



Behind Foster Grant? \$52M and New Celebs

By Evan Clark

NEW YORK — The answer now is Cindy Crawford and Jeff Gordon.

The question being posed after nearly a dozen years of brand invisibility is: "Who's that behind those Foster Grants?"

At the tail end of an almost three-year turnaround involving a recently completed \$52 million debt-for-equity swap, Foster Grant Inc. is bringing back its famed advertising campaign.

Supermodel Crawford and racer Gordon are joining the ranks of Elvis Presley and Sophia Loren who previously lurked behind the eyewear in the company's ads. The new ads will hit the trade and major consumer titles such as Sports Illustrated and Elle later this month. The well-known campaign first appeared in the Sixties, but was virtually shut off when the firm fell on hard times in the Nineties.

John Ranelli, chairman, president and chief executive officer of the Smithfield, R.I.-based firm, in an exclusive interview, said the ads offer "an image of

fashion and style and feeling good about yourself and being able to change your looks at not too steep a price. When you put the sunglasses on, it makes you feel good, it makes you feel cool."

So does adequate financing. The ceo, who joined the firm in August 1999, noted that the brand building, of which the advertising campaign is part, wouldn't be able to resume in force without the proper financial support.

Under the company's previous leadership in the Nineties, he said, Foster Grant had become "overleveraged. They didn't have the financial structure to invest in the brand and keep it at the front of people's minds."

The securities swap, which was approved by 99 percent of bondholders, let the firm retire \$51.5 million of its 10.75 percent senior notes due 2006. Interest expense will be reduced by 75 percent, to \$2 million annually. Weston Presidio, a private equity firm, also pumped an additional \$4 million into the operation.

Foster Grant's total debt was

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Shades of Ads Past

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slashed by 67.4 percent to \$29 million in 2001 from \$88.9 million in 1999. In retiring its public debt, the firm moved into the private realm.

"This marks the rebirth of Foster Grant," declared Ranelli, in a statement. "The debt-for-equity swap and capital investment give the company fresh resources to invest in the Foster Grant brand and to pursue growth.

"Now that we have the industry's strongest balance sheet, look for us to prove the real strength of the Foster Grant brand," he proclaimed.

Tightening up the balance sheet represents the completion of the company's three-stage turnaround effort.

Before the financial rejiggering, the restructuring called for the elimination of unprofitable businesses, including leather accessories and novelty clock units shuttered in 2000, and reduced expenses. Next, Foster Grant beefed up its relationships with its retail customer base by improving its operations. Order accuracy was boosted by 10 percentage points to 98 percent and on-time deliveries jumped to 99 percent from 74 percent previously.

In 2001, the firm's earnings before interest, taxes, depreciation and amortization and before one-time items, reached \$9.2 million, compared with losses of \$1.6 million in 1999. Over this same time span, gross margins ramped up 600 basis points to 34.5 percent.

In addition to the enhanced advertising program, created by Mullen Advertising of Wenham, Mass., Foster Grant is focusing on product development, striving to offer more stylish eye-wear with more features for less money.

The sales, design and marketing staff at the firm will also be given some extra help. Foster Grant anticipates increasing its current workforce of 230 by 10 percent.

Key for the firm is top-line growth within and without its current emphasis on the mass market with retailers like Wal-Mart, Target and Walgreens.

"We have significant growth plans in our current distribution channels," noted Ranelli. "We're also in the process of going after other channels," such as department and specialty stores. Currently, the firm is testing its product in some optical and sporting goods shops.

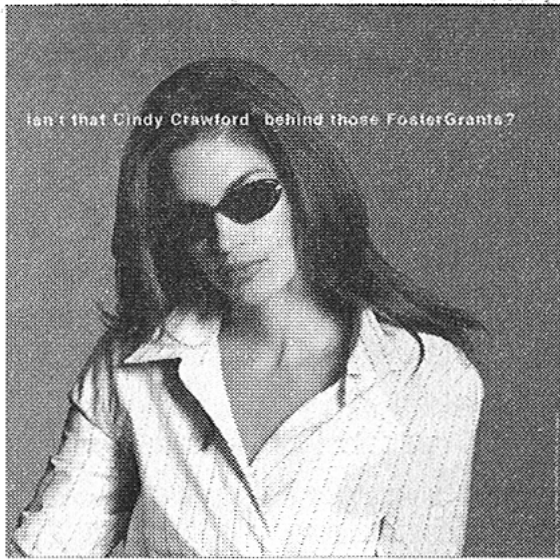
He added that the firm also has "significant growth opportunities" internationally, where its business has been growing by about 15 percent annually. Beyond U.S. borders, the Foster Grant brand is in Canada, Mexico and the U.K., leaving "plenty of room to grow in Europe" and South America.

While declining to provide sales estimates, Ranelli said he's keeping his eye on growing Foster Grant into its potential as a worldwide brand.

The brand currently commands a quarter of the \$2.2 billion sunglass marketplace, according to a company spokeswoman. While the firm wouldn't divulge current or projected sales volume, this would translate into wholesale revenues of about \$250 million, excluding its other businesses in reading glasses and costume jewelry.

Despite the emergence of various new players in the dozen years since Foster Grant last dominated the sunglass terrain, Ranelli is confident the brand can regain its clout.

"It will be the number-one brand in the optical industry," he predicted.



Isn't that Cindy Crawford behind those Foster Grants?

Means Foster Grant sunglasses are at the root of fashion. With a broad array of fashionable designs that offer 100% UVA and UVB protection, Cindy knows her eyes are safe and stylish behind any pair of Foster Grants.



FOSTER GRANT



Woody Allen, 1977 Foster Grant campaign



Woody Allen, 1977 Foster Grant campaign



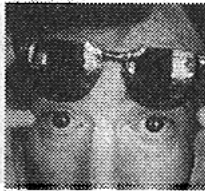
Woody Allen, 1977 Foster Grant campaign



Woody Allen, 1977 Foster Grant campaign

Isn't that Woody Allen behind those Foster Grant clip-ons?

It's true, Woody Allen is a fan of Foster Grant sunglasses. In fact, he's been wearing them since the 1970s. And he's not alone. Many other celebrities have worn Foster Grant sunglasses over the years. So if you're looking for a pair of sunglasses that will protect your eyes and look great, Foster Grant is the way to go.



Woody Allen, 1977 Foster Grant campaign



Woody Allen, 1977 Foster Grant campaign

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Mia Farrow, 1977 Foster Grant campaign



Mia Farrow, 1977 Foster Grant campaign



Mia Farrow, 1977 Foster Grant campaign



Mia Farrow, 1977 Foster Grant campaign

Isn't that Mia Farrow behind those Foster Grants?

Mia Farrow has been wearing Foster Grant sunglasses for decades. She's a true fan of the brand, and she's not alone. Many other celebrities have worn Foster Grant sunglasses over the years. So if you're looking for a pair of sunglasses that will protect your eyes and look great, Foster Grant is the way to go.



Isn't that Jeff Gordon behind those Foster Grants?

Means Pro-Direct styled sunglasses have a sleek performance design. Like great lenses for improved contrast, visibility and increased coating to prevent eye fatigue while driving.



Introducing the Jeff Gordon Pro-Direct series sunglasses

FOSTER GRANT

Foster Grant campaigns past and present: Clockwise from top left, Cindy Crawford, Woody Allen, Jeff Gordon and Mia Farrow.