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Bankrupt Andronico's Await New Ownership

Last month Andronico's Community Market filed for bankruptcy protection. There are 3 possible investors keen on acquiring the 82-year old family grocery business. The largest of the three investors is Renovo Capital, which already owns \$29 million of the business debt. The other two investors remain anonymous for now due to a disclosure agreement with Andronico's. According to CEO Bill Andronico, there might be a few more potential buyers.

Renovo Capital bought over \$29 million of Andronico's debts from previous owner JP Morgan and Bank of the West and is now offering \$20 million to buy over all Andronico's assets. Renovo has also pumped in money to help Andronico's through the bankruptcy process. This cash injection will enable Andronico's to meet its obligations to its vendors and put in required merchandise on its shelves to carry on business until the purchase of Andronico's takes place.

Andronico's hopes the buyout will result in enough funds to pay off creditors and vendors. According to bankruptcy papers, the grocery chain has between \$10 million and \$50 million in debts and about the same amount of assets.

Andronico's board of directors has made Renovo the stalking horse bidder which means the investment firm will dictate the agenda for bankruptcy meetings. Once the business is sold it will undergo a restructuring process that may entail closing down some of its 7 remaining stores among which are single stores in Los Altos, San Anselmo and San

Francisco and four stores in Berkeley. Then the company will reinvest in the ones that remain open in terms of capital expenditure, remodeling and improvements in operations.

Once Andronico's assets have been purchased, the new company will most likely negotiate a new labor contract, but CEO Andronico said he intends to re-employ as many of the present workers as possible.

Andronico's was founded by Greek immigrant Frank Andronico in 1929. Its financial troubles began after their expansion into the East Bay area in California. Andronico's spokesman Adam Alberti said that with the expansion came a debt load when the move failed to bring in the revenue the business expected. As a result, its branches in Emeryville, Danville and Walnut Creek closed down between 2004 and 2006.

Alberti also attributed the grocery chain's financial woes to a more competitive environment and a different era. "They began their expansion at a time when they had less competition from other specialty grocers. It was also a different economic cycle; it was prior to 9/11, the housing collapse, the recession," said Alberti.