

**UNITED STATES  
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): **March 9, 2006**

**ZUMIEZ INC.**

(Exact Name of Registrant as Specified in Its Charter)

**Washington**

(State or Other Jurisdiction of Incorporation)

**000-51300**

(Commission File Number)

**91-1040022**

(IRS Employer Identification No.)

**6300 Merrill Creek Parkway, Suite B, Everett, Washington**  
(Address of Principal Executive Offices)

**98203**  
(Zip Code)

**(425) 551-1500**

(Registrant's Telephone Number, Including Area Code)

**Not Applicable**

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry Into a Material Definitive Agreement.**

On March 9, 2006, Zumiez Inc. (the "Company") granted stock options to certain of the Company's executive officers pursuant to the Zumiez 2005 Equity Incentive Plan (the "Plan"). The Company's Compensation Committee (the "Committee") approved the grant of options to purchase shares of the Company's common stock, which options have a ten year term and have an exercise price equal to \$54.61, which is the closing price per share of the Company's common stock on March 9, 2006, as follows: Brenda Morris 20,000 shares and Lynn Kilbourne 20,000 shares. The options vest in equal annual installments over a period of five years. The forms of Stock Option Agreement, Stock Option Grant Notice and Notice of Exercise of Stock Option for options granted or to be granted under the Plan, including the options awarded to the Company's executive officers described above, are filed herewith as Exhibits 99.1, 99.2 and 99.3, respectively and incorporated herein by reference.

On March 9, 2006, the Committee approved the terms of the 2006 executive bonus plan (the "2006 Bonus Plan") for the Company's executive officers. The 2006 Bonus Plan uses the following criteria with respect to Company performance during fiscal 2006 in determining bonus awards thereunder: same store sales growth, earnings growth and improvements in product margin. Performance targets have been established for each of the criteria and the criteria have been assigned different weighting in calculating the amounts payable under the 2006 Bonus Plan. The weighting of criteria is also tailored for each executive officer depending on his or her position and responsibilities within the Company. For each of the performance criteria there is a threshold (50% of target) below which no bonus will be earned for a respective criteria. Furthermore, there are maximum points (200% of target for same store sales growth; 175% of target for earnings growth and 200% of target for improvements in product margin) at which no further bonus amount can be earned for a respective criteria. The maximum overall payout to each executive officer under the 2006 Bonus Plan is 100% of his or her base salary. Bonus payments under the 2006 Bonus Plan, if any, will be made after the Company receives its audited 2006 financial results.

**Item 2.02. Results of Operations and Financial Condition.**

On March 15, 2006, the Company issued a press release (the "Earnings Release") reporting its financial results for the fourth quarter and fiscal year ended January 28, 2006. A copy of the Earnings Releases is attached hereto as Exhibit 99.4 and the contents of which are incorporated herein by this reference.

In accordance with General Instruction B.2. of Form 8-K, the information contained in this report and the Earnings Release shall not be deemed "Filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

**Item 8.01. Other Events.**

On March 15, 2006, the Company issued a press release reporting that its Board of Directors approved a share dividend by which each shareholder of record as of March 29, 2006 will receive one share of common stock for each share held. A copy of the press release announcing the share dividend is attached hereto as Exhibit 99.5 and the contents of which are incorporated herein by this reference.

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**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

- 99.1. Form of Stock Option Agreement
- 99.2. Form of Stock Option Grant Notice
- 99.3. Form of Notice of Exercise of Stock Option
- 99.4. Press Release of Zumiez Inc. dated March 15, 2006 (earnings release)
- 99.5. Press Release of Zumiez Inc. dated March 15, 2006 (share dividend)

**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.

ZUMIEZ INC.  
(Registrant)

Date: March 15, 2006

By: /s/ Richard M. Brooks

Richard M. Brooks  
President and Chief Executive Officer

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**STOCK OPTION AGREEMENT**  
**(Nonstatutory Stock Options)**  
**Under the**  
**Zumiez Inc.**  
**2005 EQUITY INCENTIVE PLAN**

Pursuant to your Stock Option Grant Notice (“Grant Notice”) and this Stock Option Agreement, Zumiez Inc. (the “Company”) has granted you an option under its 2005 Equity Incentive Plan (the “Plan”) to purchase the number of shares of the Company’s Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. Defined terms not explicitly defined in this Stock Option Agreement but defined in the Plan shall have the same definitions as in the Plan.

The details of your option are as follows:

1. **VESTING.** Subject to the limitations contained herein, your option will vest as provided in your Grant Notice, provided that vesting will cease upon the termination of your Continuous Service.
  2. **NUMBER OF SHARES AND EXERCISE PRICE.** The number of shares of Common Stock subject to your option and your exercise price per share referenced in your Grant Notice may be adjusted from time to time for capitalization adjustments at the Board’s sole discretion, as provided in the Plan.
  3. **METHOD OF PAYMENT.** Payment of the exercise price is due in full upon exercise of all or any part of your option. You may elect to make payment of the exercise price in any manner **permitted by your Grant Notice**, which may include one or more of the following:
    - (a) Payment pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This payment method would be in the Company’s sole discretion at the time your option is exercised and would be on condition that, at the time of exercise, the Common Stock is publicly traded and quoted regularly in *The Wall Street Journal*.
    - (b) Payment by delivery of shares of Common Stock owned by you that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. This payment method would be on condition that, at the time of exercise, the Common Stock is publicly traded and quoted regularly in *The Wall Street Journal*. “Delivery” for these purposes shall include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. Notwithstanding the foregoing, you may not exercise your option by tender to the Company of Common Stock to the extent such tender would violate the provisions of any law, regulation or agreement restricting the redemption of the Company’s Common Stock.
  4. **WHOLE SHARES.** You may exercise your option only for whole shares of Common Stock.
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5. **SECURITIES LAW COMPLIANCE.** Notwithstanding anything to the contrary contained herein, you may not exercise your option unless the shares of Common Stock issuable upon such exercise are then registered under the Securities Act or, if such shares of Common Stock are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of your option must also comply with other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in compliance with such laws and regulations.
  6. **TERM.** The term of your option commences on the Date of Grant and expires upon the **earliest** of the following:
    - (a) three (3) months after the termination of your Continuous Service for any reason other than your Disability or death; provided that, if during any part of such three (3) month period your option is not exercisable solely because of the condition set forth in the preceding paragraph relating to “Securities Law Compliance,” your option shall not expire until the earlier of the Expiration Date indicated in your Grant Notice or until it shall have been exercisable for an aggregate period of three (3) months after the termination of your Continuous Service;
    - (b) twelve (12) months after the termination of your Continuous Service due to your Disability;
    - (c) eighteen (18) months after your death if you die either during your Continuous Service or within three (3) months after your Continuous Service terminates; or
    - (d) the Expiration Date indicated in your Grant Notice.
  7. **EXERCISE.**
    - (a) You may exercise the vested portion of your option during its term by delivering a Notice of Exercise (in a form designated by the Company) together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require.
    - (b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement acceptable to the Company providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.
  8. **TRANSFERABILITY.** Your option is not transferable except by will or by the laws of descent and distribution, and is exercisable during your life only by you. Notwithstanding the foregoing, by delivering written notice to the Company, in a form satisfactory to the Company, you may designate a third party who, in the event of your death, shall thereafter be entitled to exercise your option.

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**9. OPTION NOT A SERVICE CONTRACT.** Your option is not an employment or service contract, and nothing in your option or this Stock Option Agreement shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option or this Stock Option Agreement shall obligate the Company or an Affiliate, their respective shareholders, boards of directors, Officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

**10. WITHHOLDING OBLIGATIONS.**

**(a)** At the time you exercise your option, in whole or in part, or at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a “cashless exercise” pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with your option.

**(b)** Upon your request and subject to approval by the Company, in its sole discretion, and compliance with any applicable conditions or restrictions of law, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law.

**(c)** You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company shall have no obligation to issue a certificate for such shares of Common Stock.

**11. NOTICES.** Any notices provided for in your option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company.

**12. GOVERNING PLAN DOCUMENT.** Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of your option and those of the Plan, the provisions of the Plan shall control.

**14. STOCKHOLDER RIGHTS.** You will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock of the Company with respect to your option unless and until you have satisfied all requirements for exercise of your option.

**15. GOLDEN PARACHUTE TAXES.** In the event that any amounts paid or deemed paid to you under the Plan are deemed to constitute “excess parachute payments” as defined in Section 280G of the Internal Revenue Code of 1986, as amended (taking into account any other payments made to you under the Plan and any other compensation paid or deemed paid to you), or if you are deemed to receive an “excess parachute payment” by reason of vesting of your

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options granted under the Plan pursuant to Section 12(c) of the Plan in the event of a Change in Control, the amount of such payments or deemed payments shall be reduced (or, alternatively the provisions of Section 12(c) of the Plan shall not act to vest your options), so that no such payments or deemed payments shall constitute excess parachute payments. The determination of whether a payment or deemed payment constitutes an excess parachute payment shall be in the sole discretion of the Company’s Board of Directors.

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**ZUMIEZ INC.  
STOCK OPTION GRANT NOTICE**

Zumiez Inc. (the “Company”), hereby grants to \_\_\_\_\_ (the “Optionholder”) a Nonstatutory option to purchase the number of shares of the Company’s common stock, no par value per share, (the “Common Stock”), as set forth below (the “Option”). This Option is granted pursuant to the terms of the Company’s 2005 Equity Incentive Plan (“Equity Plan”), except as modified by this Grant Notice. This Option is subject to all the terms and conditions as set forth herein and the Stock Option Agreement and the Notice of Exercise, all of which are attached hereto and incorporated herein by reference in their entirety.

Optionholder \_\_\_\_\_  
 Date of grant \_\_\_\_\_  
 Number of Shares Subject to Option \_\_\_\_\_  
 Exercise Price (per share) \_\_\_\_\_ \$  
 Expiration Date \_\_\_\_\_  
 Vesting Commencement Date \_\_\_\_\_

Vesting Schedule: Options shall vest over \_\_\_\_\_ years, with \_\_\_\_\_ % vesting on the anniversary of the date of grant.

**Payment:** By one or a combination of the following items that are checked below (as described in the Stock Option Agreement):

- By cash or check
- Pursuant to a Regulation T Program, if the Shares are publicly traded
- By delivery of already-owned shares, if the Shares are publicly traded

**Additional Terms/Acknowledgements:** The undersigned Optionholder acknowledges receipt of, and understands and agrees to, this Grant Notice, the Equity Plan, the Stock Option Agreement and the Notice of Exercise. Optionholder further acknowledges that as of the Date of Grant, this Grant Notice, the Equity Plan and the Stock Option Agreement set forth the entire understanding between Optionholder and the Company regarding acquisition of Common Stock and supersede all prior oral and written agreements on that subject.

<p><b>Zumiez Inc.</b></p> <p>By: _____                  Signature</p> <p>Title: _____                  Date: _____</p>	<p><b>Optionholder:</b></p> <p>_____ Signature</p> <p>Date: _____</p>
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**Attachments:** Stock Option Agreement, Equity Plan and the Notice of Exercise

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ZUMIEZ INC.

Notice of Exercise of Stock Option

TO: Zumiez Inc. (the "Company")

The undersigned hereby exercises the Stock Option dated [ ] granted by the Company pursuant to its 2005 Equity Incentive Plan and related Stock Option Agreement, to purchase [ ] Shares of common stock of the Company (the "Option Shares") at a price of \$ [ ] per Share, for a total purchase price of \$ [ ] .

Payment method (Choose one or a combination of the following methods). See Section 3 of your Stock Option Agreement and notify the Company if you wish to pay by other than cash or check since these alternatives may be subject to special conditions or not available under certain circumstances.

- cash or check
- By Regulation T Program ("cashless exercise")
- Delivery of already-owned shares

Details:

By this exercise, the undersigned agrees to provide for the payment by the undersigned to the Company (in the manner designated by the Company) of applicable tax withholding obligation, if any, relating to the exercise of the foregoing Stock Option.

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DATE	SIGNATURE
	PRINT NAME

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**Company Contact:**  
 Brenda Morris  
 Chief Financial Officer  
 Zumiez Inc.  
 (425) 551-1564

**Investor Contact:**  
 Integrated Corporate Relations  
 Chad Jacobs/David Griffith  
 (203) 682-8200

**ZUMIEZ INC. ANNOUNCES RECORD FISCAL 2005**

**FOURTH QUARTER RESULTS**

**Q4-05 Net Sales Increased 42.3% to \$75.4 Million;**

**Comparable Store Sales Increased 20.7% in Fourth Quarter and 14.2% in Fiscal 2005;**

**Net Income Increased 59.3% in Fourth Quarter;**

**Q4-05 Diluted EPS Increased 46.9% to \$0.47 and 67.9% to \$0.94 in Fiscal 2005;**

**Company Introduces Fiscal 2006 EPS Guidance of \$1. 22 including the initial estimates of the impact of FAS123R**

Everett, WA – March 15, 2006 – Zumiez Inc. (NASDAQ: ZUMZ) today reported results for the fourth quarter and fiscal year ended January 28, 2006.

Total net sales for the fourth quarter (13 weeks) ended January 28, 2006 increased by 42.3% to \$75.4 million from \$53.0 million reported in the fourth quarter (13 weeks) of the prior fiscal year. The company posted net income for the quarter of \$6.8 million or \$0.47 per diluted share versus net income of \$4.2 million or \$0.32 per diluted share in the fourth quarter of the prior fiscal year. Comparable store sales increased 20.7% for the fourth quarter of fiscal 2005 compared to 12.5% in the fourth quarter of fiscal 2004.

On a full year basis, total net sales for fiscal 2005 increased by 33.9% to \$205.6 million from \$153.6 million reported in the prior year. The company posted net income of \$12.9 million or \$0.94 per diluted share in fiscal 2005 versus \$7.3 million or \$0.56 per diluted share in the prior fiscal year. Comparable store sales increased 14.2% in fiscal 2005 compared to 9.6% in fiscal 2004.

Rick Brooks, President and Chief Executive Officer of Zumiez Inc., stated, “Our results for the fourth quarter and full year demonstrates the continued strength of our store model. I want

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to thank our store team and home office team for all their hard work in helping achieve these results.”

Mr. Brooks continued, “While we plan for low to mid single digit comp store sales, our 2005 actual comparable store sales increase of 14.2% shows that we have the ability to drive sales beyond our plan with our flexible merchandising strategy. We were pleased to open 35 new stores in 2005 and feel very good about our expansion plans for 2006 and beyond.”

For fiscal 2006, the company plans to open 42 new stores in a measured pace throughout the year.

Mr. Brooks concluded, “Zumiez has succeeded as a highly differentiated retail concept by bringing the feel of an independent action sports shop to the mall. Our strong culture, sales driven approach, unique training programs and passionate and committed people position us for continued long term success. We look forward to expanding the reach of Zumiez to new markets in 2006.”

2006 Outlook

The company stated that it is introducing guidance for fiscal 2006 of \$1.22, which includes the initial estimates of the impact of FAS123R, in diluted earnings per share, and that weighted average diluted shares for the year are expected to be approximately 14,650,000 shares at year end. The company also stated that it believes that its projected earnings growth rate of 30% continues to be achievable for fiscal 2006 and beyond.

In putting forth this outlook, the company reminds investors of the complexity of accurately assessing future growth given the difficulty in predicting fashion trends and consumer preferences, boardsports popularity and participation rates, general economic conditions and the impact of other business variables and risks.

A conference call will be held today to discuss fourth quarter results and will be web cast at 5:00 p.m. ET on <http://ir.zumiez.com>.

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About Zumiez Inc.

Zumiez is a leading specialty retailer of action sports related apparel, footwear, equipment and accessories. Our stores cater to young men and women between ages 12-24, focusing on skateboarding, surfing, snowboarding, motocross and BMX. As of March 15, 2006 we operate 176 stores, which are primarily located in shopping malls and our web site address is [www.zumiez.com](http://www.zumiez.com).

Safe Harbor Statement

Certain statements in this press release and oral statements made from time to time by representatives of the company constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. These statements include, without limitation,

predictions and guidance relating to the company's future earnings, growth rate and other metrics of financial performance, growing customer demand for our products and new store openings. In some cases, you can identify forward-looking statements by terminology such as, "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology. These forward-looking statements are based on management's current expectations but they involve a number of risks and uncertainties. Our actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of risks and uncertainties, which include, without limitation, risks related to our ability to open and operate new stores successfully, our ability to anticipate, identify and respond to fashion trends and customer preferences, our dependence on mall traffic for our sales, seasonal fluctuations in our business, unseasonable weather conditions, competition, including promotional and pricing competition, changes in the availability or cost of merchandise, labor or delivery services, and other risks detailed in our filings with the Securities and Exchange Commission, including the Risk Factors contained in the final prospectus relating to the public offering of our common stock filed on November 9, 2005 pursuant to Rule 424(b) under the Securities Act of 1933, available at [www.sec.gov](http://www.sec.gov). You are urged to consider these factors carefully in evaluating the forward-looking statements herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by this cautionary statement. The forward-looking statements made herein speak only as of the date of this press release and the company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

ZUMIEZ INC.  
CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(in thousands, except share and per share data)  
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	January 28, 2006	January 29, 2005	January 28, 2006	January 29, 2005
Net sales	\$ 75,401	\$ 53,001	\$ 205,589	\$ 153,583
Cost of goods sold	46,658	33,987	132,811	103,152
<b>Gross margin</b>	<b>28,743</b>	<b>19,014</b>	<b>72,778</b>	<b>50,431</b>
Selling, general and administrative expenses	18,200	12,174	52,730	38,422
<b>Operating profit</b>	<b>10,543</b>	<b>6,840</b>	<b>20,048</b>	<b>12,009</b>
Interest income (expense), net	379	(32)	648	(250)
Other income (expense)	(3)	3	(1)	8
<b>Earnings before income taxes</b>	<b>10,919</b>	<b>6,811</b>	<b>20,695</b>	<b>11,767</b>
Provision for income taxes	4,155	2,564	7,844	4,500
<b>Net income</b>	<b>\$ 6,764</b>	<b>\$ 4,247</b>	<b>\$ 12,851</b>	<b>\$ 7,267</b>
Basic net income per share	<u>\$ 0.50</u>	<u>\$ 0.37</u>	<u>\$ 0.99</u>	<u>\$ 0.64</u>
Diluted net income per share	<u>\$ 0.47</u>	<u>\$ 0.32</u>	<u>\$ 0.94</u>	<u>\$ 0.56</u>
Weighted average shares outstanding, Basic	13,622,519	11,305,261	12,939,837	11,305,261
Weighted average shares outstanding, Diluted	14,399,855	13,163,092	13,688,342	12,938,858

ZUMIEZ INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except share amounts)  
(Unaudited)

	January 28, 2006	January 29, 2005
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 4,737	\$ 1,026
Marketable Securities	38,264	—
Receivables	3,746	1,911
Inventory	30,559	23,230
Prepaid expenses and other	711	1,166
Deferred tax assets	938	859
<b>Total current assets</b>	<b>78,955</b>	<b>28,192</b>
Leasehold improvements and equipment, net	35,456	26,619
<b>Total assets</b>	<b>\$ 114,411</b>	<b>\$ 54,811</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Trade accounts payable	\$ 18,623	\$ 11,240
Book overdraft	—	429
Accrued payroll and payroll taxes	4,388	2,561
Income taxes payable	3,309	2,611



Current portion of deferred rent and tenant allowances	900	1,045
Other accrued liabilities	4,378	5,550
<b>Total current liabilities</b>	<b>31,598</b>	<b>23,436</b>
Long-term deferred rent and tenant allowances, less current portion	7,595	4,065
Deferred tax liabilities	1,534	1,511
<b>Total long term liabilities</b>	<b>9,129</b>	<b>5,576</b>
Commitments and contingencies (Note 4)		
<b>Shareholders' equity</b>		
Preferred stock, no par value, 20,000,000 shares authorized; none issued and outstanding	—	—
Common stock, no par value, 50,000,000 shares authorized; 13,629,649 shares issued and outstanding at January 28, 2006 and 11,305,261 shares issued and outstanding at January 29, 2005	34,771	44
Employee stock options	260	95
Accumulated Other Comprehensive Loss	(5)	—
Retained earnings	38,658	25,808
Receivable from parent	—	(148)
<b>Total shareholders' equity</b>	<b>73,684</b>	<b>25,799</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 114,411</b>	<b>\$ 54,811</b>

ZUMIEZ INC.  
CONDENSED CONSOLIDATED CASH FLOWS  
(in thousands)  
(Unaudited)

	For the Twelve Months Ended	
	January 28, 2006	January 29, 2005
<b>Cash flows from operating activities</b>		
Net income	\$ 12,851	\$ 7,267
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	7,534	5,857
Deferred tax expense	(56)	(16)
Stock compensation expense	165	95
Loss on disposal of assets	33	126
Changes in operating assets and liabilities		
Receivables	(1,835)	(872)
Inventory	(6,307)	(1,456)
Prepaid expenses	455	(771)
Trade accounts payable	6,361	995
Accrued payroll and payroll taxes	1,827	952
Income taxes payable	698	765
Other accrued liabilities	(1,024)	3,397
Deferred rent	383	48
<b>Net cash provided by operating activities</b>	<b>\$ 21,085</b>	<b>\$ 16,387</b>
<b>Cash flows from investing activities</b>		
Additions to leasehold improvements and equipment	\$ (13,386)	\$ (11,060)
Purchases of marketable securities	(66,496)	—
Sales and maturities of marketable securities	28,210	—
<b>Net cash used in investing activities</b>	<b>\$ (51,672)</b>	<b>\$ (11,060)</b>
<b>Cash flows from financing activities</b>		
Change in book overdraft	\$ (429)	\$ (4,035)
Borrowings on revolving credit facility	19,750	37,852
Payments on revolving credit facility	(19,750)	(38,152)
Proceeds from sale of stock	34,727	—
Principal payments on long-term debt	—	(544)
<b>Net cash provided by (used in) financing activities</b>	<b>\$ 34,298</b>	<b>\$ (4,879)</b>
<b>Net increase in cash and cash equivalents</b>	<b>\$ 3,711</b>	<b>\$ 448</b>
<b>Cash and cash equivalents, Beginning of period</b>	<b>1,026</b>	<b>578</b>
<b>Cash and cash equivalents, End of period</b>	<b>\$ 4,737</b>	<b>\$ 1,026</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for interest	\$ 61	\$ 250
Cash paid during the period for income taxes	2,746	3,812

**Company Contact:**  
Brenda Morris  
Chief Financial Officer  
Zumiez Inc.  
(425) 551-1564

**Investor Contact:**  
Integrated Corporate Relations  
Chad Jacobs/David Griffith  
(203) 682-8200

**ZUMIEZ INC. ANNOUNCES TWO-FOR-ONE STOCK SPLIT**  
**Split to be Effective April 19, 2006 for Shareholders of Record as of March 29, 2006**

Everett, WA – March 15, 2006 – Zumiez Inc. (NASDAQ: ZUMZ) today announced that the Board of Directors has approved a two-for-one stock split of the Company's common shares. The stock split will be effected through a share dividend whereby shareholders of record as of the close of trading on March 29, 2006 will receive a dividend of one share of common stock for each share of common stock they own on that date. The additional shares will be distributed on April 19, 2006. The Company had 13,629,649 shares of common stock outstanding as of March 14, 2006.

Rick Brooks, President and Chief Executive Officer of Zumiez Inc., stated, "We are pleased with the Board's decision to approve the stock split, which is intended to make Zumiez shares more accessible, and increase our shareholder base and market liquidity. Today's action reflects our confidence in Zumiez long-term strategy and the growth potential of our Company."

**About Zumiez Inc.**

Zumiez is a leading specialty retailer of action sports related apparel, footwear, equipment and accessories. Our stores cater to young men and women between ages 12-24, focusing on skateboarding, surfing, snowboarding, motocross and BMX. As of March 15, 2006 we operate 176 stores, which are primarily located in shopping malls and our web site address is [www.zumiez.com](http://www.zumiez.com).

**Safe Harbor Statement**

Certain statements in this press release and oral statements made from time to time by representatives of the company constitute forward-looking statements for purposes of the safe

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harbor provisions under the Private Securities Litigation Reform Act of 1995. These statements include, without limitation, predictions and guidance relating to the company's future earnings, growth rate and other metrics of financial performance, growing customer demand for our products and new store openings. In some cases, you can identify forward-looking statements by terminology such as, "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," or the negative of these terms or other comparable terminology. These forward-looking statements are based on management's current expectations but they involve a number of risks and uncertainties. Our actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of risks and uncertainties, which include, without limitation, risks related to our ability to open and operate new stores successfully, our ability to anticipate, identify and respond to fashion trends and customer preferences, our dependence on mall traffic for our sales, seasonal fluctuations in our business, unseasonable weather conditions, competition, including promotional and pricing competition, changes in the availability or cost of merchandise, labor or delivery services, and other risks detailed in our filings with the Securities and Exchange Commission, including the Risk Factors contained in the final prospectus relating to the public offering of our common stock filed on November 9, 2005 pursuant to Rule 424(b) under the Securities Act of 1933, available at [www.sec.gov](http://www.sec.gov). You are urged to consider these factors carefully in evaluating the forward-looking statements herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by this cautionary statement. The forward-looking statements made herein speak only as of the date of this press release and the company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

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