

Syms Steady Going into Privately-held Phase

A small company like Syms incurs significant expenses for complying with SEC registration and compliance with Sarbanes-Oxley, not to mention all of the other audit and software requirements put upon public companies today. So we were not surprised to hear that the company's board of directors decided to delist from the stock exchange and deregister from the SEC, effectively ending the company's public company status. This move may or may not end the availability of financial information to investors. Here are the latest developments and details:

- Dec. 2, 2007, the company announces its intentions to delist and deregister.
- Intends to list shares on the Pink Sheets over-the-counter market to maintain liquidity for trading of shares.
- Intends to maintain publication of "equivalent" filings.
- Deregistration with the SEC would become effective 90 days after filing such request.
- December 21, 2007, company files Form 25 with the SEC to request confirmation of request to deregister.
- January 2, 2008, shareholder group issues protest of delisting and deregistration request, saying the move "would destroy shareholder value" and that "while the Company may currently have less than 300 stockholders of record, it is our understanding that there are more than 1,000 beneficial stockholders, most of them choosing to hold their shares in 'street name' through a bank or brokerage firm."
- There is no assurance that the company's intention to maintain equivalent filings would occur. The company would not be required by any regulatory organization to publish such information once it is deregistered.

Turning our attention to credit quality, we note that Q3 results (quarter ended 12/1/2007) rebounded from Q2 results (9/1/2007). The company, as of the date of this report, did not yet publish its detailed results on Form 10-Q and therefore did not break out certain details regarding depreciation, advertising and occupancy expenses. Based upon published results, we note improvements in operating income per store, up 4.98% to \$2.1 million per store. Comparable store sales in Q3 increased .3 percent in the quarter and increased 2.1% for the 39-weeks ended Dec. 1, 2007.

Credit quality remained very steady, with essentially no long-term debt and very liquid balance sheet conditions. We note that cash conversion of inventory and payables showed weaker performance again, based upon comparisons to prior quarters. It is therefore possible that the expense reductions enjoyed as a result of delisting and deregistering would offset the deteriorations caused by slower conversion of assets and liabilities, especially at a time when discretionary spending on seasonal goods shows little sign of improvement.

Neither the deregistration move nor the financial results caused us to change our credit guidance at this time. If the company decides to continue with deregistration and not publish or make available financial information, nor provide Bernard Sands LLC with confidential information, then our credit guidance could be impacted, at which time we would publish an updated report covering this eventuality.

<i>000's omitted unless otherwise noted</i>	Q3 F08	Q3 F07	YoY %
Net Sales	\$70,024	\$72,767	-3.77%
Ending store count	33	36	-8.33%
Net sales per store (actual dollars)	\$2,121,939	\$2,021,306	4.98%
Cost of goods sold	\$40,476	\$42,552	-4.88%
Cost of goods sold as % net sales	57.80%	58.48%	-1.15%
Gross Margin	\$29,548	\$30,215	-2.21%
Gross margin as % net sales	42.20%	41.52%	1.62%
Operating Expenses	\$27,277	\$27,174	0.38%
Operating income*	\$2,271	\$3,041	-25.32%
Operating income as % net sales	3.24%	4.18%	-22.40%
Net profit	\$1,298	\$2,004	-35.23%

* Q3 operating results did not include details regarding depreciation, advertising and occupancy expenses

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Cash Conversion Metrics, Quarterly Basis

<i>000's omitted</i>	12/1/2007	9/1/2007	6/2/2007	3/3/2007
Ending payables	\$32,655	\$29,839	\$32,357	\$21,678
Days payable outstanding	72.61	69.12	74.94	41.20
Ending inventory	\$72,432	\$65,766	\$68,807	\$63,809
Days sale in inventory	161.06	152.34	159.37	121.27

Key Balance Sheet Metrics

<i>000's omitted</i>	12/1/2007	9/1/2007	6/2/2007	3/3/2007
Working capital	\$62,049	\$61,176	\$72,073	\$67,431
Inventory as % of working capital	116.73%	107.50%	95.47%	94.63%
Inventory as % of current assets	70.86%	66.98%	58.98%	61.73%
Payables as % working capital	52.63%	48.78%	44.89%	32.15%
Payables as % current liabilities	81.29%	80.63%	72.56%	60.31%
Long-term obligation as % Total Liabilities	3.07%	3.55%	3.16%	4.13%
Net worth	\$192,068	\$191,965	\$202,493	\$202,069
Cash, ending balance	\$13,642	\$17,475	\$33,157	\$27,912
Cash as % working capital	21.99%	28.57%	46.00%	41.39%
Cash as % current assets	13.35%	17.80%	28.42%	27.00%

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