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GREEN DANIEL CO  
Form 8-K  
January 14, 2002

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported) December 28, 2001

DANIEL GREEN COMPANY  
(Exact Name of Registrant as Specified in Its Charter)

Massachusetts  
(State or Other Jurisdiction of Incorporation)

005-36674  
(Commission File Number)

150323010  
(IRS Employer Identification No.)

450 North Main Street  
(Address of Principal Executive Office)

Old Town, Maine 04468  
(Zip Code)

(207) 827-4431  
(Registrant's Telephone Number, Including Area Code)

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(Former Name or Former Address, if Changed Since Last Report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On December 28, 2001 Daniel Green Company (the "Company") completed its previously announced sale to Elan-Polo, Inc. ("Elan-Polo") of its Daniel Green and L.B. Evans slipper brands including inventory, related tangible and intangible assets and a certain liability. A copy of the press release announcing the transaction is attached as Exhibit 99.1 to this Form 8-K.

The sale price was approximately \$4,700,000, including minimum royalty payments of approximately \$1,800,000 to be received over the next three years. Of the balance of approximately \$2,900,000 representing the book value of inventory sold, \$1,400,000 was paid in cash at closing and \$1,500,000 will be paid in six months.

The terms of the disposition to Elan-Polo are more fully described in the Asset Purchase Agreement filed as an exhibit to this Form 8-K.

Because the sale included the name "Daniel Green", the Company will seek shareholder approval of a new corporate name which is under consideration.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL STATEMENTS AND EXHIBITS

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- (a) Financial Statements.
- (b) Pro Forma Financial Information.
  - (1) Consolidated Statement of Operations  
Year Ended December 31, 2000
  - (2) Consolidated Balance Sheet 30 Sep-01
  - (3) Consolidated Statement of Operations  
Nine Months Ended September 30, 2001

(c) Exhibits

- 10.1 Asset Purchase Agreement, dated as of November 29, 2001, by and between Daniel Green Company and Elan-Polo, Inc.
- 10.2 Letter dated December 27, 2001 amending Asset Purchase Agreement.
- 99.1 Press Release

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DANIEL GREEN COMPANY

Date: January 14, 2002

By: /s/ James R. Riedman

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Name: James R. Riedman  
Title: Chairman and CEO

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Daniel Green Company  
Consolidated Balance Sheet  
30-Sep-01

As Previously      Pro-Forma  
Reported            Adjustments

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Current Assets:			
Cash	\$504,508	\$1,484,621 (7)	\$1,989
Accounts Receivable, trade less allowances of \$1,646,163	9,601,332	-3,772,000 (1)	5,829
Deferred Income Tax Asset	584,234	-94,902 (10)	489
Finished Goods Inventories, at lower of cost (FIFO) or market	19,208,643	-2,969,242 (2)	16,239
Other Current Assets	159,226	1,484,621 (8)	1,643
Total Current Assets	30,057,943	-3,866,902	26,191
Property, plant & equipment:			
Real Estate and Water Power, at cost	1,698,581	0	1,698
Machinery and Equipment, at cost	734,330	0	734
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	2,432,911	0	2,432
Less: Accumulated Depreciation	529,106	0	529
Property, plant & equipment, net	1,903,805	0	1,903
Other Assets:			
Deferred Income Tax Asset	0		
Prepaid Pension Cost	0		
Other Assets, net	2,866,771	872,500 (3)	3,739
Total Other Assets	2,866,771	872,500	3,739
	-----	-----	-----
Total Assets	\$34,828,519	-\$2,994,402	\$31,834
	=====	=====	=====
Current Liabilities:			
Notes Payable, line of credit	\$10,100,365	\$0	\$10,100
Notes Payable, current	7,293,488		\$7,293
Accounts Payable, trade	7,111,010	-1,692,705 (4)	\$5,418
Liability to former stockholder	1,805,951	0	\$1,805
Income Tax Payable	19,078		\$19
Other Accrued Liabilities	756,385	-450,000 (5)	306
Total Current Liabilities	27,086,277	-2,142,705	24,943
Deferred Income Taxes	225,760		225
Notes Payable, non-current	1,008,333		1,008
Other Liability	700,000	-700,000 (6)	
Total Other Liabilities	1,934,093	-700,000	1,234
Total Liabilities	29,020,370	-2,842,705	26,177
Stockholders' Equity:			
Common Stock	5,224,065		5,224
Paid-in-excess of par value	2,000,067		2,000
Retained Earnings	1,120,549	-151,697 (9)	968
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	8,344,681	-151,697	8,192

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Less: Treasury Stock	-2,536,532	-----	-2,536,532
Total Stockholders' Equity	5,808,149	-151,697	5,656,452
Total Liabilities & Stockholders' Equity	\$34,828,519	-\$2,994,402	\$31,834,117

Notes:

- (1) Amount represents the value, less allowances, of accounts receivable as of September 30, 2001 attributable to sales of products with the Daniel Green and LB Evans Brands.
- (2) Amount represents the value of inventory attributable to the Daniel Green and LB Evans Brands sold to Elan Polo.
- (3) \$927,500 of the total represents the value of the prepaid royalty amount attributable to the LB Evans Brand acquisition agreement. \$1,800,000 of the total represents the minimum royalty receivable as a result of the sale of the Daniel Green and LB Evans Brands to Elan Polo.
- (4) Amount represents the value of accounts payable as of September 30, 2001 attributable to the Daniel Green and LB Evans Brands.
- (5) Amount represents the accrual for royalties associated with the LB Evans Brand and the accrual for sales commissions due on sales associated with the Daniel Green and LB Evans Brands.
- (6) Amount represents minimum royalty payments due based on sales associated with the LB Evans Brand.
- (7) Amount represents cash received upon sale of Daniel Green and LB Evans Brands to Elan Polo.
- (8) Amount represents note receivable from Elan Polo upon sale.
- (9) Amount represents the adjustment to retained earnings to account for the sale of the Daniel Green and LB Evans Brands to Elan Polo.
- (10) Amount represents deferred income tax assets associated with the Daniel Green and LB Evans Brands.

Daniel Green Company  
 Consolidated Statement of Operations  
 Nine Months Ended September 30, 2001

As Previously Reported	Pro-Forma Adjustments
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Net Sales	\$32,243,138	-\$5,284,340 (1)	\$26
Costs and Expenses			
Cost of Goods Sold	21,259,221	-4,266,744 (2)	16
Selling, General & Administrative	8,457,298	-1,459,303 (3)	6
Other Expense - Pension	1,713,710	0	1
Interest Expense	1,307,644	0	1
	-----	-----	-----
Total Costs and Expenses	32,737,873	-5,726,047	27
Income (Loss) before Income Tax Expense			
Tax Expense	-494,735	-441,707	
Income Taxes (Credit)	-309,525	-288,314 (4)	
	-----	-----	-----
Net Income (Loss)	-\$185,210	-\$153,393	
	=====	=====	=====
Net Income (Loss) per Share:			
Basic	-0.12		
Dilluted	-0.12		
Shares Outstanding:			
Basic	1,570,595		1
Dilluted	1,570,595		1

Notes:

- (1) Amount represents net sales attributable to the Daniel Green and LB Evans Brands.
- (2) Amount represents cost of sales attributable to the Daniel Green and LB Evans Brands.
- (3) Amount represents selling, general and administrative expenses associated with the Daniel Green and LB Evans Brands.
- (4) Amount represents income tax credits associated with the Daniel Green and LB Evans Brands.

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Daniel Green Company  
Consolidated Statement of Operations  
Year Ended December 31, 2000

As Previously Reported	Pro-Forma Adjustments
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Net Sales	\$33,179,232	-\$14,950,661 (1)
Costs and Expenses		
Cost of Goods Sold	22,232,692	-10,004,711 (2)
Selling, General & Administrative	10,720,825	-5,734,340 (3)
Other Expense - Pension		
Interest Expense	1,362,770	0
	-----	-----
Total Costs and Expenses	34,316,287	-15,739,051
Income (Loss) before Income		
Tax Expense	-1,137,055	-788,390
Income Taxes (Credit)	-454,822	-315,356 (4)
	-----	-----
Net Income (Loss)	-\$682,233	-\$473,034
	=====	=====
Net Income (Loss) per Share:		
Basic	-0.43	
Dilluted	-0.43	
Shares Outstanding:		
Basic	1,570,595	
Dilluted	1,570,595	

Notes:

- (1) Amount represents net sales attributable to the Daniel Green and LB Evans Brands.
- (2) Amount represents cost of sales attributable to the Daniel Green and LB Evans Brands.
- (3) Amount represents selling, general and administrative expenses associated with the Daniel Green and LB Evans Brands.
- (4) Amount represents income tax credits associated with the Daniel Green and LB Evans Brands.