

Coldwater Creek (CWTR)

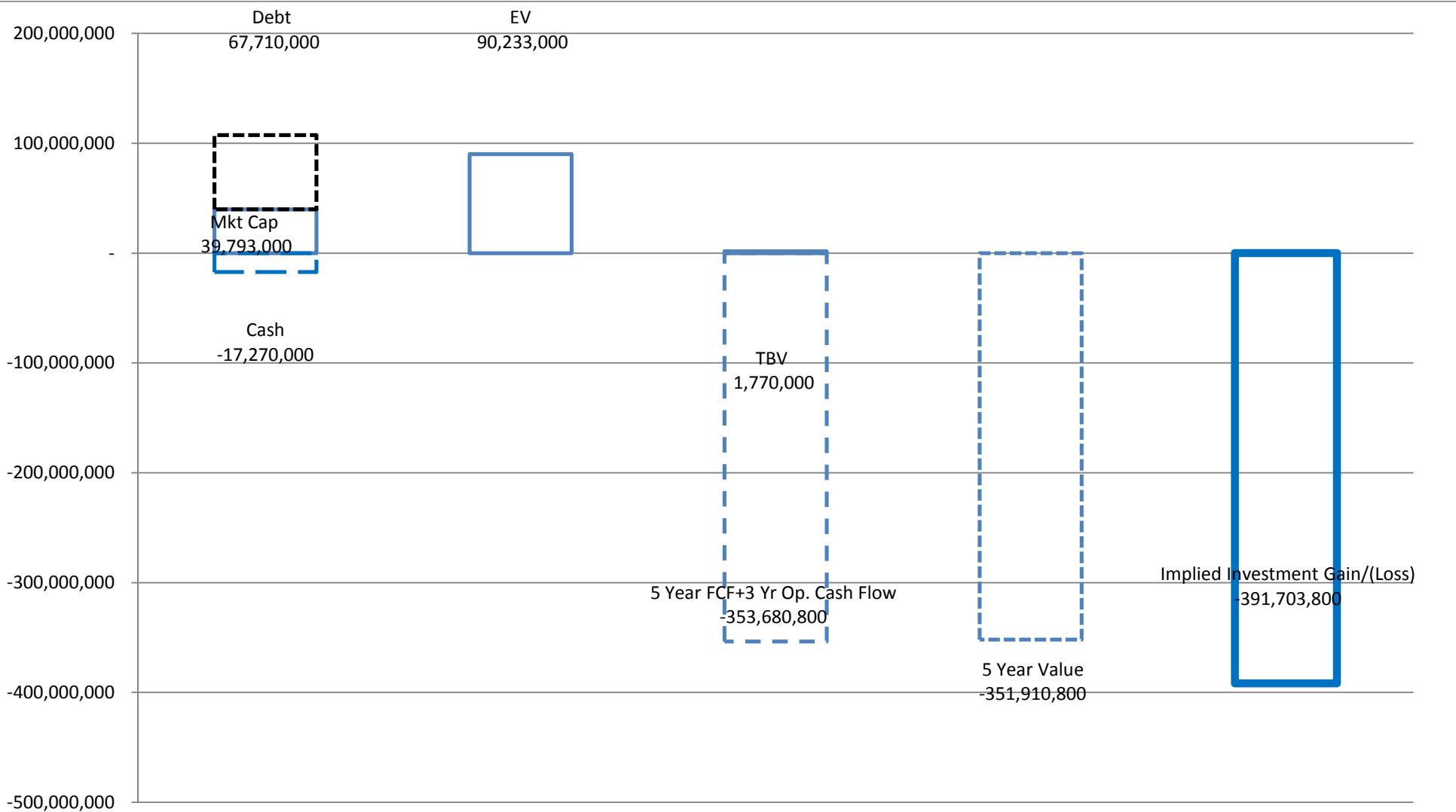
Price:	\$1.30	Net Tang. Bk Value Incl. Cash, Excl.	\$1,770,000.00	Net Tang. Book Yr. 5 (Inc. Cash):	-\$476,480,500.00
Market Cap:	\$39,793,000	Goodwill (NTBVIC):		Avg. Year Op. Cash:	-\$44,210,100.00
Cash:	\$17,270,000	NTBVIC/Market Downside Recovery:	4.45%	Year 5 Disposition FCF Multiple:	3.0
Debt:	\$67,710,000	Op. Cash Flow:	-\$44,210,100	Year 5 Disposition Price:	-\$609,110,800.00
Net Cash:	-\$50,440,000	Implied Years to Fill Gap:	-0.86		
Enterprise Value:	\$90,233,000	Today's Equity if 5x Op. CF:	-\$130,860,300		
				Net Tang. Book+ Gain Disposition:	-\$609,110,800.00
Shares Outstanding:	30,610,000			IRR:	-272.58%
				Price:	-\$19.90
				Target Market Cap:	-\$609,110,800
				Target Enterprise Value:	-\$558,670,800

* Our future intrinsic value measures the total return, which includes both capital appreciation and dividend income.

Coldwater Creek may be a good distressed asset takeover candidate by a distressed firm. The Co. has bloated SG&A at 40%, or nominal value of \$400MM. This seems very excessive, when comparing to peers whose SG&A is closer to 25%.

Looking over the Co's history, we can see the overexpansion, leading to the fall. In 1999, the Co. opened its' first premium retail outlet, and in 2013, has expanded to 349 stores. Also, operated 38 factory outlets, which sells the overstocked, undersold inventory from the premium outlets. Also, we found this bit to be a distraction to the central part of the business model - 8 spas. The Co. closed down 12 stores in 2012. Management highlights the multiple outlet strategy, but we feel it is the reason for the large SG&A cost.

The apparel is geared toward women and has a Western, suburban feel, which doesn't seem to be very appealing to the mainline consumer. As such, topline growth has been negative for the past 3 years. Margins are respectable at 30%, but much lower than competitors who enjoy 50%. A 30% margin is likened to selling a \$10 shirt and buying it from China at \$7. This is really bad merchandising. So, for the same period, the Co. has been burning cash. We don't know how much longer the Co. can continue to burn cash. We believe the Co. has 2 years at most before filing for Ch.7.



Coldwater Creek was founded in 1984. The Company is a specialty retailer of women's apparel, accessories, jewelry, and gift items. The Company's proprietary merchandise assortment reflects a sophisticated yet relaxed and casual lifestyle. A commitment to providing superior customer service is manifest in all aspects of its business. It conducts business in two operating segments: retail and direct. The retail segment consists of premium retail stores, factory outlet stores, and day spas. The direct segment consists of sales generated through its e-commerce website and from orders taken from customers over the phone and through the mail. Retail Segment – As of February 2, 2013, it operated 349 premium retail stores throughout the United States at an average size of approximately 5,700 square feet per store. The Company also operates its Coldwater Creek, The Spa concept in 8 locations. These day spas offer a complete menu of spa treatments, including massages, facials, body treatments, manicures and pedicures. In addition to spa treatments, the day spas carry an assortment of relevant apparel as well as lines of personal care products. The Company's day spas are staffed with experienced professionals in all treatment areas. Direct Segment – It use its e-commerce website, www.coldwatercreek.com, to cost-effectively reach its customer base and provide another convenient shopping alternative for customers. The website features the entire full-price merchandise offering found in its catalogs and also serves as an efficient promotional vehicle for the clearance of excess inventory. The women's retail apparel market is highly competitive. Competitors range from specialty apparel retail companies such as Chico's FAS, Inc. (Chico's), The Talbots, Inc. (Talbots), Christopher & Banks Corporation (Christopher & Banks) and ANN INC., to small single channel catalog, e-commerce and retail store companies. The Company's registered trademarks include Coldwater Creek, Coldwater Creek The Spa and the stylized Coldwater Creek logo.

Company Name:		Coldwater Creek		Market Capitalization:		\$39,793,000.00		Revenue:		\$714,330,000.00		100.0%	
Ticker Symbol:	CWTR	Total Debt:	\$67,710,000.00	Revenue:	\$714,330,000.00	Cost of Goods Sold:	\$481,210,000.00	67.4%					
Last Price:	\$1.30	RCH Total Cash:	\$17,270,000.00	Gross Profit:	\$233,120,000.00	32.6%							
Net Cash/Share:	-\$1.65	Net Cash/(Debt):	-\$50,440,000.00	EBITDA:	-\$20,370,000.00	-2.9%							
Net Cash to Last Price:	-126.76%	Enterprise Value:	\$90,233,000.00	Net Income:	-\$76,320,000.00	-10.7%							
Shares Outstanding:	30,610,000	Current EV/Share:	\$2.95	Balance Sheet									
Industry:	Specialty Retail	EBITDA:	-\$17,250,000.00	Cash:	\$17,270,000.00								
Sector:	Consumer Cyclical	EV/EBITDA Multiple:	-5.23	Short Term Investment:	\$0.00								
Institutional Ownership:	30.37%	EV/EBITDA Multiple Average Year 1-5:	-2.40	A/R:	\$4,000,000.00								
Mutual Fund Ownership:	8.65%	EV/FCF Multiple (excluding acquisition):	-1.54	PP&E:	\$154,000,000.00								
Insider Ownership:	34.60%	EV/FCF Multiple Average Year 1-5 (excluding acquisition):	-2.04	Assets:	\$324,130,000.00								
Float:	66.00%	Upper Range				A/P:	\$58,000,000.00						
Technicals		DCF: EV/EBITDA Terminal Value		Implied TV from 3 X EV/EBITDA Multiple	-\$267,289,200.00	Deferred Tax:	\$640,000.00						
52 week low:	\$1.24	Enterprise Value	-\$267,289,200.00	Cash at Year 5:	-\$203,780,500.00	Other Liabilities:	\$196,300,000.00						
Today from 52 week low:	4.84%	Cash at Year 5:	-\$203,780,500.00	Debt at Year 5:	\$67,710,000.00	Short term Debt:	\$15,710,000.00						
52 week high:	\$5.85	Equity Value Year 5:	-\$538,779,700.00	Equity/Share at Year 5:	-\$17.60	Long Term Debt:	\$52,000,000.00						
Today from 52 week high:	350.00%	Annualized Return:	-268.39%	Lower Range									
Analyst/Consensus		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Year 5 Net Tangible Assets excluding cash and debt	\$58,310,000.00	Liabilities:	\$322,650,000.00						
Analyst Sales Growth FY1:	-8.80%	Enterprise Value	\$58,310,000.00	Enterprise Value	\$58,310,000.00	Retained Earnings:	-\$150,000,000.00						
Analyst Sales Growth FY2:	4.70%	Cash at Year 5:	-\$203,780,500.00	Cash at Year 5:	-\$203,780,500.00	Paid-In Capital:	\$153,300,000.00						
SN Valuation Estimate FY1:	0.00%	Debt at Year 5:	\$67,710,000.00	Debt at Year 5:	\$67,710,000.00	Treasury Stock:	\$0.00						
SN Valuation Estimate FY2:	0.00%	Equity Value Year 5:	-\$213,180,500.00	Equity Value Year 5:	-\$213,180,500.00	Stockholder's Equity:	\$1,770,000.00						
Analyst Earnings Estimate FY1:	-\$2.54	Equity/Share at Year 5:	-\$6.96	Cash Flow									
Analyst Earnings Estimate FY2:	-\$1.66	Annualized Return:	-239.89%	Net Income:	-\$81,840,000.00	Depreciation/Amortization:	51,440,000.00						
SN Valuation Earnings Est. FY1:	-\$3.12	EVA		Change in Working capital:	-5,170,000.00	Cash from Operating Activities:	-42,140,000.00						
SN Valuation Earnings Est. FY2:	-\$3.12	EVA today:	-\$71,251,041.62	Cash from Investing Activities:	-16,500,000.00	Capital Expenditures:	-16,500,000.00						
Multiples		EVA in 5 Years:	-\$255,271,036.50	Cash from Financing Activities:	28,860,000.00	Total Cash Dividends Paid:	0.00						
Market Value to Book:	22.48	EVA/Share:	-\$8.34	Issuance (Retirement) of Stock:	200,000.00	Issuance (Retirement) of Debt:	28,660,000.00						
EV to Book:	50.98	Cash at Year 5:	-\$203,780,500.00	Cash from Financing Activities:	28,860,000.00								
Market Value to Tangible Net Assets:	-6.58	Debt at Year 5:	\$67,710,000.00										
P/E Ratio:	-0.52	Equity Value Year 5:	-\$526,761,536.50										
Trailing P/E Ratio:	N/A	Equity/Share at Year 5:	-\$17.21	Profitability Margins									
Forward P/E Ratio:	N/A	Annualized return:	29.07%	Debt to Equity:	3825.42%	Return on Assets:	-25.25%						
Beta:	1.88	Current Net Tangible Asset		Return on Capital:	-117.79%	Return on Equity:	-4623.73%						
Dividend:	0.00	Net Tangible Asset/Share:	\$0.05										
Dividend Yield:	0.00%	Net Tangible Asset/Share in Year 5:	-\$15.58										
Dividend Date:	N/A	Annualized return:	-417.40%										
Ex-Dividend Date:	N/A	Current Equity Price:	\$1.30										
Competitors		Selling at Discount?	Premium										
Average EV to EBITDA:	N/A	Appreciation Potential:	-96.28%										
Company EV to EBITDA:	-5.23	Copyright SN Valuation All Rights Reserved											
Average EV to EBIT:	N/A	www.snvaluation.com											
Company EV to EBITA:	-1.31												

SN VALUATION

LBO Pro Forma Income Statement

Name:

Coldwater Creek

Ticker:

CWTR

	Historical				Forecasted				
	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2013	2014	2015	2016	2017
Revenue	1,038.58	981.10	773.02	742.47	742.47	742.47	742.47	742.47	742.47
COGS	704.30	673.82	543.69	509.35	519.73	519.73	519.73	519.73	519.73
Gross margin	334.28	307.28	229.33	233.12	222.74	222.74	222.74	222.74	222.74
SG&A	378.85	345.83	319.81	301.81	311.84	311.84	311.84	311.84	311.84
R&D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unusual expense	0.61	3.93	5.22	0.00	0.00	0.00	0.00	0.00	0.00
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					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-45.18	-42.48	-95.70	-68.69	-89.10	-89.10	-89.10	-89.10	-89.10
Interest income/(expense)	-1.55	-1.74	-2.27	-9.59	-6.55	-6.55	-6.55	-6.55	-6.55
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	0.75	0.00	0.00	-4.03	0.00	0.00	0.00	0.00	0.00
Income before tax	-45.98	-44.21	-97.97	-82.31	-95.65	-95.65	-95.65	-95.65	-95.65
Tax	10.15	-0.10	1.72	-0.47	0.00	0.00	0.00	0.00	0.00
Income after tax	-56.13	-44.11	-99.69	-81.84	-95.65	-95.65	-95.65	-95.65	-95.65
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
Net income	-56.13	-44.11	-99.69	-81.84	-95.65	-95.65	-95.65	-95.65	-95.65
* Figures are in millions (\$)									
EPS (based off today's share count)	-\$1.83	-\$1.44	-\$3.26	-\$2.67	-\$3.12	-\$3.12	-\$3.12	-\$3.12	-\$3.12
P/E (historical today's price; forecasted intrinsic price)	-0.71	-0.90	-0.40	-0.49	0.72	-1.24	2.14	-3.69	6.37
Revenue Growth	N/A	-5.53%	-21.21%	-3.95%	0.00%	0.00%	0.00%	0.00%	0.00%
Tax Rate	-22.07%	0.23%	-1.76%	0.57%	35.00%	35.00%	35.00%	35.00%	35.00%
Implied Debt Interest Rate	-13.54%	-13.34%	-5.37%	-14.90%	-12.60%	-12.60%	-12.60%	-12.60%	-12.60%
Margins									
COGS	67.81%	68.68%	70.33%	68.60%	70.00%	70.00%	70.00%	70.00%	70.00%
Gross margin	32.19%	31.32%	29.67%	31.40%	30.00%	30.00%	30.00%	30.00%	30.00%
SG&A	36.48%	35.25%	41.37%	40.65%	42.00%	42.00%	42.00%	42.00%	42.00%
R&D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Unusual expense	0.06%	0.40%	0.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	-4.35%	-4.33%	-12.38%	-9.25%	-12.00%	-12.00%	-12.00%	-12.00%	-12.00%
Interest income/(expense)	-0.15%	-0.18%	-0.29%	-1.29%	-0.88%	-0.88%	-0.88%	-0.88%	-0.88%
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	0.07%	0.00%	0.00%	-0.54%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-4.43%	-4.51%	-12.67%	-11.09%	-12.88%	-12.88%	-12.88%	-12.88%	-12.88%
Tax	0.98%	-0.01%	0.22%	-0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Income after tax	-5.40%	-4.50%	-12.90%	-11.02%	-12.88%	-12.88%	-12.88%	-12.88%	-12.88%
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%
Net income	-5.40%	-4.50%	-12.90%	-11.02%	-12.88%	-12.88%	-12.88%	-12.88%	-12.88%

	As of 2010-01-30	As of 2011-01-29	As of 2012-01-28	As of 2013-02-02	As of 2013-08-03	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	84.65	51.61	51.37	21.73	17.27			17.27	-26.9401	-71.15	-115.36	-159.57	-203.78
Short term investment	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Cash and Short term	84.65	51.61	51.37	21.73	17.27			17.27	-26.94	-71.15	-115.36	-159.57	-203.78
Accounts Receivable	3.50	3.43	0.00	0.00	4.00			4.00	4.00	4.00	4.00	4.00	4.00
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	3.50	3.43	0.00	0.00	4.00			4.00	4.00	4.00	4.00	4.00	4.00
Total Inventory	161.55	156.48	131.97	125.21	123.88			123.88	123.88	123.88	123.88	123.88	123.88
Prepaid Expenses	15.25	19.12	9.41	17.07	17.76			17.76	17.76	17.76	17.76	17.76	17.76
Other Current Assets	6.94	6.03	2.31	1.25	1.18			1.18	1.18	1.18	1.18	1.18	1.18
Current Assets	271.89	236.67	195.06	165.26	164.09	0.00	0.00	164.09	119.8799	75.67	31.46	-12.75	-56.96
PP&E, Gross	576.99	602.55	573.69	553.69	554.00			554.00	554.00	554.00	554.00	554.00	554.00
Change in Depreciation	63.72	63.33	56.74	51.44	51.44			51.44	51.44	51.44	51.44	51.44	51.44
Accumulated Depreciation	281.98	343.20	367.61	400.99	400.00			400.00	451.44	502.88	554.32	605.76	657.20
PP&E, Net	295.01	259.35	206.08	152.70	154.00			154.00	102.56	51.12	-0.32	-51.76	-103.20
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
Long term investments	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other long term assets	2.07	3.08	3.77	6.49	6.04			6.04	6.04	6.04	6.04	6.04	6.04
Long Term Assets	297.08	262.43	209.85	159.19	160.04			160.04	108.60	57.16	5.72	-45.72	-97.16
Total Assets	568.97	499.10	404.91	324.45	324.13	0.00	0.00	324.13	228.48	132.83	37.18	-58.47	-154.12
Accounts Payable	99.23	76.35	55.13	57.89	58.00			58.00	58.00	58.00	58.00	58.00	58.00
Accrued Expense	63.47	59.97	53.39	43.99	44.00			44.00	44.00	44.00	44.00	44.00	44.00
Other current Liabilities	24.84	25.33	24.78	43.92	42.52			42.52	42.52	42.52	42.52	42.52	42.52
Total Current Liabilities	187.54	161.65	133.30	145.80	144.52	0.00	0.00	144.52	144.52	144.52	144.52	144.52	144.52
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	0.80	15.73	0.58	15.71			15.71	15.71	15.71	15.71	15.71	15.71
Long term Debt	0.00	0.00	14.16	51.88	52.00	0.00	0.00	52.00	52.00	52.00	52.00	52.00	52.00
Capital Lease Obligations	11.45	12.24	12.41	11.90	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	11.45	13.04	42.30	64.36	67.71	0.00	0.00	67.71	67.71	67.71	67.71	67.71	67.71
Deferred Income tax	6.62	5.52	1.72	0.70	0.64			0.64	0.64	0.64	0.64	0.64	0.64
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	142.34	133.50	119.37	97.91	109.78			109.78	109.78	109.78	109.78	109.78	109.78
Total Liabilities	347.95	313.71	296.69	308.77	322.65	0.00	0.00	322.65	322.65	322.65	322.65	322.65	322.65
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	0.92	0.93	0.30	0.30	0.30		0.00	0.30	0.30	0.30	0.30	0.30	0.30
Additional Paid-in capital	124.15	125.80	151.25	153.15	153.00	0.00	0.00	153.00	153.00	153.00	153.00	153.00	153.00
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	110.86	66.75	-32.94	-114.78	-150.00			-150.00	-245.65	-341.30	-436.95	-532.60	-628.25
Treasury Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-0.37	-0.46	-2.20	-1.53	-1.53		0.00	-1.53	-1.53	-1.53	-1.53	-1.53	-1.53
Total Equity	235.56	193.02	116.41	37.14	1.77	0.00	0.00	1.77	-93.88	-189.53	-285.18	-380.83	-476.48
Liability + Equity	583.51	506.73	413.10	345.91	324.42	0.00	0.00	324.42	228.77	133.12	37.47	-58.18	-153.83
Variance	-14.54	-7.63	-8.19	-21.46	-0.29			-0.29	-0.29	-0.29	-0.29	-0.29	-0.29
Debt/Equity	0.05	0.07	0.36	1.73	38.25			38.25	-0.72	-0.36	-0.24	-0.18	-0.14
Inventory Turnover	6.43	6.27	5.86	5.93	5.99			5.99	5.99	5.99	5.99	5.99	5.99
Inventory Turnover Days	56.78	58.22	62.31	61.55	60.90			60.90	60.90	60.90	60.90	60.90	60.90
Days Inventory Outstanding	83.72	84.76	88.60	89.73	87.00			87.00	87.00	87.00	87.00	87.00	87.00
Accounts Receivable Turnover	296.74	286.03	#DIV/0!	#DIV/0!	185.62			185.62	185.62	185.62	185.62	185.62	185.62
Accounts Receivable Turnover Days	1.23	1.28	#DIV/0!	#DIV/0!	1.97			1.97	1.97	1.97	1.97	1.97	1.97
Days Payable Outstanding	51.43	41.36	37.01	41.48	40.73			41.56	40.73	40.73	40.73	40.73	40.73
Days Sales Outstanding	1.23	1.28	0.00	0.00	1.97			0.00	1.97	1.97	1.97	1.97	1.97
Cash Conversion Cycle	33.53	44.68	51.59	48.24	48.23			47.21	48.23	48.23	48.23	48.23	48.23
Net tangible assets/share	\$7.70	\$6.31	\$3.80	\$1.21	\$0.06				(\$3.07)	(\$6.19)	(\$9.32)	(\$12.44)	(\$15.57)

SN VALUATION

LBO Adjusted Proforma Cash Flow

Ticker:

CWTR

	52 weeks ending 2010-01-30	52 weeks ending 2011-01-29	52 weeks ending 2012-01-28	53 weeks ending 2013-02-02	2011	2012	2013	2014	2015
Net Income	-56.13	-44.11	-99.69	-81.84	-95.65	-95.65	-95.65	-95.65	-95.65
Depreciation	63.72	63.33	56.74	51.44	51.44	51.44	51.44	51.44	51.44
Net Income + Depreciation	7.59	19.22	-42.95	-30.40	-44.21	-44.21	-44.21	-44.21	-44.21
Amortization	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Taxes	22.17	-1.20	-0.07	-0.58	0.00	0.00	0.00	0.00	0.00
Non Cash Items	1.35	-4.64	-9.78	-5.98	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-6.49	-14.36	8.57	-5.17	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	0.07	3.43	0.00	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	5.07	24.51	6.76	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	-3.87	9.71	-7.66	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-22.88	-21.22	2.76	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	24.62	-0.98	-44.23	-42.13	-44.21	-44.21	-44.21	-44.21	-44.21
Capital Expenditures Expenditures	-21.68	-31.08	-8.89	-16.50	0.00	0.00	0.00	0.00	0.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	0.94	0.96	1.11	0.14	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	-20.74	-30.12	-7.78	-16.36	0.00	0.00	0.00	0.00	0.00
Financing Cash flow items	-0.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	2.00	0.83	23.27	0.20	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	-2.34	-2.76	28.49	28.66	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-0.46	-1.93	51.76	28.86	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	81.23	84.65	51.61	51.37	17.27	-26.94	-71.15	-115.36	-159.57
Net Change in Cash	3.42	-33.04	-0.25	-29.63	-44.21	-44.21	-44.21	-44.21	-44.21
Ending Cash Balance	84.65	51.61	51.36	21.74	-26.94	-71.15	-115.36	-159.57	-203.78
Capex to Revenue	2.09%	3.17%	1.15%	2.22%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation to Sales	6.14%	6.45%	7.34%	6.93%	6.93%	6.93%	6.93%	6.93%	6.93%
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	0.34%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Distributable FCF/EV Yield	4.30%	-34.47%	-57.64%	-64.82%	-49.00%	-49.00%	-49.00%	-49.00%	-49.00%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing)	2.94	-32.06	-53.12	-58.63	-44.21	-44.21	-44.21	-44.21	-44.21

SN VALUATION

LBO Debt Schedule

Ticker:

CWTR

	Proforma	2013	2014	2015	2016	2017
Net Change in Cash	-29.63	-44.21	-44.21	-44.21	-44.21	-44.21
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	67.71	67.71	67.71	67.71	67.71	67.71
Current Portion Debt Balance	15.71	15.71	15.71	15.71	15.71	15.71
Long Term Debt Balance	52.00	52.00	52.00	52.00	52.00	52.00
Forward Libor Curve		3.00%	3.00%	3.00%	3.00%	3.00%
Spread		7.00%	7.00%	7.00%	7.00%	7.00%
Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%
Interest Expense		6.77	6.77	6.77	6.77	6.77
Cash Balance		21.73				
Interest @ 1.0%		0.22	0.22	0.22	0.22	0.22
Net Interest Expense/(Income)		6.55	6.55	6.55	6.55	6.55
Net Interest Rate		12.60%	12.60%	12.60%	12.60%	12.60%
EBITDA		(89.10)	(89.10)	(89.10)	(89.10)	(89.10)
EBITDA/Interest Expense Coverage		(13.16)	(13.16)	(13.16)	(13.16)	(13.16)

Interest Rate Coverage Table

Debt Rating					
AAA					
AA					
A+					
A					
A-					
BBB					
BB+					
BB					
B+					
B					
B-					
CCC					
CC					
C					
D	D	D	D	D	D

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Coldwater Creek

Ticker:

CWTR

Period	2009	2010	2011	2012	2013	2014	2015	2016	2017
Working Capital	84.35	75.02	61.76	19.57	-24.64	-68.85	-113.06	-157.27	-201.48
Total Assets	568.97	499.10	404.91	324.13	228.48	132.83	37.18	-58.47	-154.12
X1	0.15	0.15	0.15	0.06	-0.11	-0.52	-3.04	2.69	1.31
Retained Earnings	110.86	66.75	-32.94	-150.00	-245.65	-341.30	-436.95	-532.60	-628.25
Total Assets	568.97	499.10	404.91	324.13	228.48	132.83	37.18	-58.47	-154.12
X2	0.19	0.13	-0.08	-0.46	-1.08	-2.57	-11.75	9.11	4.08
EBITDA	-45.18	-42.48	-95.70	-68.69	-89.10	-89.10	-89.10	-89.10	-89.10
Total Assets	568.97	499.10	404.91	324.13	228.48	132.83	37.18	-58.47	-154.12
X3	-0.08	-0.09	-0.24	-0.21	-0.39	-0.67	-2.40	1.52	0.58
Market Value of Equity	39.79	39.79	39.79	39.79	-68.67	118.51	-204.52	352.95	-609.11
Total Liabilities	347.95	313.71	296.69	322.65	322.65	322.65	322.65	322.65	322.65
X4	0.11	0.13	0.13	0.12	-0.21	0.37	-0.63	1.09	-1.89
Net Sales	1,038.58	981.10	773.02	742.47	742.47	742.47	742.47	742.47	742.47
Total Assets	568.97	499.10	404.91	324.13	228.48	132.83	37.18	-58.47	-154.12
X5	1.83	1.97	1.91	2.29	3.25	5.59	19.97	-12.70	-4.82
Altman Z Score	2.08	2.13	1.28	1.09	0.20	-0.62	-8.42	8.97	3.23

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

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

Year	Present Value	Holding Period					Terminal Value			Sale Price
	0	1	2	3	4	5	6	7	8	TBV at Year 5 + 3 Years FCF
Tangible Book Value	1.77	(93.88)	(189.53)	(285.18)	(380.83)	(476.48)				(476.48)
Annual Change		(95.65)	(95.65)	(95.65)	(95.65)	(95.65)				
Annual FCF	(58.63)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	(132.63)
Annual Op. Cash Flow	(42.13)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	(44.21)	
Annual PP&E Investment	(16.50)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Today's Tangible Book Value	1.77	-5.42	16.60	-50.82	155.61	-476.48				(609.11)
Intrinsic Value IRR	-406.21%									
Market Price	39.79	-68.67	118.51	-204.52	352.95	-609.11				(609.11)
Market Price IRR	-272.58%									

Debt	50.00%	19.90
Equity	50.00%	19.90
Total	100.00%	39.79

	Present Value	Holding Period					Terminal Value			Sale Price
	Historic	ProForma	1	2	3	4	5			
Book Equity	1.77	19.90	(76.39)	(172.68)	(268.96)	(365.25)	(461.53)			
Goodwill	0	38.02	38.02	38.02	38.02	38.02	38.02			
Debt	52	71.90	71.90	71.90	71.90	71.90	71.90			
Debt Interest Rate		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%			
Additional Interest Expense		0.64	0.64	0.64	0.64	0.64				
Tangible Book Value	1.77	-18.13	-114.41	-210.70	-306.98	-403.27	-499.56			-499.56
Annual Change			-96.29	-96.29	-96.29	-96.29	-96.29			
Annual FCF	(58.63)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	(134.54)
Annual Net Income	(81.84)	(96.29)	(96.29)	(96.29)	(96.29)	(96.29)	(96.29)	(96.29)	(96.29)	
Annual Op. Cash Flow	(42.13)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	(44.85)	
Dividend Payments										
Annual PP&E Investment	(16.50)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Debt Paydown	0.00									

Sale Price in Year 5 (634.09)

Capital Left for Equity Investor We assume the debt taken on by the investor is now on the Co's books, so the investor has no more liability from the deal. (634.09)

Dividend Payments 0.00

Total Cash In Flow (634.09)

Invested Equity 19.90

IRR -299.84%

-39.76 79.46 -158.78 317.31 -634.09

Value Creation

TBV Growth (equals sum of NI Year 1-5) -481.43

Cash Flow (Year 6-8) -134.54

-615.97

Value Dilution

Debt 19.90

Goodwill 38.02

Additional Interest 3.18

61.10