

Edgar Filing: TOO INC - Form 11-K

TOO INC  
Form 11-K  
June 30, 2003

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

TRANSITIONAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

COMMISSION FILE NUMBER: 1-14987

A. Full title of the plan and the address of the plan, if different from that  
of the issuer named below:

TOO, INC. SAVINGS AND RETIREMENT PLAN

B. Name and issuer of the securities held pursuant to the plan and the address  
of its principal executive office:

TOO, INC.  
8323 WALTON PARKWAY  
NEW ALBANY, OHIO 43054

Too, Inc. Savings and Retirement Plan  
Report on Audit of Financial Statements  
As of and for the Years Ended December 31, 2002 and 2001  
and Supplemental Schedule  
As of December 31, 2002

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of  
Too, Inc. and the  
Plan Administrator of the Too, Inc.  
Savings and Retirement Plan:

We have audited the accompanying statements of net assets available for benefits of the Too, Inc. Savings and Retirement Plan (the "Plan") as of December 31, 2002 and 2001, and the related statements of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2002 and 2001, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year as of December 31, 2002, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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/s/ Ary, Roepcke & Mulchaey, P.C.

Columbus, Ohio

June 23, 2003

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
 DECEMBER 31, 2002 AND 2001

	2002	2001
	-----	-----
ASSETS:		
Investments	\$18,021,740	\$18,049,760
Cash	--	38,871
Receivable for contributions:		
Employer	2,325,396	1,570,654
Participants	62,843	28,640
	-----	-----
Total contributions receivable	2,388,239	1,599,294
	-----	-----
Accrued interest and dividends	--	113
	-----	-----
Total assets	20,409,979	19,688,038
	-----	-----
LIABILITIES:		
Administrative fees payable	--	10,741
Due to brokers	--	18,458
	-----	-----
Total liabilities	--	29,199
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$20,409,979	\$19,658,839
	=====	=====

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

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	2002	2001
	-----	-----
ADDITIONS:		
Investment income (loss):		
Net depreciation in fair value of investments	\$ (1,748,937)	\$ (150,364)
Earnings from mutual funds	73,220	40,932
Dividends from common stock	28,436	30,583
Earnings from common collective trusts	653	4,494
	-----	-----
Total investment loss	(1,646,628)	(74,355)
	-----	-----
Contributions:		
Employer	2,896,298	1,869,360
Participants	1,151,282	635,049
Rollovers	113,973	203,839
	-----	-----
Total contributions	4,161,553	2,708,248
	-----	-----
Total additions	2,514,925	2,633,893
	-----	-----
DEDUCTIONS:		
Distributions to participants	1,676,116	2,184,942
Administrative expenses	87,669	53,836
	-----	-----
Total deductions	1,763,785	2,238,778
	-----	-----
Net increase	751,140	395,115
Net assets available for benefits:		
Beginning of year	19,658,839	19,263,724
	-----	-----
End of year	\$ 20,409,979	\$ 19,658,839
	=====	=====

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

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

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(1) DESCRIPTION OF THE PLAN

GENERAL

The Too, Inc. Savings and Retirement Plan (the "Plan") is a defined contribution plan covering substantially all employees of Too, Inc. (the "Employer", the "Company", or "Too"), who are at least 21 years of age and have completed a year of employment with 1,000 or more hours of service. Employees who are considered to be a highly compensated associate under the Internal Revenue code of 1986 (the "Code") and have met the eligibility requirements, described above, are eligible to receive the non-service and service related retirement contribution, but may not elect to make voluntary contributions.

During 2002 and 2001, the Plan was amended to among other things 1) change the vesting schedule as noted under vesting below, and 2) no longer give prior service credit after August 22, 2002, to participants who transfer directly from Limited Brands, Inc. and its affiliates, which were former affiliates of Too, Inc.

The following description of the Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended.

CONTRIBUTIONS

EMPLOYER CONTRIBUTIONS:

The Company may provide a non-service related retirement contribution of 4% of annual compensation up to the Social Security wage base and 7% of annual compensation thereafter, and a service related retirement contribution of 1% of annual compensation for participants who have completed five or more years of vesting service as of the last day of the Plan year. Participants who complete 500 hours of service during the Plan year and are participants on the last day of the Plan year are eligible. The annual compensation of each participant taken into account under the Plan is limited to the maximum amount permitted under Section 401(a)(17) of the Code, which for the Plan years ended December 31, 2002 and 2001, was \$200,000 and \$170,000, respectively.

The Company may also provide a matching contribution of 100% of the participant's voluntary contributions up to 3% of the participant's total annual compensation.

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## PARTICIPANT'S VOLUNTARY CONTRIBUTIONS:

A participant may elect to make a voluntary tax-deferred contribution of 1% to 12% of his or her annual compensation up to the maximum permitted under Section 402(g) of the Code adjusted annually (\$11,000 at December 31, 2002). This voluntary tax-deferred contribution may be limited by Section 401(k) of the Code.

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

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## INVESTMENT OPTIONS

The participants direct the investment of both their own and the Employer's contributions by utilizing various investment options offered by the Plan. The Plan currently offers six mutual funds, four insurance company pooled separate accounts, one common collective trust, an Employer's stock fund, and a common stock fund of a former affiliate to which no additional investments are allowed.

## PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's and Employer's contributions and allocated investment earnings and administrative expenses. Allocations are based on the participant's account balances or earnings. The benefit to which a participant is entitled is equal to the vested balance in the participant's account.

## VESTING

A participant is fully and immediately vested for voluntary and rollover contributions and is credited with a year of vesting service for Employer's contributions for each Plan year that they are credited with at least 500 hours of service.

A summary of vesting percentages for Employer's retirement contributions is as follows:

Years of vested service -----	Percentage -----
Less than 3 years	0%
3 years	20
4 years	40
5 years	60
6 years	80
7 years	100

A summary of vesting percentages for Employer's matching contributions after January 1, 2002 is as follows:

Years of vested service -----	Percentage -----
Less than 2 years	0%
2 years	20
3 years	40

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4 years	60
5 years	80
6 years	100

Employer's matching contributions prior to January 1, 2002, are vested at the same percentage as the Employer's retirement contributions.

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

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PAYMENT OF BENEFITS

The full value of participants' accounts becomes payable upon retirement, disability, or death. Upon termination of employment for any other reason, participants' accounts, to the extent vested, become payable. Those participants with vested account balances greater than \$5,000 have the option of leaving their accounts invested in the Plan until age 65. All benefits will be paid as a lump-sum distribution. Those participants holding shares of Too common stock will have the option of receiving such amounts in whole shares of Too and cash for any fractional shares. Participants have the option of having their benefit paid directly to an eligible retirement plan specified by the participant.

A participant who is fully vested in his or her account and who has participated in the Plan for at least seven years may obtain an in-service withdrawal from their account based on the percentage amounts designated by the Plan. A participant may also request a hardship distribution due to an immediate and heavy financial need based on the terms of the Plan.

AMOUNTS ALLOCATED TO PARTICIPANTS WITHDRAWN FROM THE PLAN

The vested portion of net assets available for benefits allocated to participants withdrawn from the plan was \$38,558 and \$2,337 as of December 31, 2002 and 2001, respectively.

FORFEITURES

Forfeitures are used to reduce the Employer's required contributions. Forfeitures of \$248,397 and \$239,676 were used to reduce Employer's contributions for the plan years ended December 31, 2002 and 2001, respectively.

EXPENSES

Expenses of the Plan are deducted from participants' accounts. Brokerage fees, transfer taxes, and other expenses incurred in connection with the investment of the Plans assets will be added to the cost of such investments or deducted from the proceeds thereof, as the case may be.

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### (2) SUMMARY OF ACCOUNTING POLICIES

#### BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting, including investment valuation and income recognition.

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

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#### ESTIMATES

The Plan prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits at the date of the financial statements and the changes in net assets available for plan benefits during the reporting period and, when applicable, disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

#### RISKS

The Plan provides for the various investment options as described in Note 1. Any investment is exposed to various risks, such as interest rate, market and credit. These risks could result in a material effect on participants' account balances and the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

#### INCOME RECOGNITION

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

#### INVESTMENT VALUATION

Mutual funds are stated at fair value as determined by quoted market price, which represents the net asset value of shares held by the Plan at year-end. Common stocks are valued as determined by quoted market price. The common collective trusts are valued on a daily basis. The value of each unit is determined by subtracting total liabilities from the total value of the assets, including accrued income, and dividing the amount remaining by the number of units outstanding on the valuation date. Pooled separate account values are generally determined based on the market values of the securities included in the underlying funds.

#### NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS

Net realized and unrealized appreciation (depreciation) is recorded in



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the accompanying statements of changes in net assets available for benefits as net appreciation (depreciation) in fair value of investments.

### BENEFIT PAYMENTS

Benefits are recorded when paid.

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2002 AND 2001

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### (3) INVESTMENTS

During April of 2002, American Express Trust, former trustee, as instructed by the Employer, liquidated all of the investments of the Plan and transferred the assets to Principal Life Insurance Company who in turn reinvested the assets, based on participant investment direction. Except for the investments in pooled separate accounts under a group annuity contract with Principal Life Insurance Company, the Plan's investments are held in directed custodial trusts with Delaware Charter Guarantee & Trust Company and Bankers Trust Company at bank-administered trust funds. The following table presents investments. Investments that represent 5 percent or more of the Plan's net assets are separately identified.

	2002	2001
	-----	-----
Investments at fair value as determined by:		
QUOTED MARKET PRICE		
Common stock:		
Too, Inc.	\$ 1,538,302	\$ 1,686,960
Limited Brands, Inc.	1,263,562	1,488,766
	-----	-----
	2,801,864	3,175,726
	-----	-----
Mutual funds:		
T. Rowe Price Capital Appreciation Appreciation Fund	1,392,218	--
AXP New Dimensions Fund, Class Y	--	3,666,789
Other	1,231,038	1,977,860
	-----	-----
	2,623,256	5,644,649
	-----	-----
	5,425,120	8,820,375
	-----	-----
ESTIMATED FAIR VALUE		
Common collective trusts:		
Gartmore Trust Company Stable Value Fund	6,664,751	--

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American Express Trust Income II	--	5,491,897
American Express Trust Equity		
Index II	--	3,169,073
Other	--	568,415
	-----	-----
	6,664,751	9,229,385
	-----	-----
Principal Life Insurance Company		
pooled separate accounts:		
Principal Partners Large-Cap Blend	4,365,747	--
Other	1,566,122	--
	-----	-----
	5,931,869	--
	-----	-----
	12,596,620	9,229,385
	-----	-----
Total investments at fair value	\$18,021,740	\$18,049,760
	=====	=====

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

INVESTMENTS (CONTINUED)

The Plan's investments, (including investments bought, sold, and held during the year) appreciation (depreciation) in value for the periods ended December 31, 2002 and 2001, are set forth below:

	2002	2001
	-----	-----
Investments at fair value as determined by:		
QUOTED MARKET PRICE		
Common stock	\$ (273,521)	\$ 1,061,676
Mutual funds	(583,962)	(988,960)
	-----	-----
	(857,483)	72,716
	-----	-----
ESTIMATED FAIR VALUE		
Common collective trusts	67,054	(223,080)
Pooled separate accounts	(958,508)	--
	-----	-----
	(891,454)	(223,080)
	-----	-----
Net depreciation in fair value	\$ (1,748,937)	\$ (150,364)
	=====	=====

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(4) TAX STATUS

The Plan has requested a determination letter from the Internal Revenue Service. The Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

(5) PLAN ADMINISTRATION

A Committee comprised of members appointed by the Board of Directors of the Employer administers the Plan.

(6) PLAN TERMINATION

Although the Company has not expressed any intent to do so, the Company has the right under the Plan to discontinue their contributions at any time. The Company has the right at any time, by action of its Board of Directors, to terminate the Plan subject to provisions of ERISA. Upon Plan termination or partial termination, participants will become fully vested in their accounts.

(7) PARTIES-IN-INTEREST

Principal Life Insurance Company, under the group annuity contract, provides third party administrative services to the Plan for which the Plan is charged. In addition Principal Life Insurance Company receives 1) 32 basis points annually of the value of the Plan's units held in the Principal Stable Value Fund, 2) a management fee based on the value of Plan assets invested in pooled separate accounts, and 3) a fee from certain investments in mutual funds.

American Express Trust Company, the former trustee of the Plan, its subsidiaries and affiliates maintained and managed certain of the prior investments of the Plan for which the Plan was charged.

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001

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(8) RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	2002	2001
	-----	-----
Net assets available for benefits per the financial statements	\$20,409,979	\$19,658,839

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Amounts allocated to withdrawing participants	(38,558)	(2,337)
	-----	-----
Net assets available for benefits per Form 5500	\$20,371,421	\$19,656,502
	=====	=====

The following is a reconciliation of benefits paid to participants per the financial statements to Form 5500:

Benefits paid to participants per the financial statements	\$ 1,676,116
Amounts allocated to withdrawing participants:	
At December 31, 2002	38,558
At December 31, 2001	(2,337)
	-----
Benefits Paid to Participants Per Form 5500	\$ 1,712,337
	=====

Amounts allocated to withdrawing participants are recorded on Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date.

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
 EIN #31-1333930 PLAN #001  
 SCHEDULE H LINE 4I  
 SUPPLEMENTAL SCHEDULE OF ASSETS HELD AT END OF YEAR  
 DECEMBER 31, 2002

(a)	(b)	(c)
	Identity of issue, borrower, lessor, or similar party	Description of investment including maturity date, rate of interest, collateral, par or maturity value
*	Too, Inc.	Common stock - 65,404 shares
	Limited Brands, Inc.	Common stock - 90,708 shares
	T. Rowe Price Capital Appreciation Fund	Mutual fund - 97,975 shares
	Putnam International Growth and Income Fund, Class A	Mutual fund - 33,955 shares
	Fidelity Advisor Equity Growth Fund, Class institutional shares	Mutual fund - 5,518 shares
	Vanguard Health Care Fund, Class investor shares	Mutual fund - 1,970 share

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Vanguard Explorer Fund, Class investor shares	Mutual fund - 3,677 share
Strong Advisor Common Stock Fund, Class Z	Mutual fund - 7,731 shares
Northern Institutional Government Select	Mutual fund - 28 shares
Gartmore Trust Principal Stable Value Fund	Common collective trust - 483,338 units

\* Represents a party-in-interest

- (1) Cost information omitted - investment is part of individual account plan that participants or beneficiary directed with respect to assets allocated to his or her account.

The notes to the financial statements are an integral part of this schedule.

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TOO, INC. SAVINGS AND RETIREMENT PLAN  
 EIN #31-1333930 PLAN #001  
 SCHEDULE H LINE 4I  
 SUPPLEMENTAL SCHEDULE OF ASSETS HELD AT END OF YEAR  
 DECEMBER 31, 2002

(a)	(b)	(c)
Identity of issue, borrower, lessor, or similar party		Description of investment including maturity date, rate of interest, collateral, par or maturity value
	Investments under Principal Life Insurance Flexible Investment Annuity Group Contract 4-48602	
*	Principal Partners Large-Cap Blend Separate Account	Pooled separate account - 561,562 units
*	Principal Bond and Mortgage Separate Account	Pooled separate account - 1,484 units
*	Principal Partners Large-Cap Value Separate Account	Pooled separate account - 41,269 units
*	Principal Real Estate Separate Account	Pooled separate account - 581 units

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The notes to the financial statements are an integral part of this schedule.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Too, Inc. has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

Date: June 30, 2003

TOO, INC. SAVINGS AND RETIREMENT PLAN  
(registrant)

By /s/ KENT A. KLEEGERGER

-----  
Kent A. Kleeberger  
Executive Vice President  
Chief Operating Officer  
Chief Financial Officer  
Too, Inc.

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Exhibit Index

Exhibit No.  
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- 23 Consent of Ary, Roepcke & Mulchaey, P.C.
- 99.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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