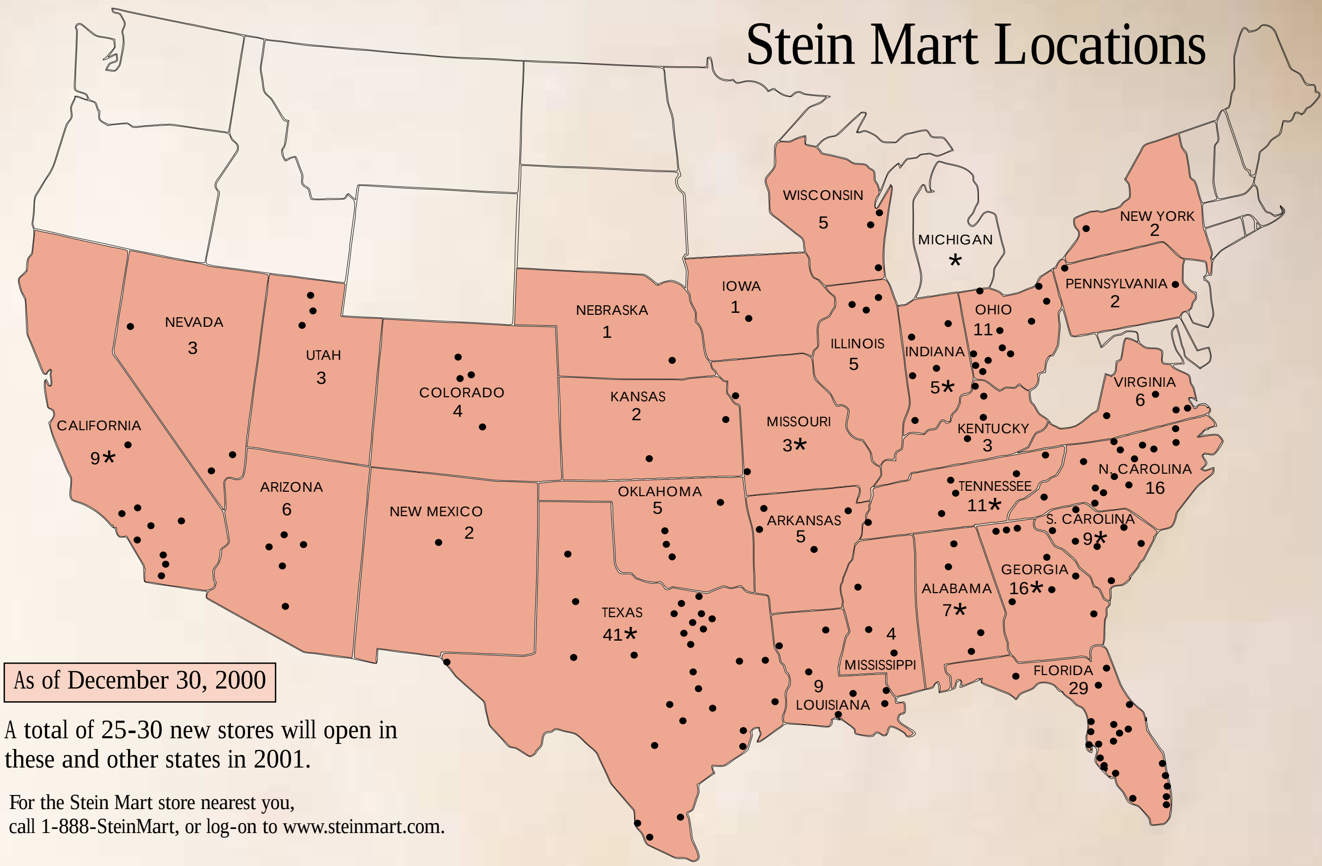
Stein Mart Locations



As of December 30, 2000

* A total of 25-30 new stores will open in these and other states in 2001.

For the Stein Mart store nearest you, call 1-888-SteinMart, or log-on to www.steinmart.com.

Financial Highlights (Dollars in Thousands Except Per Share Amounts)

	for the years ended Dec. 30, 2000[(1)]	for the years ended Jan. 1, 2000[(2)]	% change
Net Sales	$1,206,624	$1,034,561	16.6
Gross Profit	$310,064	$253,523	22.3
Income Before Income Taxes	$63,479	$19,067	232.9
Diluted Earnings Per Share	$0.91	$0.26	250.0
Stores Open at End of Year	226	205	10.2
Comparable Store Net Sales Increase	9.7%	2.3%	

(1) Includes a $3.4 million pre-tax credit related to store closing reserves, primarily reflecting favorable lease settlements.

(2) Includes a $20.5 million pre-tax charge, primarily for the estimated closing costs for ten stores and asset impairment expenses. Gross profit was reduced by $4.6 million as part of the total charge.

Stores Open at End of the Year

Net Sales (dollars in millions)

Letter to our Shareholders

Dear Valued Shareholder:

Every day, in more than 226 Stein Mart stores nationwide, our associates greet callers and customers with the phrase, "It's a great day at Stein Mart; how may I help you?" This greeting promises a gratifying shopping experience, and we have more than 13,000 Stein Mart associates poised to deliver that great experience.

We are immensely proud to report that through the efforts of our associates, customers and merchandise partners, Stein Mart enjoyed a full year's worth of 'great days' in 2000. The turnaround in our business began in December 1999, and was driven by the one thing that drives any retailer: the right merchandise. It's the essential element for our customers, and therefore, for us. When we concentrated our collective energy on putting the right merchandise in our stores, at the right time and at the right price, our customers responded enthusiastically. The result is the robust financial performance that you, our stockholders, deserve.

Achievements

In 2000, your Company significantly improved every financial benchmark. Sales increased 16.6 percent to more than $1.2 billion for the year. Comparable stores sales (sales at those stores open for a full prior year) increased 9.7 percent. Per share earnings increased from $0.54 before a pre-tax charge in 1999 to $0.86 before a pre-tax credit in 2000 related to the store closings, an almost sixty percent increase, and the Company's operating margin improved from 4.1 percent in 1999 to 5.2 percent in 2000 before the effects of the pre-tax charge/credit. For the ninth straight year, Stein Mart ended the year debt-free, with cash on hand and profit on the bottom line.

Other important developments took place in 2000:

Management Committee: Jay Stein, Michael D. Fisher, James G. Delfs, Gwen K. Manto, D. Hunt Hawkins, and John H. Williams, Jr. with the recently restored cash register from the original Stein Mart store in Greenville, Mississippi.

- A new chief merchant joined us, bringing leadership and even more focus to our merchandising efforts. Under Gwen Manto's direction, a merchandise planning organization was defined and created.
- The concentrated efforts of Executive Vice President of Stores Mike Fisher and his team produced an invigorated performance in a group of under-performing stores; as a group, they generated a sales percentage increase which exceeded the Company's comparable store percentage increase for the year.
- The fates of ten stores slated for closure at the end of 1999 were finalized.
- A re-alignment of in-store management responsibilities was tested, with all stores scheduled to transition to the new structure this year.

- Twenty-two new stores were opened, including three stores in Salt Lake City and two in Southern California.
- A customer loyalty program was successfully tested, with a full rollout expected in 2001.

Looking ahead

There is still work to be done to reach our historical levels of profitability. While we have made tremendous progress, our Company must continue efforts to improve sales productivity and increase margins. The strong recovery of our business in 2000, led by Stein Mart's signature *Boutique* area, must be followed by additional improvements in other areas, such as children's and dresses. We must continue expanding our reach by introducing Stein Mart into new markets while also capitalizing on additional opportunities in existing markets. In 2001, we will return to a more historical store opening schedule, with plans to open 25-30 new stores, including the new markets of St. Louis, Missouri and Kalamazoo, Michigan. We will increase our presence in such key markets as Southern California.

In our existing store network, the re-alignment of in-store management responsibilities will make stores more responsive to customer service needs and allow us to attract and retain quality associates. We will support marketing efforts to drive new customer traffic and create repeat customers.

Enhancing shareholder value

Our ultimate responsibility remains the judicious stewardship of the assets you, as stockholders, provide our Company. We maintain a conservative capital structure, predicated on controlling expenses, using seasonal credit to purchase inventory, and generating sales with sufficient profitability to open new stores and make improvements to the existing store network. In 2000, this formula resulted in record profits plus the ability to repurchase 2.9 million shares of Company stock as a continued expression of faith in our future. On March 5, 2001, your Board of Directors authorized an additional 2.5 million shares of stock for repurchase.

It was also our good fortune this year to welcome two new members to our Board of Directors. On September 7, 2000, Martin E. Stein, Jr. (no relation), chairman and chief executive officer of Regency Centers Corporation and J. Wayne Weaver, chairman of Shoe Carnival, Inc. and LC Footwear, L.L.C., as well as chairman, chief executive officer and majority owner of the Jacksonville Jaguars, joined our board. They each have tremendous business acumen, and we are indeed fortunate to have their counsel.

Stein Mart's success in 2000 should not be viewed as an end result; rather, we believe it is a springboard to future improvement. The management team, backed by thousands of committed associates, thanks you for your continued interest in our Company, and pledges to continue improving our financial performance.

Jay Stein
Chairman and Chief Executive Officer

John H. Williams, Jr.
President and Chief Operating Officer

2000: The Year in Review

The Stein Mart shopping experience

Stein Mart succeeded in 2000 by exceeding the customer's expectations.

Stein Mart took advantage of the profusion of merchandise presented in much of the retail world, and pledged to make sense of it for our customers. Stein Mart shoppers look to our stores for exciting surprises–whether it is a novelty look, a fashion must-have, or the best price on a high-quality classic design. In 2000, we intensified our efforts to not only meet, but exceed those expectations.

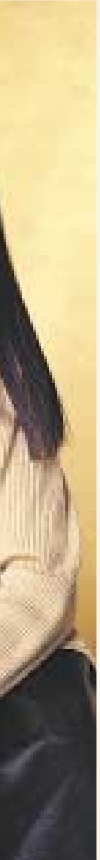
We re-examined our core customer–who she is, what she wants in both merchandise and a shopping experience, and what motivates her purchases. For the most part, she's a department store customer, middle to upper income, between the ages of 30 and 55. She wants an updated, fashion-forward look to her wardrobe, but she needs it in missy or special sizes. Clothes and accessories must adapt to and flatter her changing figure. And she demands the same high-quality brand names and style in her choice of gifts and linens as she does in her apparel. Furthermore, she values neighborhood convenience and the time-saving attributes of an attractive, efficient store layout.

Progress in 2000

All divisions of our merchandising group adopted a key item strategy, concentrating on superior selection in a dozen or so individual businesses–such as leather, cashmere, microfiber pants, better gifts and luxury linens. We filled stores with what the customer wanted, not just what the vendor had on hand. New items were layered on current offerings: we created a *Boutique Petite* department, added innerwear (panties and bras) to our lingerie selection and brought luxury linens into our Home area. Pricing was sharp, fair and credible to the customer–every single day. It was, in a word, refreshing, to the customer who has come away uninspired from traditional shopping experiences.

Within our merchandising organization, we encouraged better teamwork and improved sharing of information among departments and divisions. A planning organization was created, staffed with seasoned insiders as well as experienced outsiders. We looked at our marketplace partners and leveraged our flexibility and growing stature to create stronger vendor alliances.

For 2001, we plan to continue our key item strategy, focusing on providing the fashion accent to the predictable fashion trend. We will challenge our buyers to use their entrepreneurial skills to bring in the right merchandise at the right prices, and charge our planners with getting that merchandise to the right stores at the right time. Areas that still need attention, such as children's and dresses, will be evaluated and addressed. Most of all, we will continue to give our customers exciting surprises–and exceed their expectations.



Store Network Growth

We opened 22 new stores and closed one during 2000, bringing the store network to 226 locations at year-end. About one third of the new stores opened in existing markets, including New Orleans, Dallas, Houston, Columbia, South Carolina and Jacksonville, Florida. We also entered the new markets of Salt Lake City (three stores) and Daytona Beach and Stuart, Florida. New stores were added to our initial Chicago presence and four new Stein Mart stores opened their doors in California.

This year, we expect to open between 25 and 30 new stores, and close three.

A majority of our new store openings will be within our existing store network footprint, in or adjacent to existing markets. These will give us opportunities to leverage our advertising dollars as well as capitalize on the name recognition we enjoy in those communities. For example, we'll add to our presence in Atlanta, Memphis, Nashville, and Myrtle Beach, South Carolina. We expect to put three new stores each into the already established states of Alabama, Florida, California, and Indiana. Plus, there are also some exciting new markets on the horizon, including a store in St. Louis, Missouri, set to open this fall. The 25-30 new stores are more in line with the store opening program we've traditionally achieved, and we're very comfortable with that as a base going forward.

Store Support

During 2000, we concentrated extra attention on a group of about 15% of our stores whose productivity had not progressed satisfactorily.

In these stores, we: 1) identified merchandise timing and assortment issues, and adjusted them accordingly; 2) increased our community involvement, partnering with local organizations and other groups through our Agenda program to bring heightened local visibility; and 3) augmented our advertising and marketing with more information and promotion targeted specifically to those markets.

The result was tremendous progress forward in these stores. As a group, these targeted stores generated a percentage sales increase greater than the company's comparable store percentage increase. More importantly, the lessons learned from the process will continue to pay off as we go forward.

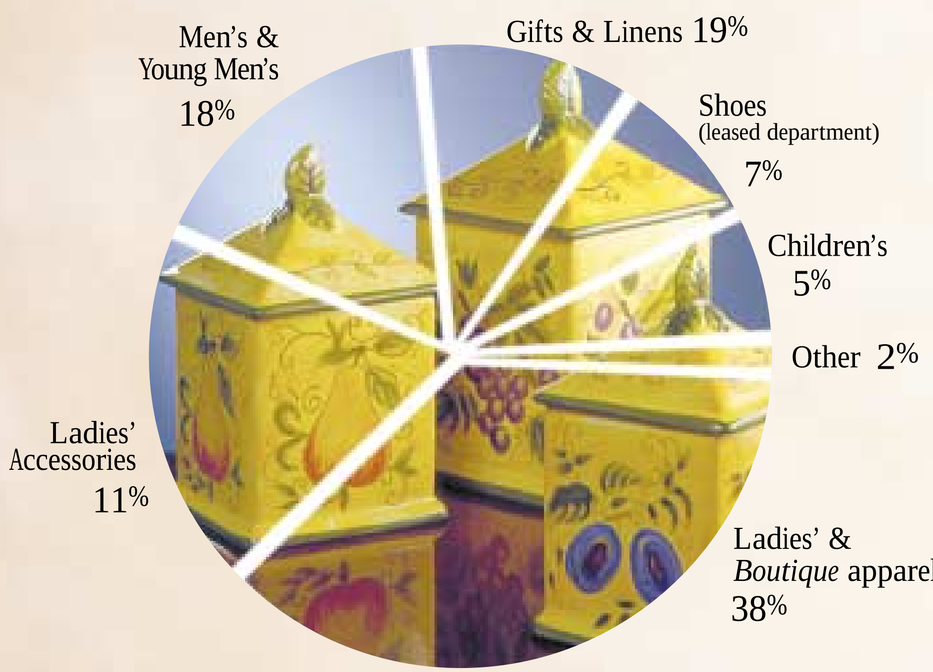
It's a great day at Stein Mart

2000: The Year in Review

We have been able to apply some of these focus store efforts to the existing store base, as well as use this knowledge to help launch new stores.

Within the Stein Mart stores, we are re-aligning our management structure. This change is designed to improve the work flow within the store, provide optimal management coverage for customer service, and create more attractive working conditions for our associates. A thirty-three store pilot program has been underway since last fall, and all stores will operate under the new structure by the end of the first half of 2001.

2000 Merchandise Sales Mix



Dignity-U-Wear & Stein Mart, Inc.

Stein Mart has many opportunities to participate in good works, and is frequently involved in charitable endeavors. One very special partnership is with Dignity-U-Wear, a 501(c)3 non-profit organization that gives hope by providing brand new clothing and personal care products to children and their families who are homeless, battered, abused and left behind. In 1999, the organization's founder, philanthropist Henri Landwirth, a Holocaust survivor and retired hotel entrepreneur, retired to Ponte Vedra Beach, just outside Jacksonville, Florida. Dissatisfied with traditional retirement, Mr. Landwirth created Dignity-U-Wear to help change the perception of and about those for whom life was a struggle. In his quest to identify potential donors for his new project, Mr. Landwirth asked Stein Mart for help in reaching manufacturers who might donate new clothing to his fledgling organization. The resulting alliances created many new resources for Dignity-U-Wear, and opened doors for the many recipients who are the beneficiaries of the new clothing and shoes.

For more information about Dignity-U-Wear,
contact Executive Director Thomas Mantz,
2320 Third Street, South, Suite 1, Jacksonville Beach, FL 32250
Phone: (904) 270-8833

Stein Mart, Inc.
Selected Financial Data

(Dollars In Thousands Except Per Share Amounts and Operating Data)

Statement of Income Data:	*2000* [1]	*1999* [2]	*1998*	*1997* [3]	*1996*
Net Sales	$1,206,624	$1,034,561	$897,821	$792,655	$616,150
Cost of Merchandise Sold	896,560	781,038	677,334	579,747	451,232
Gross Profit	310,064	253,523	220,487	212,908	164,918
Selling, General and Administrative Expenses	260,490	228,194	195,460	163,953	128,427
Store Closing and Asset Impairment Charges (Credits)	(3,448)	15,906	–	–	–
Other Income, Net	13,766	12,129	10,420	9,243	7,624
Income From Operations	66,788	21,552	35,447	58,198	44,115
Interest Expense	3,309	2,485	2,368	1,203	1,567
Income Before Income Taxes	63,479	19,067	33,079	56,995	42,548
Provision for Income Taxes	24,122	7,245	12,570	22,228	16,594
Net Income	$ 39,357	$ 11,822	$ 20,509	$ 34,767	$ 25,954
Earnings Per Share - Basic [4]	$0.92	$0.26	$0.45	$0.75	$0.58
Earnings Per Share - Diluted [4]	$0.91	$0.26	$0.44	$0.73	$0.56
Selected Operating Data:					
Stores Open at End of Period	226	205	182	151	123
Average Sales Per Store (000's) [5]	$6,068	$5,663	$5,958	$6,261	$6,176
Average Sales Per Square Foot of Selling Area [6]	$192	$176	$185	$194	$191
Comparable Store Net Sales Increase [7]	9.7%	2.3%	1.2%	7.2%	6.1%
Balance Sheet Data:					
Working Capital	$120,602	$117,284	$110,985	$110,296	$ 86,588
Total Assets	389,989	354,094	318,012	270,604	218,264
Long-term Debt	–	–	–	–	1
Total Stockholders' Equity	194,028	179,912	177,979	165,803	132,143

1 Includes a $3.4 million net pre-tax credit related to store closings. The credit resulted from adjustments to estimated lease obligations for changes in anticipated closing dates and for favorable lease settlements ($2.5 million), unsatisfactory lease negotiations to close two stores ($1.9 million), offset by a $1.0 million charge for the write-down of furniture, fixtures and equipment related to store closings.

2 Includes a $20.5 million pre-tax charge for ten store closings and asset impairment expenses. The charge includes $4.6 million for inventory write-downs and $15.9 million primarily for the estimated cost of lease terminations and write-off of leasehold improvements.

3 1997 is a 53-week year; all others are 52-week years.

4 Basic and Diluted Earnings Per Share are presented for all periods in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share" which the Company adopted in 1997 and have been restated for the two-for-one stock split declared in 1998.

5 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.

6 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.

7 Comparable store information for a period reflects stores open throughout that period and for the full prior year. All periods are calculated on a 52-week basis.

Management's Discussion & Analysis

This report 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.

Any such forward-looking statements contained in this Form 10-K 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 the level of consumer spending or preferences in apparel, 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.

Results of Operations

In October 1999, the Company's Board of Directors approved a plan to close ten under-performing stores in order to improve overall profitability of the Company. During the fourth quarter of 1999, the Company recorded a $20.5 million pre-tax charge for store closing and asset impairment expenses. The charge included $4.6 million for inventory write-downs and $15.9 million for the estimated cost of lease terminations and write-off of leasehold improvements.

During the fourth quarter of 2000, the Company recorded a net pre-tax credit of $3.4 million related to the store closings which began in 1999. The credit resulted from adjustments to estimated lease obligations for changes in anticipated closing dates and for favorable lease settlements ($2.5 million), unsatisfactory lease negotiations to close two stores ($1.9 million), offset by a $1.0 million charge for the write-down of furniture, fixtures and equipment related to store closings.

The following table sets forth, for the periods indicated, the percentage of the Company's net sales represented by each line item presented:

	Years Ended		
	Dec. 30, 2000	Jan. 1, 2000	Jan. 2, 1999
Net Sales	100.0%	100.0%	100.0%
Cost of Merchandise Sold	74.3	75.5	75.4
Gross Profit	25.7	24.5	24.6
Selling, General and Administrative Expenses	21.6	22.1	21.8
Store Closing and Asset Impairment Charges (Credits)	(0.3)	1.5	-
Other Income, Net	1.2	1.2	1.2
Income From Operations	5.6	2.1	4.0
Interest Expense	.3	.3	.3
Income Before Income Taxes	5.3%	1.8%	3.7%

2000 Compared to 1999

In 2000 the Company opened 22 stores and closed one store bringing to 226 the number of stores in operation at year-end.

Net sales of $1.207 billion were achieved for the fiscal year 2000, an increase of $172.0 million, or 16.6% percent over net sales of $1.035 billion for the fiscal year 1999. The 22 new stores opened in 2000 contributed $47.4 million to net sales. Comparable store net sales increased 9.7 percent over 1999.

Gross profit for 2000 was $310.1 million or 25.7 percent of net sales compared to $253.5 million or 24.5 percent of net sales for 1999. The 1.2 percent increase in the gross profit percent resulted primarily from lower markdowns as a percent of sales, leveraging occupancy expenses, and the effect of the $4.6 million inventory write-down in 1999.

Selling, general and administrative expenses were $260.5 million or 21.6 percent of net sales for 2000, as compared to $228.2 million or 22.1 percent of net sales for 1999. The $32.3 million increase in selling, general and administrative expenses is primarily due to the additional stores in operation during 2000 as compared to the number of stores in operation in 1999. The decrease of 0.5 percent of net sales is primarily due to improved leveraging of selling and administrative expenses, offset by slightly higher advertising expenses.

Pre-opening expenses for the 22 stores opened in 2000 amounted to $3.4 million and for the 28 stores opened in 1999, amounted to $4.0 million.

Store closing and asset impairment credits of $3.4 million resulted from adjustments to estimated lease obligations for changes in anticipated store closing dates and for favorable lease settlements ($2.5 million), unsatisfactory lease negotiations to close two stores ($1.9 million), offset by a $1.0 million charge for the write-down of furniture, fixtures and equipment related to store closings.

Other income, primarily from in-store leased shoe departments, amounted to $13.8 million in 2000, an increase of $1.7 million over the $12.1 million for 1999. The increase was primarily from the additional stores operated during 2000.

Interest expense for 2000 was $3.3 million, compared to $2.5 million in 1999. The increase resulted from higher average borrowings and higher interest rates during this year compared to last year. The increased borrowings were used to fund operating activities and to repurchase common stock.

Net income for 2000 was $39.4 million or $0.91 per diluted share compared to net income of $11.8 million or $0.26 per diluted share for 1999.

1999 Compared to 1998

In 1999 the Company opened 28 stores and closed five stores bringing to 205 the number of stores in operation at year-end. The five closed stores included four under-performing stores plus one store where the lease term expired.

Net sales of $1.035 billion were achieved for the fiscal year 1999, an increase of $136.7 million, or 15.2% percent over net sales of $897.8 million for the fiscal year 1998. The 28 new stores opened in 1999 contributed $76.4 million to net sales. Comparable store net sales increased 2.3 percent over 1998.

Gross profit for 1999 was $253.5 million or 24.5 percent of net sales compared to $220.5 million or 24.6 percent of net sales for 1998. The 0.1 percent decrease in the gross profit percent resulted primarily from the $4.6 million inventory write-down offset by slightly lower markdowns.

Selling, general and administrative expenses were $228.2 million or 22.1 percent of net sales for 1999, as compared to $195.5 million or 21.8 percent of net sales for 1998. The $32.7 million increase in selling, general and administrative expenses is primarily due to the additional stores in operation during 1999 as compared to the number of stores in operation in 1998. The increase of 0.3 percent of net sales is primarily due to increased selling expenses as a percent of net sales resulting from lower per store sales productivity.

Pre-opening expenses for the 28 stores opened in 1999 amounted to $4.0 million and for the 32 stores opened in 1998 amounted to $4.6 million.

Store closing and asset impairment charges of $15.9 million consist primarily of the estimated costs of lease terminations and write-down of certain property and other assets for ten specifically identified stores.

Other income, primarily from in-store leased shoe departments, amounted to $12.1 million in 1999, an increase of $1.7 million over the $10.4 million for 1998. The increase was due to the additional 28 stores opened in 1999.

Interest expense for 1999 was $2.5 million, compared to $2.4 million in 1998. The increase resulted from higher average borrowings offset by slightly lower interest rates during this year compared to last year. The increased borrowings were used to fund operating activities and to repurchase common stock.

Net income for 1999 was $11.8 million or $0.26 per diluted share compared to net income of $20.5 million or $0.44 per diluted share for 1998.

Liquidity and Capital Resources

The Company's primary capital requirements are to support inventory and capital investments for the opening of new stores, to maintain and improve existing stores, and to meet seasonal working capital needs. The Company's capital requirements and working capital needs are funded through a combination of internally generated funds, a bank line of credit and credit terms from vendors. During the course of the Company's seasonal business cycle, working capital is needed to support inventory for existing stores, especially during peak selling seasons. Historically, the Company's working capital needs are lowest in the first quarter and peak in either the third or fourth quarter in anticipation of the fourth quarter selling season.

Net cash provided by operating activities for 2000 amounted to $42.4 million, compared to $23.8 million for 1999. Net income for 2000 was $39.4 million, an increase of $27.6 million over net income in 1999. The $32.3 million increase in inventories is primarily related to the new stores opened in 2000. Cash was provided by a $22.6 million increase in accounts payable and accrued liabilities. The store closing reserve decreased $9.3 million.

Net cash provided by operating activities for 1999 amounted to $23.8 million, compared to $25.5 million for 1998. Net income for 1999 was $11.8 million, a decrease of $8.7 million from net income in 1998. The $34.4 million increase in inventories is primarily related to the new stores opened in 1999. Cash was provided by a $14.6 million increase in accounts payable and cash was used by a $12.6 million increase in the store closing reserve.

For 2000 and 1999, cash flows used in investing activities amounted to $20.9 million and $19.0 million, respectively, primarily for the acquisition of store fixtures, equipment and leasehold improvements and for information system enhancements.

Cash used in financing activities was $26.1 million for 2000 and $10.0 million for 1999. During 2000, cash was used to repurchase 2,910,600 shares of the Company's common stock for $28.4 million and in 1999, 1,702,300 shares were repurchased for $11.3 million. As discussed in Note 6 to the financial statements, on March 5, 2001, the Board of Directors authorized the repurchase of an additional 2,500,000 shares. Included in 2000 and 1999 is $1.4 million and $0.3 million, respectively, of proceeds from the exercise of stock options. Both 2000 and 1999 included $1.0 million of proceeds from the employee stock purchase plan.

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 million (a portion of which is normally financed through vendor credit). The Company's total capital expenditures for 2001 (including amounts budgeted for new store expansion, improvements to existing stores and information system enhancements) are anticipated to be $22-25 million.

The Company may borrow up to $70 million throughout the year and an additional $30 million seasonally under its existing credit agreement. 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 December 30, 2000, there was no loan balance under the agreement. The agreement requires the Company to maintain certain financial ratios and meet certain working capital, net worth and indebtedness tests. As a result of stock repurchases in the fourth quarter of 2000, the Company was not in compliance with the current ratio requirement at December 30, 2000, but has received a waiver letter from its banks. The Company had cash and cash equivalents at December 30, 2000 of $12.5 million.

The Company believes that expected net cash provided by operating activities, bank borrowings and vendor credit will be sufficient to fund anticipated current and long-term capital expenditures and working capital requirements.

Seasonality and Inflation

The Company's business is seasonal in nature with the fourth quarter, which includes the Christmas selling season, historically accounting for the largest percentage of the Company's net sales volume and operating profit. During the past three years, the fourth quarter accounted for an average of 34% of the Company's annual net sales and 64% of the Company's income from operations (before the $3.4 million pre-tax credit and the $20.5 million pre-tax charge recorded in the fourth quarter of 2000 and 1999, respectively). Accordingly, selling, general and administrative expenses are typically higher as a percent of net sales during the first three quarters of each year.

Inflation affects the costs incurred by the Company in the purchase of merchandise, the leasing of its stores, and certain components of its selling, general and administrative expenses. The Company has been successful in offsetting the effects of inflation through the control of expenses during the past three years. However, there can be no assurance that inflation will not have a material effect in the future.

Stein Mart, Inc.
Balance Sheet

(In thousands)

	December 30, 2000	January 1, 2000
Assets		
Current assets:		
Cash and cash equivalents	$ 12,526	$ 17,055
Trade and other receivables	4,758	4,472
Inventories	277,453	245,186
Prepaid expenses and other current assets	7,703	5,983
Total current assets	302,440	272,696
Property and equipment, net	82,006	76,503
Other assets	5,543	4,895
Total assets	$389,989	$354,094
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$121,578	$117,113
Accrued liabilities	51,756	33,613
Income taxes payable	8,504	4,686
Total current liabilities	181,838	155,412
Store closing reserve	3,308	12,589
Deferred income taxes	10,815	6,181
Total liabilities	195,961	174,182
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; 41,454,181 shares issued and outstanding at December 30, 2000 and 43,904,450 shares issued and outstanding at January 1, 2000	415	439
Paid-in capital	–	21,364
Retained earnings	193,613	158,109
Total stockholders' equity	194,028	179,912
Total liabilities and stockholders' equity	$389,989	$354,094

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

Stein Mart, Inc.
Statement of Income

(In thousands except per share amounts)

	For The Years Ended		
	December 30, 2000	*January 1, 2000*	*January 2, 1999*
Net sales	$1,206,624	$1,034,561	$897,821
Cost of merchandise sold	896,560	781,038	677,334
Gross profit	310,064	253,523	220,487
Selling, general and administrative expenses	260,490	228,194	195,460
Store closing and asset impairment charges (credits)	(3,448)	15,906	–
Other income, net	13,766	12,129	10,420
Income from operations	66,788	21,552	35,447
Interest expense	3,309	2,485	2,368
Income before income taxes	63,479	19,067	33,079
Provision for income taxes	24,122	7,245	12,570
Net income	$ 39,357	$ 11,822	$ 20,509
Earnings per share – Basic	$0.92	$0.26	$0.45
Earnings per share – Diluted	$0.91	$0.26	$0.44
Weighted–average shares outstanding – Basic	42,909	44,948	45,787
Weighted–average shares outstanding – Diluted	43,409	45,307	46,498

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

Stein Mart, Inc.
Statement of Stockholders' Equity

(In thousands)

	Common Stock	*Paid-in Capital*	*Retained Earnings*	*Total Stockholders' Equity*
Balance at January 3, 1998	$460	$39,565	$125,778	$165,803
Net income			20,509	20,509
Common shares issued under stock option plan and related income tax benefits	4	3,572		3,576
Common shares issued under employee stock purchase plan	1	928		929
Reacquired shares	(11)	(12,827)		(12,838)
Balance at January 2, 1999	454	31,238	146,287	177,979
Net income			11,822	11,822
Common shares issued under stock option plan and related income tax benefits	1	381		382
Common shares issued under employee stock purchase plan	1	1,021		1,022
Reacquired shares	(17)	(11,276)		(11,293)
Balance at January 1, 2000	439	21,364	158,109	179,912
Net income			39,357	39,357
Common shares issued under stock option plan and related income tax benefits	3	2,192		2,195
Common shares issued under employee stock purchase plan	2	955		957
Reacquired shares	(29)	(24,511)	(3,853)	(28,393)
Balance at December 30, 2000	$415	$ –	$193,613	$194,028

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

Stein Mart, Inc.
Statement of Cash Flows

(In thousands)

	For The Years Ended		
	December 30, 2000	*January 1, 2000*	*January 2, 1999*
Cash flows from operating activities:			
Net income	$39,357	$11,822	$20,509
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	14,373	12,950	10,545
Write-down of property and other assets	1,038	2,528	–
Tax benefit from exercise of stock options	810	96	1,421
(Increase) decrease in:			
Trade and other receivables	(286)	108	(2,062)
Inventories	(32,267)	(34,405)	(35,161)
Prepaid expenses and other current assets	(1,720)	(1,591)	(2,222)
Other assets	(648)	(1,845)	(2,750)
Increase (decrease) in:			
Accounts payable	4,465	14,639	37,461
Accrued liabilities	18,143	7,160	4,926
Income taxes payable	3,818	2,588	(9,353)
Store closing reserve	(9,281)	12,589	–
Deferred income taxes	4,634	(2,827)	2,198
Net cash provided by operating activities	42,436	23,812	25,512
Cash flows used in investing activities:			
Net acquisition of property and equipment	(20,914)	(19,029)	(21,480)
Cash flows from financing activities:			
Proceeds from exercise of stock options	1,385	286	2,155
Proceeds from employee stock purchase plan	957	1,022	929
Purchase of common stock	(28,393)	(11,293)	(12,838)
Net cash used in financing activities	(26,051)	(9,985)	(9,754)
Net decrease in cash and cash equivalents	(4,529)	(5,202)	(5,722)
Cash and cash equivalents at beginning of year	17,055	22,257	27,979
Cash and cash equivalents at end of year	$12,526	$17,055	$22,257
Supplemental disclosures of cash flow information:			
Interest paid	$ 3,141	$ 2,450	$ 1,975
Income taxes paid	16,887	9,493	18,167

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

Notes to Financial Statements

December 30, 2000
(Dollars in tables in thousands except per share amounts)

1. Summary of Significant Accounting Policies

At December 30, 2000 the Company operated a chain of 226 off-price retail stores in 29 states. Each store offers women's, men's and children's apparel, as well as accessories, gifts, linens and shoes.

Fiscal Year

The Company's fiscal year ends on the Saturday closest to December 31. Results for 2000, 1999 and 1998 are for the 52 weeks ended December 30, 2000, January 1, 2000 and January 2, 1999.

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.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided on a straight-line method using estimated useful lives of 3-10 years. Leasehold improvements are amortized over the shorter of the estimated useful lives of the improvements or the term of the lease.

Routine maintenance and repairs are charged to expense when incurred. Major replacements and improvements are capitalized. The cost of assets sold or retired and the related accumulated depreciation or amortization are removed from the accounts with any resulting gain or loss included in net income. In the event that facts and circumstances indicate that the carrying value of a long-lived asset may be impaired, an evaluation of recoverability is performed by comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow is required.

Pre-Opening Expenses

Pre-opening costs are expensed as incurred.

Advertising Expense

Advertising costs are expensed as incurred. Advertising expenses of $43,092,000, $35,522,000 and $33,731,000 are reflected in the Statement of Income for 2000, 1999 and 1998, 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):

	2000	*1999*	*1998*
Weighted-average number of common shares	42,909	44,948	45,787
Stock options	500	359	711
Weighted-average number of common shares plus common stock equivalents	43,409	45,307	46,498

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.

Reclassifications

Certain amounts in 1999 have been reclassified to conform to the 2000 presentation.

2. Store Closing and Asset Impairment Charges and Credits

In October 1999, the Company's Board of Directors approved a plan to close ten under-performing stores in order to improve overall profitability of the Company. During the fourth quarter of 1999, the Company recorded a $20.5 million pre-tax charge for store closing and asset impairment expenses. The charge included $4.6 million, included in cost of merchandise sold, for inventory write-downs resulting from additional markdowns in four stores that were closed in 1999 and markdowns associated with clearance merchandise. The charge also included $15.9 million for the estimated cost of lease terminations in the amount of $13.4 million and $2.5 million which represented primarily costs to write-down certain leasehold improvements included in property and equipment.

During the fourth quarter of 2000, the Company recorded a net pre-tax credit of $3.4 million related to the store closings which began in 1999. The credit resulted from adjustments to estimated lease obligations for changes in anticipated closing dates and for favorable lease settlements ($2.5 million), unsatisfactory lease negotiations to close two stores ($1.9 million), offset by a $1.0 million charge for the write-down of furniture, fixtures and equipment related to store closings. One of these two stores will close in 2002 and the other is being reevaluated due to its improved performance.

The store closing reserve at December 30, 2000 includes estimated closing costs for three stores that will close in 2001 and the remaining lease obligations for two previously closed stores. Payments during 2000 include lease termination and ongoing lease costs. Activity in the store closing reserve is as follows:

Balance at January 1, 2000	$12,589
Adjustments	(4,485)
Payments	(2,067)
	6,037
Less current portion (included in Accrued Liabilities)	(2,729)
Balance at December 30, 2000	$ 3,308

3. Property and Equipment, Net

Property and equipment and the related accumulated depreciation and amortization consist of:

	2000	*1999*
Furniture, fixtures and equipment	$116,647	$105,050
Building and leasehold improvements	39,510	32,373
Land	–	128
	156,157	137,551
Less: accumulated depreciation and amortization	74,151	61,048
	$ 82,006	$ 76,503

4. Accrued Liabilities

The major components of accrued liabilities are as follows:

	2000	*1999*
Taxes, other than income taxes	$ 18,836	$ 14,219
Salary, wages, bonuses and benefits	11,966	8,471
Current portion of store closing reserve	2,729	–
Other	18,225	10,923
	$ 51,756	$ 33,613

5. Notes Payable to Banks

In August 1998, the Company entered into a new credit facility with two banks. This agreement, which expires June 30, 2001, provides a $60 million revolving line of credit and a $30 million seasonal line of credit. In November 2000, this agreement was amended to provide an additional $10 million line of credit. The seasonal line of credit is available during the periods March 15 through June 30 and September 15 through December 31 of each year. The agreement includes a $5 million letter of credit facility. In October 1999, the Company amended its loan agreement to extend the expiration date of the letter of credit facility to June 30, 2001.

Interest on the outstanding balance is payable quarterly at 1.50% below the prime rate or .35% over the London Interbank Offering Rate (LIBOR), at the option of the Company. The additional $10 million line of credit bears interest at .875% over the LIBOR. The Company is obligated to pay a quarterly commitment fee of 1/8 percent per annum based on the daily average unused balance of the commitment during the term of the agreement. The agreement also requires the Company to maintain certain financial ratios and meet certain working capital, net worth and indebtedness tests. As a result of stock repurchases in the fourth quarter of 2000, the Company was not in compliance with the current ratio requirement at December 30, 2000, but has received a waiver letter from its banks.

6. Stockholders' Equity

During 2000, the Company repurchased 2,910,600 shares of its common stock in the open market at a total cost of $28,393,000. During 1999 and 1998, 1,702,300 and 1,193,500 shares were repurchased for $11,293,000 and $12,838,000, respectively.

On March 5, 2001, the Board of Directors authorized the repurchase of an additional 2,500,000 shares of the Company's common stock. During the period from December 31, 2000 through March 2, 2001 the Company repurchased an additional 337,800 shares of its common stock in the open market at a total cost of $3,366,000, leaving a balance of 2,624,800 shares which can be repurchased pursuant to the Board of Directors' current authorizations.

7. Stock Option and Purchase Plans

The Company has an Employee Stock Plan which provides that shares of common stock may be granted to certain key employees through non-qualified stock options, incentive stock options, stock appreciation rights and restricted stock. The Compensation Committee of the Board of Directors determines the exercise price of options which cannot be less than the fair market value on the date of grant for incentive stock options or 50% of the fair market value for non-qualified options. One-third of the options granted become exercisable on each of the third, fourth and fifth anniversary dates of grant and expire ten years after the date of grant. No stock appreciation rights or restricted stock awards have been granted under this plan.

The Company also has a Director Stock Option Plan which provides that common stock may be issued to outside directors through stock options which are exercisable at a price equal to the fair market value at the date of grant and which become exercisable on the same basis as options issued under the Employee Stock Plan.

In March 2001, the Company's Board of Directors adopted, subject to shareholder approval at their annual meeting on May 7, 2001, a new stock option plan (the "Omnibus Plan") with options available under the plan for 4,500,000 shares of the Company's common stock. The Omnibus Plan, which has a 10-year term, will replace the Company's existing Employee Stock and Director Stock Option Plans.

Information regarding these fixed-price option plans for 2000, 1999 and 1998 is as follows:

	2000		1999		1998	
	Number of Shares (000)	Weighted-Average Exercise Price	Number of Shares (000)	Weighted-Average Exercise Price	Number of Shares (000)	Weighted-Average Exercise Price
Options outstanding at beginning of year	4,625	$11	4,626	$11	5,020	$10
Options granted	614	9	308	8	542	14
Options exercised	(260)	5	(57)	4	(469)	4
Options forfeited	(396)	13	(252)	13	(467)	12
Options outstanding at end of year	4,583	$11	4,625	$11	4,626	$11
Options exercisable at end of year	1,870		1,317		1,148	

The following table summarizes information about fixed-price stock options outstanding at December 30, 2000:

	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
$ 2.50- 5.75	1,140	3.9	$ 4.39	838	$ 3.98
$ 6.53- 9.62	710	6.8	7.89	249	7.84
$10.00-13.81	1,975	6.2	13.38	679	13.17
$14.25-16.59	758	7.4	15.47	104	14.56
	4,583	5.9	$10.64	1,870	$ 8.42

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, 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 stock option plans. Had compensation cost of the Company's two stock option plans been determined consistent with the provisions of SFAS No. 123, the Company's net income and earnings per share would have been reduced to the following pro forma amounts:

	2000	1999	1998
Net income – as reported	$39,357	$11,822	$20,509
Net income – pro forma	36,466	8,141	16,979
Basic earnings per share – as reported	$0.92	$0.26	$0.45
Diluted earnings per share – as reported	0.91	0.26	0.44
Basic earnings per share – pro forma	$0.85	$0.18	$0.37
Diluted earnings per share – pro forma	0.84	0.18	0.37

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, for example, 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 2000, 1999 and 1998 was estimated to be $5, $4 and $8, respectively, using the Black-Scholes options pricing model. The following weighted-average assumptions were used for grants made during 2000, 1999 and 1998: dividend yield of 0.0%, expected volatility of 51.1%, 48.7% and 45.8%, respectively, risk-free interest rate of 5.2%, 6.5% and 5.0%, respectively and expected lives of 7.0 years.

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 2000, 1999 and 1998, the participants acquired 198,051 shares, 172,494 shares and 81,700 shares of the Company's common stock at $4.83, $5.92 and $11.37 per share, respectively.

In November 2000, the Company's Board of Directors adopted, subject to shareholder approval at their annual meeting on May 7, 2001, an amendment to the Stock Purchase Plan, increasing the number of shares eligible for issuance under the Plan by 1,000,000 and extending the Plan until December 31, 2005.

8. 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 for 2000, 1999 and 1998 was as follows:

	2000	*1999*	*1998*
Minimum rentals	$48,329	$44,423	$36,707
Contingent rentals	689	715	783
	$49,018	$45,138	$37,490

At December 30, 2000, for the majority of its retail and corporate facilities, the Company was committed under noncancellable leases with remaining terms of up to 20 years. Future minimum payments under noncancellable leases are:

2001	$ 51,122
2002	49,492
2003	47,516
2004	44,622
2005	40,891
Thereafter	155,584
	$389,227

The Company subleases shoe department and fragrance department space in all of its stores. Sales from leased departments are excluded from sales of the Company. Sublease rental income of $12,710,000, $11,388,000 and $9,904,000 is included in other income, net for 2000, 1999 and 1998, respectively. Total future minimum rental income under these noncancellable subleases is $16,344,000 at December 30, 2000.

9. Employee Benefit Plans

The Company has a defined contribution retirement plan covering employees who are at least 21 years of age and have completed at least one year of service. Under the profit sharing portion of the plan, the Company makes discretionary contributions which vest at a rate of 20 percent per year after three years of service. Under the 401(k) portion of the plan the Company contributes one percent of the employee's compensation and matches 25 percent of the employee's voluntary pre-tax contributions up to a maximum of four percent of the employee's compensation. The Company's base 401(k) contribution vests immediately while the matching portion vests in accordance with the plan's vesting schedule. Total Company contributions under the retirement plan were $1,750,000, $1,500,000 and $1,301,000 for 2000, 1999 and 1998, respectively.

During 1999, the Company implemented 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 $248,000 in 2000 and $25,000 in 1999.

Also during 1999, the Company implemented an executive deferral plan providing officers and key executives with the opportunity to participate in an unfunded, deferred compensation program. Under the program, participants may defer up to 100% of their base compensation and bonuses earned. The Company will match the executives' contributions 100% up to the first 10% of income deferred. The total of participant deferrals, which is reflected in accrued liabilities, was $377,000 at December 30, 2000 and $58,000 at January 1, 2000. The expense for this plan was $486,000 in 2000 and $57,000 in 1999.

In connection with the above two plans, whole life insurance contracts were purchased on the related participants. At December 30, 2000 and January 1, 2000 the cash surrender value of these policies was $1,949,000 and $1,302,000, respectively, and is included in other assets.

10. Income Taxes

The provision for income taxes for 2000, 1999 and 1998 consisted of:

	2000	*1999*	*1998*
Current:			
Federal	$19,537	$11,022	$ 9,554
State	1,675	945	818
Total current	21,212	11,967	10,372
Deferred:			
Federal	2,680	(4,349)	2,024
State	230	(373)	174
Total deferred	2,910	(4,722)	2,198
Provision for income taxes	$24,122	$ 7,245	$12,570

Income tax expense differed from the amounts computed by applying the federal statutory rate of 35 percent to income before taxes as follows:

	2000	*1999*	*1998*
Federal tax at the statutory rate	$22,218	$ 6,673	$11,578
State income taxes, net of federal benefit	1,904	572	992
	$24,122	$ 7,245	$12,570
Effective tax rate	38.0%	38.0%	38.0%

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

	2000	*1999*
Deferred tax assets:		
Store closing reserve	$ 2,294	$ 4,647
Inventories	1,948	1,401
Accrued liabilities	1,393	1,101
	5,635	7,149
Deferred tax liabilities:		
Depreciation	11,852	10,007
Prepaid expenses and other current assets	760	912
Other	220	517
	12,832	11,436
Net deferred tax liability	$(7,197)	$(4,287)

Deferred tax assets and liabilities are reflected on the Company's consolidated balance sheet as follows:

	2000	*1999*
Current deferred tax assets (included in Prepaid expenses and other current assets)	$ 3,618	$ 1,894
Non-current deferred tax liabilities	(10,815)	(6,181)
Net deferred tax liabilities	$(7,197)	$(4,287)

Notes to Financial Statements

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.

11. Quarterly Results of Operations (Unaudited)

The following table shows unaudited quarterly results of operations for 2000 and 1999:

	Quarter Ended				*Quarter Ended*			
	Apr. 1, 2000	*Jul. 1, 2000*	*Sept. 30, 2000*	*Dec. 30, 2000*	*Apr. 3, 1999*	*Jul. 3, 1999*	*Oct. 2, 1999*	*Jan. 1, 2000*
Net sales	$245,451	$291,188	$267,561	$402,424	$212,087	$244,920	$227,625	$349,929
Gross profit	57,155	82,279	63,077	107,553	48,643	67,958	48,366	88,556
Net income (loss)	999	13,830	2,082	22,446	243	9,394	(2,751)	4,936
EPS – Basic	$ 0.02	$ 0.32	$ 0.05	$ 0.53	$ 0.01	$ 0.21	$ (0.06)	$ 0.11
EPS – Diluted	$ 0.02	$ 0.32	$ 0.05	$ 0.52	$ 0.01	$ 0.21	$ (0.06)	$ 0.11

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 12 through 22 of this annual report present fairly, in all material respects, the financial position of Stein Mart, Inc. at December 30, 2000 and January 1, 2000, and the results of its operations and its cash flows for each of the three fiscal years in the period ended December 30, 2000, 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
February 28, 2001

Stein Mart, Inc.
Corporate Officers & Board of Directors

Corporate Officers

Management Committee

Jay Stein, Chairman and Chief Executive Officer

John H. Williams, Jr., President and Chief Operating Officer

Michael D. Fisher, Executive Vice President, Stores

Gwen K. Manto, Executive Vice President and
Chief Merchandising Officer

James G. Delfs, Senior Vice President and Chief Financial Officer

D. Hunt Hawkins, Senior Vice President, Human Resources

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

Vice Presidents/Regional Directors of Stores

E. L. Berley
Robert H. Brooks
Michael D. Ray
Roy E. Roberts
Diane Tarman

Vice Presidents/General Merchandising Managers

Peggy McCarthy Hildreth, Ladies' Sportswear, *Boutique*, Special Sizes

Richard J. Marini, Dresses, Ladies' Accessories, Children's, Intimate Apparel

Patricia Torreyson, Gifts, Linens, Fabrics

Board of Directors

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

John H. Williams, Jr., President and Chief Operating Officer, Stein Mart, Inc. Also a director of SunTrust Bank, North Florida N.A.

Alvin R. "Pete" Carpenter, Former Vice Chairman, CSX Corporation. Also a director of Regency Centers Corporation, Florida Rock Industries, Inc. and Birmingham Steel Corporation. *Chairman, compensation committee.*

Linda McFarland Farthing, Former president and director of Friedman's, Inc. Also former president and director, Cato Corporation. *Audit Committee.*

Mitchell W. Legler, Esquire, General counsel to the Company. Formerly partner with Foley & Lardner. *Compensation committee.*

Michael D. Rose, Private Investor. Former chairman, Promus Hotel Corporation. Director of Darden Restaurants, Inc.; First Tennessee National Corporation; Felcor Lodging Trust, Inc.; and Nextera Enterprises, LLC. *Audit committee.*

Martin E. Stein, Jr., Chairman and chief executive officer of Regency Centers Corporation. Also on the board of Patriot Transportation Holding, Inc.

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.

James H. Winston, Chairman, LPMC, a real estate investment firm based in Jacksonville, Florida. President of Omega Insurance Company, Citadel Life & Health Insurance Company and Wellington Investments. Also a director of FRP Properties, Inc., Winston Hotels and Scott-McRae Group, Inc. *Chairman, audit committee; compensation committee.*

Stein Mart, Inc.
Stockholder Information

Corporate headquarters

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

Notice of annual meeting of stockholders

The annual meeting of stockholders will be held at two o'clock in the afternoon, Monday, May 7, 2001 in The Radisson Riverwalk Hotel, 1515 Prudential Drive, Jacksonville, Florida.

Transfer Agent and Registrar

Mellon Investor Services LLC
P. O. Box 3315
South Hackensack, NJ 07606-1915
Shareholder services: 1-800-756-3353
Website: www.mellon-investor.com

Legal Counsel

Mitchell W. 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 March 16 , 2001, there were 1,109 stockholders of record.

The following table reflects the high and low sales prices of the common stock for each fiscal quarter in 1999 and 2000.

(Quarter ending dates)	High	Low
April 3, 1999	$12.00	$ 6.50
July 3, 1999	$11.75	$ 8.63
October 2, 1999	$ 9.69	$ 6.50
January 1, 2000	$ 7.75	$ 4.88
April 1, 2000	$ 8.25	$ 4.00
July 1, 2000	$10.63	$ 6.48
September 30, 2000	$13.38	$ 9.75
December 30, 2000	$15.88	$ 8.94

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

Financial Information

Investor inquiries are welcome. You many contact the Company by letter to request information, including a copy of Stein Mart's Annual Report to the Securities and Exchange Commission on Form 10-K. Additional copies and other financial reports are available without charge upon request from our Stockholder Relations Department at the Company's corporate address, listed above.

To receive Stein Mart information electronically, you may choose to:

- Access the Stein Mart website at www.steinmart.com to find current and past news releases, SEC filings, current stock price and stock history, or sign up for automatic notification of Stein Mart news and events.
- E-mail your request to dgaskins@steinmart.com
- Call (904) 346-1535, x. 5888, to leave a recorded request for mailed information and/or hear highlights of the latest news release.

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

Mission Statement

To provide customer service that is prompt, friendly, knowledgeable and recognized as being superior in our industry. To provide timely, unique and fashionable selections of quality name-brand merchandise of competitive price and value. To provide a well presented, clean, comfortable shopping environment that is an asset to the community. To provide a pleasant work place for our associates with appreciation and recognition for their efforts in achieving our company's mission.

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

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