

Lenox Group has filed for bankruptcy protection...  
let's see what the history shows!

## Lenox Group Inc.

One Village Place  
6436 City West Parkway  
Eden Prairie, MN 55344 United States

Phone: (952) 944-5600

Ticker: [LENX](#)

**Filed for Bankruptcy on 11/23/2008**  
**Case #08-14680, filed in the U.S. Bankruptcy Court for the Southern District of New York**

### Latest Financial Statements as of 6/28/2008

#### Business Summary

Lenox Group Inc. is a designer, distributor, wholesaler and retailer of fine quality tableware, collectible and other giftware products marketed under the Lenox, Department 56, Dansk and Gorham brand names. These products are sold through gift and specialty retailers, department stores, and general merchandise chains, as well as through the Company's own retail stores and consumer-direct channels of distribution, including Internet, catalog and mail order. The Company's business is divided into three segments: Wholesale, Retail and Direct. Although the product produced and sold for each segment is similar, the type of customer for the product and the method used to distribute the product are different. Under the Wholesale Segment, the Company sells its products through a range of wholesale channels. The Retail segment operates retail stores that sell the company's products. Under the Direct Segment, Lenox Group, the Company markets and sells its products directly to consumers.

(Source: 10-K)

Employees: 1,344 (as of 12/29/2007)

Federal Tax Id: 133684956

#### Credit Scores

**FRISK2 Score** **1** 11/22/2008  
**Probability of default range: 21.0% - 50.0%**

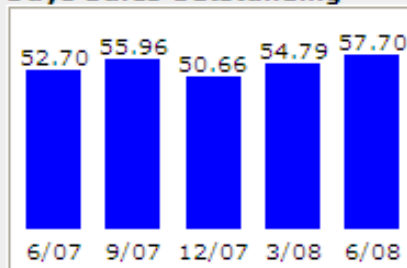
#### Auditor Information

Last Audit: 12/29/2007  
Auditors: Deloitte & Touche, LLP (Deloitte Haskins & Sells)  
Opinion: **Unqualified with Explanation**

#### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
<b>Moody's</b>		Withdrawn		OFF

#### Days Sales Outstanding



#### Second Quarter and Year-to-Date Results

Sales for the 13 weeks ended 6/28/2008 decreased 18.03% to \$76.21 million from last year's comparable period amount of \$92.97 million. Sales for the 26 weeks ended 6/28/2008 decreased 17.71% to \$147.61 million from \$179.37 million for the same period last year.

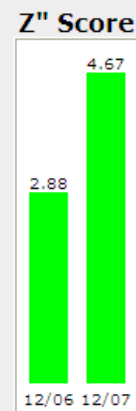
Gross profit margin decreased 10.29% for the period to 38.85 million (50.98% of revenues) from \$43.31 million (46.59% of revenues) for the same period last year. Gross profit margin decreased 5.34% for the

**CreditRiskMonitor**

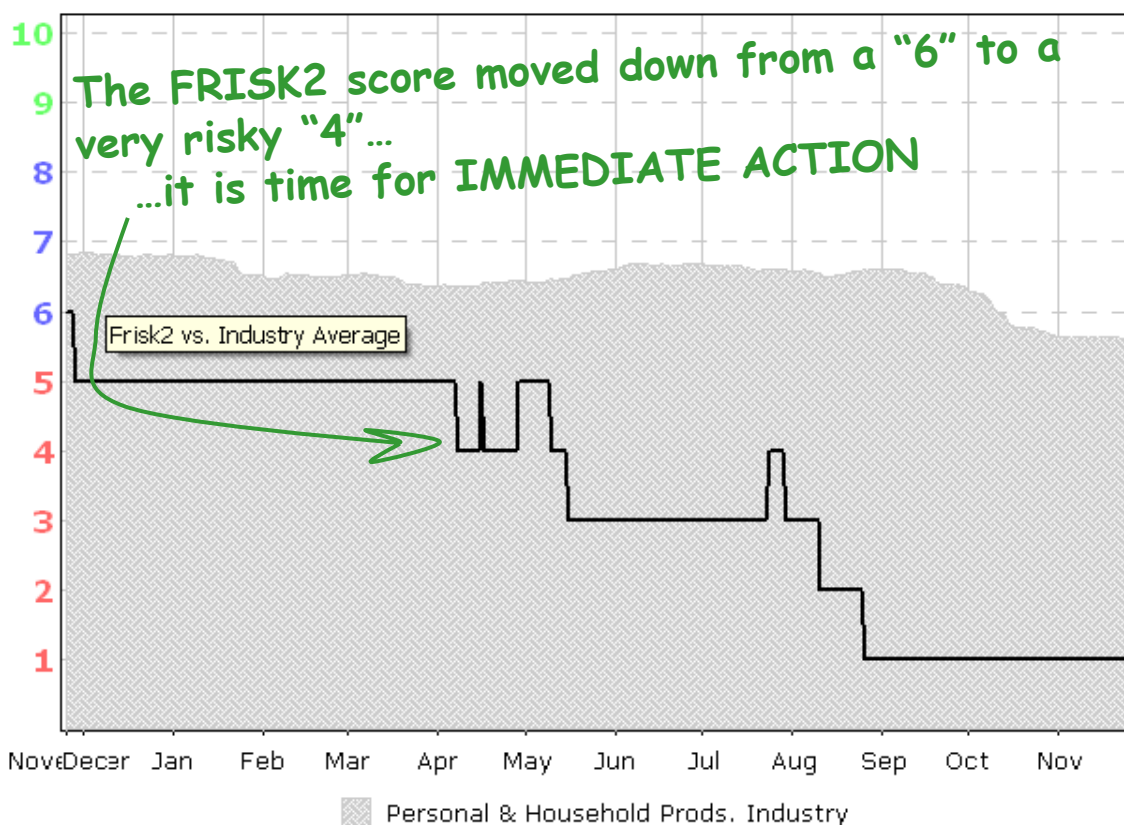
(845) 230-3000  
info@crmz.com

## The Altman Z" score did not signal trouble...

**LEGEND:**  
 Financially sound: 2.60 or higher  
 Neutral: 1.10 to 2.60  
 Fiscal danger: less than 1.10



The current FRISK2 score is 1 (probability of default\* 21.0% - 50.0%), below its 13-month average and below its industry average.



	FRISK2	Probability of default within 12 months	
		From	To
Best	10	0%	0.3%
	9	0.3%	0.4%
	8	0.4%	0.9%
	7	0.9%	1.9%
	6	1.9%	3.7%
	5	3.7%	7.4%
	4	7.4%	10.1%
	3	10.1%	14.1%
	2	14.1%	21.0%
Worst	1	21.0%	50.0%

Want an automatic alert this is happening?

Try our Credit Limit Service.

(845) 230-3000  
 info@crmz.com

... plus, looking at our News Alerts you would have seen...

Announces  
"Scale-Down"  
Plan for  
Department 56...

Files Chapter 11...

3Q  
anticipated  
non-  
compliance...

VP/Controller/  
Chief  
Accounting  
Officer  
Replaced...

Continuing  
losses  
reported...

Financial  
reorganization...

VP of Global  
Sourcing  
resigns...

Delisting due  
to failure to  
meet NYSE  
listing  
requirements...

Losses  
reported  
again...

Losses  
Reported...

"Strategic  
Alternatives"

#	Date	Source	Headline
1	11/24/2008	Business Wire	<u>Lenox Group Inc. to Reorganize Under Chapter 11, Has Commitment for Debtor-in-Possession Financing</u>
2	11/20/2008	CRMZ News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Change in Directors or Principal Officers, Financial Statements and Exhibits</u>
3	11/6/2008	CRMZ News Service	<u>LENOX GROUP INC Files Notification of Late Filing for its Form 10-Q with the Securities and Exchange Commission.</u>
4	11/6/2008	CRMZ News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Costs Associated with Exit or Disposal Activities</u>
5	8/13/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Change in Directors or Principal Officers</u>
6	8/11/2008	CRM News Service	<u>Lenox Group Inc. -- updated financials available</u>
7	8/7/2008	CRM News Service	<u>LENOX GROUP INC: a Form 10-Q has been Filed with the SEC</u>
8	8/7/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
9	7/29/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Regulation FD Disclosure, Financial Statements and Exhibits</u>
10	6/5/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Change in Directors or Principal Officers</u>
11	5/16/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Change in Directors or Principal Officers, Other Events, Financial Statements and Exhibits</u>
12	5/10/2008	CRM News Service	<u>Lenox Group Inc. -- updated financials available</u>
13	5/9/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Financial Statements and Exhibits</u>
14	5/8/2008	CRM News Service	<u>LENOX GROUP INC: a Form 10-Q has been Filed with the SEC</u>
15	5/7/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
16	3/28/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Other Events, Financial Statements and Exhibits</u>
17	3/13/2008	CRM News Service	<u>LENOX GROUP INC: a Form 10-K has been Filed with the SEC</u>
18	3/8/2008	CRM News Service	<u>Lenox Group Inc. -- updated financials available</u>
19	3/6/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Results of Operations and Financial Condition, Financial Statements and Exhibits</u>
24	1/31/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Change in Directors or Principal Officers, Other Events, Financial Statements and Exhibits</u>
25	1/14/2008	CRM News Service	<u>LENOX GROUP INC FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Material Modification to Rights of Security Holders, Change in Directors or Principal Officers, Amendments to Article</u>

**CreditRiskMonitor**

(845) 230-3000  
info@crmz.com

...need more depth? Look at the Performance Ratios...  
 ...Continual Degradation in Operating Margin,  
 EBITDA, Income/Loss, & Cash Flow...

Performance Ratios - Sequential Quarters					
(Thousands of U.S. Dollars )					
Period Ended	13 weeks 6/28/2008	13 weeks 3/29/2008	13 weeks 12/29/2007	13 weeks 9/29/2007	13 weeks 6/30/2007
<b>Net sales \$</b>	\$76,209	\$71,397	\$134,967	\$137,783	\$92,971
% change	6.74%	-47.10%	-2.04%	48.20%	7.61%
<b>Gross margin \$</b>	\$38,854	\$36,802	\$71,215	\$65,835	\$43,313
% change	5.58%	-48.32%	8.17%	52.00%	18.30%
% of sales	50.98%	51.55%	52.76%	47.78%	46.59%
<b>SG&amp;A \$</b>	\$42,074	\$46,117	\$58,780	\$53,166	\$49,860
% change	-8.77%	-21.54%	10.56%	6.63%	-6.36%
% of sales	55.21%	64.59%	43.55%	38.59%	53.63%
<b>Operating margin \$</b>	(\$20,463)	(\$10,403)	\$11,777	\$10,654	(\$8,624)
% change	-96.70%	-188.33%	10.54%	223.54%	59.75%
% of sales	-26.85%	-14.57%	8.73%	7.73%	-9.28%
<b>EBITDA \$</b>	(\$20,379)	(\$10,507)	\$11,780	\$10,817	(\$14,471)
% change	-93.96%	-189.19%	8.90%	174.75%	32.42%
% of sales	-26.74%	-14.72%	8.73%	7.85%	-15.57%
<b>Pre-tax income \$</b>	(\$23,825)	(\$13,793)	\$7,537	\$6,071	(\$18,543)
% change	-72.73%	-283.00%	24.15%	132.74%	23.50%
% of sales	-31.26%	-19.32%	5.58%	4.41%	-19.94%
<b>Net income (loss) \$</b>	(\$50,673)	(\$9,051)	\$4,358	\$4,122	(\$11,311)
% change	-459.86%	-307.69%	5.73%	136.44%	12.96%
% of sales	-66.49%	-12.68%	3.23%	2.99%	-12.17%
<b>Tax expense \$</b>	\$26,848	(\$4,742)	\$3,179	\$1,949	(\$7,232)
Effective tax rate	-112.69%	34.38%	42.18%	32.10%	39.00%
<b>Depreciation expense \$</b>	\$2,486	\$2,370	\$2,488	\$2,823	\$3,154
% of sales	3.26%	3.32%	1.84%	2.05%	3.39%
% of capital expenses	134.23%	84.92%	65.98%	213.86%	-802.54%
% of PP&E, net (annualized)	24.89%	22.64%	23.86%	26.75%	28.03%
<b>Capital expenditures \$</b>	\$1,852	\$2,791	\$3,771	\$1,320	(\$393)
% change	-33.64%	-25.99%	185.68%	435.88%	-120.22%
% of PP&E, net (annualized)	18.54%	26.67%	36.16%	12.51%	-3.49%
% of working capital (annualized)	9.63%	11.56%	14.58%	5.22%	-1.53%
<b>Interest coverage ratio</b>	(5.91)	(3.20)	2.78	2.28	(3.55)
% change	-84.95%	-215.17%	21.81%	164.13%	53.06%
<b>Free cash flow \$</b>	(\$32,484)	(\$30,994)	\$84,909	(\$29,329)	(\$50,105)
% change	-4.81%	-136.50%	389.51%	41.46%	-295.74%
Source:	10-Q	10-Q	10-K	10-Q	10-Q

**CreditRiskMonitor**

(845) 230-3000  
 info@crmz.com



...In the MD&A section, the CEO and CFO tell us of the coming cash crunch as they must do or face personal liability...

## CreditRiskMonitor (CRMZ)

[Site Map](#) [About Us](#) [Directory](#) [Lookup](#) [Portfolio](#) [News](#) [Account](#) [Help](#) [Sign Off](#) [Back](#)

### Report

Overview
Company News
Risk Ratings
Annual Financials
Year/Year Interim
Sequential Quarters
<b>Liquidity (MD&amp;A)</b>
Liquidity (MD&A) History
SEC Filings
Peer Analysis
Payments
Public Filings
General Info
Access History
Credit Limit
Add To My Portfolio
Print/Save Report
Currency Converter
Send This to a Colleague

3Q anticipated  
non-compliance...

*From MD&A section, period 6/28/2008, filed 8/7/2008:*

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of cash are the funds generated from operations and its revolving credit facility, which is available for working capital and investment needs...

...Due in part to the negative impact of current economic and retail market conditions, the Company does not expect to remain in compliance with its financial covenants at the end of the third quarter of 2008. The Company's ability to continue with its current capital and operating structure and to fund operations would be contingent upon the Company's ability to negotiate a waiver with its lenders and/or restructure its outstanding indebtedness. There is currently no assurance that such a waiver can be obtained or that such a restructuring can occur. However, the Company is currently pursuing certain actions to strengthen its balance sheet and reduce indebtedness, and has commenced discussions with its term loan and credit facility lenders to restructure its outstanding indebtedness...

...Cash Flows from Financing Activities...

...On April 20, 2007, the Company completed the refinancing of its credit facilities by entering into amended and restated revolving and term loan facilities. The amended and restated revolving credit facility, which expires on April 20, 2012, provides for borrowings up to \$175 million, which may be in the form of letters of credit and revolving credit loans to be used for working capital and general corporate purposes. The amended and restated term loan facility, which expires on April 20, 2013, provides for term loans in the aggregate principal amount of up to \$100 million.

...Borrowings under the amended and restated revolving credit facility are subject to certain borrowing base limitations, and the Company's borrowing capacity fluctuates during the year based upon accounts receivable and inventory levels. As of June 28, 2008, the Company's borrowing capacity under the amended and restated revolving credit facility was \$95.5 million, of which \$17.3 million was available for additional borrowings or letters of credit at such date.

The amended and restated credit facilities are secured by a first-priority lien on substantially all of the real and personal property of the Company. In addition, the Company has pledged the common stock of its subsidiaries, direct and indirect, as collateral under the amended and restated credit facilities, and the Company and its material subsidiaries, direct and indirect, have guaranteed repayment of amounts borrowed under the amended and restated credit facilities.

...The amended and restated credit facilities contain customary financial conditions and covenants, including restrictions on additional indebtedness, liens, investments, capital expenditures, issuances of capital stock and dividends...

Revolver  
borrowings/  
availability...