



Distressed Retailers Report

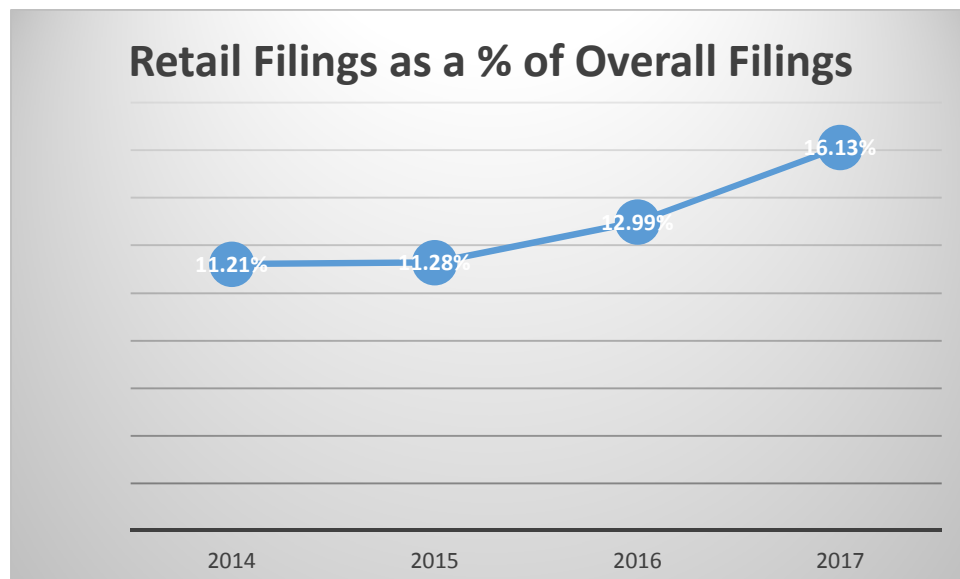
September 2017

New Generation Research, Inc.
Experts in Corporate Bankruptcy and
Companies in Distress

INTRODUCTION TO DISTRESSED RETAILERS REPORT

The retail industry is changing: Global market forces, rapidly evolving technologies, an ever-increasing proliferation of online retail purchase channels and widespread commoditization have combined to elevate the expectations of many consumers while putting tremendous pressure on retailers to find new ways to survive and grow.

As the industry struggles, the number of retailers filing for bankruptcy keeps growing, and 2017 could end up with the highest percentage of retail bankruptcies ever. We anticipate these filings rising as consumers make more purchases through diverse distribution channels and shift their discretionary spending income to other things, like travel.



As stated above, part of the challenge for brick and mortar retailers is the lure of convenient online shopping...namely Amazon. But Lindsey Bell, an investment strategist for CFRA Research, says the e-commerce giant should not solely bare the blame. Bell thinks that as millennials grow to be the dominant shoppers in the U.S., consumer spending will shift even more toward value. Meanwhile, Bell thinks electronics stores and mom-and-pop online retailers will flourish inside of retail's broader struggles.

Amazon, however, is a tough company with which other retailers must compete. Why buy a shirt from a brick and mortar store or even from an online retailer that only sells clothes, when you can conveniently get a shirt, paper goods, office supplies and dog food all in one place?

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Another contributing factor for retailer woes is the bankruptcy reform legislation enacted in 2005. Prior to these measures, debtors were often able to obtain indefinite extensions of the time during which they could decide whether to assume or reject their leases. Now, however, the Bankruptcy Code gives the debtor tenant just 120 days from the petition date to decide to assume, assign or reject the lease. The court may, for “cause,” give a debtor an additional 90 days to make such a decision. Any further extension beyond this 210-day period can only be obtained with the written consent of the landlord.

Not only has the most recent economic downturn significantly impacted retailers, it has also caused a number of property owners to seek bankruptcy protection. Under Section 365 of the Bankruptcy Code, these landlord debtors also have the right to assume, assign or reject unexpired leases.

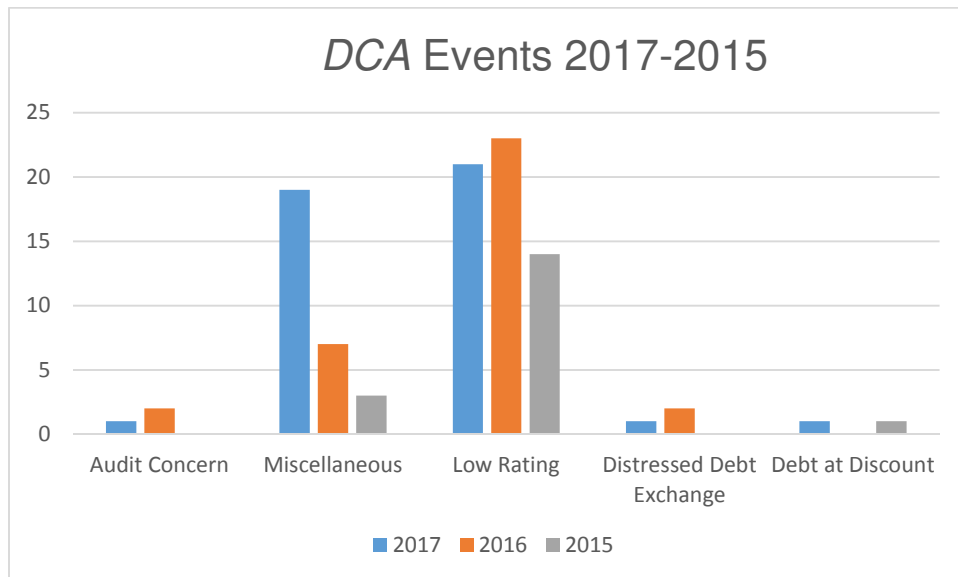
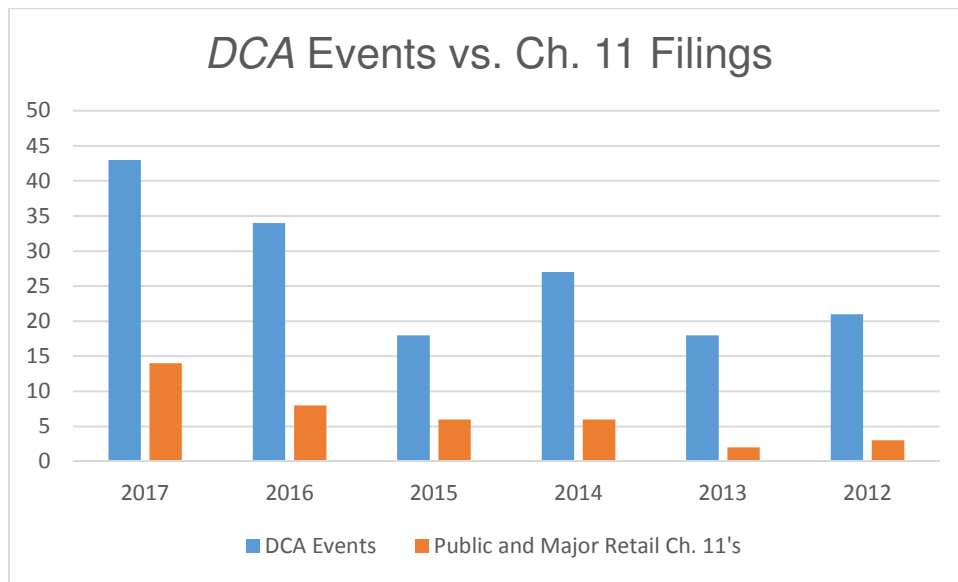
The industry is struggling and many retailers that are not in bankruptcy are cutting back and announcing stores closures (see chart on page 5). The ripple effect of this is a surge in the vacancy rates at malls and shopping centers, causing further decline in foot traffic for the remaining retailers in those locations.

The competition from online retailers is giving brick and mortar retailers a run for their money. In order to compete with their online counterparts, traditional retailers need to improve their own online shopping options, especially those that may not yet have much of an online presence. As of May 31, 2017, bebe stores, inc. recently closed all its brick and mortars and went strictly to selling online. Time will tell if this strategy bodes well for this company.

During the 1990s through early 2000s, many retail chains focused corporate efforts solely on expansion--of both store fronts and square footage, largely disregarding the mounting pressures of online competitors and other factors. As a result, the majority of today’s brick and mortar retailers now find themselves over-extended, facing distress and lacking a long term strategic plan. So the basic question still remains: What does a successful long term plan for large brick and mortar retailers look like?

DISTRESSED COMPANY ALERT

Distressed Company Alert (DCA), a product of New Generation Research, Inc., is a weekly newsletter and associated website that identifies and monitors companies in trouble, therefore, allowing subscribers to assess credit risk and identify distressed debt and new business opportunities. A majority of the data detailed this report is generated from our internal *DCA* database. *A more detailed description of the *DCA* is listed on page 13.



RETAIL STORE CLOSINGS*

<u>Company</u>	<u>Recent # of Store Closures</u>
Abercrombie & Fitch ***	370
American Eagle	150
Ascena Retail Group ***	268
Chico's FAS	120
Children's Place	200
Crocs	160
CVS	70
Family Christian	240
Finish Line, The	150
Foot Locker	100
GameStop ***	150
GNC	100
Guess	60
J.C. Penney **	138
Kmart	267
Kohls	16
Lululemon	40
Macy's	100
Michael Kors	1
Office Depot **	400
Pier One Imports ***	100
Ralph Lauren	50
Sears **	100
Staples ***	70
Subway	359
Tailored Brands	344
Teavana	379
Tiffany's	6
Vitamin World	50
Wolverine Worldwide	140

**Profiled in the *DCA*
 ***On the *DCA* Watch List

*Store closing numbers are obtained from company press releases and/or other recent press and include the number of stores closed and/or plans to close.

**RETAIL COMPANIES PROFILED IN THE *DCA* (2015 TO 2017)
THAT HAVE NOT FILED BANKRUPTCY**

<u>Company</u>	<u>Event Date</u>	<u>Event</u>
99 Cents Only Stores LLC	05/24/16	Low Rating
	01/29/16	Low Rating
	09/16/15	Low Rating
	06/29/15	Debt at Discount
bebe stores, inc.	03/24/17	Miscellaneous
Bluestem Brands, Inc.	06/29/17	Low Rating
Body Central Corp.	01/07/15	Miscellaneous
Bon-Ton Stores, Inc., The	08/31/17	Miscellaneous
	06/27/16	Low Rating
	12/01/15	Low Rating
Building Materials Holding Corporation	06/11/15	Low Rating
Charlotte Russe, Inc.	05/25/17	Low Rating
	02/06/17	Low Rating
Charming Charlie, Inc. (LLC)	02/10/17	Low Rating
	12/22/16	Low Rating
Claire's Stores, Inc.	05/22/17	Low Rating
	04/07/16	Low Rating
	04/09/15	Low Rating
David's Bridal, Inc.	08/04/17	Miscellaneous
	03/24/17	Low Rating
	01/29/16	Low Rating
	05/08/15	Low Rating
Destination Maternity Corporation	08/25/17	Miscellaneous
EFT Holdings, Inc.	07/13/16	Audit Concern
Empire Today, LLC	05/20/16	Low Rating
Everest Holdings LLC, d/b/a Eddie Bauer	05/22/17	Low Rating
	03/20/17	Low Rating
	06/28/16	Low Rating
	04/20/16	Low Rating
FULLBEAUTY Brands, Inc.	05/08/17	Low Rating
Guitar Center Holdings, Inc.	07/14/17	Miscellaneous
	05/03/17	Low Rating
	03/17/17	Debt at Discount
J.Crew Group, Inc.	03/21/17	Miscellaneous
	12/01/16	Low Rating

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**RETAIL COMPANIES PROFILED IN THE *DCA* (2015 TO 2017)
THAT HAVE NOT FILED BANKRUPTCY**

CONTINUED

<u>Company</u>	<u>Event Date</u>	<u>Event</u>
Jo-Ann Stores LLC	09/16/16	Low Rating
JRjr33, Inc.	12/30/16	Miscellaneous
Maoye International Holdings Ltd.	02/23/16	Low Rating
Men's Wearhouse, Inc., The	12/11/15	Low Rating
Nebraska Book Holdings, Inc.	03/30/16	Low Rating
Neebo, Inc.	10/30/15	Low Rating
Neiman Marcus Group LTD LLC	06/30/17	Low Rating
	02/09/17	Low Rating
	01/07/16	Low Rating
Nine West Holdings, Inc.	05/12/17	Low Rating
	01/19/17	Low Rating
	08/26/16	Low Rating
	12/03/15	Low Rating
Pinnacle Operating Corporation	02/01/17	Distressed Debt Exchange
	08/15/16	Low Rating
	08/04/15	Low Rating
Savers, Inc. (Evergreen AcqCo 1 LP)	02/10/17	Low Rating
	12/21/15	Low Rating
Sears Holding Corporation	03/21/17	Miscellaneous
	01/20/17	Low Rating
SSH Holdings, Inc. (Spencer Spirit)	08/04/17	Low Rating
Talbots, Inc., The	04/20/15	Low Rating
Things Remembered, Inc. Holdings	07/27/16	Low Rating
	06/26/15	Low Rating
Toys "R" Us, Inc.	06/15/16	Distressed Debt Exchange
Vince Holding Corp. (Vince, LLC)	06/22/17	Low Rating
	04/28/17	Audit Concern
	03/13/17	Low Rating
	10/28/16	Low Rating

**RETAIL COMPANIES PROFILED IN THE DCA PRIOR TO FILING BANKRUPTCY
(2015 TO 2017)**

<u>Bankruptcy Date</u>	<u>Company</u>	<u>Event Date</u>	<u>Event</u>
08/26/17	Perfumania Holdings, Inc.	06/01/17	Miscellaneous
06/11/17	Gymboree Corporation, The	06/01/17	Miscellaneous
		04/14/17	Miscellaneous
		03/14/17	Miscellaneous
		11/03/16	Low Rating
		04/27/16	Distressed Debt Exchange
		05/12/14	Low Rating
		12/18/13	Low Rating
		11/09/12	Low Rating
		05/03/12	Low Rating
		06/17/11	Low Rating
05/15/17	rue21, inc.	04/07/17	Miscellaneous
		01/30/17	Low Rating
		12/08/16	Low Rating
04/04/17	Payless Inc.	02/01/17	Low Rating
		12/02/16	Low Rating
		02/12/16	Low Rating
		12/20/11	Low Rating
03/16/17	Electronic Cigarettes International Group	03/28/16	Audit Concern
03/13/17	Gordmans Stores, Inc.	03/10/17	Miscellaneous
03/10/17	Gander Mountain Company Inc.	02/17/17	Miscellaneous
03/08/17	General Wireless Operations (RadioShack)	03/03/17	Miscellaneous
03/06/17	hhgregg, Inc.	02/15/17	Miscellaneous
02/28/17	BCBG Max Azria Group, LLC	01/20/17	Miscellaneous
		07/16/13	Low Rating
		06/21/12	Low Rating
		01/27/12	Low Rating
		01/06/11	Low Rating
02/02/17	Wet Seal, LLC, The	01/20/17	Miscellaneous
01/17/17	Limited Stores Company, LLC	11/23/16	Miscellaneous
11/01/16	DirectBuy Holdings, Inc.	02/13/12	Low Rating
		11/07/11	Low Rating
		09/02/11	Low Rating

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**RETAIL COMPANIES PROFILED IN THE *DCA* PRIOR TO FILING BANKRUPTCY
(2015 TO 2017)**

CONTINUED

<u>Bankruptcy Date</u>	<u>Company</u>	<u>Event Date</u>	<u>Event</u>
09/14/16	Golfsmith International Holdings, Inc.	08/04/16	Miscellaneous
		09/15/15	Low Rating
		09/25/14	Low Rating
06/13/16	Hastings Entertainment, Inc.	06/10/16	Miscellaneous
05/04/16	Aeropostale, Inc.	03/25/16	Miscellaneous
04/18/16	Vestis Retail Group, LLC	04/08/16	Miscellaneous
03/02/16	Sports Authority, Inc., The	01/20/16	Low Rating
		12/04/15	Miscellaneous
		02/19/15	Low Rating
02/02/16	Hancock Fabrics, Inc.	01/14/16	Miscellaneous
02/05/15	RadioShack Corporation	09/11/14	Low Rating
		05/15/14	Low Rating
		03/05/14	Low Rating
		08/01/13	Low Rating
		03/04/13	Low Rating
		10/08/12	Low Rating
		07/25/12	Low Rating
02/04/15	Cache, Inc.	01/23/15	Miscellaneous
01/15/15	Wet Seal, Inc., The	11/25/14	Miscellaneous
		12/28/04	Miscellaneous
		08/19/04	Miscellaneous

ALL RETAIL BANKRUPTCY FILINGS* 2013 – 2017

<u>Company</u>	<u>Bankruptcy Date</u>	<u>Description</u>	<u>Pre- Petition Assets*</u>
Perfumania Holdings, Inc.	08/26/17	Specialty Retailer of Perfumes	\$310
Peekay Boutiques, Inc.	08/10/17	Specialty Retailer	8
Gymboree Corporation, The	06/11/17	Children's Apparel Retailer	1,157
rue21, inc.	05/15/17	Clothing Retailer	1,000
Payless Inc.	04/04/17	Footwear Retailer	500
Electronic Cigarettes International Ltd.	03/16/17	Markets E-Cigarettes	95
Gordmans Stores, Inc.	03/13/17	Department Store	230
Gander Mountain Company Inc.	03/10/17	Specialty Store Retailer	500
General Wireless Operations Inc.	03/08/17	Electronics Retailer	100
hhgregg, Inc.	03/06/17	Electronics Retailer	385
BCBG Max Azria Group, LLC	02/28/17	Women's Apparel Retailer	223
Eastern Outfitters, LLC	02/05/17	Retail Store Operator	1,000
Wet Seal, LLC, The	02/02/17	Specialty Retailer	10
Limited Stores Company, LLC	01/17/17	Retail Clothing Store	10
DirectBuy Holdings, Inc.	11/01/16	Housewares' Retailer	29
Golfsmith International Holdings, Inc.	09/14/16	Specialty Golf Retailer	125
Hastings Entertainment, Inc.	06/13/16	Entertainment Retailer	100
Aeropostale, Inc.	05/04/16	Specialty Retailer	512
Vestis Retail Group, LLC	04/18/16	Retail Store Operator	0
Pacific Sunwear of California, Inc.	04/07/16	Specialty Retailer	252
Sports Authority, Inc., The	03/02/16	Sporting Goods Retailer	1,600
Hancock Fabrics, Inc.	02/02/16	Fabric Retailer	157
USA Discounters, Ltd.	08/24/15	Appliance & Jewelry Retailer	100
Assured Pharmacy, Inc.	03/05/15	Operates Pharmacies	1
RadioShack Corporation	02/05/15	Consumer Electronics Retailer	1,591
Cache, Inc.	02/04/15	Woman's Specialty Retailer	52
Xhibit Corp. (dba SkyMall)	01/22/15	Specialty Retailer	87
Wet Seal, Inc., The	01/15/15	Specialty Retailer	152
dELiA*s, Inc.	12/07/14	Multi-Channel Retail Co.	70
Deb Stores Holding LLC	12/04/14	Women's Clothing Retailer	91
ALCO Stores, Inc.	10/12/14	Department Stores	235
Luxeyard, Inc.	09/19/14	Online Retailer	1
Crumbs Bake Shop, Inc.	07/11/14	Retail Food Shop	20
Coldwater Creek Inc.	04/11/14	Women's Apparel Retailer	346
Brookstone, Inc.	04/03/14	Specialty Retailer	406
Loehmann's Holdings Inc.	12/15/13	Specialty Retail Stores	50
Orchard Supply Hardware Stores Corp.	06/17/13	Hardware & Garden Stores	407

*Assets in \$mils / filings a/o 8/31/2017 / Includes publicly traded companies as well as notable private companies

30 LARGEST RETAIL BANKRUPTCIES* OF ALL TIME

<u>Company</u>	<u>Bankruptcy Date</u>	<u>Description</u>	<u>Pre- Petition Assets*</u>
Kmart Corporation	01/22/02	Retail Discount Stores	\$14,630
Federated Dept. Stores	01/15/90	Retail Department Stores	7,913
Enstar Group, Inc.	01/04/91	S&L and Specialty Retail	5,594
Montgomery Ward Holding Corporation	07/07/97	Retail Department Stores	4,879
R.H. Macy & Co., Inc.	01/27/92	Department Store Chain	4,812
Circuit City Stores, Inc.	11/10/08	Consumer Electronics	3,746
Allied Stores Corp.	01/15/90	Retail Department Stores	3,502
Montgomery Ward, LLC	12/28/00	Department Stores	3,492
Carter Hawley Hale Stores	02/11/91	Retail Department Stores	2,045
Ames Department Stores, Inc.	08/20/01	Regional Discount Retailer	1,996
Spiegel, Inc.	03/17/03	Specialty Retailer	1,890
Revco D.S., Inc.	07/28/88	Retail Pharmacy Chain	1,844
Zale Corporation	01/23/92	Retail Jewelry Chain	1,789
Linens 'n Things, Inc.	05/02/08	Home Furnishings Retailer	1,740
Service Merchandise Company, Inc.	03/27/99	Jewelry Merchandise	1,627
Ames Department Stores, Inc.	04/25/90	Department Stores	1,602
Sports Authority, Inc., The	03/02/16	Sporting Goods Retailer	1,600
RadioShack Corporation	02/05/15	Consumer Electronics	1,591
Hechinger Company	06/11/99	Lumber Materials Retailer	1,577
Heilig-Meyers Company	08/16/00	Home Furnishings Retailer	1,458
Best Products Co., Inc.	01/04/90	Discount Retail Chain	1,438
Borders Group, Inc.	02/16/11	Book, Movie & Music Stores	1,425
Payless Cashways, Inc.	07/21/97	Lumber Materials Retailer	1,293
Webvan Group, Inc.	07/13/01	Internet Retailer	1,290
Petrie Stores Corporation	10/12/95	Women's Specialty Stores	1,274
Phar-Mor, Inc.	08/17/92	Discount Drugstore Chain	1,170
Gymboree Corporation, The	06/11/17	Children's Apparel Retailer	1,157
Caldor Corporation	09/18/95	Discount Retailer	1,136
Hills Department Stores	02/04/91	Retail Department Stores	1,059
rue21, inc.	05/15/17	Clothing Retailer	1,000

*Assets in \$mils / filings a/o 8/31/2017 / Includes publicly traded companies as well as notable private companies.

OUTCOMES OF RETAIL BANKRUPTCY FILINGS

<u>Company</u>	<u>Bankruptcy Date</u>	<u>Assets*</u>	<u>Outcome Date</u>	<u>Outcome</u>
DirectBuy Holdings, Inc.	11/01/16	\$29	08/29/17	Case Dismissed
Payless Inc.	04/04/17	500	08/10/17	Private
BCBG Max Azria Group, LLC	02/28/17	223	07/31/17	Acq. by Marquee Brands
Hancock Fabrics, Inc.	02/02/16	157	07/28/17	Brand/Trademarks Acq.
USA Discounters, Ltd.	08/24/15	100	03/06/17	Liquidated
Hastings Entertainment, Inc.	06/13/16	100	02/20/17	Liquidated
Pacific Sunwear of California, Inc.	04/07/16	252	09/08/16	Acq. by Golden Gate Capital LP
dELiA*s, Inc.	12/07/14	70	03/21/16	Case Dismissed
Wet Seal, Inc., The	01/15/15	1,591	12/31/15	Acq. by Versa Capital Mgmt.
Cache, Inc.	02/04/15	52	11/19/15	Case Dismissed
RadioShack Corporation	02/05/15	87	10/08/15	Acq. by Gen. Wireless & Sprint
Xhibit Corp. (dba SkyMall)	01/22/15	235	09/14/15	Liquidated
ALCO Stores, Inc.	10/12/14	1	07/22/15	Liquidated
Kranem Corporation	11/25/13	19	05/15/15	Case Dismissed
Assured Pharmacy, Inc.	03/05/15	259	04/16/15	Acq. by Precise Analytical
Tweeter Home Entertainment Group, Inc.	06/11/07	346	10/31/14	Liquidated
Coldwater Creek Inc.	04/11/14	406	10/01/14	Liquidated
Brookstone, Inc.	04/03/14	407	07/08/14	Sailing Innovation
Orchard Supply Hardware Stores Corp.	06/17/13	1,996	02/24/14	Liquidated
Ames Department Stores, Inc.	08/20/01	4	11/19/13	Liquidated
Waste2Energy Holdings, Inc.	09/12/11	271	09/04/13	Liquidated
Bakers Footwear Group, Inc.	10/03/12	42	01/23/13	Converted to Ch. 7
Filene's Basement, LLC (Syms)	11/02/11	616	09/17/12	Emerged - Public (TPHS)
Sharper Image Corporation	02/19/08	264	08/13/12	Case Dismissed
RoomStore, Inc.	12/12/11	85	07/24/12	Converted to Ch. 7
Nebraska Book Company, Inc.	06/27/11	81	06/29/12	Emerged - Private
HearUSA, Inc.	05/16/11	14	06/18/12	Liquidated
Game Trading Technologies, Inc.	01/30/12	1,425	05/03/12	Sold to LA Closeout & Micro
Borders Group, Inc.	02/16/11	243	01/12/12	Liquidated
Harry & David Holdings, Inc.	03/28/11	204	09/13/11	Emerged - Private
Gottschalks Inc.	01/14/09	24	03/01/11	Liquidated
Loehmann's Holdings, Inc.	11/15/10	332	03/01/11	Emerged - Private
Jennifer Convertibles, Inc.	07/18/10	3,746	02/23/11	Emerged - Private
Circuit City Stores, Inc.	11/10/08	1	11/01/10	Liquidated
SKYE International, Inc.	12/16/09	97	10/07/10	Emerged - Public (SKYIE)
Parent Company, The (eToys Direct 1)	12/28/08	567	09/01/10	Liquidated
Finlay Enterprises, Inc.	08/05/09	124	08/02/10	Liquidated
Walking Company Holdings, Inc., The	12/07/09	597	04/28/10	Emerged - Public (WALK.PK)
Eddie Bauer Holdings, Inc.	06/17/09	31	04/06/10	Golden Gate Capital
Whitehall Jewelers Holdings, Inc.	06/23/08	185	03/22/10	Case Dismissed
S & K Famous Brands, Inc.	02/09/09	0	03/18/10	Liquidated
Linens 'n Things, Inc.	05/02/08	1,740	02/26/10	Converted to Ch. 7
Woozyfly, Inc.	05/12/09	357	02/19/10	Emerged - Private; n/k/a STW

*Assets in \$mils

Distressed Company Alert

The goal of the *Distressed Company Alert* newsletter is to alert subscribers of significant recent events reported by publicly traded companies indicating possible distress. Some significant privately-held companies are included as well.

Categories Triggering an Alert:

- Default:

A missed interest or principal payment on a debt obligation or the election of a company to not make a payment during or after the grace period.

- Covenant Violation:

A violation of a covenant in an agreement or indenture governing a debt obligation.

- Audit Concern:

A qualification as to the Company's ability to continue as a going concern is reported by its independent accountants in an annual report.

- Low Rating:

A major ratings agency has downgraded a Company's publicly traded debt or any other rating to below a "B" rating, indicating vulnerability to default.

- Debt at Significant Discount:

The Company's public debt trades with a current yield or yield-to-maturity in excess of ten points over long-term Treasury bond rate.

- Distressed Debt Exchange:

A debt exchange where the principal amount or interest rate is significantly reduced because the issuer is having difficulty meeting the original terms.

- Preferred Dividend Omission:

The Company omits a dividend on its preferred stock.

- Miscellaneous

The editors determine a recent event that represents distress or challenges the future prospects of the Company.

DISCLAIMER: Company profiles in the *Distressed Company Alert* are selected by the editors because, in their opinion, the occurrence of such an event or the existence of such a circumstance is a likely indicator of current or prospective financial or operating difficulty. The inclusion of a profile suggests the possibility of financial distress or the possibility that the Company may be of interest to workout professionals for some other reason. *Inclusions do not represent analysis of the condition of the Company or a definitive determination that the Company is in difficulty.*

ACCURACY & COVERAGE: The information presented has been obtained from sources believed to be reliable, but accuracy cannot be guaranteed. Do not rely on the *Distressed Company Alert* without independent verification.

BankruptcyData

BankruptcyData, a division of New Generation Research, Inc. and leading provider of information on companies in bankruptcy, is pleased to provide you with this *Distressed Retailers Report*.

BankruptcyData houses the industry's most extensive database of business bankruptcy information. Professionals from across all industries subscribe to our service and use our bankruptcy resources. BankruptcyData allows subscribers to spend less time looking for business bankruptcy information and more time using it.

BankruptcyData

- Provides a daily file of the previous days' business bankruptcy filings which includes the following data points: debtor contact information, bankruptcy case information, trustee and debtor attorney information, information from the bankruptcy filing petition (asset range, liability range and number of creditors), industry description, SIC code, a link to the bankruptcy petition and more;
- Monitors bankruptcy activity by providing streaming dockets from the U.S. Bankruptcy Courts for all business bankruptcy filings;
- Tracks bankruptcy cases by writing news on significant and actionable events for publicly traded bankruptcy cases;
- Provides a platform where subscribers can easily query and output data from our robust database of business bankruptcy filing information;
- Supplies professional retention data, including rates and final fees;
- Serves as the "hub" of business bankruptcy information that professionals have trusted and relied upon since 1986.

New Generation Research, Inc.
BankruptcyData
1212 Hancock Street, Suite LL-15
Quincy, MA 02169
www.BankruptcyData.com
Tel: (617) 573-9550
Fax: (617) 328-1419
customersupport@bankruptcydata.com