

## Christopher and Banks (CBK)

<b>Price:</b>	<b>\$1.39</b>	Price/Book:	0.67	Net Tang. Asset Yr. 5/Share:	\$1.58
<b>Market Cap:</b>	<b>\$50,999,100</b>	EV/FCF:	6.21	Avg. Year FCF/Share:	\$0.06
<b>Cash:</b>	<b>\$28,380,000</b>	<b>Net Tang. Asset/Share:</b>	<b>\$2.08</b>	Year 5 Disposition FCF Multipl:	3.0
<b>Debt:</b>	<b>\$0</b>	Avg. Year 1-5 FCF/Share:	\$0.06	<b>Year 5 Disposition Price:</b>	<b>\$1.75</b>
<b>Net Cash:</b>	<b>\$28,380,000</b>	<b>5 Years of FCF:</b>	<b>\$0.28</b>	<b>Gain Year 5:</b>	<b>-\$0.34</b>
<b>Enterprise Value:</b>	<b>\$22,619,100</b>	Net Tang. Asset+5 FCF:	\$2.37		
		<b>Net Tang. Asset+5 FCF+ Gain Disposition:</b>			<b>\$2.03</b>
		<b>IRR:</b>			<b>7.84%</b>

Aria Partners looking to purchase Christopher & Banks (CBK), a women's clothing retailer, for \$75 MM, and cited the boards reluctance to accept the offer is greed related. We ran a quick valuation on CBK and ARIA could expect \$10 MM annually in FCF off a \$75 MM investment. Sales is \$400 MM, but falling 5% annually and COGS is 65-75%. SG&A around \$150 MM, or 30%. Company has zero debt, and \$140 MM in tangible assets, of which, \$48 MM is cash. Book value of \$75 MM, so CBK is purchasing at book value. Still pays out \$8 MM on dividends from about \$20 MM in operating cashflow, with \$10 MM in cap ex, or FCF of \$2 MM, or \$10 MM in accretive cash to the company.

Based off today's financials, the company is a dud, but restructuring the company by closing down stores, shrinking SG&A could make this company a bargain. Establishing the footprint, with +600 stores in 48 states is very difficult, especially with a \$75 MM investment. Aria would be getting the operation and assets for a steal with this investment, but on the other hand, could be a poor bet if the stores don't turn around.

We forecasted SG&A and COGS at 30% and 63%, lower than the 32%, 65% 3 year average excluding the previous years train wreck. A 5% improvement would make the company an attractive investment.



# SN VALUATION

# LBO Analysis

WACC Terminal Value:	N/A	<b>Intrinsic Price in 5 Years:</b>	<b>2.87</b>	<b>Non-LBO Forecast</b>	<b>Non-LBO Forecast</b>	<b>Desired Return Rate</b>	<b>20.00%</b>
EV/EBITDA with 3X Multiple Terminal Value:	\$2.72	Market Price:	1.39	Year 1 Target	1.61	<b>Implied Today's Price</b>	<b>1.15</b>
Net Tangible Asset Terminal Value:	\$2.07	LBO Price:	<b>1.39</b>	Year 2 Target	1.86	Overvalued/(Undervalued)	20.56%
EV/EBITDA with Today's Multiple Terminal Value:	\$3.83	Premium to Market Price:	0.00%	Year 3 Target	2.15		
<b>EVA Enterprise Value:</b>	<b>\$2.85</b>	LBO Price/Intrinsic Price Target:	15.59%	Year 4 Target	2.48		
<b>Dividend Discount Model:</b>	N/A	LBO Price/EV/EBIT Exit Price:	22.50%	Year 5 Target	2.87		
<b>Average (Excluding Dividend Discount):</b>	<b>\$2.87</b>	Implied IRR at today's EV/EBITDA:	22.50%	<b>Implied IRR (Market Price):</b>	<b>15.59%</b>		
		5 Year Return:	106.39%				

Current Evaluation				Exit Evaluation			
Current Market Price:	1.39	LBO Price:	1.39	Exit Price:	2.87	Exit Price:	3.83
Outstanding Shares:	36,690,000	Outstanding Shares:	36,690,000	Outstanding Shares:	36,690,000	Outstanding Shares:	36,690,000
<b>Market Capitalization:</b>	<b>50,999,100</b>	<b>Market Capitalization:</b>	<b>50,999,100</b>	<b>Market Capitalization:</b>	<b>105,258,137</b>	<b>Market Capitalization:</b>	<b>140,701,479</b>
Available Cash:	28,380,000	Available Cash:	28,380,000	Available Cash:	38,696,034	Available Cash:	38,696,034
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	28,380,000	Net Cash:	28,380,000	Net Cash:	38,696,034	Net Cash:	38,696,034
<b>Enterprise Value:</b>	<b>22,619,100</b>	<b>Enterprise Value:</b>	<b>22,619,100</b>	<b>Enterprise Value:</b>	<b>66,562,103</b>	<b>Enterprise Value:</b>	<b>102,005,445</b>
Original EV/EBITDA:	-0.32	EV/EBITDA:	-0.32	EV/EBITDA at 5 Years:	-11.89	EV/EBITDA at 5 Years:	<b>5.00</b>
Original EV/EBITDA:	-0.72	EV/EBITDA:	-0.44	EV/EBITDA at 5 Years:	5.78	EV/EBITDA at 5 Years:	9.24
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	1.39	1.39	1.61	1.86	2.15	2.48	2.87
Shares Outstanding:	36,690,000	36,690,000	36,690,000	36,690,000	36,690,000	36,690,000	36,690,000
<b>Market Capitalization:</b>	<b>50,999,100</b>	<b>50,999,100</b>	<b>58,952,353</b>	<b>68,145,907</b>	<b>78,773,186</b>	<b>91,057,777</b>	<b>105,258,137</b>
Available Cash:	28,380,000	28,380,000	33,584,000	36,652,020	38,502,531	39,172,059	38,696,034
Debt:	0	0	0	0	0	0	0
Net Cash:	28,380,000	28,380,000	33,584,000	36,652,020	38,502,531	39,172,059	38,696,034
<b>Enterprise Value:</b>	<b>22,619,100</b>	<b>22,619,100</b>	<b>25,368,353</b>	<b>31,493,887</b>	<b>40,270,655</b>	<b>51,885,718</b>	<b>66,562,103</b>
EBIT	-71,770,000	-71,770,000	-2,470,400	-3,646,880	-4,317,474	-4,967,949	-5,598,911
EV/EBIT:	-0.32	-0.32	-10.27	-8.64	-9.33	-10.44	-11.89
EBITDA	-51,570,000	-51,570,000	16,719,600	14,583,620	13,366,111	12,185,128	11,039,574
EV/EBITDA:	-0.44	-0.44	1.52	2.16	3.01	4.26	6.03

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	1.39	1.39	0.94	1.03	1.09	1.11	1.10
Shares Outstanding:	36,690,000	36,690,000	36,690,000	36,690,000	36,690,000	36,690,000	36,690,000
<b>Market Capitalization:</b>	<b>50,999,100</b>	<b>50,999,100</b>	<b>34,362,574</b>	<b>37,801,374</b>	<b>39,863,230</b>	<b>40,737,763</b>	<b>40,460,592</b>
Available Cash:	28,380,000	28,380,000	33,584,000	36,652,020	38,502,531	39,172,059	38,696,034
Debt:	0	0	0	0	0	0	0
Net Cash:	28,380,000	28,380,000	33,584,000	36,652,020	38,502,531	39,172,059	38,696,034
<b>Enterprise Value:</b>	<b>22,619,100</b>	<b>22,619,100</b>	<b>778,574</b>	<b>1,149,354</b>	<b>1,360,699</b>	<b>1,565,704</b>	<b>1,764,558</b>
EBIT	-71,770,000	-71,770,000	-2,470,400	-3,646,880	-4,317,474	-4,967,949	-5,598,911
EV/EBIT:	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32	-0.32
EBITDA	-51,570,000	-51,570,000	16,719,600	14,583,620	13,366,111	12,185,128	11,039,574
EV/EBITDA:	-0.44	-0.44	0.05	0.08	0.10	0.13	0.16

LBO Price	1.39	Equity Partners:	50,999,100	Weighting	<b>100.00%</b>	<b>Annualized Return for Equity Partners: 22.50%</b>
Shares Outstanding	36,690,000	Debt Partners:	0		0.00%	
<b>Market Capitalization</b>	<b>50,999,100</b>	<b>Total Funds for LBO:</b>	<b>50,999,100</b>		<b>100.00%</b>	
Debt	0					
Cash	28,380,000					
<b>Enterprise Value</b>	<b>22,619,100</b>					
<b>Capital Investment</b>	<b>50,999,100</b>					

<b>Book Value</b>		<b>Enterprise Value</b>		<b>Stock Valuation</b>		<b>Debt Reduction</b>	
Beginning Book Value	76.40	Beginning Enterprise Value	22.62	Current Market Price	\$1.39	Starting Debt	0.00
Year 5 Book Value	57.82	Year 5 Enterprise Value	102.01	Year 5 Market Price	\$3.83	Debt Repayment	0.00
<b>Annualized Return</b>	<b>-5.42%</b>	<b>Annualized Return</b>	<b>35.15%</b>	<b>Annualized Return</b>	<b>22.50%</b>	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Christopher and Banks

Ticker:

CBK

	Historical				Forecasted				
	52 weeks ending 2009-02-28	52 weeks ending 2010-02-27	52 weeks ending 2011-02-26	48 weeks ending 2012-01-28	2011	2012	2013	2014	2015
Revenue	530.74	455.40	448.13	412.80	392.16	372.55	361.38	350.53	340.02
COGS	341.73	289.13	292.71	311.93	247.06	234.71	227.67	220.84	214.21
<b>Gross margin</b>	<b>189.01</b>	<b>166.27</b>	<b>155.42</b>	<b>100.87</b>	<b>145.10</b>	<b>137.84</b>	<b>133.71</b>	<b>129.70</b>	<b>125.81</b>
SG&A	172.29	138.71	142.46	131.26	117.65	111.77	108.41	105.16	102.01
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	4.56	2.94	2.78	21.18	3.92	3.73	3.61	3.51	3.40
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS	26.27	25.99	24.74	20.20	26.00	26.00	26.00	26.00	26.00
<b>Operating Income (EBITA)</b>	<b>-14.11</b>	<b>-1.37</b>	<b>-14.56</b>	<b>-71.77</b>	<b>-2.47</b>	<b>-3.65</b>	<b>-4.32</b>	<b>-4.97</b>	<b>-5.60</b>
Interest income/(expense)	1.81	0.73	0.41	0.32	0.48	0.48	0.48	0.48	0.48
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.00
<b>Income before tax</b>	<b>-12.30</b>	<b>-0.64</b>	<b>-14.11</b>	<b>-71.45</b>	<b>-1.99</b>	<b>-3.16</b>	<b>-3.83</b>	<b>-4.48</b>	<b>-5.11</b>
Tax	-4.22	-0.60	-0.99	-0.39	0.00	0.00	0.00	0.00	0.00
<b>Income after tax</b>	<b>-8.08</b>	<b>0.16</b>	<b>-22.17</b>	<b>-71.06</b>	<b>-1.99</b>	<b>-3.16</b>	<b>-3.83</b>	<b>-4.48</b>	<b>-5.11</b>
Minority Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income</b>	<b>-8.08</b>	<b>0.16</b>	<b>-22.17</b>	<b>-71.06</b>	<b>-1.99</b>	<b>-3.16</b>	<b>-3.83</b>	<b>-4.48</b>	<b>-5.11</b>
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.22	\$0.00	-\$0.60	-\$1.94	-\$0.05	-\$0.09	-\$0.10	-\$0.12	-\$0.14
P/E (historical today's price; forecasted intrinsic price)	-6.31	318.74	-2.30	-0.72	-29.68	-21.55	-20.55	-20.31	-20.58
<b>Revenue Growth</b>	<b>N/A</b>	<b>-14.20%</b>	<b>-1.60%</b>	<b>-7.88%</b>	<b>-5.00%</b>	<b>-5.00%</b>	<b>-3.00%</b>	<b>-3.00%</b>	<b>-3.00%</b>
Tax Rate	34.31%	125.00%	57.12%	0.55%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
<b>Margins</b>									
COGS	64.39%	63.49%	65.32%	75.56%	63.00%	63.00%	63.00%	63.00%	63.00%
<b>Gross margin</b>	<b>35.61%</b>	<b>36.51%</b>	<b>34.68%</b>	<b>24.44%</b>	<b>37.00%</b>	<b>37.00%</b>	<b>37.00%</b>	<b>37.00%</b>	<b>37.00%</b>
SG&A	32.46%	30.46%	31.79%	31.80%	30.00%	30.00%	30.00%	30.00%	30.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.86%	0.65%	0.62%	5.13%	1.00%	1.00%	1.00%	1.00%	1.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	4.95%	5.71%	5.52%	4.89%	6.63%	6.98%	7.19%	7.42%	7.65%
<b>Operating Income (EBITA)</b>	<b>-2.66%</b>	<b>-0.30%</b>	<b>-3.25%</b>	<b>-17.39%</b>	<b>-0.63%</b>	<b>-0.98%</b>	<b>-1.19%</b>	<b>-1.42%</b>	<b>-1.65%</b>
Interest income/(expense)	0.34%	0.16%	0.09%	0.08%	0.12%	0.13%	0.13%	0.14%	0.14%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income before tax</b>	<b>-2.32%</b>	<b>-0.14%</b>	<b>-3.15%</b>	<b>-17.31%</b>	<b>-0.51%</b>	<b>-0.85%</b>	<b>-1.06%</b>	<b>-1.28%</b>	<b>-1.50%</b>
Tax	-0.80%	-0.18%	1.80%	-0.09%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Income after tax</b>	<b>-1.52%</b>	<b>0.04%</b>	<b>-4.95%</b>	<b>-17.21%</b>	<b>-0.51%</b>	<b>-0.81%</b>	<b>-0.98%</b>	<b>-1.14%</b>	<b>-1.30%</b>
Minority Interest	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Net income</b>	<b>-1.52%</b>	<b>0.04%</b>	<b>-4.95%</b>	<b>-17.21%</b>	<b>-0.51%</b>	<b>-0.85%</b>	<b>-1.06%</b>	<b>-1.28%</b>	<b>-1.50%</b>

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2009-02-28	As of 2010-02-27	As of 2011-02-26	As of 2012-01-28	As of 2012-04-28	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	78.81	37.07	43.71	40.78	21.69			21.69	26.89	29.96	31.81	32.48	32.01
Short term investment	0.00	62.25	33.06	7.66	6.69			6.69	6.69	6.69	6.69	6.69	6.69
<b>Cash and Short term</b>	<b>78.81</b>	<b>99.32</b>	<b>76.77</b>	<b>48.44</b>	<b>28.38</b>			<b>28.38</b>	<b>33.58</b>	<b>36.65</b>	<b>38.50</b>	<b>39.17</b>	<b>38.70</b>
Accounts Receivable	3.49	3.36	3.97	3.65	4.88			4.88	4.88	4.88	4.88	4.88	4.88
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Receivables</b>	<b>3.49</b>	<b>3.36</b>	<b>3.97</b>	<b>3.65</b>	<b>4.88</b>			<b>4.88</b>	<b>4.88</b>	<b>4.88</b>	<b>4.88</b>	<b>4.88</b>	<b>4.88</b>
Total Inventory	38.83	38.50	39.21	39.45	44.45			44.45	44.45	44.45	44.45	44.45	44.45
Prepaid Expenses	1.94	1.64	1.99	3.29	3.18			3.18	3.18	3.18	3.18	3.18	3.18
Other Current Assets	3.79	5.51	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Current Assets</b>	<b>126.86</b>	<b>148.33</b>	<b>121.94</b>	<b>94.83</b>	<b>80.89</b>	<b>0.00</b>	<b>0.00</b>	<b>80.89</b>	<b>86.09</b>	<b>89.16</b>	<b>91.01</b>	<b>91.68</b>	<b>91.21</b>
PP&E, Gross	263.93	264.95	233.47	214.00	214.00			214.00	226.00	238.00	250.00	262.00	274.00
Change in Depreciation		25.98	24.74	20.20	20.20			20.20	19.19	18.23	17.68	17.15	16.64
Accumulated Depreciation	143.58	168.84	156.82	160.00	160.00			160.00	179.19	197.42	215.10	232.26	248.90
<b>PP&amp;E, Net</b>	<b>120.35</b>	<b>96.11</b>	<b>76.65</b>	<b>54.00</b>	<b>54.00</b>			<b>54.00</b>	<b>46.81</b>	<b>40.58</b>	<b>34.90</b>	<b>29.74</b>	<b>25.10</b>
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Intangibles	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00
Long term investments	16.40	13.62	28.82	13.28	5.29			5.29	5.29	5.29	5.29	5.29	5.29
Other long term assets	7.35	7.96	0.31	0.17	0.17			0.17	0.17	0.17	0.17	0.17	0.17
<b>Long Term Assets</b>	<b>144.10</b>	<b>117.69</b>	<b>105.78</b>	<b>67.55</b>	<b>59.46</b>			<b>59.46</b>	<b>52.27</b>	<b>46.04</b>	<b>40.36</b>	<b>35.20</b>	<b>30.56</b>
<b>Total Assets</b>	<b>270.96</b>	<b>266.02</b>	<b>227.72</b>	<b>162.38</b>	<b>140.35</b>	<b>0.00</b>	<b>0.00</b>	<b>140.35</b>	<b>138.36</b>	<b>135.20</b>	<b>131.37</b>	<b>126.88</b>	<b>121.77</b>
Accounts Payable	19.81	13.65	15.15	18.36	16.00			16.00	16.00	16.00	16.00	16.00	16.00
Accrued Expense	31.69	27.64	29.81	32.51	25.21			25.21	25.21	25.21	25.21	25.21	25.21
Other current Liabilities	0.49	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Current Liabilities</b>	<b>51.99</b>	<b>41.29</b>	<b>44.96</b>	<b>50.87</b>	<b>41.21</b>	<b>0.00</b>	<b>0.00</b>	<b>41.21</b>	<b>41.21</b>	<b>41.21</b>	<b>41.21</b>	<b>41.21</b>	<b>41.21</b>
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Interest Earning Debt</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Deferred Income tax	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other liabilities	37.93	32.28	24.97	25.79	22.67			22.67	22.67	22.67	22.67	22.67	22.67
<b>Total Liabilities</b>	<b>89.92</b>	<b>73.57</b>	<b>69.93</b>	<b>76.66</b>	<b>63.88</b>	<b>0.00</b>	<b>0.00</b>	<b>63.88</b>	<b>63.88</b>	<b>63.88</b>	<b>63.88</b>	<b>63.88</b>	<b>63.88</b>
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.45	0.46	0.45	0.46	0.47		0.00	0.47	0.47	0.47	0.47	0.47	0.47
Additional Paid-in capital	111.76	113.58	114.91	117.40	117.86	0.00	0.00	117.86	117.86	117.86	117.86	117.86	117.86
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	200.72	192.36	161.64	84.15	70.74		0.00	70.74	68.75	65.59	61.76	57.27	52.16
Treasury Stock	-112.71	-112.71	-112.71	-112.71	-112.71			-112.71	-112.71	-112.71	-112.71	-112.71	-112.71
Other Equity	0.00	0.04	-0.07	0.06	0.04		0.00	0.04	0.04	0.04	0.04	0.04	0.04
<b>Total Equity</b>	<b>200.22</b>	<b>193.73</b>	<b>164.22</b>	<b>89.36</b>	<b>76.40</b>	<b>0.00</b>	<b>0.00</b>	<b>76.40</b>	<b>74.41</b>	<b>71.25</b>	<b>67.42</b>	<b>62.93</b>	<b>57.82</b>
<b>Liability + Equity</b>	<b>290.14</b>	<b>267.30</b>	<b>234.15</b>	<b>166.02</b>	<b>140.28</b>	<b>0.00</b>	<b>0.00</b>	<b>140.28</b>	<b>138.29</b>	<b>135.13</b>	<b>131.30</b>	<b>126.81</b>	<b>121.70</b>
<b>Variance</b>	-19.18	-1.28	-6.43	-3.64	0.07			0.07	0.07	0.07	0.07	0.07	0.07
<b>Debt/Equity</b>	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	13.67	11.83	11.43	10.46	8.82			9.29	8.82	8.38	8.13	7.89	7.65
Inventory Turnover Days	26.70	30.86	31.94	34.88	41.37			39.30	41.37	43.55	44.90	46.28	47.72
Days Inventory Outstanding	41.47	48.60	48.89	46.16	65.67			52.01	65.67	69.13	71.26	73.47	75.74
Accounts Receivable Turnover	152.07	135.54	112.88	113.10	80.36			84.59	80.36	76.34	74.05	71.83	69.68
Accounts Receivable Turnover Days	2.40	2.69	3.23	3.23	4.54			4.31	4.54	4.78	4.93	5.08	5.24
Days Payable Outstanding	21.16	17.23	18.89	21.48	23.64			18.72	23.64	24.88	25.65	26.44	27.26
Days Sales Outstanding	2.40	2.69	3.23	3.23	4.54			3.23	4.31	4.54	4.78	4.93	5.08
Cash Conversion Cycle	22.72	34.06	33.24	27.91	46.57			36.52	46.35	48.79	50.39	51.95	53.56
Net tangible assets/share					2.08				2.03	1.94	1.84	1.72	1.58

SN VALUATION

LBO Adjusted Proforma Cash Flow

	52 weeks ending 2009-02-28	52 weeks ending 2010-02-27	52 weeks ending 2011-02-26	48 weeks ending 2012-01-28	2011	2012	2013	2014	2015
Net Income	-12.75	0.16	-22.17	-71.06	-1.99	-3.16	-3.83	-4.48	-5.11
Depreciation	26.36	25.98	24.74	20.20	19.19	18.23	17.68	17.15	16.64
<b>Net Income + Depreciation</b>	<b>13.61</b>	<b>26.14</b>	<b>2.57</b>	<b>-50.86</b>	<b>17.20</b>	<b>15.07</b>	<b>13.85</b>	<b>12.67</b>	<b>11.52</b>
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	2.11	-3.34	10.62	0.00	0.00	0.00	0.00	0.00	0.00
Non Cash Items	11.34	4.95	5.28	14.27	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-4.95	3.59	-10.67	10.71	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.13	-0.61	0.32	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.33	-0.71	-0.24	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.30	-0.35	-1.30	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-6.16	1.50	3.21	0.00	0.00	0.00	0.00	0.00
<b>Cash from Operating Activities</b>	<b>22.11</b>	<b>31.34</b>	<b>7.80</b>	<b>-25.88</b>	<b>17.20</b>	<b>15.07</b>	<b>13.85</b>	<b>12.67</b>	<b>11.52</b>
Capital Expenditures Expenditures	-18.43	-5.97	-8.43	-11.74	-12.00	-12.00	-12.00	-12.00	-12.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	5.10	-58.60	15.54	41.26	0.00	0.00	0.00	0.00	0.00
<b>Cash from Investing Activities</b>	<b>-13.33</b>	<b>-64.57</b>	<b>7.11</b>	<b>29.52</b>	<b>-12.00</b>	<b>-12.00</b>	<b>-12.00</b>	<b>-12.00</b>	<b>-12.00</b>
Financing Cash flow items	0.00	0.00	0.00	-0.14	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	-8.46	-8.52	-8.55	-6.43	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	0.00	0.00	0.29	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Cash from Financing Activities</b>	<b>-8.46</b>	<b>-8.52</b>	<b>-8.26</b>	<b>-6.57</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	78.49	78.81	37.07	43.71	21.69	26.89	29.96	31.81	32.48
<b>Net Change in Cash</b>	<b>0.32</b>	<b>-41.74</b>	<b>6.64</b>	<b>-2.93</b>	<b>5.20</b>	<b>3.07</b>	<b>1.85</b>	<b>0.67</b>	<b>-0.48</b>
Ending Cash Balance	78.81	37.07	43.71	40.78	26.89	29.96	31.81	32.48	32.01
Capex to Revenue	3.47%	1.31%	1.88%	2.84%	3.06%	3.22%	3.32%	3.42%	3.53%
Depreciation to Sales	4.97%	5.70%	5.52%	4.89%	4.89%	4.89%	4.89%	4.89%	4.89%
Amortization to Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A/R to Sales	0.66%	0.74%	0.89%	0.88%	0.93%	0.98%	1.01%	1.04%	1.07%
Distributable FCF Yield	38.82%	-146.91%	65.92%	16.09%	23.01%	13.56%	8.18%	2.96%	-2.10%
Dividend Yield	-16.59%	-16.71%	-16.77%	-12.61%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>FCF (Ops-Investing-Dividends)</b>	<b>17.24</b>	<b>-24.71</b>	<b>23.46</b>	<b>10.07</b>	<b>5.20</b>	<b>3.07</b>	<b>1.85</b>	<b>0.67</b>	<b>-0.48</b>

# SN VALUATION

# LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	-2.93	5.20	3.07	1.85	0.67	-0.48
Current Portion Debt Repayment						
Long Term Debt Repayment						
<b>Outstanding Debt</b>	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
<b>Interest Rate</b>		<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>
<b>Interest Expense</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Cash Balance		48.44				
Interest @ 1.0%		0.48	0.48	0.48	0.48	0.48
<b>Net Interest Expense/(Income)</b>		<b>(0.48)</b>	<b>(0.48)</b>	<b>(0.48)</b>	<b>(0.48)</b>	<b>(0.48)</b>
<b>Net Interest Rate</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>
EBITDA		(2.47)	(3.65)	(4.32)	(4.97)	(5.60)
<b>EBITDA/Interest Expense Coverage</b>		<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>

## Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
AAA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BBB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CCC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
C	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
D	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

\*Source: NYU; Professor Damodaran

# Altman Z Score

Company Name:

Christopher and Banks

Ticker:

CBK

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	74.87	107.04	76.98	39.68	44.88	47.95	49.80	50.47	50.00
Total Assets	270.96	266.02	227.72	140.35	138.36	135.20	131.37	126.88	121.77
<b>X1</b>	<b>0.28</b>	<b>0.40</b>	<b>0.34</b>	<b>0.28</b>	<b>0.32</b>	<b>0.35</b>	<b>0.38</b>	<b>0.40</b>	<b>0.41</b>
Retained Earnings	200.72	192.36	161.64	70.74	68.75	65.59	61.76	57.27	52.16
Total Assets	270.96	266.02	227.72	140.35	138.36	135.20	131.37	126.88	121.77
<b>X2</b>	<b>0.74</b>	<b>0.72</b>	<b>0.71</b>	<b>0.50</b>	<b>0.50</b>	<b>0.49</b>	<b>0.47</b>	<b>0.45</b>	<b>0.43</b>
EBITDA	12.16	24.62	10.18	-51.57	23.53	22.35	21.68	21.03	20.40
Total Assets	270.96	266.02	227.72	140.35	138.36	135.20	131.37	126.88	121.77
<b>X3</b>	<b>0.04</b>	<b>0.09</b>	<b>0.04</b>	<b>-0.37</b>	<b>0.17</b>	<b>0.17</b>	<b>0.17</b>	<b>0.17</b>	<b>0.17</b>
Market Value of Equity	51.00	51.00	51.00	51.00	58.95	68.15	78.77	91.06	105.26
Total Liabilities	89.92	73.57	69.93	63.88	63.88	63.88	63.88	63.88	63.88
<b>X4</b>	<b>0.57</b>	<b>0.69</b>	<b>0.73</b>	<b>0.80</b>	<b>0.92</b>	<b>1.07</b>	<b>1.23</b>	<b>1.43</b>	<b>1.65</b>
Net Sales	530.74	455.40	448.13	412.80	392.16	372.55	361.38	350.53	340.02
Total Assets	270.96	266.02	227.72	140.35	138.36	135.20	131.37	126.88	121.77
<b>X5</b>	<b>1.96</b>	<b>1.71</b>	<b>1.97</b>	<b>2.94</b>	<b>2.83</b>	<b>2.76</b>	<b>2.75</b>	<b>2.76</b>	<b>2.79</b>
<b>Altman Z Score</b>	<b>3.82</b>	<b>3.93</b>	<b>3.95</b>	<b>3.25</b>	<b>5.03</b>	<b>5.05</b>	<b>5.15</b>	<b>5.27</b>	<b>5.43</b>

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red